

FIELD REPORT:

CREATING A SOCIAL ENTERPRISE ZONE FOR GREATER DANDENONG.

Prepared for City of Greater Dandenong by:

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EXECUTIVE SUMMARY

In order to maximise opportunities for growth and expansion of the local social enterprise sector the City of Greater Dandenong (CGD) has engaged The Field Institute to conduct research, consultation and cost and benefit analysis that validates demonstrable benefits to proceed with the business planning, site development and overall implementation of a social enterprises zone (SEZ) in the municipality.

A social enterprise¹ (SE) is defined as organisations that use trade of goods or services to deliver a public or community benefit – this can be economic, social, environmental or cultural. The SE's income from trade must represent a sizeable percentage of their income and that profits (or significant percentage thereof) are reinvested into the fulfilment of the social enterprises mission.

Desktop and field research conducted for this project highlights the many economic and social benefits of social enterprise, and confirms that creating the right conditions for growth is important factor in enabling the success and growth of existing, nascent and start-up social enterprises.

Through the analysis of best practice international case studies this project clarifies that effective social enterprise zones, anchored around a shared system of spatial, intellectual and technical resources can dramatically accelerate enterprise establishment and growth, while also acting as an attractor for new and emerging enterprises to co-locate.

Over time the 'clustering' effect and knowledge sharing opportunities provided by these zones drive innovation, and build long-term resilience within the social enterprise sector.

The research conducted for this project validates the assumptions made via earlier CGD research concerning effective international and domestic best practice operating models.

Research and consultation has also clarified that there are no new statutory planning requirements required to successfully foster and enable social enterprise in Greater Dandenong. While a SEZ requires normal approvals to operate, it does not require any specific amendments to statutory planning (rezoning) to enable successful implementation. Research indicates that the existing mixed-use zoning within the Dandenong Central Activity District (CAD) is amenable to the requirements of the SEZ specifically the co-location of different businesses and services (office, retail, restaurant and food preparation).

Initial site analysis and cost benefit analysis, coupled with the development of a set of testable operating models for refinement via co-design with key stakeholders has enabled us to put forward a recommended model suited to Greater Dandenong's unique set of conditions.

¹ Barraket, J. Collyer, N., O'Connor, M. and Anderson, H., "Finding Australia's Social Enterprise Sector", Australian Centre for Philanthropy and Nonprofit Studies (June, 2010)

The recommended model consists of:

- A small to medium (100-250m²) SEZ Hub located in a CGD owned Central Dandenong retail or commercial tenancy consisting shared office, flexible space and office resources to accommodate up to 20 people for the first 12 months
- An experienced social entrepreneur or social enterprise contracted to manage and coordinate the Hub
- A 12-month program (delivered by the coordinator) of mentorship, business development programs, training and networking, accessible to all eligible social enterprises in the City
- A network of program arms to communicate, support and connect social enterprises across Central Dandenong through the Central Hub
- A location with a Mixed Use planning overlay within the Central Activity District.
- Focused incubation of 5-6 start-up social enterprises within the first 12 months
- Provision of appropriate micro-granting facility or start-up capital investment to the cohort through a pitching or application process
- Creation of appropriate spatial, intellectual and technical conditions favourable for social enterprises and creative activities

Key next steps:

1. Develop a detailed business plan for the SEZ model adopted by CGD
2. Identify one suitable location, conduct detailed site analysis, develop a facilities audit and subsequently develop a fit-out and establishment budget
3. Identify internal CGD funding opportunities and budgets
4. Identify and secure additional funding sources and appropriate partners
5. Develop an EOI call and contract a suitable operator
6. With the selected contractor develop the SEZ brand, framework and program
7. Develop and release EOI for the first cohort of participants

1.1 Social Enterprise Attributes and Considerations

From Appendix 01: Global Best Practice it is identified that the key attributes of successful SEZ models operating internationally are:

1. Has a central Hub for management and service provision
2. Offers a public interface through various forms of education and events
3. Offers business support services for social enterprises
4. Promotes funding and finance pathways for start-up and scaling social businesses
5. Offers resources for incubation and ongoing business development support
6. Enables a solutions-based mindset within statutory authorities
7. Enables partnerships (in and out of the SEZ) with business and government
8. Enables a cooperative and complementary services network
9. Considers social impact provisions across supply chain procurement

We recommend that incorporating as many of these attributes as possible will provide a strong backbone for the Greater Dandenong SEZ. However, there are also cultural considerations, which need to be taken into account when designing a SEZ that is a 'good fit' for Greater Dandenong.

Understanding the social make-up of Greater Dandenong is important. The area has a diverse array of cultures, which offers great opportunity, and embodies significant challenges to be overcome.

As such, capitalising on the local knowledge and experience must be a key aspect of project implementation. A successful SEZ will need to be accessible to as many local social enterprises as possible. Therefore any successful SEZ model will consider:

- Language barriers
- Cultural differences
- Financial literacy
- Traditional v Australian business style
- Previous persecution or corruption in relation to government dealings

1.2 Why create a Social Enterprise Zone?

Under the Local Economic & Employment Development Strategy titled “Achieving Greater Dandenong’s Potential” the City of Greater Dandenong (CGD) Economic Development Unit (EDU) has committed to strive to build a resilient local economy, based on equality of opportunity, increase in community wellbeing and sustainable business development.

A mapping exercise conducted by the EDU found that social enterprises (SEs) play an important part in generating resilience within Greater Dandenong and significantly contribute to the local economy through their social role as well as create a higher proportion of employment and local spending.

The innovative approaches to dealing with social and environmental issues social enterprise usually produce can help work towards the goals of the strategy, including fostering entrepreneurship, connecting disconnected parts of the community and creating pathways to employment.

Social enterprises are recognised to improve opportunity and access for disadvantaged groups, apply and foster a culture of social responsibility and inclusion and develop dynamic enterprises. Social entrepreneurship plays an important role in building a sustainable and prosperous local economy.

The council supports the development of social enterprises in the city though a number of activities including a mentoring program and network for the sector. A social enterprises zone would be a natural progression of this work.

1.3 Existing Greater Dandenong Social Enterprises

Greater Dandenong has a variety of social enterprises that create work opportunities and provide training to people with disabilities, new arrivals and refugees, and people in a position of disadvantage within the community. Greater Dandenong has a high number of new humanitarian arrivals compared to the rest of Victoria’s municipalities. Social enterprises provide social support and play a vital role in addressing the needs of residents, including opportunities for volunteerism.

EDU conducted a social enterprise survey in 2011 as a first step in mapping social enterprises and their contribution to the local economy through examining the number of people employed in the sector, the range of activities and services each organisation delivers and the effects of the organisation’s procurement spend.¹

The social enterprises sampled spend a significant proportion of their income within Greater Dandenong. The surveyed sample disburses 68 per cent of turnover on local people and local organisations. A high proportion (80 per cent) of salaries are paid to employees who live locally.

Volunteers involved in the sector amount to 25% of the number of people working in the sector. The social sector multiplier is very high identifying that the total effect almost doubles the initial income in the economy and many local industries benefit through the multiplier effect. Since the initial mapping exercise was conducted, the sector grew in size as a number of additional social enterprises were established.

There is an opportunity for the City of Greater Dandenong to encourage the start up of many new social enterprises and/or the attraction of existing ones into Greater Dandenong through the implementation of the Greater Dandenong Regional Food Strategy and the offer of a shared and supported working space in the form of a social enterprise hub.

1.4 Definition - Social Enterprise Zone (SEZ)

For the purposes of this project a Social Enterprise Zone is defined as:

A dedicated location, support structure or facility which:

- Connects and networks social enterprises both spatially and intellectually
- Delivers shared resources which enhance the long-term viability of social enterprises within the study area (CGD)
- Offers suitable spatial, intellectual and technical resources to facilitate social enterprise
- Attracts social enterprises from outside of the study area (CGD) to collocate.
- Enables powerful development and strengthening of supply chain linkages between social enterprises, mainstream businesses and industry

1.5 The objectives of the Social Enterprise Zone:

- To encourage and enable social entrepreneurship within City of Greater Dandenong
- To enable more social enterprises to thrive and prosper within City of Greater Dandenong
- To facilitate the location of social enterprises within key sites, and to activate those sites
- To maximise positive social impacts brought about by social enterprises in the City of Greater Dandenong
- To attract other social investors and social businesses to the City of Greater Dandenong.
- To recognise existing local businesses that have social impact, support and celebrate them.

1.6 Stakeholder Engagement

As part of this project Field Institute conducted consultation across the CGD Social Enterprise community. Key social enterprises were engaged and interviewed so as to build a better understanding of local conditions (opportunities and difficulties) within Greater Dandenong.

This engagement also gathered key insights on the overall concept of a SEZ, including what would work locally, how this could benefit local social enterprises, and key locations that could be considered as a location for SEZ establishment.

Key stakeholders and industry specialists were also interviewed and invited to participate within a Co-Design Workshop to refine the SEZ framework by contributing to the development of four SEZ scenarios (see Section 4). These scenarios have been subsequently tested according to needs, costs and potential impact.

The research, engagement and strategy set out in this report distil an initial analysis to provide council with the information and scope to make an informed decision about the ideal model for Dandenong and a full cost/benefit analysis of this.

SECTION 2:

UNDERSTANDING SOCIAL ENTERPRISE

2.1 Social enterprise definition²

For the purposes of this study, a social enterprise is defined as those organisations that³:

- Are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit
- Trade to fulfil their mission
- Derive a substantial portion of their income from trade; and
- Reinvest the significant portion of their profit/surplus in the fulfilment of their mission.

For the purposes of clarification, the distinction between a social enterprise and a non-profit organisation is set out below:

- **Social Enterprises** have a clearly identified economic, social, cultural or environmental mission consistent with a public or community benefit. They derive a substantial portion of their income from the commercial trade of products or services and reinvest a significant portion of generated revenue in the fulfilment of their mission. A social enterprise can exist as a commercial project developed and operated by a social service or non-profit entity.
- **Social Services / Non-profit organisations** rely heavily on other sources of income such as government funding, grants, philanthropic money and fundraising events and in comparison do not rely as heavily on trade for income. A social service / non-profit organisation may have a branch or project that operates as a social enterprise and generates income for the organisation.

2.2 Social Enterprise – Strategic Goals and Mission

Social enterprises are found throughout every sector of the economy. Indeed, many social enterprises straddle multiple sectors (or even multiple industries), by combining their work and activities in innovative ways. For example, the British luxury brand Elvis & Kresse spans both the fashion industry (the enterprise produces handbags) and the recycling industry (recycled British fire hoses are used for raw materials).

However, social enterprises are united by a sense of mission. Common strategic goals and areas of impact for social and/or environmental objectives were identified in the UK State of Social Enterprise Survey 2013 (Figure 1).

Figure 1. Common strategic goals and areas of impact for social and/or environmental objectives

Creating employment and training opportunities
Supporting other social enterprise or third sector organisations
Protecting the environment/fair trade
Promoting education and literacy
Addressing social and financial exclusion
Supporting vulnerable adults, children and young people
Providing affordable premises or housing

Source: UK State of Social Enterprise Survey (2013); The Field Institute (2014)

² The following definition is sourced from research undertaken by the Australian Centre for Philanthropy and Non-profit Studies June, 2010. The study titled “Finding Australia’s Social Enterprise Sector” (FASES) is a joint initiative of Social Traders and the Australian Centre for Philanthropy and Non-profit Studies, Queensland University of Technology.

³ Barraket, J. Collyer, N., O’Connor, M. and Anderson, H., “Finding Australia’s Social Enterprise Sector”, Australian Centre for Philanthropy and Nonprofit Studies (June, 2010)

2.3 Social Enterprise Typologies

A social enterprise typology matrix has been developed to assist interpretation. (Figure 2).

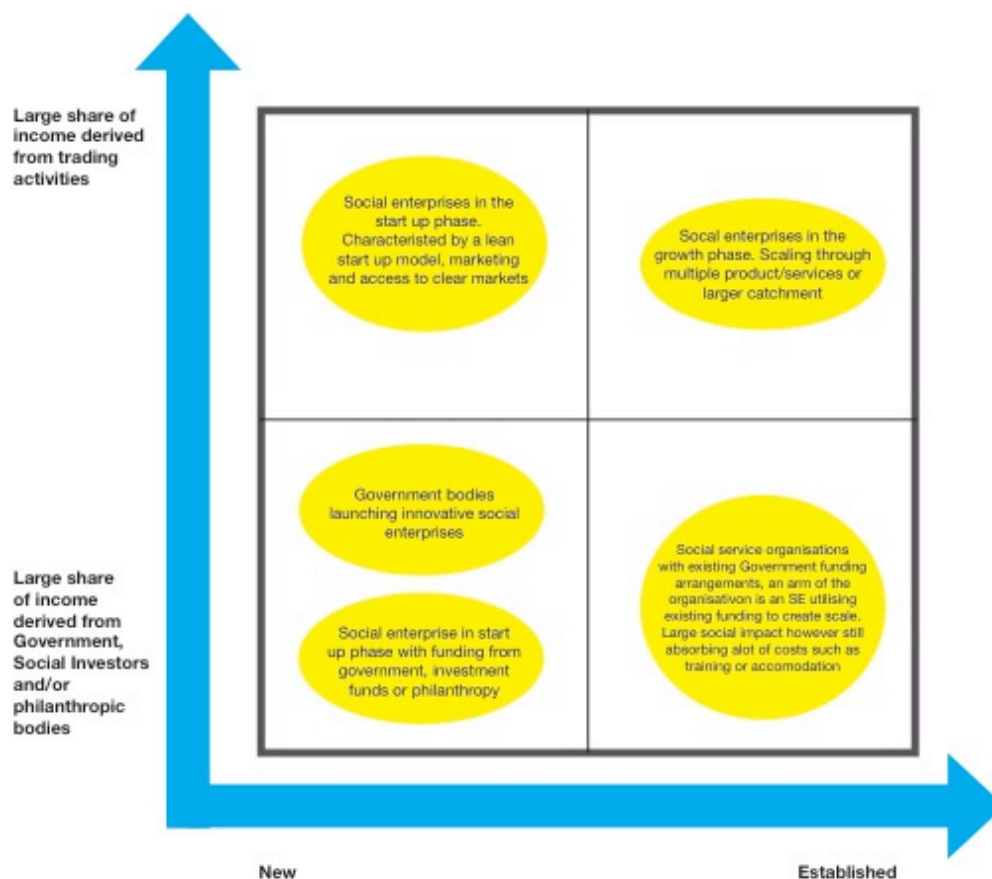
Social enterprises are categorised as a function of two axes:

- East / West axis: New versus established
- North / South axis: Funding sourced from government / philanthropy versus trading activities

The 2x2 matrix that follows results in 4 different quadrants that social enterprise may fall within. Naturally, many social enterprises may 'travel through' a number of these quadrants throughout their life-cycle, as the social enterprise grows and expands, funding arrangements change, and the social enterprise serves increasingly diverse community groups.

Some archetypical examples are presented within the quadrants for reference.

Figure 2. Social Enterprise Typologies



Source: *The Field Institute (2014)*

2.4 Social Investment Parameters

Through detailed research Field Institute have identified common parameters for social enterprise funding from large funding bodies. These investment criteria are summarised in the table below (Figure 3).

The following investment criteria are mandatory requirements for major funding sources:

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- Organisational definition is consistent with the definition of a social enterprise (as referred to in 1.1)
- A clear social mission is defined as part of the organisation
- A coherent business plan can be provided by the social enterprise
- The organisation can demonstrate capacity to re-pay loaned funds (in situations where social finance is being procured).

The following investment criteria are not always required by major funding sources:

- Stated intended utilisation of funds
- Existing management structures

Figure 3. Investment Criteria – Major funding sources for social enterprises in Australia

Funding Organisation	Social Ventures Australia	Social Traders	Foresters	Social Enterprise Finance Australia (SEFA)		
Fund Name	Social Impact Fund	Social Enterprise Development Fund (SEDF)	Social Investment Australia Ltd (SIA)	-	Summary	
Investment criteria	Organisational Definition	For-profit or non-profit social enterprise	Must satisfy Social Traders' definition of social enterprise; and must be a not-for-profit organisation;	Must be a social enterprise trading to fulfil its mission to provide public or community benefit;	A proportion of surpluses generated are to meet social objectives	Always required
	Mission	Clear social mission to provide opportunities for disadvantaged members of the community	(see above)	(see above)	A clear social mandate	Always required
	Business Plan	Financially sustainable model	Must have a fully resolved business plan.	Must demonstrate capacity to repay the loan.	A viable plan to create economic value	Always required
	Intended utilisation of funds	-	-	Must require the loan for asset-building, business development or purchase of equipment; and	-	Sometimes required
	Management	Strong management	-	-	-	Sometimes required

Source: *The Field Institute (2014)*

SECTION 3:

FIELD RESEARCH

In order to make informed recommendations pertaining to the format and potential resources required to create an effective SEZ for Greater Dandenong, our team utilised the definition of social enterprise to undertake 2 key pieces of field research:

1. Collate a body of research from Australian and international case studies to look at transferable elements and models
2. Undertake local stakeholder engagement with Social Enterprise Leaders to assess local conditions and gauge key attributes that would increase the effectiveness of a SEZ for CGD

The team then cross-referenced items 1 and 2 in order to establish a set of potentially viable operating models for CGD and to enable an assessment of local strengths, weaknesses, threats and opportunities. Once these were established a set of hypothetical SEZ scenarios were created.

Each scenario examined a different SEZ structure, operating model, key partners, and spatial manifestation. As part of a co-design process, Social Enterprise Leaders were invited to refine and test these scenarios so that the final recommended actions could be generated in collaboration with key CGD stakeholders.

In this section we map out information and approaches that are identified as transferrable from global case studies. We also present local elements that serve as starting points to further identify the right scenario for the Greater City of Dandenong.

3.1 Social Enterprise Zones globally

Research conducted for this project has enabled a detailed understanding of the approaches, resources and operating models being applied elsewhere to create successful SEZs. We also establish what needs to be identified locally, and how a SEZ might work according to different typologies and scale within this context.

This research is presented in the Appendix1: Global Best Practice.

3.2 International Best Practice

Creating a new social enterprise zone will require in-depth planning. The SEZ should be formed with the knowledge of what has worked for more recently established SEZs, with the goal of creating a model that can scale up over time as many of the best international case studies have done. (See Appendix1: Global Best Practice)

From our international analysis it is apparent that:

- The most successful SEZ models have managed to build economically strong enterprise sectors based on a social enterprise zone that emphasises interconnectedness
- Success is reinforced by an ability to continually stay at the forefront of industry through the promotion of innovation, research and technical advancement
- Successful models demonstrate a proactive attitude towards SE sector growth
- Financial support to new business is commonly offered through programs of establishment incentives including subsidised rents and very competitive finance rates

- All of the best models offer ongoing programs of specially curated training and mentorship
- Zones create a strong brand and identity and capitalise on this as a marketing tool

3.3 Local strengths and opportunities

Our team conducted an in-depth analysis of ten social organisations based in the City of Greater Dandenong. We identified that these organisations fit in to three categories:

1. Medium to large scale social enterprises operating successfully with a strong revenue stream and viable business model
2. Small social enterprises in need of business model refinement, enhanced resourcing, capacity building and new capital
3. Micro scale start-up social enterprises in urgent need of business development, resources, business planning, operating resources and starter capital

3.4 Observations: Medium to large scale social enterprises

Wallara, Avocare, Water 2 All, and Ermha all operate dually as Social Service providers (employment providers and educational trainers), whilst maintaining strong company values and mission statements that holistically benefit both employees and local communities.

Each exhibits a strong emphasis on training and hiring people either experiencing mental illness, unemployed, from disadvantage backgrounds and with mental and/or physical disabilities.

Each organisation also operates a viable social enterprises arm to their activities in order to generate revenue through commercial products and services. Income is generated from activities such as labour-for-hire, food production and warehouse-associated operations. Each organisation also receives either government funding (in the case of Avocare) or fees to deliver government funded training contracts.

All four organisations have sufficient scale and infrastructure to successfully develop revenue generating social enterprises. These social enterprises share a common strategic mission with the 'parent' organisation.

Stronger strategic partnerships with broader Greater Dandenong industry and business could deliver greater scale for each of these organisations. This linkage should be a desired outcome of the successful SEZ.

Each is also looking at ways that they can be better acknowledged as social enterprises so as to better respond to the criteria for accessing social investment.

3.5 Observations: Small and Micro scale social enterprises

Other organisations interviewed and profiled for this project by the project team include Streets of Freedom, Leaders of Tomorrow, SCAAB, Neighbourhood House, Café Burma, Twitch.

Services offered by these entities include counselling, mentoring, and vocational training services.

Each of these organisations in some way identifies themselves as a social enterprise – in that they have a social mission as part of their core operations.

It is apparent however that these organisations all lack sufficient means to generate enough commercial revenue to operate independently in a sustainable fashion. Each of these organisations identified that they intend to further develop their entrepreneurial capacity.

Each also expressed a difficulty in accessing sufficient government funding and other grants to ensure the ongoing viability of their operations.

Each of these organisations offers services specifically to minorities - either women working in the sex industry (Streets of Freedom), people with disabilities (Leaders of Tomorrow) and migrants or former refugees (SCAAB and Café Burma).

Streets of Freedom and SCAAB both provide ongoing training, supporting and mentoring services to their recipient social groups. SCAAB is a social service provider looking to develop its social enterprise capacity. Both Streets of Freedom and SCAAB suffer from a lack of sufficient start-up capital and support to fully develop their social enterprise capacity. This prevents them from generating much needed revenue and subsequent ability to scale up their programs and impact. Both organisations (along with the Neighbourhood House) have expressed an intention to utilise social enterprise business models to generate revenue in order to better deliver programs to their target communities.

These stated objectives are:

- Streets of Freedom: Revenue generation to support current programs
- SCAAB: Developing two food trucks, a car wash and an urban farm
- Neighbourhood House: Commercialising products manufactured within the Men's Shed and developing an urban farm (amongst other micro enterprises such as tailoring, cooking and cleaning services).

These smaller organisations could potentially offer some of their current training services as an aspect of the contracted deliverables of medium and large social enterprise. This might be achieved through the provision of face-to-face training, access to community education and support services around day-to-day living.

Streets of Freedom, Twitch and SCAAB are already in discussion to form an alliance to access funds and share knowledge and management skills. This could be an existing start-up pilot program that CDG could support through integration through a SEZ.

SECTION 4

POSSIBLE OPERATING MODELS FOR A SEZ AT GREATER DANDENONG – 4 SCENARIOS

As a key aspect of this project the Project Team have generated a set of 4 scenarios for a SEZ in the City of Greater Dandenong.

These scenarios are developed by cross-referencing research on international best practice with site analysis, and observations drawn from the stakeholder engagement process.

Each scenario is a potentially viable operating model for a SEZ. The scenarios were tested via a co-design workshop with key stakeholders and further refined for this submission. These scenarios are interrelated and can work in complement to each other dependent on the level of initial backing and timeframe for the scale up of the SEZ.

Observations have been made concerning the viability and efficacy of each scenario. Recommendations and suggested next steps are put forward.

4.1 Using Co-Design to refine the right model.

Today design is much more than a tool to enable the creation of buildings, products and services. The design process itself provides powerful methodologies to systematically interpret broad considerations and to assist in deciphering the complexity that rests around modern problems so that it is possible to ideate new propositions or solutions that may not have been considered utilising traditional linear consulting processes.

The design process is particularly relevant when there is a need to integrate multiple layers of information across a complex system like a city or major organisation, so as to unlock new forms of value including product innovation, process efficiency or long-term growth.

Design-led consulting methodologies are non-linear. They look broadly, consider diverse user groups, prototype ideas, iterate, gain insights and visualise. Design-led processes do ultimately create tangible outputs such as reports and policy documents, however there is unique collateral value delivered 'on the journey' through the participatory nature of the process itself.

The co-design process used for this SEZ Strategy allowed the people who know the Greater Dandenong social enterprise ecosystem best to:

- Understand existing context
- Collaboratively generate, shape, and refine a set of social enterprise scenarios
- Explore ways to optimise existing activity or address gaps
- Design new SEZ models and outcomes

In this way the process of research, strategy and design is participatory and the outcomes encapsulate the shared creativity, vision and intelligence of the group.

4.2 Scenario 1: SEZ Collective Network

This scenario focuses on the creation of a low-cost virtual SEZ, which aims to grow new opportunities, reduce costs and create income via a collective approach to business enacted by existing social enterprises within the city. This expands and builds upon Council's existing work with social enterprises.

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This SEZ would be managed and communicated through a mixture of digital resources and communications, and face-to-face interactions via regular meet ups.

In simple terms, this model is enabled via a CDG-led program to map needs and capabilities and to then to react to this 'demand/supply' information to formalise new trading relationships and commercial interactions between SEZ participants.

Participating social enterprises would be encouraged to participate in a central research initiative to map the core products and services both bought and sold by each of the other participating enterprises and wider social sector.

With this information as a central shared resource SEZ members could determine to supply or access some of these products and services from other members of the zone. A new localised economy emerges as a result.

SEZ members would also be encouraged to offer and access complementary services from each other so as to trade with and thereby support the growth of participating enterprises.

This collective model identifies and builds revenue-creating opportunities. It is feasible to anticipate that relationships could be facilitated for procurement, trade and supply between CGD, existing social service providers and existing social enterprises. Where there are identified gaps (such as areas of ongoing social service expenditure where no local SEZ alternative exists) it may be viable to stimulate start-up projects that react to a gap thereby growing new commercial opportunities.

Through a collaborative approach, and via enhanced access to local skills and resources the SEZ collective network would be designed to assist Social Service providers to more easily start-up and scale revenue generating activity.

The SEZ Collective Network model improves access to:

1. Essential facilities and local resources
2. Micro-funding and business advice
3. Opportunities to develop new commercial ventures
4. Local markets

Council's role

- Facilitate the creation of a SEZ collective through the allocation of central coordination resources
- Develop and embed a social procurement policy within CGD operations to create new SEZ supply opportunities
- Lead the development of a Greater Dandenong 'Demand Supply Map' and associated digital platform that connects and unifies all members
- Develop and share an inventory of available facilities for commercial use (both council and business facilities)
- Provide flexible access to Council facilities and land
- Provide management and administration services. For instance, such services could be appointment booking services, ordering capability, business plan review or photocopying
- Act as a facilitator to grow business partnerships and larger contracts
- Offer 10 flexible micro-funding grants per year for establishment phase of SE program incubated within existing Social Service providers
- Work in collaboration with the Greater Dandenong Library to support and help develop an enterprise establishment business support assistance service to assist in reducing set-up costs for SE. The Library is currently developing this service.

Location:

Based within existing social enterprise locations. Unify all participants through a digital platform and via the development of a shared branding mark. The identification of a platform needs to be evaluated according to services, capacity and budget to then develop a Digital Strategy. There are various platforms available that can be utilised for mapping, collective management and community building upon further evaluation.

Cost/Benefit (Pros & Cons)

For estimated benefits, see the cost benefit section. Indicative project costs associated with this scenario are set out below.

Given the virtual nature of this scenario, emphasis is placed on services accessed remotely, and coordinated through a virtual network, enabled by a digital platform, which facilitates participating social enterprises accessing programs, booking facilities and sharing resources. No costs are incurred for physical facilities.

Figure 4. Indicative costs – Scenario 1

ITEM	COST	INCOME
Building lease costs, refurbishment & fit-out	\$0	
Website	\$10,000 - \$30,000	
Coordinator (1 x FTE)	\$70,000 - \$100,000	
Programs and Mentorship	\$80,000 - \$100,000	
Program Costs	\$10,000 - \$30,000	
Sponsorships, grants & philanthropic funding target (annual)		\$10,000 - \$50,000
TOTAL	\$170,000 - \$260,000	\$10,000 - \$50,000

Field Institute (2014)

4.3 Scenario 2: SEZ Hub

The SEZ Hub is a physical location proposed to be sited in Central Dandenong. The Hub is located in a small to medium sized commercial or retail space. It offers low-cost flexible rentals to tenants who can demonstrate they are a social enterprise according to the definition stated in this report.

The Hub offers shared office, training, events, and workshop facilities. The Hub also has shared high-speed internet, presentation facilities, hot desks, and facilities like bike racks and lockers. It is a flexible and inspiring environment within which to cheaply establish and grow a social enterprise.

The SEZ Hub is managed by a team of experienced social entrepreneurs who are contracted to deliver an integrated program of mentorship, meet ups and business development assistance. The contracted operator would also guide tenants on suitable funding avenues, grants and pitch opportunities. Put simply the SEZ Hub attracts and incubates social enterprises.

Ideally a Social Enterprise Fund backs the Hub and could be established through matched funding from CGD and a social impact investor. Through the SEZ Hub Fund competitive start-up funding and scaling funds could be directed to social enterprises located in the Zone. This may be through a competitive pitch process or through private submission. Access to low cost ethical finance and seed funding is vital to the viability of social enterprises as they establish and scale up.

Low cost rental of space within the Hub attracts local start-ups to move-in. Incentives such as ongoing programs; access to capital, funding or micro-grants and the opportunity to

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share knowledge and skills encourage social enterprises from outside of Greater Dandenong to co-locate.

The SEZ Hub offers a model to aggregate social enterprises within one strongly branded and iconic environment and to create a dynamic environment and focal point for social enterprise in Greater Dandenong.

Other important aspects of this model include offering ongoing business mentorship by local social enterprise leaders and trainers. The SEZ Hub could act as an anchor point for the whole Greater Dandenong social enterprise sector – a hub in the true sense of the word.

SEZ Hub would receive governance from a Board of strategically engaged local champions.

It is recommended that this model be tested and scaled over a 3-year program starting with 5-6 tenants and scaling to 12 tenants. Criteria would be developed for tenancy applications and to determine the length of tenancy available to any participating enterprise. Good working models exist which could provide initial guidance and collateral and form part of a SE Hub community.

Council's role

- Facilitate the creation of a SEZ Hub through the contracting of coordination and management services (including elements of Scenario 1)
- Allocate funding for a program of mentorship and business development training resources
- Develop and embed a social procurement policy within CGD operations to create new SEZ supply opportunities
- Identify and fit-out a shared facilities (SEZ Hub) for commercial use at low cost by social enterprises
- Create a SEZ Hub brand and associated digital and physical collateral
- Act as a facilitator to grow business partnerships and larger contracts
- Create a Social Enterprise Fund and procure matched funding from a social impact investor
- Offer micro-funding, grants and investment from the Fund on a yearly program to SEZ Hub tenants
- Provide a new enterprise establishment assistance service to assist in reducing set-up costs for SE

Location:

This model requires a 100-250m² commercial or retail site with ground floor access and ideally some public 'interface'. A well-located commercial site such as a vacant ground floor commercial tenancy or retail store would give the project visibility to the general public and encourage participation. If space is not available with a public interface alternative commercial space may be sufficient for the establishment phase of this model.

Cost/Benefit (Pros & Cons)

For estimated benefits, see the cost benefit section. Indicative project costs associated with this scenario are set out below.

Key features of this scenario are the costs associated with leasing or fitting out the space (the best option would be to utilise unoccupied Council owned spaces), program costs involved in running an "incubator" program for aspiring social enterprises, as well as providing funds for the Social Enterprise Fund. Such arrangements may be in collaboration with social investment groups, such as Social Traders, Social Ventures Australia and so on. Furthermore, management of the physical space would ideally be outsourced to a third party management company with a track record in social impact program delivery, or social enterprise management.

Any rental income generated within this scenario would be determined by the actual leasing / operating costs of the space. It would be appropriate the charge rent proportional to these costs while providing added value to tenant in the form of shared services, co-branding and business development programs.

Rental income would therefore be calculated once a thorough cost benefit analysis had been conducted on a selected property(s).

Figure 5. Indicative costs – Scenario 2

ITEM	COST	INCOME
Building lease costs, refurbishment & fit-out	\$100,000 - \$300,000	
Website	\$10,000 - \$30,000	
Coordinator (part time allocation within Council existing EDU role)	\$10,000	
Programs and Mentorship	\$80,000 - \$100,000	
Ticketed / paid access to programs for non-tenants		\$20,000 - \$40,000
3 rd Party management company	\$50,000 - \$150,000	
Funding contributions towards Social Enterprise Fund	\$50,000 - \$250,000	
Funding co-contributions towards Social Enterprise Fund from external partners		\$50,000 - \$250,000
Rental income		\$30,000 - \$50,000
Sponsorships, grants & philanthropic funding target (annual)		\$40,000 - \$250,000
TOTAL	\$300,000 - \$840,000	\$140,000 - \$590,000

Field Institute (2014)

4.4 Scenario 3: SEZ Precinct

The SEZ Precinct is a new centrally located ‘Social Retail Destination’ located in a large retail tenancy in Central Dandenong, SEZ Precinct offers the public access to a dynamic space with a unique retail mix of food, coffee, ethical products and ethical services based around the offering of anchor enterprises that deliver a social outcome through employment and training programs.

SEZ Precinct invites one larger social enterprise to cluster together with smaller, innovative start-ups to build a more diverse retail offering and to enable collaboration, mentorship and growth.

SEZ Precinct offers low-cost flexible rental specifically to social enterprises and retailers with a strong social charter. This rental subsidy encourages larger operators to co-locate their peripheral operations (such as packing, baking, food prep) so as to vertically integrate new sub-businesses with their own retail tenancy. Planning would work as it does for currently for mixed-use developments. This process would create new commercial opportunities within Central Dandenong and also create shorter supply chains.

Low-cost rent also benefits smaller start-up social enterprises that can be aggregated through an EOI and invitation process. The objective of SEZ Precinct is to gather enterprises with a strong retail offering and to encourage the development of an ethical retail precinct synonymous with the cultural and social diversity of Greater Dandenong. This would be supported, and help support both the Food and Tourism Strategy.

SEZ Precinct has facilities to enable training and education for tenants and use by other social enterprises. Like the SEZ Hub, the SEZ Precinct offers shared office facilities and low-cost retail space to emerging social enterprises. A contracted manager or coordinator develops and delivers mentorship, training and networking programs for tenants and other CGD social enterprises.

SEZ Precinct will be branded as a unique retail space and receive ongoing marketing, promotions and media relations' support to become an iconic Greater Dandenong consumer destination.

Council's role

- Facilitate the creation of a SEZ Precinct through the allocation of internal resources for coordination and management for first 12 months of development and operation
- Engage in negotiating a partnership with potential investors in the land and building with local developers, Places Victoria and potential anchor tenants
- Over see a participatory design approach of development of the space and engage a preferred contractor for the property management (alternatively this could be the anchor tenant)
- Develop and embed a social procurement policy within CGD operations to create new SEZ supply opportunities
- Allocate funding for a program of mentorship and business development training resources
- Identify and fit-out a suitable retail facility (SEZ Precinct) for commercial use at low cost by social enterprises
- Create a SEZ Precinct brand and associated digital and physical collateral
- Act as a facilitator to grow business partnerships and larger contracts
- Offer micro-funding grants to start-up social enterprises on a yearly program to Precinct tenants
- Provide a new enterprise establishment assistance service to assist in reducing set-up costs for SE

Location:

A 250m - 400m+ site with the capacity to locate an existing large-scale social enterprise while also co-locating smaller SE in a 'cluster' model. Examples such as Masonic House and the adjacent smaller retail outlets on Thomas Street could be considered. These sites provide a unique location and building, and strong foot traffic via the train station. The surrounding precinct will soon be redeveloped, however redevelopment costs of the building itself may prove prohibitive. Other sites of interest include the Bendigo Bank site on Lonsdale Street.

Cost/Benefit (Pros & Cons)

For estimated benefits, see the cost benefit section. Indicative project costs associated with this scenario are set out below. Costs associated with this scenario are similar to scenario 2. However, given the emphasis on the retail activation in scenario 3, refurbishment and fit out costs are estimated to be significantly higher.

Management of the physical space would ideally be outsourced to a third party management company with a track record in social impact program delivery, or social enterprise management. Alternatively an anchor social enterprise tenant could co-ordinate and deliver these programs.

Any rental income generated within this scenario would be determined by the actual leasing / operating costs of the space. It would be appropriate to charge commercial or subsidised rent proportional to these costs while providing added value to tenant in the form of shared services, co-branding and business development programs.

Rental income would therefore be calculated once a thorough cost benefit analysis had been conducted on a selected property(s) based on commercial market rates.

Figure 6. Indicative costs – Scenario 3

ITEM	COST	INCOME
Building lease costs, refurbishment & fit-out	\$300,000 - \$2,500,000	\$100,000 - \$250,000 (PA)
Website	\$10,000 - \$30,000	
Coordinator (part time allocation within Council existing EDU role)	\$10,000	
Programs and Mentorship	\$80,000 - \$100,000	
Program Costs	\$10,000 - \$30,000	
Administration	\$5,000 - \$10,000	
Ticketed / paid access to programs for non-tenants		\$20,000 - \$40,000
3 rd Party management company	\$50,000 - \$150,000	
Funding contributions towards Social Enterprise Fund	\$50,000 - \$250,000	
Funding co-contributions towards Social Enterprise Fund from external partners		\$50,000 - \$250,000
Rental income		TBC
Sponsorships, grants & philanthropic funding target (annual)		\$40,000 - \$500,000
TOTAL	\$515,000 - \$3,080,000	\$210,000 - \$1 040,000

Field Institute (2014)

4.5 Scenario 4: SEZ Capital

SEZ Capital is a unique citywide program, which aggregates and promotes social business practices and pronounces Greater Dandenong as the 'City for Social Business Impact'. SEZ Capital links all existing social enterprises within the City, whilst also promoting the adoption of social values and formal accreditation by existing traditional businesses.

By emphasizing an accreditation model SEZ Capital links and connects business and industry across the city within one interconnected ecosystem. This model embraces one system of social impact identification; evaluation and communication, thereby creating the opportunity for CGD to become the first accredited citywide SEZ in the world.

As part of this model a Management Hub (SEZ Hub) would be developed within CDG to anchor the core of the initiative and grow the adoption of social enterprise right across the business system. This Hub would house a SEZ Capital coordination team who manage and promote the accreditation process, deliver training and networking, run new business development programs, and link existing businesses in Greater Dandenong into a mutually beneficial localised economy that promotes the collaborative interaction of businesses within the city.

SEZ Capital brings a large number of businesses, with an articulated social charter, together beneath one umbrella. Through a series of programs, strategy, service and partnership arms that aim to seed multiple projects, entities and independently managed programs this SEZ has the capacity to transform the typology and tone of business across the City for the long term.

SEZ Capital implements a start up, transition and scale up tiered program to get every social enterprise and social business reaching their goals - no matter what stage of business they are at.

The project's scope is international – attracting investors and businesses to visit 'The City of Social Business Impact' and be involved through conferences, innovative incubator meet ups and social impact residencies.

The project creates marked impact through localising economy and transitioning business to provide social objectives and acknowledging existing community oriented business.

The project is set up through a series of strategic partnerships with government (state and federal), social impact investors, academic institutions, other South Eastern Councils and private developers.

Council’s role

- The driving partner who will set up a place based citywide social enterprise zone as their own entity
- Engage partners strategically to be involved in the set up, framework development, and investment within the approach and lead the process of securing funding
- Develop a policy that fully integrates social enterprise and gets adopted by all levels and departments of Council
- Identify flexibility within planning and permit structures to allow for the fast tracking and cross pollination of businesses through monthly participatory processes

Location:

Whole of City of Greater Dandenong with an office within City of Greater Dandenong Council and various identified spaces utilised per program arm.

Cost/Benefit (Pros & Cons)

For estimated benefits, see the cost benefit section. Indicative project costs associated with this scenario are set out below.

Figure 7. Indicative costs – Scenario 4

Indicative Costs	Scenario 4: The Social Capital
Management hub (staff, administration)	\$3 m - \$8 m
Facilities	\$4.5 m - \$12 m
Programs, Facilitation & Mentorship	\$0.5 m - \$1 m
3rd Party Management Company	\$2 m - \$4 m
Indicative total	\$10 m - \$25 m

Field Institute (2014)

SECTION 5

POTENTIAL SITE ASSESSMENTS

5.1 Overview

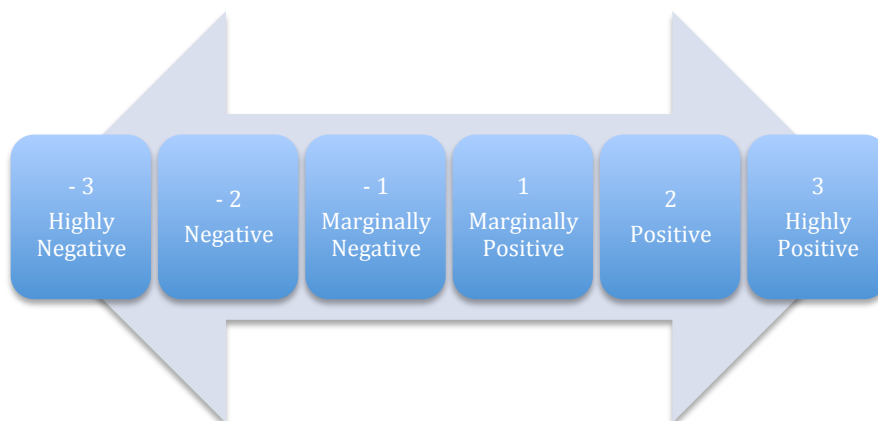
The Field Institute has undertaken an assessment of facility site options within the City of Greater Dandenong. Through consultation with Council and a review of available sites/buildings within the municipality, the Field Institute has compiled a list of potential sites that have been the subject of assessment. These sites cover:

- Existing Council owned buildings/structures;
- Existing Council owned sites (with no and inappropriate building/structures);
- Available commercial buildings for lease; and
- Available commercial sites for lease/purchase.

5.2 Methodology and Criteria

The Multi-Variable Scoring System is the quantitative scoring base methodology for assessing sites and locations against set criteria. The methodology assesses and allocates a relative score against an equal number of positive and negative characteristics of the site. Positive characteristics receive a positive score from 1 to 3 while negative characteristics receive a negative score from -1 to -3. This represents the Scoring Spectrum.

Figure 8. Scoring Spectrum



Source: Field Institute (2014)

Through this approach a total score can be calculated represent the net suitability of the site. For example, if the net suitability score is positive, then the sum of its positive characteristics is greater than the sum of its negative characteristics.

Critical to the application of this methodology is the identification of appropriate criteria against which to assess each identified site. In this case, the Field Institute has identified the following criteria:

5.3 Positive attributes

- Location, Access, Size of land & buildings (Scores: 0,1,2,3) with the higher score applied where there are existing building of a high quality with capacity to accommodate social enterprises
- Current & Future Capacity of existing buildings / Redevelopment Potential of land (0,1,2,3) with the higher score applied where there is relatively low additional capital cost of remediation
- Capacity for Social Enterprise Hub / Activate Neighbouring land potential (0,1,2,3) with the higher score applied where there is significant capacity for creation of integrated social enterprise and community outcomes

Max Score 9;

5.4 Negative attributes

- Community & Planning/ Neighbouring Uses (0,-1,-2,-3) with the higher negative score applied where there is existing perceived significant community or neighbouring uses which may be at odds with new programming due to cultural or sub-cultural uses.
- Capital construction cost / retrofit including new construction (0,-1,-2,-3) with the higher negative score applied where there is perceived significant potential for new construction cost
- Relocation Requirement / Impact on existing users / Lease re-negotiation (0,-1,-2,-3) with the higher negative score applied where there is a requirement for decampment and/or requirement to break existing community leases including potential income loss through expiry or extinguishment of existing leases

All sites have been assessed out of a maximum score of nine (9) and minimum score of negative three. Negative scores demonstrate variations in net terms from a maximum score of six (6) i.e. For example, a score of minus three (-3) represents a total of nine points variation from a maximum score of six (6).

All properties (both land and buildings) have been assessed in terms of capacity to accommodate a social enterprise hub of approximately 500m². In reality, the social enterprise hub may take up more space, depending on available floorspace allocations within the respective sites.

5.5 Identified Sites

The Field Institute has assessed the following sites for this report:

- The Masonic House
- The Bendigo Bank Site
- Vanity Court Arcade
- Hub Arcade
- Little India Precinct
- Pulse Nightclub site

5.6 Assessment

Figure 9. Assessment of candidate sites

PROPERTY CHARACTERISTICS	(SCORE – POSITIVE)			(SCORE – NEGATIVE)			SUM SCORE
	Location, Access, Size of land & buildings; existing building with capacity	Current & Future Capacity of existing / Redev potential / journey to work/ PT link; low additional capital cost	Capacity for Social Enterprise Hub / Activate Neighbouring land potential	Community & Planning Risk / Neighbouring Uses	Capital construction cost / retrofit including new construction potential for new build cost	Relocation Requirement / Impact on existing users / Lease re-negotiation	
	(0,1,2, 3)	(0,1,2, 3)	(0,1,2,3)	(0,-1,-2,-3)	(0,-1,-2,-3)	(0,-1,-2,-3)	(9)
Property							
Bendigo Bank Site	(3) • Strong central location • Connection with retail activity centre • Autonomous space • Active frontages for community presence	(3) • Future expansion potential (with neighbouring tenancy) • Adjacent community park • Council owned	(2,5) • Some capacity to hub with adjacent services	(0) • Low risk • Adjacent community park potentially beneficial	(-2) • Some refurbishment of existing building required	(-1) • No existing tenant in Bendigo site • Second half of the site relocation of existing user	5.5 / 9
Masonic House	(3) • Strong central location • Connection with pedestrian access & public transport • Relatively autonomous • Active frontages for community presence	(2,0) • Strong future potential with the right partnerships • Important central heritage site that is in need of development • Development requires significant investment	(3) • Good capacity to hub with adjacent retail vacancies • Central position to future development of the precinct	(-1) • Currently not used (refurbishment required) • Heritage planning overlay makes it a more complex process	(-3) • Significant refurbishment of existing building required • Redevelopment in line with heritage listing increasing cost	(0) • No relocation of existing users required	4.0 / 9
Pulse Nightclub site	(3) • Central location • Active frontages for community presence • Relatively autonomous	(2) • Future redevelopment potential	(2) • Good capacity to hub with adjacent services	(-1) • Limited risk • Limited wheelchair access on 2 nd storey	(-2) • Some refurbishment of existing building required	(-1) • Relocation of existing new tenant required	3 / 9
Hub Arcade	(2) • Central location • Good connection with retail activity centre	(2) • Future expansion / redevelopment potential limited	(1) • Limited capacity for 'hub' role, due to fragmented space allocation	(-1) • Limited risk • Possible capacity constraints	(-1.5) • Some refurbishment of existing building required	(-1) • Minimal relocation of external users required • Limited existing user impact • Fragmented ownership	1.5 / 9
Vanity Court Arcade	(1.5) • Central location • Some connection with retail activity centre	(2) • Current floor space capacity limited • Future expansion / redevelopment potential limited	(1) • Limited capacity for 'hub' role, due to fragmented space allocation • Good co-location with existing neighbouring uses	(-1) • Limited risk • Possible capacity constraints	(-1) • Minimal refurbishment of existing building required	(-1.5) • 30% relocation of existing users required • Fragmented ownership	1 / 9
Little India Precinct	(1.5) • Central location • Good public transport connection	(1) • Future role of space not clear	(2) • Currently fragmented space allocation • Places Victoria currently own all properties with tenants on short term leases	(-2) • Some long term risk, due to uncertain future role of space • Possible capacity constraints	(-1) • Minimal refurbishment of existing building required	(-3) • Relocation of existing users highly contentious • Some relocation of existing users required	0.5 / 9

Notes: Positive– (0) no score provided; (1) effective; (2) highly effective; (3) significant positive attributes; Negative – (0) no score provided; (-1) Moderate risk; (-2) High Risk; (-3) Significant Risk attributable to property or project

Source: Field Institute (2014)

5.7 Conclusions

According to this table:

- Below 0: The site is inappropriate
- Between 2-5: The site is appropriate however there are some current constraints
- Between 5-9: Site is appropriate and potentially ready to be utilised subject to further analysis of cost constraints and other intended potential user interest

Overall, the Bendigo Bank, Masonic House, and Pulse nightclub sites scored highest, with 5.5/9, 4/9 and 3/9. Interestingly, these sites are all single buildings, which would facilitate a 'Hub' style development with centralised services.

Clearly a common pattern that makes other sites more difficult are the fragmented ownership and/or fragmented space allocations. Although the potential to create a 'Hub' style facility is more limited with these spaces, they have the benefit of lower set-up costs, since many of these spaces have existing vacancies, which could be filled with applicant social enterprise tenants reasonably quickly.

SECTION 6

COST BENEFIT ASSESSMENT

This section assesses the high level estimated financial costs and broad-ranging benefits associated with the proposed Social Enterprise Zone.

Benefits in this section of the report are assessed qualitatively, and lay the foundation for quantitative assessment in Stage Two of this project. Analysis in Stage Two of this report will quantify a number of these benefits, and synthesise findings in a Benefit Cost Assessment. The Benefit Cost Assessment will incorporate quantified economic and social benefits and costs, to produce a Benefit Cost Ratio(s). (For example, a Benefit Cost Ratio of 2.10: 1 would indicate that for every \$1.00 contributed to the project would return \$2.10 to the local economy.)

The Benefit Cost Assessment will indicate the broader returns to all stakeholders – Local Government, State Government, the community, and other stakeholders – of an investment in the project.

6.1 Estimated Costs

Total project costs for the proposed Social Enterprise Zone will depend on which conceptual model is adopted. Broad high level estimates for the four scenarios developed in the Co-Design process are shown below.

Figure 10. Estimated project costs: Proposed Social Enterprise conceptual models

Indicative Costs	Scenario 1: SEZ Collective Network	Scenario 2: SEZ Hub	Scenario 3: SEZ Precinct	Scenario 4: SEZ Capital
Estimated Set Up Costs (establishment and year 1 or operation)	\$170,000 - \$260,000	\$300,000 - \$840,000	\$515,000 - \$3,080,000	\$10m - \$25m
Estimated Ongoing Operating Costs PA (excluding potential rental income, grants and paid program revenue)	\$160,000 - \$230,000	\$500,000	\$500,000	TBC

Source: *The Field Institute (2014)*

In assessing these estimated project costs, it is noted that Council's have discussed giving physical space within one of these scenarios to applicant social enterprises free of charge or at a low rental rate. In fact, it is envisaged that this would constitute one of the key incentives for applicant social enterprises to enter the proposed Social Enterprise Zone, and would simultaneously constitute one of Council's key contributions to applicant social enterprises, and to encouraging uptake of the new Social Enterprise Zone.

Given this, any future cost benefit assessment will show that commercial rents are not charged for the given sites. Once an appropriate site is located further identification of lost

revenue to Council from space rental can be calculated. However the nature of the cost benefit assessment framework is that it includes broader economic and social benefits that arise from the proposed Social Enterprise Zone. It is envisaged that the value of these broader benefits will outweigh the value of the project costs discussed above.

6.2 Estimated Benefits

The development of a Social Enterprise Zone, located in central Dandenong, will provide potential economic and social benefits to City of Greater Dandenong residents in the local community and local economy.

The purpose of this section of the report is to provide an indication of the size and scale of potential benefits that could be accrued by relevant stakeholders as a result of the establishment of the proposed Social Enterprise Zone in Central Dandenong.

Benefits have been assessed qualitatively, and give a broad overview of the range of beneficial outcomes, which may flow from the project. They lay the foundation for quantitative assessment in Stage Two of this project.

In Stage Two, benefits are calculated using available economic and commercial pricing information and, where applicable, may involve the shadow pricing of non-economic benefits, thus allowing economic, social and environmental benefits to be assessed equally and on the same terms (i.e. financial), thereby allowing for the total benefits of each scenario to be quantified and assessed.

Benefits arising from an enhanced Social Enterprise Zone

The establishment of the proposed Social Enterprise Zone will result in either a virtual network or a physical facility offering an enhanced configuration of social enterprises, which – in turn – will provide additional socially beneficial products and community services. Sources of these benefits could include the following:

- Net additional floorspace
- Net increase in the supply of social enterprise products and services
- Serve a larger catchment for social enterprises and accompanying services
- Community access benefits

Net Additional Floorspace

Net additional floorspace to City of Greater Dandenong dedicated for social enterprises, and the associated socially beneficial products and services offered by those social enterprises. This may be assessed with respect to designs, floorplans and the ultimate servicing capacity of the proposed facility. Sources of the increase in floorspace could result from:

- Refurbishment of existing buildings
- Mixed Use Commercial (MUC) zoning applied to existing buildings, land and facilities not currently zoned as MUC
- Allocation of space within new developments towards social enterprise activity

Net increase in the supply of social enterprise products and services to the community. Depending on the social enterprises that enter the proposed Social Enterprise Zone, this could take a number of different forms, including:

- Increase in the supply of licensed places for long day care, occasional care or kindergarten
- Increase in the supply of health services to the community
- Increase in the number of books, technology services and community programs available
- Increase in employment services / training services

The proposed Social Enterprise Zone will have the potential **to serve a larger catchment** for the social enterprises and accompanying services located within it. Should more residents, more social enterprises, or more customers of those social enterprises be drawn to City of Greater Dandenong as a result of enhanced access to – or an increase in supply of – health, employment and community services, a number of benefits may flow from this, such as:

- Retail expenditure benefits
- Increased pedestrian activity
- Increased activity centre vibrancy

The co-location of multiple social enterprises with existing municipal offices, City of Greater Dandenong library and train station will facilitate multi-purpose trip generation for residents, thus the SEZ will easily be integrated into existing culture and be accessible to multiple groups.

Community Access Benefits

Not only will residents be able to combine vehicle trips for these services, residents will also be able to link their trips to retail uses, given the proximity of the proposed subject sites to the retail core of Central Dandenong township.

That is, there are benefits associated with alleviating the need for travel between

- Existing health services and disability services
- Existing disability services and the employment services
- Existing employment services and the library
- Existing library, children’s services, other Council services (e.g. permits, animal registration, rates and charges, etc.)

Additionally, residents will benefit from a ‘one stop shop’ for such products and services, which will bring efficiencies to product and service delivery.

Reduced vehicle trips will result in the following benefits:

- Travel time savings: this is the opportunity cost (ie, the opportunity benefit) gained from not having to do two separate trips
- Reduced vehicle operating cost (wear and tear) savings
- Reduction in vehicle emissions: The potential to reduce vehicle emissions through reduced private vehicle use, encouraging walkability and cyclability.
- Exposure to pollution: Reduced travel requirements, induced by multi-purpose trips, will result in a reduction in a) vehicle-related pollution, b) water pollution and c) noise pollution. This will result in reduced community exposure to pollution. The multiplier effect is improved health and amenity (through reduced pollution) for a large proportion of the community.
- Pedestrian and vehicle accidents: Reduced travel requirements will result in a reduced number of vehicles on the road, with a commensurate reduction in accidents and reduced demand for public transport

Employment Benefits

The proposed Social Enterprise Zone will provide a dedicated facility, which has the potential to become a “draw card” for attracting skilled professionals, trained in the various services of:

- Social investing and sourcing funding opportunities
- Marketing of social enterprise’s good and services
- Measuring social impact
- Social policy and advocacy
- Legal and administrative support services
- Business planning, mentoring and advisory services

The proposed Social Enterprise Zone may provide a net increase in the number of FTE jobs within City of Greater Dandenong, adding to the employment base of the municipality.

Furthermore, social enterprises focusing on assisting job-seekers to increase their employability, and ultimately their employment will result in increased future economic participation by residents of City of Greater Dandenong in the local economy.

6.3 Qualitative Benefits

The proposed Social Enterprise Zone will bring a number of benefits, which are not monetised. These benefits have significant implications on major stakeholders, such as local government, State government, businesses and residents, however will not be captured in the set of monetised benefits and costs.

Such benefits may include:

- Co-location of social enterprise programs and activities with Local Government and State Government programs and activities
- Increased activity centre vibrancy
- Benefits of an enhanced Social Enterprise precinct
- Organisational Efficiencies

Co-location of Social Enterprises

There are a number of benefits associated with co-location of multiple social enterprises. Benefits include:

- More effective coordination of social enterprise's products and services. This may manifest in the combination of local and state initiatives in collaboration with social enterprises to better benefit the local and broader communities. This could be in terms of issues such as local amenity, policy initiatives, or legislation.
- Increasing efficiency in service delivery. By co-locating social enterprises, communication and interaction between product providers and service deliverers is streamlined. This is likely to increase the speed and efficiency with which products and services are delivered to the end users, which in turn boosts efficiencies throughout the community.
- Creation of a 'one stop shop' for social enterprises for the community. This means that residents and customers of multiple social enterprises are able to make better use of the broad range of products and services located under the 'one roof'. Their needs are better serviced because of this. Resident's travel costs are reduced, as well as reducing the need to travel long distances to access products and services.

Co-location of social enterprises with Local Government and State Government programs and activities

There is an increasing trend within Victoria for Local Government to co-locate with State Government. The recent completion of major new State Government and Local Government facilities in Central Dandenong is a clear example of this trend, and provides many potential benefits to social enterprises that may co-locate alongside these government facilities. In the context of the proposed Social Enterprise Zone, benefits of this trend are as follows:

- **More effective coordination around planning of services.** This may manifest in the combination of local and state initiatives to better benefit the local and broader communities. This could be in terms of issues such as local amenity, policy initiatives, or legislation.
- **Increasing efficiency in service delivery.** By co-locating the two levels of government, communication and interaction between the two parties is streamlined. This is likely to increase the speed with which outcomes are delivered to the end users, which in turn boosts efficiencies throughout the community.

- **Enhanced levels of cooperation between State government staff and local government staff.** This will occur due to the reduced “transaction costs” associated with communications between the levels of government. This allows greater levels of communication and efficiency in – and between – the local and state levels of government.
- **Ability to coordinate strategic policy, and impacts on the local community.** The state government will benefit from synergies arising from working closely with local government to understand issues in the local community. As such, greater levels of understanding will be generated in terms of the workings of the locality. This enables more effective strategic policies to be implemented, benefiting the community at large.

Increased Activity Centre Vibrancy

As increased numbers of employed persons arrive in Central Dandenong, the central activity centre will experience increased activity and vibrancy. Retail expenditure benefits have been addressed in previous sections of this report, however other benefits arising from increased pedestrian activity will be present, such as a more dynamic streetscape and enhanced cultural diversity. The increase in multi-purpose trips will lead to a reduction in traffic congestion, with commensurate enhanced activity centre vibrancy.

In addition, increased numbers of social enterprise employees can have positive effects on the size and scale of an activity centre. The addition of social enterprise staff to the Central Dandenong activity centre will lift Central Dandenong’s “profile”, as well as boost the number of employed persons within the Central Dandenong CBD.

Furthermore, benefits of an enhanced Social Enterprise precinct are as follows:

- **Increased pedestrian activity.** With the enhancement of the social enterprise precinct in the area, vibrancy is increased within the Central Dandenong activity centre, making the location a more pleasant place to be. This will encourage an increase in pedestrian activity in the area, adding further flow-on benefits to the local economy and community.
- **A more dynamic, social enterprise community.** An enhanced social enterprise precinct will benefit the social enterprise community in the locality. This adds to cultural dynamism within the community, and will foster further growth within the social enterprise community and establish the centre as a venue and home for social enterprises.
- **Enhanced activity centre vibrancy.** An enhanced social enterprise precinct within the community will facilitate increased opportunities for events and conferences, as well as opportunities to display ethnic and cultural diversity within the area.

Social Benefits

A number of indirect social benefits are likely to flow from the co-location of a number of social enterprises into a single and centralised location. These are as follows:

- **Increased access to services.** The co-location of services increases the ability of families to access and utilise these services. For example, social enterprises offering employment programs may see an uptake in participation due to the co-location with social enterprises offering training and skills development which would have multiple positive effects for employability and employment among participants.
- **Opportunistic interaction.** The co-location of social enterprises nearby community meeting rooms will facilitate the interaction of members within the community. In turn, this may encourage greater awareness of products and services provided and community groups who utilise the meeting rooms which could increase patronage and have positive flow-on effects for community cohesion and addressing isolation within disparate parts of the community
- **Increasing resident skill base,** through providing accessible skills training and pathways

- **Improved quality of place:** The proposed Social Enterprise Zone is considered for its potential to contribute to an improved and more refined sense of place for City of Greater Dandenong. For example integrated community uses and improved public spaces that promote greater levels of activity whilst still preserving the township identity could result in improved quality of place.
- **Benefits to the public realm:** The ability for local residents, employees and visitors to access a range of activities (e.g. retail, social, health, employment, etc) is considered. This results in greater community wellbeing, greater residents' engagement in economic and social activities, improved quality of place and mitigating social inequality.
- **Community cohesion:** The extent that the proposed Social Enterprise Zone – and the participating social enterprises – are able to promote community interaction is considered. Important aspects of this criterion include: opportunities for a main street with active frontages, ability to optimise/increase activity levels and walkability supported by high quality built form, high quality open space, active frontages and a range of community facilities.
- **Health and safety:** Perceived levels of crime, as well as pedestrian and vehicle accidents are considered important for City of Greater Dandenong. For example, increased activity levels will contribute to improved levels of safety and improving self-containment levels through co-locating social enterprises with retail and employment precincts will result in reduced trip generation, and consequently reduce the likelihood of road accidents.

Organisational Efficiencies

By co-locating multiple social enterprise offices within a single location, a number of organisational efficiencies will arise.

These include:

- **Reduced overheads.** By having the participating social enterprises' offices in close proximity, there are benefits in terms of business-related overheads. These may manifest in terms of reduced heating/cooling bills (involving one larger building, as opposed to multiple smaller sites), other utilities and inter-office communications.
- **Reduced rental and lease expenditure.** By occupying one larger space instead of multiple smaller spaces, expenditure on rent will be reduced due to economies of scale. There are also fewer fees associated with a single rent and fewer needs in terms of insurance.
- **Economic efficiencies in operation.** By co-locating social enterprises, this will provide the opportunity for administrative and staffing synergies. For example, multiple social enterprises may potentially share office equipment and staff (eg, payroll, administrative and marketing staff). There is also the potential for more coordinated products, services and programs for the community, as well as overall improvements in economic efficiencies.

6.4 Costs and Benefits

A broad comparison of indicative costs and potential benefits flowing from each conceptual model for the proposed Social Enterprise Zone is set out below.

Potential benefits flowing from each scenario are categorised as 'high', 'medium' or 'low', in accordance with estimated potential impact of adopting each scenario.

Qualitative benefits (as distinct from estimated benefits which are ultimately quantifiable, but which have been reassessed qualitatively within this report) are not ranked, due to their inherently qualitative nature.

Figure 11. High Level assessment of costs and benefits

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Estimated Set Up Costs (establishment and year 1 or operation)	\$170,000 - \$260,000	\$300,000 - \$840,000	\$515,000 - \$3,080,000	\$10m - \$25m
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Indicative Costs	Scenario 1: The SEZ Collective Network	Scenario 2: The SEZ Hub	Scenario 3: The SEZ Precinct	Scenario 4: The SEZ Capital
Estimated Set Up Costs (establishment and year 1 or operation)	\$170,000 - \$260,000	\$300,000 - \$840,000	\$515,000 - \$3,080,000	\$10m - \$25m
Potential Benefits				
Net additional floor space, dedicated to social enterprises	n/a	Medium	Medium	High
Net increase in the supply of social enterprise products and services	Low	Medium	Medium	High
Potential to serve a larger catchment	Medium	Medium	Medium	High
Travel Benefits	n/a	Medium	Medium	High
Potential to provide a net increase in the number of FTE jobs	Low	Medium	Medium	High
Increased future economic participation of CoGD residents	Medium	Medium	Medium	High

Source: Field Institute (2014)

SECTION 7

KEY FINDINGS AND RECOMMENDATIONS

7.1 Findings

Following analyses from key outputs in this section, the Field Institute has summarised key findings as follows:

- Estimated project costs* of
 - Scenario 1 (SEZ Network): \$170,000 - \$260,000
 - Scenario 2 (SEZ Hub): \$300,000 - \$840,000
 - Scenario 3 (SEZ Precinct): \$515,000 - \$3,080,000
 - Scenario 4 (SEZ Capital): \$10 – 25 million
- *Not including potential land or building procurement costs, these figures are based on industry rate current estimates and budgeting levels for precedent projects*
- A large range of economic and social benefits associated with the proposed Social Enterprise Zone
- The Field Institute recommends that Council proceed with Stage Two of this study to build on these initial analyses and construct a full Business Case to support Council's adopted operational model and required funding.

7.2 Recommendations

Through analysis of our research and the development of the 4 SEZ scenarios, which have been tested and refined with social enterprise leaders from within the community, we put forward a set of recommended steps and next actions. The vision for the project is a commitment to innovation in both the short and the long term, supporting enterprise within the community and creating social impact through a place based social enterprise approach.

7.3 Creating the SEZ

We recommend that the model selected for the CGD SEZ:

- Can scale over time, iterate and grow
- Acts as a practical and relevant catalyst to social enterprise
- Creates practical solutions for new sources of start-up capital or savings
- Is culturally and structurally appropriate for the location to build on current strengths
- Adopts a framework that supports both start-up social enterprises and social enterprise initiatives undertaken by social service providers
- Is conducive to creating and promoting innovation
- Creates a tangible space that:
 - Showcases the SEZ project and creates a tangible, marketable entity
 - Connects the business and the community around a shared vision
 - Offers practical resources and facilities
 - Creates positive linkages between existing and new social enterprises and the rest of the economy

We recommend that over the short-term (1-3 years) the best SEZ model to adopt is Scenario 2 SEZ Hub.

7.4 Ideal Model Attributes:

- A physical place based initiative of 250m²
- A cost-effective pilot that can be scaled up
- Externally managed by experienced social entrepreneurs (contracted)
- A physical co-working hub and training space for 5-6 social enterprises with public access and/or retail face
- A rolling 12-month program of business support services and networking available to all social enterprises in Greater Dandenong
- A new program of small grants and potential social impact investment available to all social enterprises in Greater Dandenong
- An accessible digital platform for connecting and promoting all social enterprises in Greater Dandenong
- An expanding network of partners and complementary services
- A council adopted strategy that encourages and promotes social enterprise within council and across Greater Dandenong

We recommend the Council initiate the SEZ project through a four-tiered approach:

- Via the existing Social Enterprise Network (SEN)
- Via a newly established SEZ Hub
- Via a newly established digital platform
- Via the development of new strategy and policy initiatives to support the growth of the SEZ over time

7.5 Social Enterprise Network

We recommend that CGD invest in expanding and developing the existing Social Enterprise Network. Developing the SEN into a larger community program and digital interface via:

- A website profiling all Social enterprise and social business within the City enabled by social media
- An 8-12 week social enterprise workshop (with competitive funding at the end) for existing SEN members
- A monthly Co-design meet up to workshop business plans or problem solve an issue
- Cooperative procurement policy encouraged between social enterprises
- Access map and application system to Council run facilities

7.6 SEZ Hub

The SEZ Hub is a physical location sited in Central Dandenong. The Hub is located in a small to medium (optimally 250m²) sized commercial or retail space. It offers low-cost rentals to tenants who can demonstrate they are a social enterprise.

The Hub offers shared office, training, events, and workshop facilities. The Hub also has shared high-speed internet, presentation facilities, hot desks, bike racks and lockers. It is a flexible and inspiring environment within which to cheaply establish and grow a social enterprise.

The Hub will be:

- 250m² +
- Flexible training space

- Managed by experienced social entrepreneurs (via EOI)
- Linked in with a network of such spaces across victoria
- Collaborative workspace – Hot desk, studio and office services (such as printing and internet) for a small registration fee and low cost rental
- Mentorship – Mentor matching, group and one on one meet ups for tenants and SEN members
- Tendering and proposal writing workshops
- Specific skills workshops
- Pathways to grants and investment
- Optional retail and café frontage

The Hub will provide a range of networking and community connection programs such as:

- Breakfasts, community meals, meet up drinks and moving showings
- Presentations, exhibitions and other events.

7.7 Policy

It is of vital importance that Council develops a social enterprise policy that then can be adopted throughout different council department and decision-making frameworks. This will be grounded with core values of flexibility, up-skilling, and engaged conversations that identify clear pathways for Social enterprise.

The CGD policy will:

- Incorporate a social procurement policy (and tool for others to adopt)
- Identify a policy of matched funding with outside social investment
- Identify the core sectors for development of social enterprise (according to existing strategic goals of council within the Central Activity Revitalisation project and economic/community development goals)
- Work with partners to co-create ongoing solutions.

7.8 Long term objectives

In the long term the CGD SEZ objectives would be framed around:

- Securing a large funding pool
- Strategic partnerships across government tiers, social investors, private companies, social businesses and social services
- Becoming a social enterprise epicentre for the south eastern region
- A Zone that spreads across the whole city with multiple key sites.

7.9 Next steps

Field Institute recommend the following next steps to progress the successful development of the SEZ:

- Develop a detailed SEZ Business Plan / Feasibility Study for the SEZ model adopted by CGD. This should be contracted and managed internally by the CGD Economic Development Unit (EDU)
 - a. Identify one suitable and available location
 - b. Conduct detailed site analysis
 - c. Develop a fitout and establishment budget
 - d. Develop a program budget and deliverables
 - e. Develop tenancy structure, application process and criteria
 - f. Develop tenant profile, business structure and intended outcomes
- CGD EDU to identify internal CGD resources, funding opportunities and available budgets
- CGD EDU to identify and secure additional funding sources and appropriate

- partners
- Develop a project description and KPIs to enable the release of an EOI for a contracted SEZ operator for the first 12-months of operation
- With the contracted operator develop:
 - a. Final interior fitout design for the SEZ
 - b. The SEZ brand and collateral
 - c. Operational framework
 - d. Application processes for tenants
 - e. Code of conduct and expectations
 - f. 12-month business assistance program
 - g. Outreach program to other CGD social enterprises
- Fitout of space in preparation for launch of program
- Develop and release EOI for the first cohort of participants