



2024-25 Pre-budget submission

Unlock the impact of social enterprise

January 2024

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Executive summary

Australia faces social, environmental and economic challenges that demand new, expanded, and joined-up responses. The social enterprise sector (Sector) can help.

A social enterprise is a business, for good. They trade like any other business, but exist specifically to make the world a better place. They combine the power of business to resource and test new ideas with a compass of public good. This makes them a critical tool for social and environmental innovation.

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

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.

The Government is already investing in parts of what's needed to change this.

We recommend that the Government consolidates its efforts through the development of a Commonwealth Social Enterprise Strategy:

- Powered by a partnership between the Sector, the Government, and others
- Underpinned by certification and evidence
- Including social procurement, impact investment, outcome payments, and capability building

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

Philanthropy, the Commonwealth, and the Sector itself are already investing in these things. A Commonwealth Social Enterprise Strategy will catalyse this commitment and result in improved outcomes for Australians and a significant multiplier on investment.

To action this, we recommended the following be included in the 2024-2025 Commonwealth budget:

1. Develop and implement a Commonwealth Social Enterprise Strategy with the Sector
2. Fund the peak body
3. Invest in and use certification
4. Develop and implement a social enterprise census
5. Develop and implement a Commonwealth Social Procurement Framework
6. Implement recommendations of the Impact Investing Taskforce
7. Make funding available to social enterprises which directly support employment outcomes

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.

We provide a conduit for the Sector to partner with the Commonwealth Government for a better Australia.

Social Enterprise Australia was launched following three co-designs. These developed the Sector's vision and mission; values and principles; and mapped the enabling infrastructure needed for the Sector to thrive, including Social Enterprise Australia's role.

Over 3,000 Sector actors have participated in our work to-date.

We are resourced by the English Family Foundation, the Snow Foundation, Paul Ramsay Foundation, Westpac Foundation, MinterEllison, the Vasudhara Foundation, and the Ian Potter Foundation. We are governed by an independent board who have experience and credibility across the Sector. Our work - including evaluation and learning - is supported by the Centre for Systems Innovation at Griffith University.

The opportunity

Australia faces complex challenges that demand new, expanded, and joined-up responses. Recent years have seen more extreme weather, the pandemic, and a cost of living crisis. These shocks have hit the most disadvantaged hardest.

It will take collaboration, innovation, and learning to meet these and future challenges, especially if our responses are to value 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. They combine the power of business to resource and test new ideas with a compass of public good. This makes them a critical tool for social and environmental innovation.

But they are an underused and underserved tool in the toolkit we need.

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.

It is estimated that there are over 12,000 social enterprises in Australia, that make a shared economic contribution of \$21.3 billion and account for \$1% of GDP¹. 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 Industry².



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

Social enterprises 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.

One example is the Yackandandah Community Development Company. Based in the rural town of Yackandandah in Victoria (population 2000³), it formed when the only local petrol station announced it would close⁴. To secure the supply of fuel in the town, a group of seven locals set up the enterprise⁵. 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 projects⁶. Alongside the fuel station, it now supplies building,

¹ 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/>

² 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/>

³ 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>

⁴ Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/our-history>

⁵ Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/our-history>

⁶ Yackandandah Community Development Company. (n.d.). Our History — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/our-history>

hardware, gardening and farming supplies, and runs a local newspaper⁷. It now has over 650 community shareholders⁸, deepening democracy. In the 2023 financial year it had revenue of \$6,362,513 and a pre-tax surplus of \$186,001⁹, driving local economic activity and benefits.

Another example is Goodstart. It is an early-learning social enterprise created by four leading Australian community organisations¹⁰. It launched in 2010 to address a key driver of many social problems – poor early childhood experiences – with a vision “for Australia’s children to have the best possible start in life”¹¹. It was born when the largest single provider of child care in the Australian market collapsed¹². A bank, the Commonwealth, and social investors together provided capital to buy out 678 of the closing centres¹³. Fast forward to today, Goodstart is Australia’s largest early learning provider¹⁴. In the 2023 financial year, it worked with 61,400 children, 51,500 families, and employed 15,800 people¹⁵. Almost one third of its centres support children living in rural and regional areas, a quarter are in low socio-economic areas, and over 1,100 children were supported to attend through its Early Learning Fund¹⁶. Research by Social Ventures Australia found a \$5.60 return for every \$1 spent on Goodstart’s targeted social purpose investments; and that about \$382 million in value was delivered through Goodstart’s investment into social impact programs in 2023¹⁷.

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”¹⁸. 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”¹⁹. Last financial year, Soft Landing recycled 481,000 mattresses, diverting 8,388 tonnes of waste from landfill²⁰. It also employed 261 people, 75% of them experiencing barriers to

⁷ Yackandandah Community Development Company. (n.d.). About — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/about>

⁸ Yackandandah Community Development Company. (n.d.). About — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/about>

⁹ Yackandandah Community Development Company. (n.d.). Performance — YCDCo. Retrieved January 30, 2024, from <https://www.ycdco.com.au/performance>

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

¹¹ Goodstart. (n.d.). Our Vision | Goodstart. Goodstart Early Learning. Retrieved January 30, 2024, from <https://www.goodstart.org.au/about-us/our-vision>

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

¹³ 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/>

¹⁴ Goodstart. (2023). *Annual report 2023*. Retrieved January 30, 2024, from <https://www.goodstart.org.au/getmedia/459e8a6e-8a2c-4f5c-b03c-4eb9b7d85617/20231024-2023-Goodstart-Annual-Report.pdf>

¹⁵ Goodstart. (2023). *Annual report 2023*. Retrieved January 30, 2024, from <https://www.goodstart.org.au/getmedia/459e8a6e-8a2c-4f5c-b03c-4eb9b7d85617/20231024-2023-Goodstart-Annual-Report.pdf>

¹⁶ Goodstart. (2023). *Annual report 2023*. Retrieved January 30, 2024, from <https://www.goodstart.org.au/getmedia/459e8a6e-8a2c-4f5c-b03c-4eb9b7d85617/20231024-2023-Goodstart-Annual-Report.pdf>

¹⁷ Goodstart. (2023). *Annual report 2023*. Retrieved January 30, 2024, from <https://www.goodstart.org.au/getmedia/459e8a6e-8a2c-4f5c-b03c-4eb9b7d85617/20231024-2023-Goodstart-Annual-Report.pdf>

¹⁸ Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: Home. Retrieved January 30, 2024, from <https://softlanding.com.au>

¹⁹ 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.

²⁰ Community Resources Limited. (2023). *Annual report 2022 - 2023*. Retrieved January 30, 2024, from <https://ourimpact.org.au/report2023>

employment²¹. Soft Landing describes its workforce as “intelligent, hardworking, authentic and includes Aboriginal people, refugees and asylum seekers and long-term unemployed.”²².

Current barriers

In 2021, research undertaken by Griffith University found Australia’s social enterprise sector to be fragmented, under-represented, and underserved, and not realising its potential to generate public value and social impact²³. In 2022, Social Enterprise Australia was established to help address this.

Because social enterprise sits between traditional business and charity, many fall between 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 capital
- Being valued in the market and for the outcomes they deliver
- Development support for specialised capabilities and hybrid business models
- Other supporting factors such as Sector data and evidence base, standards and certification, and coordinating infrastructure.

Proposed solution

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

The Government is already investing in parts of what’s needed.

We recommend that the Government consolidates its efforts through the development of a Commonwealth Social Enterprise Strategy. It can bring together and build on social enterprise initiatives in a cross-departmental and holistic way, and complement the Sector’s own emerging strategy.

Specifically, we seek a Commonwealth Social Enterprise Strategy:

1. Powered by a partnership between the Sector, the Government, and others

²¹ Community Resources Limited. (2023). *Annual report 2022 - 2023*. Retrieved January 30, 2024, from <https://ourimpact.org.au/report2023>

²² Community Resources Limited. (n.d.). Soft Landing Mattress Recycling: About us. Retrieved January 30, 2024, from <https://softlanding.com.au/about/>

²³ 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

Genuine partnership and co-design are critical to success. A Commonwealth Social Enterprise Strategy - its design, implementation, governance, and evolution - requires the knowledge, skills, and perspectives of both Government and the Sector to work. For this strategy to contribute to tackling big-picture challenges, it must enable and enhance cooperation between social enterprises and other actors.

2. Underpinned by certification and evidence

Social enterprises take a range of legal forms. Certification enables verification. Further, this strategy should collect data and a broader evidence base so that the Sector and the Strategy's impact can be understood and learned from.

3. Including social procurement, impact investment, outcome payments, and capability building

These investments will better align public spend with the creation of public value, bring capital to impact, and grow specialist capabilities in social enterprise which must straddle impact imperatives and business drivers.



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

The Commonwealth is already working on capability building with the Social Enterprise Development Initiative; and outcome payments with the Outcomes Fund, the Economic Pathways for Refugee Integration Program, and the Payment By Outcomes Trials.

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. A Commonwealth Social Enterprise Strategy will catalyse this commitment and result in improved outcomes for Australians and a significant multiplier on investment.

Investment recommendations

Recommendation 1: Develop and implement a Commonwealth Social Enterprise Strategy with the Sector

Develop and implement a Commonwealth Social Enterprise Strategy with the Sector to unlock the impact contribution of social enterprise.

This was recommendation 50 of the Workforce Australia Inquiry²⁴.

It is consistent with work in other jurisdictions. Scotland has a ten-year social enterprise strategy, underpinned by three-year action plans²⁵. Canada adopted social enterprise frameworks in Ontario²⁶, Manitoba²⁷, and Nova Scotia²⁸. The Aotearoa New Zealand Government invested in a three-year pre-strategy initiative²⁹. In Australia, social enterprise strategies have been developed as state-based initiatives in Victoria³⁰ and Queensland³¹.

Recommendation 2: Fund the peak body

Invest in the peak body to be a conduit that enables the Sector to a) co-design and implement all aspects of the Commonwealth Social Enterprise Strategy and work in partnership with Government; b) enable Sector self-development; c) enhance collaboration between social enterprises and other actors; and d) collect, share, and enhance the use of Sector data.

²⁴ Commonwealth of Australia. (2023, November). *Rebuilding employment services: final report on Workforce Australia Employment Services*. Retrieved January 31, 2024, from

https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc_pdf/RebuildingEmploymentServices.pdf

²⁵ Scottish Government. (2016, December). *Scotland's Social Enterprise Strategy 2016-2026*. Retrieved January 31, 2024, from

<https://www.gov.scot/publications/scotlands-social-enterprise-strategy-2016-2026/>

²⁶ Government of Ontario. (2016). *Ontario's Social Enterprise Strategy 2016-2021*. Retrieved January 31, 2024, from

<https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>

²⁷ Canadian Community Economic Development Network and the Government of Manitoba. (2015, February). *Manitoba social enterprise strategy: a strategy for creating jobs through social enterprise*. Retrieved January 31, 2024, from

https://www.gov.mb.ca/housing/pubs/mb_social_enterprise_strategy_2015.pdf

²⁸ Province of Nova Scotia. (2017). *Advancing social enterprise in Nova Scotia*. Retrieved January 31, 2024, from

<https://beta.novascotia.ca/sites/default/files/documents/1-700/advancing-social-enterprise-nova-scotia-en.pdf>

²⁹ 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

³⁰ Victorian Government. (2023, October). *Social Enterprise Strategy*. Retrieved January 31, 2024, from

<https://djsir.vic.gov.au/about-us/overview/strategies-and-initiatives/social-enterprise>

³¹ 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>

This investment has been modelled in Scotland. The Scottish Government and Sector jointly designed and deliver their ten-year strategy to develop the potential of Scotland's social enterprise sector³².

Similarly, as part of its social enterprise strategy, the Victorian Government invested in the establishment of the Social Enterprise Network of Victoria (SENVIC) which "connects social enterprises across Victoria, provides access to learning and development opportunities, and facilitates engagement with government, intermediaries and each other"³³.

In July 2022, people across the Australian Sector nationally 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.

Recommendation 3: Invest in and use certification

Invest in and use certification to a) verify social enterprises; and b) collect and share Sector data.

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.

³² Scottish Government. (2016, December). Scotland's Social Enterprise Strategy 2016-2026. Retrieved January 31, 2024, from <https://www.gov.scot/publications/scotlands-social-enterprise-strategy-2016-2026/>

³³ Victorian Government. (2023, October). Social Enterprise Strategy. Retrieved January 31, 2024, from <https://djsir.vic.gov.au/about-us/overview/strategies-and-initiatives/social-enterprise>

Social Traders offers social enterprise certification in Australia. 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”³⁴.

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 organisations³⁵.

It should be invested in and used by the Government.

Recommendation 4: Develop and implement a social enterprise census

Develop and implement a social enterprise census so that evidence informs decisions and enables innovation.

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.

In Scotland, the impact of the social enterprise strategy is tracked by 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”³⁶. It draws on survey evidence from the Sector and information from the main regulators; and helps shape policy, funding and support from the Scottish Government³⁷.

Investment in an Australian social enterprise census can help address this. It should aggregate existing data, collect new data where gaps exist, and share findings.

This would generate valuable insights and information that could contribute to the work of the Government, the Sector, and other actors.

³⁴ Social Traders. (n.d.). Certification. In Our criteria. Retrieved November 30, 2022, from <https://www.socialtraders.com.au/for-social-enterprise/certification>

³⁵ 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.

³⁶ CEIS. (n.d.). Social Enterprise in Scotland – Census 2021. Retrieved January 24, 2023, from <https://socialenterprisecensus.org.uk>

³⁷ 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/>

Recommendation 5: Develop and implement a Commonwealth Social Procurement Framework

Develop and implement a Commonwealth Social Procurement Framework that names, and puts targets to, buying from social enterprise to grow public outcomes with public spending.

This was recommendation 5 of the Workforce Australia Inquiry³⁸.

The Government is a large buyer and has the opportunity to generate more public value by buying 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 in addition to the value of the products being procured, and influence others to do the same.

The Commonwealth **Indigenous Procurement Policy** shows how this can be done. It includes³⁹:

- 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 2015⁴⁰.

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 suppliers⁴¹.

Recommendation 6: Implement recommendations of the Impact Investing Taskforce

Implement recommendations of the Impact Investing Taskforce to a) enhance access to a capital mix that can support social enterprises to launch, develop, and grow; and b) collect and share Sector data .

³⁸ Commonwealth of Australia. (2023, November). *Rebuilding employment services: final report on Workforce Australia Employment Services*. Retrieved January 31, 2024, from

https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc_pdf/RebuildingEmploymentServices.pdf

³⁹ 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>

⁴⁰ 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>

⁴¹ 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>

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.

The Social Impact Investing Taskforce recommends the Commonwealth:

- Establish a Social Enterprise Foundation
- Establish an Impact Investing wholesaler
- Establish an Outcomes Fund
- Establish a Commonwealth Office of Social Impact Investment
- Encourage social procurement across the Australian Government
- Clarify the Sole Purpose Test and consider legislative and regulatory context⁴²

We broadly endorse these recommendations, with the caveats that:

- They be co-designed and implemented with the Sector
- Any decisions about the Commonwealth Office of Social Impact Investment come after, and be discussed as part of, the development of a Commonwealth Social Enterprise Strategy

Recommendation 7: Make funding available to social enterprises which directly support employment outcomes

Value and pay social enterprises for creating employment outcomes so that they can sustain, scale, and maximise the role they play.

This was recommendation 51 of the Workforce Australia Inquiry⁴³.

Jobs-focused social enterprises incur costs that standard employers do not; costs to deliver impact. These are called impact costs. Currently, while the Commonwealth pays employment service providers and employers for their role in tackling unemployment, as it involves costs, such funding has often not been available to social enterprises. Not being able to recoup their impact costs has hampered the ability of social enterprises to sustain, scale, and maximise the role they play. This is despite the fact that their work directly reduces government costs, increases tax revenue⁴⁴, and improves people's lives and livelihoods⁴⁵.

We recommend this funding start small, learn and grow as the Sector is able to scale; specifically a fund of \$50 million over an initial two years, building to \$100 million per year over five years.

⁴² Commonwealth of Australia. (2022). *Final report of the Australian Social Impact Investing Taskforce*. Retrieved January 31, 2024, from <https://treasury.gov.au/sites/default/files/2023-12/p2023-391009-taskforce-final-report-2020.pdf>

⁴³ Commonwealth of Australia. (2023, November). *Rebuilding employment services: final report on Workforce Australia Employment Services*. Retrieved January 31, 2024, from <https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc.pdf/RebuildingEmploymentServices.pdf>

⁴⁴ Lamb, S., & Huo, S. (2017). *Counting the costs of lost opportunity in Australian education* (No. 02/2017). Mitchell Institute.

⁴⁵ <https://www.vu.edu.au/sites/default/files/counting-the-costs-of-lost-opportunity-in-Aus-education-mitchell-institute.pdf>

⁴⁵ 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

The design of the funding mechanism should:

- Use a tender process, not a single rate card, to engage a variety of social enterprises
- Collect data and learn from enterprises to understand the impact and costs of different models
- Contract large social enterprises directly and small social enterprises in aggregate
- Make participation available as an alternative to all people accessing personalised support from Workforce Australia Services

How was this submission developed?

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

Last year, Social Enterprise Australia brought people across the Sector together to build an answer.

225 people registered to help do this. Of these 88 participated in a survey and 114 participated in a facilitated discussion. Participants represented a diversity of stakeholder views, spanning all roles in the Sector (e.g., social enterprise, intermediary, impact investor, etc); all Australian states and territories; organisations operating in metropolitan, regional and remote areas; a range of impact areas (e.g., environmental care, people-centred services, Aboriginal and Torres Strait Islander communities, etc); and different organisational sizes and maturities.

Drafts and comments were reviewed, sorted, and cohered into our 2023-24 pre-budget submission.

Over the course of a year, including in response to Commonwealth activities, investments and reports, the Sector and for-purpose groups were engaged to build on last year's submission and develop this document.