

## A BRIEF HISTORY OF AUSTRALIAN SOCIAL ENTERPRISE

There is a long history of forgotten social enterprises in Australia from its early Western history. The overlay to this has been the contribution of the labour movement and the residual residuals of social justice and equity/access. More demonstrably and perhaps importantly has been the social enterprise contribution of voluntary organizations, a range of religious groups, and early community cooperatives. Botsman (2003) identifies three phases of the development of social enterprise. They are:

**1. Charitable Enterprise (1814-1907):** The earliest phases of social enterprise in Australia were grounded in the establishment of charitable institutions. The early history of contemporary white Australia began in the early nineteenth century with organizations established by government to provide for the poor, disabled, the aged and the infirm (many of whom had been or were convicts largely of English origin but also Irish who had left their motherland to seek a better life. Hence it was the government (and this meant initially the government of New South Wales) that engaged social issues through charitable organizations and structures. What is also evident in this period was the number of faith enterprises established by religious orders. This occurred especially in unfunded schooling through Irish institutions to counteract the publicly funded secular education provided by public sector institutions. These and other institutions (targeting insurance for old age, ill health or misfortune, and support formed to safeguard the savings of working families) 'ran in parallel to with institutions constructed by the state" (Botsman, 2003,p.9)

**2. Public Enterprise (1907-1972.):** The second phase of social enterprise begins with the Harvester Judgement.

The Harvester Judgement of 1907 heralded the emergence of arguably Australia's most important social welfare mechanism – the award wage. As Frances Castles has argued a "wage earners welfare state" emerged which offered "social protection particularly focused on those who participated in the workforce and providing only far more vestigial, somewhat ungenerous, and means-tested support for those outside". (Castles 1994) p. 45

This was an era when successive Federal government's tried to create public enterprises that would take the place of the benevolent societies of the late nineteenth century for the mass citizenship. The high water mark of state responsibility, public enterprise and public spending was the Federal Government's adoption of the Keynesian White Paper on unemployment and the subsequent attempted nationalisation of airlines and banking.

However, in some ways un-noticed and un-commented upon were the institutions that worked on the underside of the award wage. When the award wage and the public enterprise failed to deliver, a strong charitable corporate agency system of social enterprises picked up the pieces. These were the favoured mechanisms of successive Liberal governments. The Menzies government, for example, favoured a combination of charitable and private benevolence as the primary mechanisms for delivering health services.

The unique aspects of this underside of the wage earners welfare state have never been properly understood. Charities, such as the Salvation Army, the respective City Missions, the Benevolent Society, the Young Men and Women's Christian Associations, Brotherhood of St. Laurence in Melbourne, grew up around the needs of disadvantaged neighbourhoods but over the course of the twentieth century have evolved to become national corporate institutions. From the early twentieth century they had a very important role of delivering physical services, physical assistance and physical care to those who for reasons of accident, ill health or misfortune were not able to work and access the award wage or who could not pay for care from their savings or pensions.

But the principal form of social enterprise that emerged from 1907 to 1972 was arguably public enterprise. The concept of the state as a financial underwriter and developer of employment, social welfare and community development was a logical extension of the friendly societies that had only partially protected workers through the great depressions

of the 1890s and 1930s. The role of the state was to buoy up these mechanisms through public enterprise and state financing.

The advent of simultaneously rising unemployment and inflation represented a new and stronger limit to the role of government. This put a brake on the era of public enterprise.

### **3. Social Enterprise and Social Business (c1975-current):**

The third phase of social enterprise is our contemporary period in which social enterprises and social businesses are key partners of the state in achieving social and economic opportunities for the disadvantaged. Since 1975, social enterprise and corporate charity combined with government welfare relief have not only supplemented but sometimes supplanted the award wage as the chief form of social and economic support for many Australians. With a pool of about 1 million people permanently out of work a succession of recessions, combined with technical change and other factors, have concentrated inequality in particular regions and locales.

The 1995-96 Working Nation initiative may be seen as the last hurrah of the wages earners welfare state. It was the boldest attempt by government initiative to put the nation back to work. However the mass traineeship system that was the heart of the plan created a churning effect rather than a deep transformation of long term unemployment. Some would argue it was a short-lived experiment. However, even UK's Blair Labour government have moved beyond the idea of trying to develop a one-off national program in favour of investments in social enterprise and community capacity building. There is also increasing doubt about the concept of investing in training and education and the human capital theory of development as an important means of rectifying disadvantage.

As the award wage proved inaccessible to an increasingly large number of Australians, the role and responsibility of corporate charities has become more important. The logical historical transition to a new era of social enterprise began with the demise of the Commonwealth Employment Service and the awarding of job placement contracts to Australia's major charitable corporations and with the publication of the *Participation Support for a More Equitable Society* (McClure Report) in 2000.

The awarding of job placement and job network responsibilities to the national corporate charities is less important for the purposes of this research study than the recognition in the McClure Report of the need to support social entrepreneurship, 'leaders who are committed to transforming communities through partnerships across public, private and non-profit sectors'. McClure also placed an emphasis on the creation of micro-businesses (enterprises that employ 5-6 people) as important contributors to regional economic development. The New Enterprise Initiative Strategy (NEIS) was seen as a catalyst for the development of regional micro-businesses.

In 2003 there are a range of new wave social enterprises that have emerged, sometimes in response to the McClure Report and as a result of Commonwealth government support and recognition, but often independently, as a matter of historical necessity.