Mapping Australia’s social investment landscape – challenges and opportunities

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Background

This paper reports on the Mapping Australia’s Social Investment Landscape (MASIL) study, the first of its kind in Australia, which is being conducted by the Asia-Pacific Centre for Social Investment and Philanthropy. For the purposes of the study, social investment is defined as “the flow of resources – market and non-market generated – that satisfies the funding needs of organisations that primarily create social value”.

Research problem

Access to funding and resources is amongst the most important issues impacting on the social economy (SE) in Australia. Australia’s SE is a major economic force (4.1% of GDP in 2006-07) and has a significant role in the provision of services (culture and recreation, health, social services, to name a few).

In contrast to comparable jurisdictions, the type of access to financing by SE organisations in Australia is limited. For example, the two biggest sources of income for Australia’s SE are government (35%) and households (35% and 36% respectively in 2006-07). This indicates considerable scope to extend the financing options available to SE organisations from alternative sources, including, but not limited to the market. As with mainstream financial markets, the landscape of social investment is highly differentiated, ranging from those needing grants or loans to those requiring access to venture capital.

To enable access to relevant, innovative and tailored approaches for financing, it is necessary to first understand the current landscape of social investment in Australia and to identify barriers and opportunities.

Approach

MASIL is investigating the “state of play” in the emerging field of social investment in Australia, endeavouring to capture the issue of access to finance as well as the underpinning power relations. This understanding is built upon an appreciation of the entire event – spanning supply, intermediation and demand.

The greatest challenge facing the MASIL project is the incomplete, fragmented and often outdated data available on the Australian SE and the nascent state of social investment in this country. Furthermore, key players in social investment are not clearly identified. For example, in Australia philanthropy is underdeveloped compared to the US and some extent the UK.

Key criteria in selecting an appropriate methodology were the need to capture the dynamic nature of the social investment field and its organisations, as well as the regulatory environment and responses to future regulatory shifts over time. The latter point is particularly important, as moves are underway to initiate significant changes to the regulatory environment for the SE and because new organisations and models of finance are rapidly being introduced to Australia. As a result, a longitudinal approach using methods that engage stakeholders (rather than just survey them for information) were considered to be most advantageous. Consequently an iterative, mixed methodology that combines qualitative and quantitative approaches was chosen.

The project uses network analysis in conjunction with supply chain modelling as the framework for analysing the resource flows and the interplay between key actors in Australia’s SE. This enables identification of key nodes and paths for investment, as well as blockages and disjunctures.

Findings
The MASIL project is in its early stages. The aim of this contribution is to provide insights into the preliminary research findings and use these, in combination with the available secondary data, to describe the social investment landscape in Australia. Similarities or contrasts with other OECD countries will be highlighted where possible. It is anticipated that these findings will provide evidence for debates about the appropriateness and applicability of more market-influenced funding and organisational models for Australia’s SE.

**Literature**


