



2025-26 pre-Budget submission

Unlock the impact of social enterprise

January 2025

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 take a sector-led approach. This includes open national co-designs and consultations, and attending and convening relevant working groups and networks. The sector's shared vision and mission, values and principles, and what Social Enterprise Australia builds momentum and infrastructure for, were developed through large-scale co-designs.

We provide a conduit for the sector to partner with the Federal Government for a better Australia.

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Executive summary

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

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

There are an estimated 12,000 social enterprises in Australia, but they need targeted support to reach their potential. Because social enterprises sit between traditional business and charity, many fall through the gaps in the support infrastructures that exist. They do the job of both without the enablers of either.

The Federal Government is already investing in parts of what's needed to change this. To build on this investment, we recommended the following be included in the 2025-2026 Federal Budget:

Partner on a national strategy

Bring together relevant government departments and fund and work with Social Enterprise Australia to lead a sector-wide engagement to design, roll out and evolve a national strategy for social enterprise. The strategy would:

- Be powered by a partnership between the sector, the Government, and others
- Be underpinned by vetting and evidence
- Include capability building, social procurement, payment for outcomes, and impact investment.

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

The Government, philanthropy, and the sector itself are already investing in these things. A national strategy will catalyse this and result in improved outcomes for Australians and a significant multiplier on investment.

Measure impact

- Fund a national impact map to identify Australian social enterprises and their locations, and to baseline sector size, characteristics and impacts.
- Invest in a free online tool for social enterprises to measure and track their impact and impact costs. This will strengthen their ability to engage in payments for outcomes, social procurement and impact investment, and can provide aggregated data to produce insights and track change in the sector.

Invest in impact

- Launch a Social Enterprise Innovation Fund to support projects led by social enterprises that develop innovative, scalable solutions that tackle social and environmental challenges.
- Name and put national targets to buying from social enterprises, and make them visible in the procurement platforms used by government.
- Extend and expand the Economic Pathways to Refugee Integration program and the social enterprise Payment by Outcomes trial.
- Pilot low-interest, flexible loans that enable social enterprises to sustain and grow their impact.

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.

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 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.

There are challenges - areas of public need and political imperative - that social enterprises are uniquely placed to respond to. These include access to decent work for people most shut out of the labour market, people-centred services, environmental care, and place-based and community-led innovation. They address product or service gaps, particularly in disadvantaged communities and thin markets.

But they need targeted support to reach their potential. Because social enterprises sit between traditional business and charity, many fall through the gaps in the support infrastructures that exist. They do the job of both without the enablers of either.

This is particularly the case for:

- Being valued in the market and for the outcomes they deliver
- Development support for specialised capabilities and hybrid business models
- Access to appropriate capital, and
- Other supports, including consistent standards and vetting, data and evidence and coordinating infrastructure.

Partnership and targeted investment can enable this. It can help resource an environment for the sector that spawns sizeable and sustainable public value.

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/>

The Government is already investing in parts of what's needed. This includes:

Economic Pathways to Refugee Integration

\$24.6 million program (\$17.7 million in grants), which funds social enterprises to create employment opportunities for refugee and humanitarian entrants who face barriers to work.

Social Enterprise Development Initiative

\$11.6 million initiative to strengthen the social enterprise sector to tackle entrenched disadvantage, including grants, learning communities, leading practice resources, and an online hub.

Commonwealth Outcomes Fund

\$100 million to make payments - both directly and via state and territory governments - to service providers and social enterprises for the outcomes they achieve to support families and children, overcome barriers to employment, and support people facing homelessness.

WorkFoundations:

\$21.9 million to fund social enterprises and other businesses that assist people with complex barriers to work and pay real wages.

Social enterprise Payment by Outcomes trial

\$3.8 million for social enterprises to deliver long-term employment outcomes for people living with a disability or eligible for the Community Development Program who have been out of work for at least nine of the last 12 months.

We recommend that the Government consolidates its efforts through the development of a social enterprise strategy. It can bring together and build on social enterprise initiatives and address gaps in a cross-departmental and holistic way.

Investment recommendations

Recommendation 1: Partner on a national strategy

Bring together relevant government departments and fund and work with Social Enterprise Australia to lead a sector-wide engagement to design, roll out and evolve a national strategy for social enterprise. This can enable the peak body to be a conduit for the sector to a) work in partnership with the Federal Government on the national strategy; b) help build social enterprise literacy in government; c) enable sector self-development; d) enhance collaboration between social enterprises and other actors; and e) collect, share, and enhance the use of sector data.

\$6 million over 5 years

Challenge

Social enterprises sit between traditional business and charity, so many fall through the gaps in the support infrastructures that currently exist. The Government is investing piecemeal in what's needed to change this.

Opportunity

A social enterprise strategy has been developed in other jurisdictions to address this. Malaysia has a Social Entrepreneurship Action Framework to provide direction for the development of social entrepreneurship³. Scotland has a ten-year social enterprise strategy, underpinned by three-year action plans⁴. Ireland has a

³ PM Ismail Sabri: Newly launched SEMy2030 outlines new direction for social entrepreneurship development in Malaysia. (2022, April 23). *Malay Mail*. Retrieved January 31, 2025, from <https://www.malaymail.com/news/malaysia/2022/04/23/pm-ismail-sabri-newly-launched-framework-outlines-new-direction-for-social/2055217>

⁴ 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/>

national social enterprise policy⁵. Canada adopted social enterprise frameworks in Ontario⁶, Manitoba⁷, and Nova Scotia⁸. The Aotearoa New Zealand Government invested in a three-year pre-strategy initiative⁹. In Australia, social enterprise strategies have been developed in Victoria¹⁰ and Queensland¹¹.

A federal social enterprise national strategy was recommended by the Workforce Australia Inquiry¹².

Genuine partnership and co-design are critical to the success of social enterprise strategies. Their design, implementation, and evolution require the knowledge, skills, and perspectives of both government and the sector to work. For a federal social enterprise strategy to contribute to tackling big-picture challenges, it must enable and enhance cooperation between social enterprises and other actors.

The Federal Government partners with and funds peak bodies across various sectors given their essential role as conduits. This partnership has been modelled in social enterprise. The Scottish Government and sector peak jointly designed and deliver their ten-year strategy¹³. The UK Government funds and collaborates with Social Enterprise UK¹⁴. Similarly, as part of its social enterprise strategy, the Victorian Government invested in the establishment of the Social Enterprise Network of Victoria (SENVIC)¹⁵.

Specifically, we seek a **federal social enterprise strategy**:

- Powered by a partnership between the sector, the Government, and others
- Underpinned by vetting and evidence
- Including capability building, social procurement, payment for outcomes, and impact investment.

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 place-based and community-led innovation.

The Federal Government, philanthropy, and the sector itself are already investing in these things. A national strategy will catalyse this commitment and result in improved outcomes for Australians and a significant multiplier on investment.

⁵ Government of Ireland. (2024). *Trading for Impact: National Social Enterprise Policy 2024-2027*. Retrieved January 31, 2025, from <https://www.gov.ie/en/policy-information/7abc2-trading-for-impact-national-social-enterprise-policy-2024-2027/>

⁶ 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>

⁷ 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

⁸ 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>

⁹ Åkina 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

¹⁰ 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>

¹¹ 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>

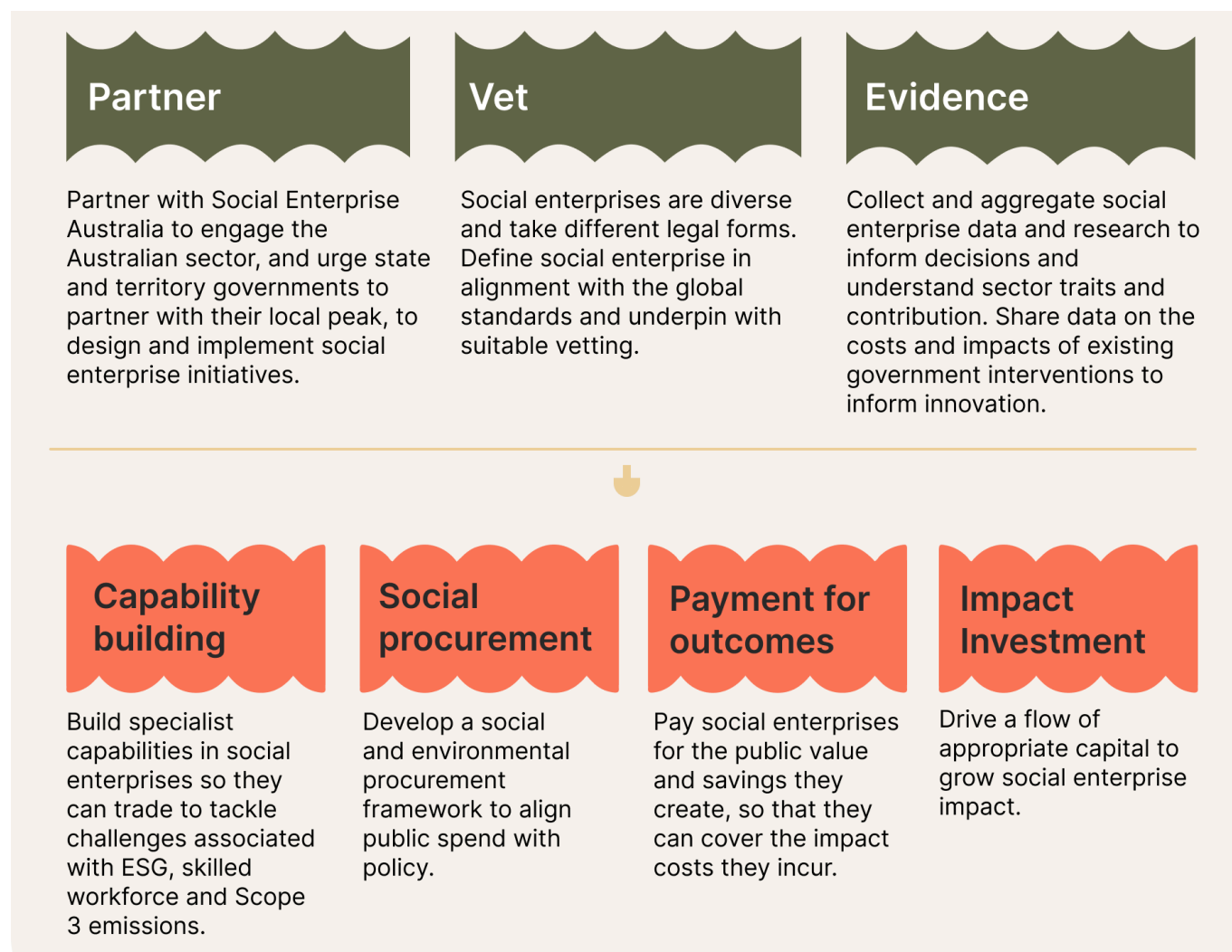
¹² Commonwealth of Australia. (2023, November). *Rebuilding employment services: final report on Workforce Australia Employment Services*. Retrieved January 31, 2024, from https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/RB000017/toc_pdf/RebuildingEmploymentServices.pdf

¹³ 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/>

¹⁴ Social Enterprise UK. (n.d.). *Public sector contracts: resources for charities and social enterprises*. Retrieved January 31, 2025, from <https://www.socialenterprise.org.uk/public-service-hub/public-sector-contracts-resources-for-charities-and-social-enterprises/>

¹⁵ 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>

Pillars of a social enterprise strategy



Recommendation 2: Measure impact

- Fund a national impact map to identify Australian social enterprises and their locations, and to baseline sector size, characteristics and impacts.
\$1 million
- Invest in a free online tool for social enterprises to measure and track their impact and impact costs. This will strengthen their ability to engage in payments for outcomes, social procurement and impact investment, and can provide aggregated data to produce insights and track change in the sector. This should build on the Victorian Government's 2023 investment in Seedkit to strengthen its user experience and interoperability, and build in impact cost measurement.
\$4 million over 4 years

Challenge

Access to reliable data is key to understanding the social enterprise sector and opportunities to grow its contribution to Australia. Impact measurement and communication are key foundations to engage in payments for outcomes, social procurement and impact investment. However, current data is inconsistent, outdated and fragmented, and there are big gaps in data on the size, characteristics and impacts of social enterprise. The Social Impact Investing Taskforce identified that impact measurement needed supporting¹⁶, and stakeholder views gathered to inform the design of the Social Enterprise Development Initiative

¹⁶ Commonwealth of Australia, Department of the Prime Minister and Cabinet. (2020). *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>

included calls for the development of an impact measurement tool to help organisations know what data to collect and measure their impact¹⁷. These gaps are a challenge for the sector and those who seek to enable it to innovate and unlock impact, including the Federal Government.

Opportunity

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”¹⁸. It draws on survey evidence from the sector and information from the main regulators; and helps shape policy, funding and support from the Scottish Government¹⁹. Baseline mapping of this nature was also completed for Victoria, commissioned as part of the Social Enterprise Strategy implemented by the Victorian Government in 2017²⁰.

As part of its Social Enterprise Strategy, the Victorian Government also funded the initial development of Seedkit. Seedkit “is a self-managed impact reporting and learning tool designed with and for social enterprises. It enables [them] to select or create indicators that accurately reflect [their] impact goals and business operations”²¹. It provides a simple way to enter and monitor data and generate dashboards and reports for stakeholders. Seedkit is owned and hosted by Melbourne Social Equity Institute at the University of Melbourne and its researchers can also aggregate and analyse de-identified data from Seedkit to generate insights about the sector. It was co-developed by the Centre for Social Impact Swinburne and Melbourne Social Equity Institute.

Recommendation 3: Invest in impact

- Launch a Social Enterprise Innovation Fund to support projects led by social enterprises that develop innovative, scalable solutions that tackle social and environmental challenges.
\$100 million
- Name and put national targets to buying from social enterprises; and make them visible in the procurement platforms used by government.
Internal government costs to embed across departments
- Extend and expand the Economic Pathways to Refugee Integration program and the social enterprise Payment by Outcomes trial.
\$25 million and \$5 million respectively over 3 years
- Pilot low-interest, flexible loans that enable social enterprises to sustain and grow their impact.
\$10 million over 5 years

Challenge

Investment in innovation and impact is needed across a range of social and environmental challenges. The social enterprise sector can help. But social and environmental innovation is underinvested in; the Federal Government does not have a social procurement framework, and some existing and promising payments for outcomes initiatives are ending. Further, access to appropriate capital remains limited. 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 unlock more impact.

Opportunity

The social enterprise sector is uniquely positioned to drive innovative solutions to some of the most pressing social and environmental challenges. By leveraging social and environmental innovation and

¹⁷ Social Enterprise Australia. (2024). Social Enterprise Development Initiative: Stakeholder views. Retrieved January 31, 2025, from <https://www.socialenterpriseaustralia.org.au/sedi-stakeholder-views>

¹⁸ CEIS. (n.d.). Social Enterprise in Scotland – Census 2021. Retrieved January 24, 2023, from <https://socialenterprisecensus.org.uk>

¹⁹ 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/>

²⁰ 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>

²¹ University of Melbourne. (2024). About Seedkit. Retrieved January 31, 2025, from <https://seedkit.com.au/about>

impact-first business, social enterprises can harness community ideas to help tackle challenges associated with ESG, skilled workforce, and Scope 3 emissions.

However, unlocking this potential requires strategic investment in programs that bridge the gap between innovation and impact.

The Federal Government values and invests in business innovation. It administers programs and services that support research, collaboration, entrepreneurship and commercialisation. It has the opportunity to work with social enterprises to develop innovative, scalable solutions that tackle social and environmental challenges through business. By leveraging social and environmental innovation and impact-driven models, social enterprises can pioneer solutions in climate tech, health tech, education, manufacturing, workforce development, emissions reduction, circular economy, people-centred services, regional rejuvenation, and more.

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, better align public spend with policy imperatives, generate social value in addition to the value of the products being procured, and influence others to do the same. This was a recommendation of the Workforce Australia Inquiry²².

The Economic Pathways to Refugee Integration program in the Department of Home Affairs, and the social enterprise Payment by Outcomes trial in the Department of Social Services are delivering employment outcomes, supporting social enterprises to scale, and providing evidence that can inform the design of future initiatives. They should not conclude until new payment mechanisms are in place. This is consistent with a recommendation of the Workforce Australia Inquiry²³ that funding be made available to social enterprises that directly support employment outcomes.

The Social Impact Investing Taskforce identified the need for flexible loans and concessional capital to help to improve the lives of Australians and build our economy for the future²⁴. They enable social enterprises to scale their business and impact. They can provide the right capital for many small to medium social enterprises while reducing some of the risks and challenges they face in scaling, innovating, and driving sustainable impact. They can complement and help crowd in capital from other sources such as philanthropy, venture capital, and community investment.

By fostering an investment environment that supports social enterprise-led innovation, the Federal Government can accelerate solutions that drive positive social and environmental outcomes and build a more inclusive and resilient economy.

²² 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

²³ 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

²⁴ Commonwealth of Australia, Department of the Prime Minister and Cabinet. (2020). *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>