

## The Contribution of Community Enterprises to the Development of Regions.

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I'd like to start with the question "What is the economy?". And I raise this question, because how we answer it has implications for the type of regional economic development we might be interested in fostering.

One familiar answer to the question is that the economy is paid workers, working in small, medium or large capitalist enterprises, producing goods or services for the market. But I want to suggest that these economic activities are only the tip of the economic iceberg, that below the waterline is a host of other economic activities that usually go unnoticed.



Figure 1: The Economy as an Iceberg

Source: Community Economies Collective, 2001.

These hidden economic activities make a significant contribution to our societies, including Western societies like Australia. For example, in terms of unpaid household work, researchers have found that in OECD countries like Australia, the US, the UK, Norway and the Netherlands roughly the same amount of time is spent doing unpaid household work as is spent doing paid work (Ironmonger, 1996; Williams, 2005, 41-2). And when a monetary value is placed on this work we find that the value of goods and services produced in households by unpaid workers is almost the same as the value of goods and services produced by paid workers for the market (Ironmonger 1996). In his pioneering work in Australia, Duncan Ironmonger, an economist from the University of Melbourne, captures this by talking about the nation's Gross Economic Product. And he defines the Gross Economic Product as comprised of Gross Market Product (what would usually be defined as Gross Domestic Product) and Gross Household Product (Figure 2).

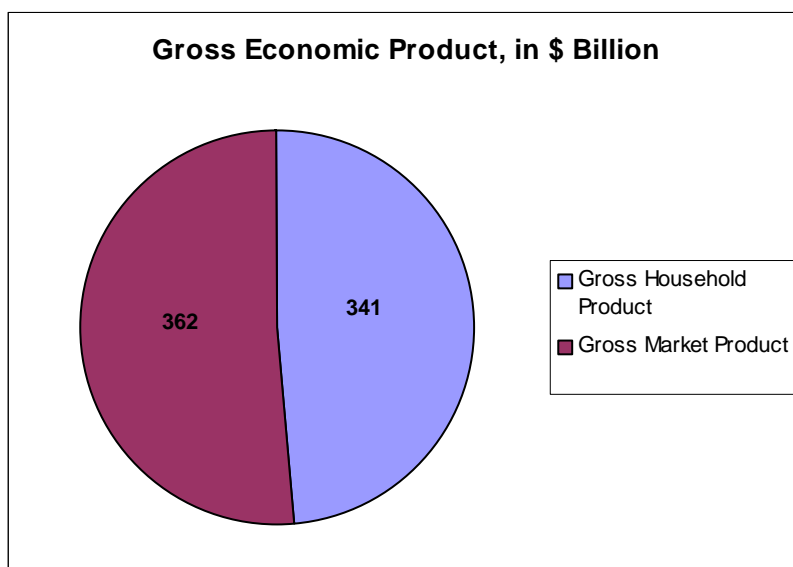


Figure 2: Value of Household and Paid Work, Australia, 1992

Source: Ironmonger, 1996, 51-2.

Ironmonger (2002) has extended his economic analysis to look at another hidden economic activity—volunteering. He's found, for example, that in the state of South Australia alone, the value of formal and informal volunteer work in 2000 was almost \$5,000 million. And if we added this to South Australia's gross domestic (or market) product, it would add an additional 11.5% to the State's economy.

Looking at unpaid household work and volunteer work in this way emphasises the monetary economic value of the hidden part of economy. But the hidden economy has more than just a monetary value. Many of the activities in the hidden economy are intertwined with social and community relationships. For example, many of the diverse and hidden economic activities based around alternative and unpaid labour practices, and alternative and non-market transactions rely on relationships of trust, reciprocity, generosity and care for others (Figure 3).

For example, here is a second-year university student writing in an online discussion forum about the diverse labour and transactions practices that characterise one segment of his life. Listen to how the student explains the intertwining of economy and community:

I'm a member of the Griffith Rugby League team ... [members] vary in nationality, occupation (not all players have to be students), age and definitely football ability ...

Membership fees for the team were \$170, which included receiving a training shirt, match day shirt, footy shorts and socks, and insurance cover. Additional money is raised by the club by selling drinks at games. A lot of help is given to the football team by strappers and trainers, some receive a wage and some do it for the love the game.

Some of the economic activities that I am involved in as part of the team are:  
 Unpaid labour - washing the jerseys after the game, driving team-mates to games  
 Alternative Paid - Being given a minimal player's fee. Say if I drive a group of us to an away game, I receive a jug from the lads at the pub after the game.

It has been interesting to see the changes in people's interactions between each other as the season has progressed. The growing of the team community has been obvious throughout the season. As the team gets to know each other better, the community feeling of the team grows.

<b>T H E  H I D D E N  E C O N O M Y</b>	<b>LABOUR</b>	<b>TRANSACTIONS</b>
	<u><b>Wage</b></u> Salaried Unionised Non-unionised Part time Contingent Seasonal Familial	<u><b>Market</b></u> "Free" Naturally protected Artificially protected Monopolised Regulated Niche
	<u><b>Alternative Paid</b></u> Self-employed Cooperative Indentured Reciprocal labour In kind Work for welfare	<u><b>Alternative Market</b></u> Sale of public goods Ethical 'fair-trade' markets Local trading systems Alternative currencies Underground market Co-op exchange Alternative Credit Barter Informal market
	<u><b>Unpaid</b></u> Housework Family care Neighbourhood work Volunteer Self-provisioning Slave labour	<u><b>Non- Market</b></u> Household flows Gift giving Indigenous exchange State allocations Gleaning & gathering Hunting & fishing Theft & poaching

Figure 3. Diverse Labour and Transaction Practices

In this example, we can see how, rather than being separate, community and economy are intermeshed. Diverse economic practices, like the volunteer work of strappers and trainers, unpaid work of washing the jerseys, and alternative paid work like driving mates around, help build community amongst a disparate group who share a love of football.

Here's another student writing about her neighbourhood economy and community:

I'm very lucky to live in a street where everyone knows everybody and its very interactive. There are people from different nationalities, occupations etc.: teachers, financiers, council employees, stay at home mums, small business owners ...

Examples of various economic activities include:

Unpaid labour - driving the neighbour's kids to school, child minding.

Alternative Paid - being paid to mow the neighbour's lawn.

Alternative market - neighbours borrowing tools, gardening equipment, in return offering their produce (vegies); neighbour borrows your trailer, and offers to take your rubbish to the dump for you also.

Non-market - cooking your neighbour a dinner if they are sick.

Also from time to time, someone has a neighbourhood bbq. Everyone brings their own food etc, but use one house's facilities and equipment.

After thinking back over it there is certainly a diverse economy within our neighbourhood. Our economic activities certainly do strengthen (sometimes even weaken) our relationships.

This student provides us with an insight into the diverse economic activities that can occur within a neighbourhood, and the social and convivial relationships that are sustained and strengthened by these economic interactions.

In these two examples, diverse economic activities are intertwined with the process of building communities, whether an interest based football community or a geographically based neighbourhood community. These are both examples of what colleagues and I call community economies (see [www.communityeconomies.org](http://www.communityeconomies.org)), that is economies in which economic activities directly contribute to community relationships and community well-being, and conversely where community relationships enable a diversity of economic practices.

Community economies are certainly prevalent in everyday life—sporting activities and neighbourhoods as we've seen, but also around families and kin groups, friendship circles, community organisations, clubs and societies, schools, church and religious groups, and so on. In these situations so often people are helping each other out **and** strengthening their connections with each through diverse labour and transaction practices. And in many rural and regional areas of Australia, community economies are vital to sustaining communities, both on an everyday basis and in times of crises like flood and fire.

But community economies are not just found in informal and everyday situations, they are also part of the formal economy, particularly through community or social enterprises in which economic activities are a means to an end, and that end is direct community benefit, which can include providing paid or purposeful work, providing opportunities for social connection, or maintaining and replenishing our environmental commons. This focus on community benefit means that unlike other enterprises community enterprises are not driven

by the desire to maximise profit nor by an emphasis on growth and expansion. Their enterprise plans and their development pathways are guided by how best they can achieve direct community benefit.

Along with the focus on direct community benefit, community enterprises also have two other key characteristics:

- Surplus is produced, but it is produced for the enterprise (rather than profit being produced for individual gain)
- They are accountable to their constituents, particularly through shared decision making. So many community enterprises have legal structures like incorporated associations, not for profit companies or cooperatives.

So let's have a look at an example of a community enterprise. Food Connect is based in South East Queensland, and it connects farm producers to city consumers (<http://www.foodconnect.com.au/>). City consumers purchase an upfront subscription from 4 to 52 weeks. This guarantees farmers a stable market but also means that city consumers share in any shortfalls due to drought and other weather events, pests and so on. Food is distributed through a network of volunteer city cousins, and subscribers pick their food up from their nearest city cousin. This use of language like City Cousins is also reflected in the way the city of Brisbane is broken up into 3 paddocks—the South, Hill and Top Paddock. This language gives a very different sense of the geography of the city. Currently 1000 households in Brisbane are subscribers, there are over 40 volunteer city cousins, 26 paid employees and 150 member farmers, all within a 5-hour radius of Brisbane.

In terms of direct community benefit, Food Connect works on a number of fronts. It:

- Provides small farmers with guaranteed markets and income (even if crops fail)
- Contributes to the viability of small farming in a region where farmland is increasingly under threat from urban expansion , and in so doing
- Contributes to the viability of rural and regional communities
- Connects city folk and country folk, not just through the up-front purchase of food subscriptions in which city people share in the good and bad times, but through face to face educational events like farm visits and information evenings, and social events like barn dances.
- Connects city folk with other city folk through the city cousins network.
- Provides jobs for groups who find it hard to get work, including ex-farmers, refugees, and the long term unemployed

Like other community enterprises, Food Connect attends to probably the two most critical questions facing our societies today:

How do we live together?

How do we live together with each other and with our planet?

These are very different questions than those that drive most mainstream enterprises, questions like:

How much profit can we extract this year?

How much return on investment will shareholders receive?

How can we grow the business over the next five years?

What strategies can we put in place to reduce our costs?

Where are new market opportunities opening up?

This is not to say that community enterprises do not make economic decisions, but their economic decisions are framed by their overarching ethical concern with the ways in which we live together with each other and with this planet.

This means that community enterprises are concerned with a series of ethical economic questions, questions like:

How much do we need to live on?

What do we do with the surplus we generate?

What do we consume?

How do we maintain and replenish our common wealth?

Let's have a look at how various community enterprises answer these ethical economic questions.

The first ethical economic question for community enterprises is How much do we need to live on?

Let's take the example of CERES, a social, environmental and educational initiative in inner Melbourne (<http://www.ceres.org.au/>). It was started 25 years ago by a small group of volunteers as a community garden project. In 2007 it generated revenue of almost \$5 million (and this revenue was generated not because CERES has an expansionist or growth agenda, but because members keep coming up with innovative ways for the enterprise to both demonstrate and enact ways we can live together with each and with our planet). With their revenue CERES provides paid employment for 150 people, but this employment is primarily part-time. Many years ago members made the ethical decision that if people were employed part-time then more people could be employed. In other words, members made the decision that they did not need a full-time wage to live on, that they could live on a part-time wage and in so doing they could share paid work opportunities with more people.

Santa's Workshop is a volunteer run project in the Latrobe Valley of Victoria that is now 10 years old. It is open from February to December each year. For most of the year Santa's Workshop makes large outdoor Christmas decorations that they sell to local town committees and businesses for decorating streets and shop fronts. The money from these sales goes straight into an account held by Bunnings Hardware, and then closer to Christmas this money is used to provide free timber and free paint for local residents who come to the workshop to make their own Christmas decorations. This is an important community contribution in a region that has been doing it economically tough since the downsizing and then privatisation of the state's electricity industry. The workers in Santa's Workshop have made the ethical economic decision not to receive any money for their labour. All the money they make goes towards timber, paint and so on (which Bunnings sells to the group at cost price). So people who are primarily on aged, disability and sole parent pensions, have decided that their pension is enough to live on, and they would rather see any extra money they might earn go towards providing free materials for their neighbours. So purposeful work is more important to this group than paid work.

Or there is the Big Carrot Cooperative in Toronto, Canada (<http://www.thebigcarrot.ca/>). This fresh food and grocery store is a worker-run cooperative, so all workers share in decision-making. Over two years the 50 or so members argued and battled over whether or not to stock GM products. Finally a decision was made and one morning in 2000 the coop opened its doors with largely empty shelves. Members had decided that they were willing to lose sales,

to basically downsize the business, and therefore face a drop in their income because of their ethical commitment to a GM free future as part of their answer to the question of how do we live on this planet. Now whether we agree or disagree with their decision, members of the Big Carrot coop answered the ethical economic question “How much do we need to live on?”, by saying “Well, not as much as we used to”. As an aside, and contrary to all expectations, sales actually increased as concerned consumers literally flocked to a store where any products on the shelves were guaranteed to be 100% GM free.

A second ethical economic decision for community enterprises is What do we do with the surplus we generate (i.e. what do we do with what is left-over after we’ve paid all our necessary costs, like raw materials, means of production, labour costs, taxes and so on, with what in a mainstream business would be called profit)?

Many worker-owned cooperatives like The Big Carrot donate a share of their surplus to community groups. For example, Collective Copies is a member owned photocopying and printing enterprise in Amherst in Western Massachusetts, basically a college town (but one that shares characteristics with regional towns in Australia that have university campuses, Wagga Wagga in NSW or Toowoomba in Qld, for example). Each year Collective Copies donates 10% of its surplus to community groups through its Community Reinvestment program (<http://www.collectivecopies.com/reinvestment.html>). This percentage is non-negotiable, even if it means that the enterprise forgoes new equipment or an office refit for another year.

Or if we return to Food Connect, currently it is using some of its surplus to establish its *Food for All* project, a joint initiative with ANA Friendly Society to provide fresh food to low-income households. The enterprise is well aware that while some households are able to pay the up-front subscription, low-income households cannot. So it has made the ethical economic decision to use some surplus to develop this initiative in which low-income households are not disadvantaged but can also access high-quality fresh produce.

The third ethical economic question for community enterprises is What do we consume?

In answering this question community enterprises adopt strategies like buying locally produced materials, buying inputs that are produced in an environmentally responsible way, or sourcing materials from fair trade networks. This might mean that inputs cost more, and that surplus is reduced. But this is precisely the type of ethical and economic trade-off that community enterprises are concerned with.

The final ethical economic question for community enterprises is How do we maintain and replenish our common wealth? And here our common wealth can take two forms, our social commons and our environmental commons.

Santa’s Workshop, for example, maintains and replenishes a social commons by providing a workspace and materials for local residents so they can make large Christmas decorations to display outside their homes. These homes become talking and meeting points for neighbours, particularly children, and for “tourists”, for those of us who like to travel around and visit Christmas displays.

Food Connect also maintains and replenishes a social commons connecting rural producers and urban consumers, and it also maintains and replenishes an environmental commons by



offering a means for small farming to remain viable particularly in the face of an expanding urban region.

So community enterprises make ethical economic decisions to answer those two critical questions facing our societies today, the questions of How do we live together? How do we live together with each other and with our planet?. Community Enterprises also speak to us of the importance of valuing and supporting economic and social diversity.

**In terms of economic diversity** community enterprises achieve their goals by harnessing a range of economic practices. For example, Santa’s Workshop is based on volunteer work, but uses a range of transaction practices (Figure 4). Importantly, through these transactions Santa’s Workshop is interconnected with other enterprises (Figure 5). And note that the arrows in this diagram flow both way. Santa’s Workshop does not just benefit from its relationship with these other enterprises, they also benefit from their relationship with Santa’s Workshop. For example, Bunnings Warehouse gets to enact corporate citizenship by supporting Santa’s Workshop, and the local council gets an old disused kindergarten used and maintained. These diverse economic practices and interconnections, or interdependencies, are for a small volunteer based community enterprise, so you can imagine that when we repeat this type of exercise for a more complex community enterprise, like Food Connect, the forms of economic diversity and the interconnections and interdependencies expand.

<b>LABOUR</b>	<b>TRANSACTIONS</b>
<u><b>Wage</b></u>	<u><b>Market</b></u> <ul style="list-style-type: none"> <li>Sells decorations to Town Committees and private businesses</li> </ul>
<u><b>Alternative Paid</b></u>	<u><b>Alternative Market</b></u> <ul style="list-style-type: none"> <li>Buys materials from Bunnings at cost price</li> </ul>
<u><b>Unpaid</b></u> <ul style="list-style-type: none"> <li>Volunteer workers</li> </ul>	<u><b>Non- Market</b></u> <ul style="list-style-type: none"> <li>Gifts materials and skills to local residents</li> <li>Gifts decorations to local nursing homes and schools</li> <li>Receives gift of building (old disused Kindergarten), electricity and public liability insurance from local council</li> </ul>

Figure 4: Diverse Economic Practices used by Santa’s Workshop



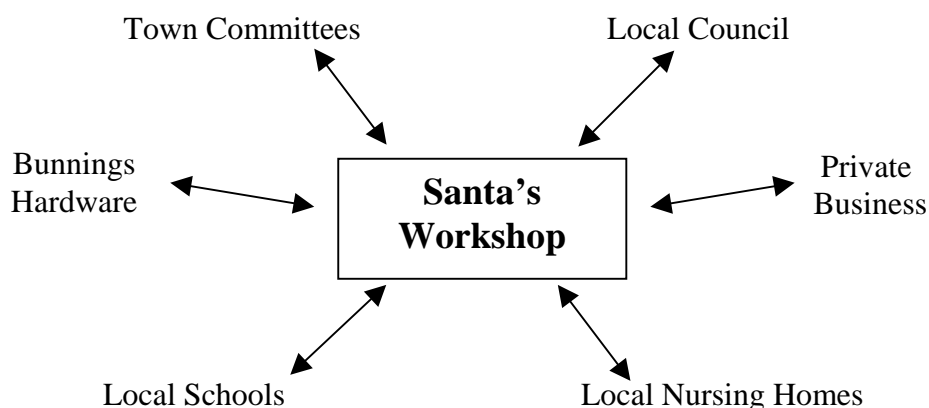


Figure 5: Santa's Workshop's Interconnections with other Enterprises

**In terms of social diversity**, community enterprises tap into the skills and capacities of diverse groups of people, including those who would not usually be thought of contributors to the economic development agenda. For example, Santa's Workshop is run and managed by a small group that includes retrenched and now-retired electricity industry workers. And there are other examples of community enterprises built on the skills and passions of people who do not stand out as community or economic development leaders, but nevertheless these people quietly bring about change and community benefit. For example, P.L.A.Y. (which stands from Play, Learning, Activity, Yakka) was set up by a local man recovering from a mental illness. His aim was to help other men with mental illnesses, and men with physical and intellectual disabilities. Each morning he drives his van around the neighbourhood collecting his band of merry men (as his wife calls them), and they spend their days helping out the single mums in public housing with everything from building rabbit hutches to helping them move house to leave abusive partners, they tend community vegetable gardens that they have set up on unused pieces of land, and they do repair work for local churches and neighbourhood community centres. Community Enterprises like P.L.A.Y. and Santa's Workshop remind us that it is sometimes all too easy to see people and places that are doing it tough only in terms of the needs and problems (Figure 6). Whereas these people and places can be reframed in terms of their assets (Figure 7), with the most important asset being the skills and abilities, dream and passions of those in the centre of the "map", those who are usually positioned as the most needy, the most deficit—groups like the retrenched industrial workers, those with mental illness and those with intellectual and physical disabilities. The other assets, the businesses, physical assets, associations and institutions play a secondary role, supporting the economic and community endeavours of those in the centre of the map. And as Santa's Workshop and P.L.A.Y. remind us these groups in the centre of the map can make an invaluable contribution to our regions, providing direct community benefit through diverse economic practices.



Figure 6: The “Needs Map” (Adapted from Kretzmann & McKnight, 1993, 3)

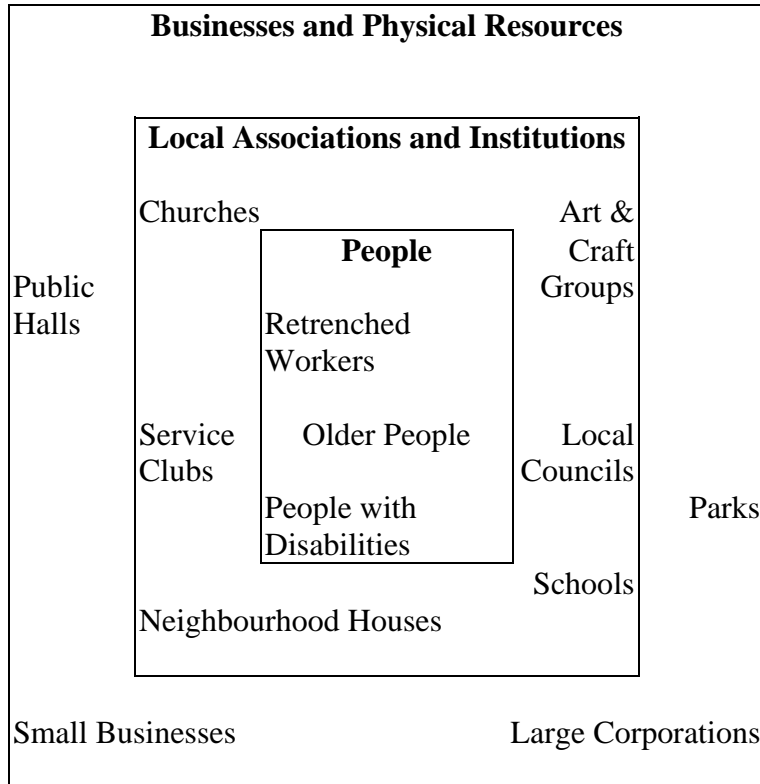


Figure 7: The “Assets Map” (Adapted from Kretzmann & McKnight 1993, 7)

## Conclusion

The key concepts currently being used in regional economic development circles resonate with the hidden economic practices we find in the diverse and community economy.

When it comes to **economic gardening**, I would hope that in the economic garden there is room for economic diversity, for community enterprises that may generate paid employment, but certainly generate purposeful employment. Through these types of initiatives we see considerable **economic innovation**, and this innovation is directed towards finding answers to those two critical questions facing our societies today (How do we live together? How do we live together with each other and our planet?). We see the use of **assets**, and these are the assets—the skills and abilities, dreams and passions—of groups like retrenched workers who are not usually not seen as economic leaders or **economic entrepreneurs**. We see **clusters and networks**. In places like West End in inner Brisbane there is a cluster of community enterprises, with initiatives providing support and mentoring for others. And there are also interest based networks, for example Food Connect is part of the global Community Supported Agriculture movement, a movement that helps new initiatives take root. And we see the use of **partnerships** with councils such as Brisbane City Council running a Social Enterprise Hub, or the Victorian Department of Communities, in conjunction with the Brotherhood of St Laurence and Adult Multicultural Education Services, running a Community Enterprise strategy in disadvantage urban and regional areas.

In the natural world, the resilience of an ecosystem so often depends on ecosystem diversity. So too in the human world, the resilience of our economies and communities depends on economic and community diversity, and community enterprises make an important contribution to that diversity.

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