



Employment White Paper - Submission

# Jobs through social enterprise for people shut out of work

November 2022

## Executive summary

Work integration social enterprises (WISEs) exist to provide employment opportunities for people shut out of work. They unlock better outcomes than mainstream employment services for people experiencing significant disadvantage, particularly long-term employment outcomes.

To better enable WISEs to grow this impact, we recommend the Federal Government:

1. Pay WISEs to deliver outcomes
2. Establish a Federal social procurement framework that names and puts targets to buying from social enterprise
3. Enhance access to capital for WISEs
4. Use social enterprise certification
5. Co-design, test and learn from these enablers with the social enterprise sector

[socialenterpriseaustralia.org.au](https://socialenterpriseaustralia.org.au)

## 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 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

Our work is supported by the Yunus Centre, Griffith University. It is resourced by the English Family Foundation, the Snow Foundation, Lord Mayor's Charitable Foundation, Paul Ramsay Foundation, and Westpac Foundation.

## How does this submission relate to the Terms of Reference?

This submission primarily focuses on:

5.2 Improving labour market outcomes for those who face challenges in employment, including First Nations people, those who live in rural and remote areas, younger and older Australians, people with disability, and those who may experience discrimination.

The opportunity outlined also has implications for:

2.5 The adaptability of our workforce to meet the needs of emerging industries and areas of traditional economic strength.

5.1 Reducing barriers and disincentives to work, including the role of childcare, social security settings and employment services.

5.3 Skills, education and training, upskilling and reskilling, including in transitioning sectors and regions.

6. The role of collaborative partnerships between governments, industry, unions, civil society groups and communities, including place-based approaches.

## The opportunity

What is a WISE?

A social enterprise is a business, for good. They trade like any other business, but exist specifically to make the world a better place. Those that exist to create employment opportunities for people shut out of the labour market are known as work integration social enterprises (WISEs).

WISEs exist “to provide employment, or pathways to employment, for people who are highly disadvantaged in the labour market”<sup>1</sup>. They often focus on systemic disadvantage and discrimination, providing work and support to specific groups such as refugees and asylum seekers, First Nations Australians and people with a disability.

There are over 12,000 social enterprises in Australia, that make a shared economic contribution of \$21.3 billion and employ about 206,000 people<sup>2</sup>. While national data is limited, over 30% of those employed by social enterprise in Victoria are from social groups that face challenges in gaining mainstream employment<sup>3</sup> and 58.5% of certified social enterprises are employment focused<sup>4</sup>.

Indeed, social enterprises are jobs rich. They produce around 9 jobs for every \$1 million in turnover<sup>5</sup>. In comparison, the construction and mining industries each produce around 1 job for every \$1 million in turnover<sup>6</sup>.

How do they do work?

By definition, employment opportunities for people shut out of the labour market is what drives WISE characteristics.

Like most innovations, WISEs emerged to address a gap or failure in the market. The current employment service model has limited impact on the most disadvantaged job seekers<sup>7</sup>. Employers seek the most skilled and experienced people who can come to them, and employment service providers compete to place the most job-ready people in employment<sup>8</sup>. These conditions do not well serve the most disadvantaged job seekers<sup>9</sup>, nor communities with high unemployment. This comes at great cost to individuals, government and communities.

The most effective WISEs share the following features:

1. ARE PEOPLE-CENTRED – WISEs are typically closely engaged, aware of the structural barriers and life situations that make employment difficult for the people they support<sup>10</sup>. They understand the needs of the individual over time<sup>11</sup>.

---

<sup>1</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>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/>

<sup>3</sup> Castellas, E., Barraket, J., Hiruy, K., & Suchowerska, R. (2017). *Map for impact: the Victorian social enterprise mapping project*. Centre for Social Impact Swinburne.

<sup>4</sup> Social Traders. (2022). *Pace22: profile of Australia's certified social enterprises* [Unpublished; provided by Social Traders]. Social Traders.

<sup>5</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>6</sup> *Ibid*

<sup>7</sup> Thomas, M., & Vandenbroek, P. (n.d.). *Employment—Measuring and improving outcomes for young Australians*. Parliament of Australia. Retrieved November 30, 2022, from

[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook45p/EmploymentYoungAustralians](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/EmploymentYoungAustralians)

<sup>8</sup> Social Traders (2013). *Employment services beyond 2015: the role of social enterprise*. Retrieved June 29, 2021, from

<https://10pso92wbk40rqcl1ic5p3-wpengine.netdna-ssl.com/wp-content/uploads/2016/05/Employment-Services-Beyond-2015-The-Role-of-Social-Enterprise-.pdf>

<sup>9</sup> Department of Jobs and Small Businesses (2018). *I want to work: employment services 2020 report*. Retrieved June 29, 2021 from

[https://docs.employment.gov.au/system/files/doc/other/final\\_-\\_i\\_want\\_to\\_work.pdf](https://docs.employment.gov.au/system/files/doc/other/final_-_i_want_to_work.pdf)

<sup>10</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>11</sup> *Ibid*

2. COMBINE WORK AND SUPPORT – WISEs usually integrate real-world work settings with personalised development support, skills, training or education, and access to external support services<sup>12</sup> that can reduce barriers and disincentives to work.
3. OFFER WORK THAT'S MEANINGFUL - WISEs provide work that is not only doable but challenging, unlocking development<sup>13</sup>, unlike sheltered workshops that limit activities to simple tasks<sup>14</sup>. Evidencing this, WISEs labour productivity is the same or higher than that of small and medium businesses<sup>15</sup>.
4. ARE COLLABORATIVE – WISEs typically develop strong community relationships and partnerships that enable them to link their staff and trainees to different work, social, and personal development opportunities<sup>16</sup>.
5. ARE ADAPTIVE - WISEs adapt with efficiency and speed to new opportunities and needs<sup>17</sup>.
6. VALUE LIVED EXPERIENCE - WISEs engage the people they seek to serve in the operations and governance of the enterprise<sup>18</sup>.

WISEs can create transitional employment opportunities or permanent employment opportunities<sup>19</sup>.

Many WISEs are also place-based, and seek to “improve social and economic conditions for people in particular geographic communities”<sup>20</sup>. In job-poor communities, they often establish not only to provide employment opportunities for individuals, but to increase the availability of jobs in the community.

What do they offer?

WISEs “produce higher and better employment outcomes than mainstream employment services for people experiencing significant disadvantage”<sup>21</sup>, particularly long-term employment outcomes<sup>22</sup>.

<sup>12</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>13</sup> Chui, C. H. K., Shum, M. H. Y., & Lum, T. Y. S. (2018). Work integration social enterprises as vessels of empowerment? Perspectives from employees. *Asia Pacific Journal of Social Work and Development*, 29(2), 133–148.

<sup>14</sup> May-Simera, C. (2018, February 5). Reconsidering sheltered workshops in light of the United Nations Convention on the Rights of Persons with Disabilities (2006). *Laws*, 7(6), 18.

[https://www.researchgate.net/publication/322943659\\_Reconsidering\\_Sheltered\\_Workshops\\_in\\_Light\\_of\\_the\\_United\\_Nations\\_Convention\\_on\\_the\\_Rights\\_of\\_Persons\\_with\\_Disabilities\\_2006](https://www.researchgate.net/publication/322943659_Reconsidering_Sheltered_Workshops_in_Light_of_the_United_Nations_Convention_on_the_Rights_of_Persons_with_Disabilities_2006)

<sup>15</sup> Abbott, M., Barraket, J., Castellás, E. I. P., Hiruy, K., Suchowerska, R., & Ward-Christie, L. (2019). Evaluating the labour productivity of social enterprises in comparison to SMEs in Australia. *Social Enterprise Journal*, 15(2), 179–194.

<sup>16</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>17</sup> *Ibid*

<sup>18</sup> *Ibid*

<sup>19</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>20</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>21</sup> *Ibid*

<sup>22</sup> Mestan, K., Scutella, R., & Allen Consulting Group. (2007). *Investing in people: Intermediate Labour Markets as pathways to employment*.

Brotherhood of St Laurence. Retrieved July 6, 2021, from [http://library.bsl.org.au/jspui/bitstream/1/6208/1/investing\\_in\\_people\\_ILMs\\_print.pdf](http://library.bsl.org.au/jspui/bitstream/1/6208/1/investing_in_people_ILMs_print.pdf)

Over and above this, their drivers and characteristics position WISEs well to:

- Increase the availability of jobs in job poor communities
- Support transitions to emerging jobs, for example in locations undergoing transitions, or by enabling excluded groups to develop future oriented skills
- Support individuals to simultaneously acquire and apply new knowledge and skills

WISEs that demonstrate this include:

#### VANGUARD LAUNDRY SERVICES

Vanguard Laundry Services is a social enterprise in Toowoomba that operates a commercial laundry and provides transitional employment for people experiencing disadvantage<sup>23</sup>. Their impact evaluation for the 2021 financial year, by the Centre for Social Impact Swinburne, found<sup>24</sup> that for target group staff employed between December 2016 and December 2021:

- 40.2% successfully gained other paid work outside Vanguard Laundry Services. This is a higher proportion than Disability Employment Services (DES) participants at 29.5% and similar to jobactive.
- 74.4% of those who transitioned remained employed externally at their last contact up to six months post-transition. This is a higher proportion than jobactive participants at 45.5% employment three months post transition.

Further, unlike jobactive participants, Vanguard Laundry Services directly employs staff pre transition, “meaning some staff who have not yet gained other paid work remain employed... and this is also a positive employment outcome”<sup>25</sup>.

#### GREEN CONNECT

Green Connect is a social enterprise in the Illawarra that operates a portfolio of environmental care businesses and employs young people and former refugees<sup>26</sup>. It is a place-based WISE set up to combat high unemployment locally, for groups most disadvantaged<sup>27</sup>.

Green Connect was engaged by the NSW Government under a payment by outcome contract to support employment outcomes for the most disengaged and disadvantaged young people in the Illawarra. Under the program, less than two years since it started, 105 young people had engaged in work experience and of those, 63 commenced paid work, 40 transitioned to long-term employment, and 28 completed six months in employment<sup>28</sup>. About the program, Wollongong Lord Mayor Gordon Bradbery said: “The Green Connect program is different to other employment programs in that it directly employs people and wraps support around them... it’s critical that the Government continue to support this program and others like it [to] create opportunity for those who need it most to break the cycle of welfare dependency”<sup>29</sup>.

---

<sup>23</sup> Vanguard Laundry Services. (n.d.). Vanguard Laundry | Commercial Laundry Services | Toowoomba QLD. Retrieved November 28, 2022, from <https://www.vanguardlaundry.com.au>

<sup>24</sup> Elmes, A., Pickering, M., & Ward-Christie, L. (2022). *Vanguard Laundry evaluation report 2021*. Centre for Social Impact Swinburne. Retrieved November 30, 2022, from [https://researchbank.swinburne.edu.au/file/14aee459-7030-48e5-a995-89deb3f72da4/1/2021\\_Vanguard\\_Laundry\\_Evaluation\\_Report.pdf](https://researchbank.swinburne.edu.au/file/14aee459-7030-48e5-a995-89deb3f72da4/1/2021_Vanguard_Laundry_Evaluation_Report.pdf)

<sup>25</sup> *Ibid*

<sup>26</sup> Green Connect. (2022, November 2). *Who we are*. Green Connect. Retrieved November 30, 2022, from <https://green-connect.com.au/who-we-are/>

<sup>27</sup> *Ibid*

<sup>28</sup> Moore, J. and Flament, K. (2020). *Funding employment support for those who need it most*. Community Resources. Retrieved June 30, 2021, from [https://treasury.gov.au/sites/default/files/2020-09/115786\\_COMMUNITY\\_RESOURCES\\_-\\_SUPPORTING\\_DOCUMENTS\\_2.pdf](https://treasury.gov.au/sites/default/files/2020-09/115786_COMMUNITY_RESOURCES_-_SUPPORTING_DOCUMENTS_2.pdf)

<sup>29</sup> Moore, J. and Flament, K. (2020). *Funding employment support for those who need it most*. Community Resources. Retrieved June 30, 2021, from [https://treasury.gov.au/sites/default/files/2020-09/115786\\_COMMUNITY\\_RESOURCES\\_-\\_SUPPORTING\\_DOCUMENTS\\_2.pdf](https://treasury.gov.au/sites/default/files/2020-09/115786_COMMUNITY_RESOURCES_-_SUPPORTING_DOCUMENTS_2.pdf)

## THE BREAD & BUTTER PROJECT

The Bread & Butter Project is an artisan bakery and social enterprise in Sydney that provides training and employment pathways for refugees and asylum seekers who aspire to become bakers (a job category with chronic labour shortages across Australia)<sup>30</sup>. The Bread & Butter Project offers a 6-8 month full time paid baker training program that includes completion of a qualification, hands-on baking training, English-language tutoring, paid work placements and employment after graduation at either The Bread & Butter Project or partner employers<sup>31</sup>.

Independent research conducted by the Social Impact Hub in 2018 found that, since launch in 2013, almost all baker graduates secured sustainable employment and were no longer accessing welfare supports<sup>32</sup>. The cost to The Bread & Butter Project of supporting refugees and asylum seekers into sustainable employment as professional bakers is estimated at \$21,000 per participant.

## STREAT

STREAT is a social enterprise in Melbourne that operates a portfolio of food businesses. It provides supported training and employment pathways into hospitality and horticulture for marginalised young people<sup>33</sup>. They offer an intensive 6-month intervention that costs STREAT \$18,196 per young person, which saves an average of \$32,495 in government costs per young person, spread across the Victorian and Federal governments<sup>34</sup>.

STREAT's case study for government notes that it is increasingly powered by social procurement, that it needed substantial capacity building by intermediaries, and that it faced difficulties accessing the right types of capital to scale<sup>35</sup>.

## Recommendations

To better enable WISEs to grow their impact, we recommend the Federal Government:

1. Pay WISEs to deliver outcomes

**It is recommended that the Federal Government fairly compensate WISEs for the role they play in employment outcomes for the most disadvantaged people.**

Public funds are used to tackle unemployment. However, while the government pays employment service providers and employers for their role in this, as it involves costs, this funding has largely not been available to WISEs. This has hampered their ability to sustain, scale and to maximise the role they play.

---

<sup>30</sup> The Bread & Butter Project. (n.d.). *About*. The Bread & Butter Project. Retrieved November 30, 2022, from <https://thebreadandbutterproject.com/about/>

<sup>31</sup> *Ibid*

<sup>32</sup> *Ibid*

<sup>33</sup> STREAT. (n.d.). *About our social enterprise, youth programs & 2040 vision*. STREAT. Retrieved November 30, 2022, from <https://streat.com.au/about/>

<sup>34</sup> Scott, R., Edelmaier, G. and Barrelle, K. (2019). *Social enterprise: a case study for government*. STREAT. Retrieved November 27, 2022, from [https://streat.com.au/wp-content/uploads/2022/06/streat\\_a\\_case\\_study\\_in\\_creating\\_value\\_for\\_government\\_a3\\_3.pdf](https://streat.com.au/wp-content/uploads/2022/06/streat_a_case_study_in_creating_value_for_government_a3_3.pdf)

<sup>35</sup> *Ibid*

This is despite the fact that their work directly reduces government costs and increases tax revenue<sup>36</sup> and improves people's lives and livelihoods<sup>37</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 Department of Home Affairs' **Economic Pathways to Refugee Integration** program. It includes grants of up to \$1,000,000 per year over three years, and a total funding pool of \$15 million, for social enterprises which demonstrate "the ability to achieve economic participation outcomes for refugees and humanitarian entrants"<sup>38</sup>.

The second 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. The project will assist an estimated 150 participants residing in Western Australia, Victoria, Queensland, South Australia, Australian Capital Territory and New South Wales. Total funding amount is up to \$1,032,000"<sup>39</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, homeless or risk of homelessness, or who have experienced a long period of unemployment. The project will assist an estimated 38 women across Sydney. Total funding amount is up to \$1,332,000"<sup>40</sup>.

The third is the Department of Social Services **Payment by Outcomes Trials**. It includes a trial led by White Box Enterprises to engage a number of WISEs to be paid to deliver employment outcomes. It "aims to deliver long-term employment outcomes for jobseekers with a disability through Work Integrated Social Enterprises (WISEs)... The program will help participants maintain stable employment, with the aim to transition to the open job market"<sup>41</sup>. The trial will assist an estimated 170 people with a disability, receiving income support and experiencing unemployment. Total funding amount is up to \$3.8 million<sup>42</sup>.

---

<sup>36</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>37</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>38</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>39</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>40</sup> *Ibid*

<sup>41</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>42</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>



2. Establish a Federal social procurement framework that names and puts targets to buying from social enterprise

**It is recommended that the Federal Government establish a social procurement framework that names and puts targets to buying from social enterprise.**

Customers or buyers are essential to the health and growth of WISEs. Indeed, in 2016, 75% of social enterprises said that their biggest need was new buyers<sup>43</sup>. The Federal Government is a large buyer and has the opportunity to buy from social enterprise, including WISEs. This will drive growth, generate social value beyond the value of the products being procured and will signal to others to do the same.

The Federal **Indigenous Procurement Policy** shows how this can be done. It includes<sup>44</sup>:

- Annual targets for the number and value of contracts to go to Indigenous enterprises from the Government and 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>45</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<sup>46</sup> and other social benefit suppliers<sup>46</sup>.

3. Enhance access to capital for WISEs

**It is recommended that the Federal Government enhance access to a capital mix that can support WISEs to launch, develop and grow.**

Like any business, WISEs need capital to build capability and capacity. However, social enterprises often struggle to access the capital they need in the form that they need it, including to engage intermediaries to support their development. This has to be solved for WISEs 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 cannot be their primary purpose and many are not-for-profit. Given this, non-traditional forms of capital are needed.

---

<sup>43</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>44</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>45</sup> *Ibid*

<sup>46</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>



Grants must form part of the mix to grow the impact of WISEs. In Australia, 37% of certified social enterprises generate all of their revenue from trade and 63% do not<sup>47</sup>.

The social enterprise sector also needs 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 and commits them to "work with like-minded grant-makers and investors to bring new capital and resources to the social enterprise sector" and "investigate new democratic forms of local capital"<sup>48</sup>.

In the UK, the Government worked with philanthropy and the social sector to create a foundation that allocates grants with impact investment<sup>49</sup>. Under this model, over a hundred million pounds has flowed into charities and social enterprises<sup>50</sup>.

We note that the **Social Impact Investing Taskforce** was set up in the Department of the Prime Minister and Cabinet to develop a strategy for the Commonwealth's role in the social impact investing market, and that this strategy is currently pending.

#### 4. Use social enterprise certification

**It is recommended that the Federal Government use certification to verify social enterprises.**

Social Traders offers social enterprise certification in Australia 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>51</sup>.

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

---

<sup>47</sup> Social Traders. (2022). Pace22: profile of Australia's certified social enterprises [Unpublished; provided by Social Traders]. Social Traders.

<sup>48</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>

<sup>49</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>50</sup> *Ibid*

<sup>51</sup> Social Traders. (n.d.). Certification. In Our criteria. Retrieved November 30, 2022, from <https://www.socialtraders.com.au/for-social-enterprise/certification>

5. Co-design, test and learn from these enablers with the social enterprise sector

**It is recommended that the Federal Government co-design the first four recommendations with the social enterprise sector and test and learn from their impact.**

These enablers have to work for both the Government and the social enterprise sector. Developing them in partnership best sets them up for success.

This extends to the design of measurement and evaluation, and the lessons learned. All parties need to understand what's working and what's not, to be able to better contribute to shared goals over time.

**In addition to the above recommendations, we note that the Federal Government should work with the social enterprise sector on a national strategy, that includes but is not limited to employment outcomes. This can unlock the full contribution of social enterprise to social and environmental wellbeing.**