Beyond the Definition Wars: Structural Exclusion, Sovereignty, and the Future of First Nations Social Enterprise in Australia

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Acknowledgement of Country

We acknowledge the First Peoples of this continent as custodians of the unceded lands on which we work, live and play. We pay respects to Elders past and present and honour First Nations knowledges, cultures, and relationships that have cared for community and Country, people and place, for thousands of years.

Australia's social enterprise sector is navigating what practitioners have come to call the 'definition wars'; a protracted and, at times, acrimonious debate about what a social enterprise actually is, who qualifies, and who gets to decide. The stakes are not merely semantic. As government procurement frameworks expand, as the Social Enterprise Development Initiative (SEDI) channels public funding into the sector, and as social enterprise certification becomes a gateway to contracts, recognition, and investment, the question of definition has become a question of economic access. With an estimated 12,000+ social enterprises contributing approximately $21.3 billion to the Australian economy, the definitional boundary is also an obstacle to substantial economic terrain.

At the centre of the debate lies an unresolved tension between commercial activity and social mission, between those who argue that for-profit entities with social goals legitimately belong in the sector, and those who insist that profit-reinvestment thresholds, rules about how much of a business's income must come from selling goods or services, and not-for-profit structures are necessary to distinguish genuine social enterprise from what critics have termed "social washing." Across Australian jurisdictions, a working definition has gradually emerged through the efforts of sector intermediaries, certifying bodies, and government programs, reflecting a partial coalescence around shared criteria: a public or community cause; substantial income from trade; reinvestment of the majority of surplus into mission; and a not-for-profit or for-purpose orientation. Yet even this apparent consensus masks ongoing contestation about thresholds, enforcement, and scope.

What the mainstream definition wars have largely failed to reckon with, however, is the question that goes furthest in exposing the limits of existing frameworks: not whether their boundaries should shift, but whether First Nations enterprises that are grounded in community, culture, and Country, should be required to seek legitimacy within a framework built without us, to satisfy criteria that were never conceived with our economic realities in mind.

This question, posed repeatedly in recent years and taken up in depth by the SEDI First Nations Reference Group in 2025, is not a variation on the for-profit versus not-for-profit debate. It is a different order of challenge entirely. It asks not whether the boundaries of an existing framework should be drawn more tightly or more loosely, but whether the framework itself, its underlying assumptions, its measurement tools, its decision-making structures - is adequate to the task of recognising First Nations economic life at all. This opinion piece argues that it is not, and that the definitional debate currently animating the sector is a symptom, not the source, of a deeper structural problem: the systemic exclusion of First Nations peoples from the processes through which definitions, frameworks, and eligibility criteria are designed, legitimised, and enforced. Resolving that problem requires not merely a more inclusive definition, but a fundamentally different approach to co-design - one that begins from, and remains accountable to, First Nations terms of reference.

The Provenance of the Problem

The social enterprise concept itself has Western European origins, developed in the UK and Scotland in the early 2000s as a framework for businesses generating social impact through trading income reinvested into social or environmental purpose. When it arrived in Australia, it was adopted by a diverse range of organisations without ever being fully formalised; a condition that gave rise to the definitional contestation the sector continues to navigate today. Critically, the sector took shape without meaningful engagement with First Nations peoples, communities, or economies.

This matters because definitions are never merely descriptive, they are normative instruments; they determine who is recognised, who is resourced, and who is rendered invisible. The prevailing working definitions in Australia share a common structural feature: they were each developed within a western capitalist logic that treats social and environmental impact as an addition to business, something that must be explicitly named, measured, and proven, rather than understood as intrinsic to how a business operates. For First Nations businesses, this framing is not only foreign, but also actively misrepresentative. Community, Country, and culture are not social impact add-ons to an otherwise commercial enterprise, they are often the constitutive logic of the enterprise itself.

As one member of the SEDI Reference Group asked plainly: "*Where was our invite when the definition was written? Where was our input and consideration for our ways of doing business*?" The answer carries real consequence: First Nations businesses did not merely arrive late to a table that was already set, they were not invited to help set it at all.

Structural Exclusion Disguised as Inclusion

What makes the current situation particularly difficult to navigate is that the sector presents itself as open and welcoming while its operative gatekeeping mechanisms remain narrow, rigid, and misaligned with First Nations ways of operating.

The same certification processes, revenue thresholds, and profit-reinvestment requirements that are contested within the mainstream definition wars take on an additional dimension when viewed through a First Nations lens. They were designed to distinguish social enterprises from conventional commercial entities within a particular understanding of markets, ownership, and value. They were not designed, and have not been adapted, to accommodate businesses whose relationship to Country, kinship obligation, and intergenerational responsibility is constitutive of, rather than additional to, their economic activity.

This is structural exclusion operating under the guise of inclusion. First Nations businesses that seek recognition, funding, or participation within the sector are required to translate their purposes, practices, and impacts into a language and logic that was never built to hold them. Those that do so successfully are, in a meaningful sense, rewarded for their capacity to conform. Those that do not are rendered ineligible, not because they lack social purpose, but because their social purpose does not speak the

sector's dialect. The Reference Group named this dynamic directly: "*The sector rewards Indigenous businesses that compromise to fit within existing frameworks, rather than those most aligned with community, culture, and Country*."

The consequences are not merely symbolic, access to funding, procurement opportunities, mentoring programs, and sector networks frequently depends on meeting definitional criteria. When those criteria are structurally misaligned with First Nations enterprise realities, the result is a systematic narrowing of economic opportunity -compounded, as the Reference Group noted, for early-stage businesses where the administrative and compliance overhead of certification can actively undermine financial viability. The burden falls hardest on those the sector ostensibly most seeks to support.

First Australians Capital's reflection on the 2022 Social Enterprise World Forum identified the same dynamic operating at an international scale, noting that Indigenous businesses' reluctance to identify as social enterprises stems not from a lack of social purpose but from the sector's failure to adequately value Indigenous cultural practices and knowledge; a failure made structurally concrete in certification processes that include no Indigenous cultural principles as factors for consideration.

The Deeper Tension: Capitalism, Country, and Community-Centred Economies

Beneath both the mainstream definition wars and the challenges facing First Nations social enterprises lies a deeper philosophical tension that the sector has yet to fully confront. Social enterprise certification frameworks were developed as a response to the excesses of capitalist profit-maximisation. In doing so, they created a new category for purpose-driven organisations to inhabit; what they did not do was interrogate the underlying logic of capitalism itself.

The mainstream debate, about for-profit versus not-for-profit, the 50% reinvestment threshold, and trade dependency, remains largely internal to that capitalist logic. It asks how much of a business's profit must be redirected, and into what kinds of purposes, in order to qualify as socially purposeful. It does not ask whether profit accumulation and linear growth are themselves appropriate measures of enterprise success, or whether economies organised around reciprocity, cyclical responsibility, and care for Country might constitute a distinct and legitimate economic paradigm altogether.

First Nations economies operate from fundamentally different premises. Rather than treating community as the intended beneficiary of economic activity, First Nations enterprises often understand community as central to every part of the process: why the business exists, how it operates, and how success is measured.

As the Reference Group observed, *"revenue criteria embedded in verification frameworks assumes that markets are neutral and rewards market participation as independence. This ignores structural exclusion from capital and credit experienced by First Nations businesses, undervalues non-cash economies of care and exchange, and rewards capitalist standards of linear growth over ideas of cyclical responsibility."* Social capital, in this context, cannot be reduced to an economic equation, nor should it be asked to justify itself in those terms.

This tension is also, at its foundation, a tension between irreconcilable understandings of sovereignty. Western sovereignty, as Moreton-Robinson (2015) theorises through the concept of the possessive logic, is essentially a property transaction: enacted through legal ownership of territory, reified in institutions, and premised on the capacity to classify, possess, and control. It derives its authority from the power to define who belongs and who does not.

Indigenous sovereignty operates from an entirely different ontological foundation - an enduring, reciprocal, and living relationship between people, Country, and all its elements. It precedes colonial invasion, was never ceded, and cannot be extinguished by settler legal decree or administrative practice. Where western sovereignty asks what can be owned, Indigenous sovereignty asks how an entity belongs - not as a holder of title but as a participant in an ongoing web of obligations to all other entities.

These are not different political positions on a shared question. They are different questions entirely, emerging from irreconcilable understandings of what it means to exist in relationship with place.

Social enterprise certification frameworks, built within western sovereign logic, cannot be neutral instruments when applied to enterprises whose foundational logic is sovereignty of a different order altogether.

This is not an argument against rigour or accountability. First Nations enterprises are deeply accountable - to community, to Country, to the cultural obligations that predate any government program or sector certification scheme. The question is not whether accountability matters, but to whom it is owed and through what mechanisms it is expressed.

What Co-Design Actually Requires

The sector's response to these critiques has often been to call for greater inclusion, more First Nations voices on advisory committees, more culturally sensitive frameworks, more flexible definitions. These gestures, while not without value, are insufficient if they do not address the structural conditions that produce these barriers in the first place.

Genuine co-design is not the same as consultation. It is not the incorporation of First Nations perspectives into frameworks whose fundamental architecture remains unchanged. It requires that First Nations peoples hold genuine decision-making authority over the terms on which their enterprises are recognised, measured, and supported. It requires that the sector be willing to

hold its own assumptions - about markets, about impact metrics, about what constitutes a viable business - up to scrutiny, rather than treating them as the neutral baseline from which all other approaches depart.

It also requires the sector to reckon honestly with the diversity of First Nations enterprise. Indigenous ownership of a business does not, in itself, guarantee alignment with the cultural values, obligations, and community accountabilities that distinguish genuinely community-centred enterprise from its extractive counterparts. First Nations peoples are not a monolith, and Indigenous-owned businesses exist across a broad spectrum - some deeply embedded in cultural protocols and reciprocal practices, others operating in ways that may replicate the very extractive logics that authentically culturally informed enterprises are positioned to resist.

To treat Indigenous ownership as an automatic proxy for cultural integrity is a form of essentialism that does injustice to that diversity and, critically, to the communities who may bear the cost when businesses operating in their name do not act in their interest. This dynamic is increasingly recognised in the literature on black cladding (Watson, 2026), where the appearance of Indigenous ownership or participation is used to access benefits intended for genuinely community-centred enterprise, without the underlying cultural accountability those benefits are designed to support. A robust and self-determining First Nations social enterprise framework must therefore include the capacity for communities to articulate where a business, regardless of its ownership, falls short of the cultural standards it claims to embody. Accountability to Country, kin, and community is not a given - it is a practice, and frameworks that cannot name its absence cannot meaningfully affirm its presence.

A First Nations social enterprise framework, developed from First Nations terms of reference, informed by diverse First Nations ways of doing business, and capable of recognising social, cultural, community, and intergenerational impacts that are not legible within Western business frameworks, is not merely desirable. It is necessary if the sector is serious about economic self-determination rather than managed inclusion.

Such a framework would need to be living and evolving rather than static; grounded in Indigenous governance principles and cultural protocols as legitimate verification criteria; and capable of holding qualitative and narrative forms of impact evidence alongside, or in place of, quantitative metrics.

The SEDI program, as a government-resourced initiative with a stated commitment to growing First Nations participation, is well positioned to catalyse this work, not by designing the framework on behalf of First Nations enterprises, but by resourcing First Nations-led processes to do so, and by being willing to restructure its own eligibility criteria in response to what those processes produce. The question of whether SEDI, and the broader sector, have the institutional appetite for that level of transformation is one that only sustained and honest engagement can answer.

Conclusion: Sovereignty at the Heart of the Question

The social enterprise definition wars will not be resolved by a better definition. The more fundamental question they have so far failed to raise is whose terms of reference govern the recognition of economic participation and enterprise? And who holds the authority to set them? Such questions will not be answered by adding a new clause to an existing framework.

The SEDI Reference Group's deliberations make clear that First Nations businesses are not waiting for the sector's permission to do what they have always done: build enterprises grounded in community, Country, and intergenerational responsibility as a foundational way of doing business. The question is whether the sector, the philanthropic bodies and government programs that resource it, will find the will to transform their frameworks in response - or whether existing frameworks will continue to mistake conformity for inclusion.

The definition wars, properly understood, are a question about sovereignty. They will be transcended not when a more precise definition is agreed upon, but when First Nations peoples are positioned not as subjects of definitional debate but as architects of the frameworks through which their economic sovereignty is expressed and sustained.

This opinion piece draws on deliberations of the SEDI First Nations Reference Group (September 2025) and supporting literature including First Australians Capital (2022), Addressing Indigenous Economic Inclusion in the Social Enterprise Sector.

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