



2023-24 Pre-Budget submission

# **A budget to unlock the impact of social enterprise**

January 2023

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## Executive summary

Australia faces social, environmental and economic challenges that demand new responses. The social enterprise sector can help.

However, the sector is currently held back due to fragmentation, under-representation, and being underserved. As a result, it is not realising its latent potential.

Because social enterprise sits between traditional business and charity, many fall through the gaps in the support infrastructures that exist for the two sectors. It does the job of both without the enablers of either.

We seek a social enterprise national strategy to change this; one informed and powered by a partnership between the sector and Government.

We see this as being challenge-led, focusing on national priorities where social enterprise can make a significant contribution, in the areas of environmental care, people-centred services, access to decent work, and community-led innovation.

We see the strategy being underpinned by data and certification. Dependent on these things, we also see it incorporating social procurement, access to finance, outcome payments, and capability building.

Philanthropy and the sector itself are already investing in these things. To realise them, Federal partnership and investment are also needed.

## About us

Social Enterprise Australia is the peak body for social enterprise in Australia. We connect the sector to plan, act, and learn together. We do this to have a shared national strategy and voice, and to develop new ways to build social and environmental wellbeing.

Our work is supported by The Yunus Centre at Griffith University. We are resourced by the English Family Foundation, the Snow Foundation, Lord Mayor's Charitable Foundation, Paul Ramsay Foundation, Westpac Foundation, MinterEllison, and Day Four Projects. We are governed by an independent board who have experience and credibility within and across the sector.

## The opportunity

Australia faces big shared challenges that demand new responses. Recent years brought extreme weather events and the pandemic. These created shocks, drove an economic downturn and hit the most disadvantaged hardest.

It will take collaboration, innovation, and learning to step up to these challenges, and in a way that values all people and communities.

A social enterprise is a business, for good. They trade like any other business, but exist specifically to make the world a better place.

The social enterprise sector's vision is working together to ensure all people, places, and the planet thrive. Our mission is to foster a vibrant and connected Australian social enterprise sector that provides:

- Environmental care
- People-centred services
- Access to decent work
- Community-led innovation

These are the challenges - areas of public need and political imperative - that social enterprises are well suited to respond to.

There are over 12,000 social enterprises in Australia, that make a shared economic contribution of \$21.3 billion and account for 1% of GDP<sup>1</sup>. They employ about 206,000 people, or 1.6% of the workforce; that's about the same number of people as the Arts and Recreation Services or the Mining Industry<sup>2</sup>.



Social enterprises create employment opportunities for people most shut out of the labour market, provide care for people and planet, deepen democracy and social connection, and innovate using a compass of public benefit. They address product or service gaps, particularly in disadvantaged communities and thin markets.

These businesses for good have many faces – a café training and employing survivors of domestic violence, a super fund that only invests in things that support people and planet, a community-owned wind farm, or a provider of quality affordable housing.

<sup>1</sup> Gales, B., & Khalil, J. (2022). *Business for good: the size and economic contribution of social enterprise in Australia*. Social Enterprise Australia. Retrieved November 27, 2022, from <https://socialenterpriseaustralia.org.au/business-for-good/>

<sup>2</sup> Gales, B., & Khalil, J. (2022). *Business for good: the size and economic contribution of social enterprise in Australia*. Social Enterprise Australia. Retrieved November 27, 2022, from <https://socialenterpriseaustralia.org.au/business-for-good/>

One example is the Yackandandah Community Development Company. It is a social enterprise focused on the rural town of Yackandandah in Victoria, population 2000<sup>3</sup>. It formed when the only local petrol station announced it would close<sup>4</sup>. To secure the supply of fuel in the town, a group of seven locals set up the enterprise<sup>5</sup>. It formed with a community ownership structure and set out to grow membership, undertake projects and initiatives to benefit the local community, and return half of any profits to community owners and half to community causes and projects<sup>6</sup>. Alongside the fuel station, it now supplies building, hardware, gardening and farming supplies, and runs a local newspaper<sup>7</sup>. It now has over 650 community shareholders<sup>8</sup>, deepening democracy. In the 2022 financial year it had revenue of \$5,815,729 and a pre-tax surplus of \$173,545<sup>9</sup>, driving local economic activity and benefits.

Another example is Goodstart. It is an early-learning social enterprise created by four leading Australian community sector organisations<sup>10</sup>. It launched in 2010 to address a key driver of many social problems – poor early childhood experiences – with a vision “for all of Australia’s children to have the best possible start in life”<sup>11</sup>. It was born when the largest single provider of child care in the Australian market collapsed<sup>12</sup>. A bank, the Federal Government, and social investors together provided capital to buy out 678 of the closing centres<sup>13</sup>. Fast forward to today, Goodstart is Australia’s largest non-government provider of early learning, kindergarten, and preschool programs. In the 2022 financial year, it worked with 63,600 children, 53,700 families, and employed 15,000 people<sup>14</sup>. A third of its centres are in rural and regional areas, a quarter are in low socio-economic areas, and over 1,000 children were supported to attend through its Early Learning Fund<sup>15</sup>. Research by Social Ventures Australia found a \$5.50 return for every \$1 spent on Goodstart’s targeted social purpose investments; and that about \$337 million in value was delivered through Goodstart’s investment into social impact programs in 2022<sup>16</sup>.

<sup>3</sup> Australian Bureau of Statistics. (2022). 2021 Yackandandah, Census All persons QuickStats. Retrieved 01 26, 2023, from <https://abs.gov.au/census/find-census-data/quickstats/2021/SAL22889>

<sup>4</sup> Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/our-history>

<sup>5</sup> Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/our-history>

<sup>6</sup> Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/our-history>

<sup>7</sup> Yackandandah Community Development Company. (n.d.). About — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/about>

<sup>8</sup> Yackandandah Community Development Company. (n.d.). About — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/about>

<sup>9</sup> Yackandandah Community Development Company. (n.d.). Performance — YCDCo. Retrieved January 25, 2023, from <https://www.ycdco.com.au/performance>

<sup>10</sup> Goodstart. (n.d.). Our Vision | Goodstart. Goodstart Early Learning. Retrieved January 27, 2023, from <https://www.goodstart.org.au/about-us/our-vision>

<sup>11</sup> Goodstart. (n.d.). Our Vision | Goodstart. Goodstart Early Learning. Retrieved January 27, 2023, from <https://www.goodstart.org.au/about-us/our-vision>

<sup>12</sup> Social Ventures Australia. (n.d.). Goodstart. Retrieved January 27, 2023, from <https://www.socialventures.com.au/work/goodstart/>

<sup>13</sup> Social Ventures Australia. (2013). Goodstart: a story of impact investing. Retrieved January 25, 2023, from <https://www.socialventures.com.au/sva-quarterly/goodstart-a-story-of-impact-investing/>

<sup>14</sup> Goodstart. (2022). Annual report 2022. Retrieved January 27, 2023, from <https://www.goodstart.org.au/getmedia/e32414d1-b4bd-4dd7-b073-26ff0ef7a627/220829-2022-Annual-Report-FINAL-Spreads.pdf>

<sup>15</sup> Goodstart. (2022). Annual report 2022. Retrieved January 27, 2023, from <https://www.goodstart.org.au/getmedia/e32414d1-b4bd-4dd7-b073-26ff0ef7a627/220829-2022-Annual-Report-FINAL-Spreads.pdf>

<sup>16</sup> Goodstart. (2022). Annual report 2022. Retrieved January 27, 2023, from <https://www.goodstart.org.au/getmedia/e32414d1-b4bd-4dd7-b073-26ff0ef7a627/220829-2022-Annual-Report-FINAL-Spreads.pdf>

A further example is Soft Landing. It is a national social enterprise and mattress recycler that works “to keep waste out of landfill and create jobs for people experiencing barriers to work”<sup>17</sup>. It creates both environmental benefits and is a job focussed social enterprise, which “provide employment, or pathways to employment, for people who are highly disadvantaged in the labour market”<sup>18</sup>. Last financial year, Soft Landing recycled 507,000 mattresses, including 6,900 tonnes of steel, 1,159 tonnes of foam, and 747 tonnes of timber<sup>19</sup>. It also employed 289 people, 76% of them experiencing barriers to employment<sup>20</sup>. Soft Landing describes its workforce as “intelligent, hardworking, authentic and includes Aboriginal people, refugees and asylum seekers and long-term unemployed.”<sup>21</sup>.

## Current barriers

In 2021, research undertaken by The Yunus Centre at Griffith University found Australia’s social enterprise sector to be fragmented, under-represented, and underserved, and not realising its latent potential to generate public value and social impact<sup>22</sup>. In 2022, Social Enterprise Australia was established to address this.

Because social enterprise sits between traditional business and charity, many fall through the gaps in the support infrastructures that exist for the two sectors. It does the job of both without the enablers of either.

This is particularly the case for access to appropriate finance, being valued in the market and for the outcomes they deliver, the development of specialised capabilities and business models, and other supporting factors such as data, certification and coordinating infrastructure.

## Proposed solution

Federal partnership and targeted investment can change this. It can help resource an enabling environment for the sector and spawn sizeable and sustainable public value.

We see this being outcomes-focused and challenge-led. Challenge-led innovation provides a framework for directing innovation and responding to challenges that no single entity or group can address on their own<sup>23</sup>. Popularised in recent years by UK

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<sup>17</sup> Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: Home. Retrieved January 26, 2023, from <https://softlanding.com.au>

<sup>18</sup> Barraket, J., Douglas, H., Eversole, R., Mason, C., McNeill, J., & Morgan, B. (2017). Classifying social enterprise models in Australia. *Social Enterprise Journal*, 13(4), 345–361.

<sup>19</sup> Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: About us. Retrieved January 26, 2023, from <https://softlanding.com.au/about/>

<sup>20</sup> Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: About us. Retrieved January 26, 2023, from <https://softlanding.com.au/about/>

<sup>21</sup> Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: About us. Retrieved January 26, 2023, from <https://softlanding.com.au/about/>

<sup>22</sup> Hannant, A., McNeill, J., Burkett, I., & Price, A. (2021). Directions part 1: perspectives, provocations and sense-making for strategy. Social Enterprise National Strategy (SENS) Project. The Yunus Centre, Griffith University. Retrieved January 25, 2023, from [https://www.griffith.edu.au/\\_data/assets/pdf\\_file/0031/1360399/SENS-Directions-Report\\_Part-One.pdf](https://www.griffith.edu.au/_data/assets/pdf_file/0031/1360399/SENS-Directions-Report_Part-One.pdf)

<sup>23</sup> Mazzucato, M. (2018, October 12). Mission-oriented innovation policies: challenges and opportunities. *Industrial and Corporate Change*, 27(5), 803–815. <https://academic.oup.com/icc/article/27/5/803/5127692>

economist Mariana Mazzucato, these approaches are being used around the world to guide low-carbon transitions, city transformation plans, and the design of new institutions focused on driving wellbeing economies.

To this end, we seek a national strategy to unlock the potential of social enterprise and map on to the sector's own emerging strategy.

We see the national strategy being:

1. Co-designed and powered by a partnership between the sector and Government.

Genuine partnership and co-design are critical to success. A social enterprise national strategy - its design, implementation, governance, and evolution - requires the knowledge, skills, and perspectives of both Government and the sector to work. This approach has been modelled in Aotearoa New Zealand. From 2018-2021, the Government and sector partnered on **The Impact Initiative** to identify "how a flourishing social enterprise sector can be supported"<sup>24</sup>.

2. We see the national strategy being underpinned by data and certification.
3. Finally, and dependent on these things, we see it incorporating social procurement, access to finance, outcome payments, and capability building.



<sup>24</sup> Ākina Foundation. (2021, April). A roadmap for impact [The Impact Initiative recommendations summary report]. Retrieved January 18, 2023, from [https://static1.squarespace.com/static/5b02f1bd85ede13734718842/t/608f12a63e6e2f0a54f280e0/1619989184054/A\\_Roadmap\\_for\\_Impact\\_280421.pdf](https://static1.squarespace.com/static/5b02f1bd85ede13734718842/t/608f12a63e6e2f0a54f280e0/1619989184054/A_Roadmap_for_Impact_280421.pdf)

There now exists a willingness and readiness in the sector to work together towards shared goals, and from philanthropy to co-invest in a long-term and strategic approach to growing social enterprise and its impact in Australia. Engagement from the Federal Government will catalyse an increased commitment from these sectors and result in a significant multiplier on investment.

## Areas of investment

### Sector organising infrastructure

*We recommend that the Federal Government invest in organising infrastructure that enables the sector to a) have a shared voice and work in partnership with Government; and b) coordinate, innovate and improve its performance.*

Such infrastructure has been recognised as fundamental by the Victorian Government. Its **Victorian Social Enterprise Strategy 2021-2025** prioritises and invests in “fostering a connected and innovative social enterprise ecosystem across Victoria”<sup>25</sup>.

In July last year, people across the sector [mapped what is needed from infrastructure](#) that can do this nationally. This co-design informed and directed Social Enterprise Australia to build momentum and infrastructure for:

1. Engagement and connection  
It will provide pathways for people to engage and co-create around place, mission, and sector development. It will connect existing collaborations and activities and facilitate new ones that the sector sees as critical, including cross-sector and global initiatives. These will inform shared direction and action.
2. Knowledge and learning  
It will provide ways to share and learn about social enterprise and evolve to meet the interests and needs of the sector. This will include capturing data and knowledge from the sector and shared evaluation. It will be done to enable real-time understanding of practice and impact and to support decision-making.
3. Shared direction and action  
It will lead a national strategy and work with others to build public will, advance policy, grow markets, and mobilise resources. These functions will be co-owned and shaped by all who support the vision, mission, values, and principles of the sector.

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<sup>25</sup> Victorian Government. (2021, October). Victorian Social Enterprise Strategy 2021-2025. Department of Jobs, Precincts and Regions. Retrieved January 24, 2023, from [https://djpr.vic.gov.au/\\_data/assets/pdf\\_file/0018/2036205/DJPR-Victorian-Social-Enterprise-Strategy.pdf](https://djpr.vic.gov.au/_data/assets/pdf_file/0018/2036205/DJPR-Victorian-Social-Enterprise-Strategy.pdf)

These interdependent things will enable the sector to collaborate and cohere, so that it can work effectively in partnership with Government. It will also enable it to act, plan and learn together, so that it can innovate and improve overall performance.

One example of an existing social enterprise network - that this infrastructure can support, connect and be informed by - is Moving Feast. When the pandemic hit, it formed, bringing together social enterprises to provide food relief to tens of thousands of vulnerable people<sup>26</sup>. It is now exploring how it might develop to tackle larger challenges and work towards “a connected, fair and regenerative food system for Victoria”<sup>27</sup>.

To this end, it produced a discussion paper that concludes this means finding ways to nurture what already exists and to pursue “funding and governance models to make its challenge-led approach feasible, viable and sustainable”<sup>28</sup>. It puts forward that this calls for investment from Government to benefit all networks like Moving Feast; not Moving Feast specifically.

## Data

*We recommend that the Federal Government invest in data sharing and social enterprise data initiatives and infrastructure so that evidence drives decisions.*

There are significant gaps in overall data about the sector. There is limited standardisation in what is collected and the way that it is held, and measuring wellbeing and impact costs are complex.

Investment in data initiatives can help solve this. These need to surface data and to support social enterprises to collect, share, and analyse data. Impact data points could speak to the Federal Government’s **measuring what matters** initiative - which has the potential to build Government capability to measure and grow positive impact.

This would generate valuable insights and information that could contribute to the work of Government, as well as the sector itself and other actors.

In Scotland - as part of a decade-long commitment by the national government to track the development of the sector - there is a sector census. It is conducted every two years on the “scale, reach and contribution of social enterprise activity across the country as well as the characteristics, prospects and needs of the organisations behind it”<sup>29</sup>. It draws on survey evidence from the sector and information from the main regulators; and helps shape policy, funding and support from the Scottish Government<sup>30</sup>.

<sup>26</sup> Moving Feast. (n.d.). About — Moving Feast. Retrieved January 25, 2023, from <https://movingfeast.net/about-us>

<sup>27</sup> Goodwin, K., & Scott, R. (2023). Moving Forward: Structuring innovation for the next phase of Moving Feast's food system work.

<sup>28</sup> Goodwin, K., & Scott, R. (2023). Moving Forward: Structuring innovation for the next phase of Moving Feast's food system work.

<sup>29</sup> CEIS. (n.d.). Social Enterprise in Scotland – Census 2021. Retrieved January 24, 2023, from <https://socialenterprisecensus.org.uk>

<sup>30</sup> OSCR. (2021, December 9). Social Enterprise in Scotland Census 2021. Retrieved January 23, 2023, from <https://www.oscr.org.uk/news/social-enterprise-in-scotland-census-2021/>

In addition, the Australian sector lacks access to existing data held by Government agencies on problems in need of a solution, and about the costs and impacts of existing interventions. Changing this can inform innovation.

Finally, investment in building data infrastructure to hold these things is needed. This would draw on and combine both Government and sector data.

### **Social enterprise certification**

*We recommend that the Federal Government invest in and use certification to verify social enterprises.*

Social enterprises are diverse and take different legal forms.

Certification can give the Government confidence that efforts to work with social enterprises can be genuinely realised.

Social Traders offers social enterprise certification in Australia to identify them. It is based on a rigorous and independent assessment.

“Certification demonstrates that a social enterprise exists to create impact through trade by doing three things:

- Having a defined primary social, cultural or environmental purpose consistent with a public or community benefit.
- Deriving a substantial portion of their income from trade.
- Investing efforts and resources into their purpose such that public/community benefit outweighs private benefit”<sup>31</sup>.

Its criteria applied and evolved the definition in the first Finding Australia’s Social Enterprise Sector report; built in collaboration with social enterprises, the community sector, government and intermediary organisations<sup>32</sup>.

It should be invested in and used by Government.

### **Social procurement**

*We recommend that the Federal Government invest in the establishment of a social procurement framework that names and puts targets to buying from social enterprise.*

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<sup>31</sup> Social Traders. (n.d.). Certification. In Our criteria. Retrieved November 30, 2022, from <https://www.socialtraders.com.au/for-social-enterprise/certification>

<sup>32</sup> Barraket, J., Collyer, N., O’Connor, M., & Anderson, H. (2010). Finding Australia’s social enterprise sector. Australian Centre for Philanthropy and Nonprofit Studies and Social Traders.

Customers or buyers are essential to the health and growth of social enterprises. Indeed, in 2016, 75% of social enterprises said that their biggest need was new buyers<sup>33</sup>.

The Federal Government is a large buyer and has the opportunity to buy from social enterprises. The establishment of a social procurement framework that names and puts targets to buying from social enterprise will drive sector growth, generate social value beyond the value of the products being procured, and signal to others to do the same.

The Federal **Indigenous Procurement Policy** shows how this can be done. It includes<sup>34</sup>:

- Annual targets for the number and value of contracts to go to Indigenous enterprises, from the Government and from each Portfolio.
- For contracts of a certain value delivered wholly in Australia, and for all contracts delivered in remote Australia, Indigenous businesses have the opportunity to demonstrate value for money before a general approach to market.
- Indigenous employment and business participation targets for contracts wholly delivered in Australia for contracts over a certain value in specific industries.

The Indigenous Procurement Policy has generated over \$5.3 billion in contracting opportunities for Indigenous businesses since 2015<sup>35</sup>.

The work of the Victorian State Government also sets an example. It has adopted a **Social Procurement Framework** that supports buying from Victorian social enterprises, Aboriginal businesses and other social benefit suppliers<sup>36</sup>.

## Access to finance

*We recommend that the Federal Government enhance access to a capital mix that can support social enterprises to launch, develop, and grow.*

Like any business, social enterprises need capital. However, social enterprises often struggle to access the capital they need in the form that they need it. This has to be solved for social enterprises to collectively grow their impact.

By definition, social enterprises have a “primary social, cultural or environmental purpose consistent with a public or community benefit”. Unlike other businesses, profit

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<sup>33</sup> Barraket, J., Mason, C., & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Centre for Social Impact Swinburne and Social Traders.

<sup>34</sup> National Indigenous Australians Agency. (n.d.). *Indigenous Procurement Policy* | National Indigenous Australians Agency. National Indigenous Australians Agency. Retrieved November 30, 2022, from

<https://www.niaa.gov.au/indigenous-affairs/economic-development/indigenous-procurement-policy-ipp>

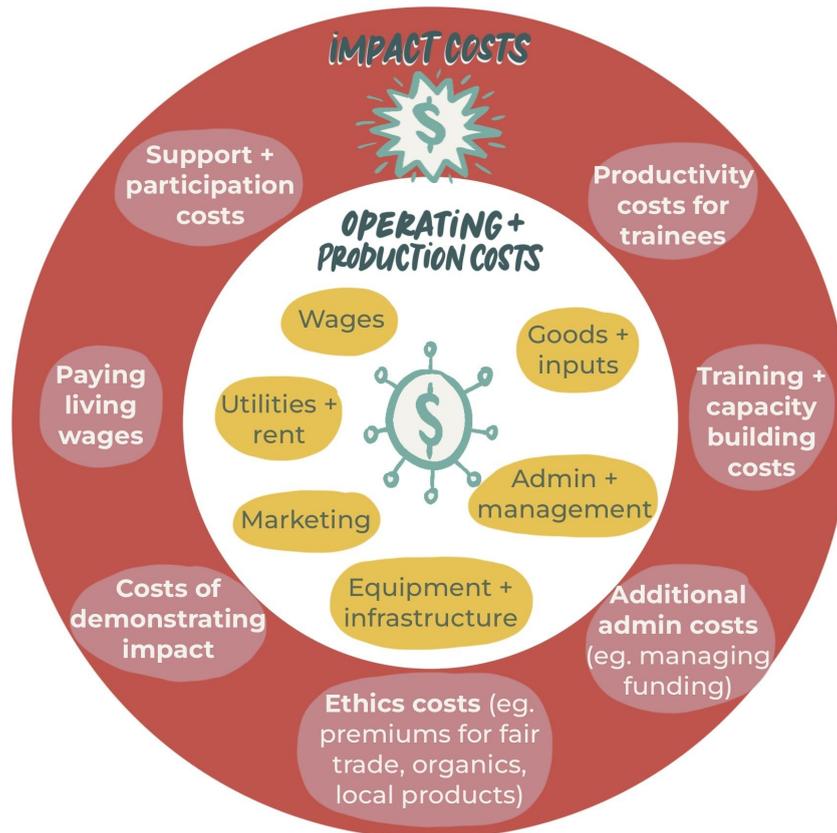
<sup>35</sup> National Indigenous Australians Agency. (n.d.). *Indigenous Procurement Policy* | National Indigenous Australians Agency. National Indigenous Australians Agency. Retrieved November 30, 2022, from

<https://www.niaa.gov.au/indigenous-affairs/economic-development/indigenous-procurement-policy-ipp>

<sup>36</sup> Victorian Government. (2021, July 2). *Social Procurement Framework*. Buying for Victoria. Retrieved November 30, 2022, from <https://www.buyingfor.vic.gov.au/social-procurement-victorian-government-approach>

cannot be their primary purpose and many are not-for-profit. Given this, non-traditional forms of capital, tax treatments, and other regulatory levers are needed.

Grants must form part of the mix. In Australia, 37% of certified social enterprises generate all of their revenue from trade and 63% do not<sup>37</sup>. This is a result of needing to offset the costs of working in areas of market failure and covering impact costs that cannot be recouped through trade.



Sections of the social enterprise sector also need small, low-cost, unsecured loans. This is a mismatch for investors that seek large investments with high returns.

In Scotland, the Government’s current **Social Enterprise Action Plan** includes the provision of grants and loans by Government, commits them to “work with like-minded grant-makers and investors to bring new capital and resources to the social enterprise sector”, and to “investigate new democratic forms of local capital”<sup>38</sup>.

<sup>37</sup> Social Traders. (2022). Pace22: profile of Australia’s certified social enterprises [Unpublished; provided by Social Traders]. Social Traders.

<sup>38</sup> Scottish Government. (n.d.). *Inclusive growth through social enterprise* [Scotland’s social enterprise action plan / 2021-2024]. Retrieved November 30, 2022, from <http://www.ceis.org.uk/wp-content/uploads/2021/04/Scotlands-social-enterprise-action-plan-2021-2024.pdf>

In the UK, the Government worked with philanthropy and the social sector to create a foundation that allocates grants with impact investment<sup>39</sup>. Under this co-investment model, over a hundred million pounds has flowed into charities and social enterprises<sup>40</sup>.

We are encouraged that the **Social Impact Investing Taskforce** was set up to develop a strategy for the Commonwealth's role in the social impact investing market. We met with the Taskforce during its current review, and understand that the strategy is pending. Social enterprises must be represented in governance as this develops to ensure that the design of new mechanisms and facilities match the demand side reality of the market.

### Outcome payments

*We recommend that the Federal Government value and pay social enterprises for the role they play in creating public or community outcomes.*

Public funds are used to tackle social and environmental problems. However, while social enterprises tackle problems and have impact costs that other businesses do not, they are largely unable to access public funds.

This has hampered their ability to sustain, scale, and maximise the role they play.

This is despite the fact that their work directly reduces government costs, increases tax revenue<sup>41</sup>, and improves people's lives and livelihoods<sup>42</sup>.

There are recent Federal Government initiatives that start to address this, that could be learned from, further developed or scaled-up.

The first is the **Payment by Outcomes Trials**. It includes a three-year trial co-designed by the Department of Social Services and White Box Enterprises. Since its launch last year, White Box Enterprises has engaged a number of social enterprises to be paid to "deliver long-term employment outcomes for jobseekers with a disability... The program will help participants maintain stable employment, with the aim to transition to the open job market"<sup>43</sup>. The trial will assist an estimated 170 people with a disability, receiving income support and experiencing unemployment. The total funding amount

<sup>39</sup> Access. (n.d.). *The Story so Far - ACCESS*. Access - The Foundation for Social Investment. Retrieved November 30, 2022, from <https://access-socialinvestment.org.uk/us/the-story-so-far/>

<sup>40</sup> Access. (n.d.). *The Story so Far - ACCESS*. Access - The Foundation for Social Investment. Retrieved November 30, 2022, from <https://access-socialinvestment.org.uk/us/the-story-so-far/>

<sup>41</sup> Lamb, S., & Huo, S. (2017). *Counting the costs of lost opportunity in Australian education* (No. 02/2017). Mitchell Institute. <https://www.vu.edu.au/sites/default/files/counting-the-costs-of-lost-opportunity-in-Aus-education-mitchell-institute.pdf>

<sup>42</sup> Barraket, J., Qian, J., & Riseley, E. (2019). *Social enterprise: a people-centred approach to employment services* [Report for Westpac Foundation]. Westpac Foundation and the Centre for Social Impact Swinburne. Retrieved November 27, 2022, from [https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/westpac-foundation/WestpacFoundation\\_CSI\\_report\\_Aug2019.pdf](https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/westpac-foundation/WestpacFoundation_CSI_report_Aug2019.pdf)

<sup>43</sup> Department of Social Services. (2022, November 21). *Payment by Outcomes Trials | Department of Social Services, Australian Government*. Australian Government Department of Social Services. Retrieved November 28, 2022, from <https://www.dss.gov.au/payment-by-outcomes-trials>

is up to \$3.8 million<sup>44</sup>. White Box Enterprises report that in the first six months of the Trial:

- 92.5% of all enrolled participants remain employed;
- \$865.77 is the average fortnightly income, with all participants paid award wages; and
- 16 social enterprises have been selected to participate.

The second is the Department of Home Affairs' **Economic Pathways to Refugee Integration** program. It includes grants of up to \$1,000,000 per year over three years to social enterprises which demonstrate "the ability to achieve economic participation outcomes for refugees and humanitarian entrants"<sup>45</sup>. A total of \$17.7 million will be allocated between the 20 social enterprises selected in the first round of the program<sup>46</sup>.

The third is the Department of Social Services **Transition Funding for Successful Try, Test and Learn Projects**. It includes the following projects led by social enterprises:

- Community Corporate will deliver Employer-led Refugee Employment Project. It "aims to improve employment outcomes for migrants and refugees aged between 18 and 60 years and disadvantaged youth aged between 17 and 24 years through targeted training and mentored work experience... Total funding amount is up to \$1,032,000"<sup>47</sup>.
- Two Good will deliver The Work Work Project. It "develops employment pathways via training and experience in the hospitality industry for disadvantaged women who have experienced significant traumas such as domestic violence, [homelessness] or risk of homelessness, or who have experienced a long period of unemployment... Total funding amount is up to \$1,332,000"<sup>48</sup>.

## Capability building

*We recommend that the Federal Government invest in capability building in the sector and in Government itself.*

Social enterprise requires both broad and specialised skillsets, blending specific areas of social impact and general commercial know-how. For the sector to grow, there

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<sup>44</sup> Department of Social Services. (2022, November 21). *Payment by Outcomes Trials* | Department of Social Services, Australian Government. Australian Government Department of Social Services. Retrieved November 28, 2022, from <https://www.dss.gov.au/payment-by-outcomes-trials>

<sup>45</sup> Department of Home Affairs. (2022, May 5). *Employment pathways for refugees*. Immigration and citizenship. Retrieved November 28, 2022, from <https://immi.homeaffairs.gov.au/settling-in-australia/coordinator-general-for-migrant-services/employment-pathways-for-refugees>

<sup>46</sup> Department of Home Affairs. (2022, December 1). *Employment pathways for refugees*. Immigration and citizenship. Retrieved January 3, 2023, from <https://immi.homeaffairs.gov.au/settling-in-australia/coordinator-general-for-migrant-services/employment-pathways-for-refugees>

<sup>47</sup> Department of Social Services. (2022, May 17). *Transition Funding for Successful Try, Test and Learn Projects* | Department of Social Services, Australian Government. Australian Government Department of Social Services. Retrieved November 28, 2022, from <https://www.dss.gov.au/review-of-australias-welfare-system-australian-priority-investment-approach-to-welfare-ttl-fund-tranche-two/transition-funding-for-successful-try-test-and-learn-projects>

<sup>48</sup> Department of Social Services. (2022, May 17). *Transition Funding for Successful Try, Test and Learn Projects* | Department of Social Services, Australian Government. Australian Government Department of Social Services. Retrieved November 28, 2022, from <https://www.dss.gov.au/review-of-australias-welfare-system-australian-priority-investment-approach-to-welfare-ttl-fund-tranche-two/transition-funding-for-successful-try-test-and-learn-projects>

needs to be an expansion of capability development across existing and new organisations and a deepening of expertise in key areas such as impact measurement and investment readiness.

Further, not only do we need investments in data, certification, access to finance, social procurement, and outcome payments, we need to resource capability and capacity in the sector and in Government to work on the co-production of strategy and policy and to drive effective implementation of these things.

The work of the Queensland and Victorian Governments set examples. Both the **Queensland Social Enterprise Strategy** and the **Victorian Social Enterprise Strategy** include investments in capability building in both the sector and Government<sup>4950</sup>.

## How was this submission developed?

This submission started with a question: what Federal investment is needed to help unlock the impact of social enterprise?

Social Enterprise Australia brought people across the sector together to build an answer.

Last year, a sector co-design identified the areas of public impact it seeks and is well suited to. Another mapped the infrastructure needed to work in partnership with Government; and to coordinate, innovate, and improve its performance. Answering the question built on these foundations.

225 people registered to help do this. Of these:

- 88 participated in a survey.
  - Participants were asked - in addition to a national strategy and organising infrastructure - which areas of investment they think the Federal Government should make to grow the impact of social enterprise. The following were supported by a majority of participants: capability building (77.27%), access to finance (76.14%), data (69.32%), access to markets (69.32%), and outcome payments (68.18%). This shaped the areas of investment discussed by the sector for this submission.
  - Demographic data was also collected from participants. They came overwhelmingly from a social enterprise (46), followed by an intermediary (14), a peak body (10), an academic organisation (8), a philanthropic organisation (6), government (6), and other (6). They came from across all Australian states and territories, with many operating in multiple states and territories. The greatest number said their

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<sup>49</sup> Department of Employment, Small Business and Training. (2022, October 17). Queensland Social Enterprise Strategy. Retrieved January 21, 2023, from <https://desbt.qld.gov.au/small-business/strategic-documents/social-enterprise-strategy>.

<sup>50</sup> Victorian Government. (2021, July 2). *Social Procurement Framework*. Buying for Victoria. Retrieved November 30, 2022, from <https://www.buyingfor.vic.gov.au/social-procurement-victorian-government-approach>

organisation had operations in NSW (54), followed by Vic (44), Qld (35), ACT (31), SA (27), WA (23), Tas (22), and NT (20).

- 114 then participated in a facilitated discussion.
  - Small groups - each with a focus on a single area of investment - worked to articulate the problem to be solved, as well as potential solutions through Federal investment.
  - Small groups then discussed the drafts and provided comments.
  - Drafts and suggested changes were all captured live by participants in Miro.

Drafts and comments in Miro were reviewed, sorted, and cohered into this submission.