



Shaping the Future of Employment Services

Submission from Social Enterprise Australia
July 2026



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About Us

Social Enterprise Australia is the national peak body for social enterprise. We're for an economy that puts people and the planet first, and for unlocking the power of social enterprise to help get us there. We connect and advocate for the sector and coordinate its national strategy. We are a delivery partner of the Australian Government on the Social Enterprise Development Initiative (SEDI), and convene the Community of Practice for its Economic Pathways to Refugee Integration (EPRI) program.

We are a democratic, member-based organisation. Our direction is set by the sector, and we provide a bridge for it to partner with the Australian Government and others to grow impact.

Executive summary

This submission responds to the Australian Government's discussion paper, *Shaping the Future of Employment Services* (27 May 2026). It draws on four inputs: an evidence review¹ which synthesises the available research; related data held by Social Enterprise Australia (SEA); direction from SEA's (Work Integration Social Enterprise) WISE Hub members², who bring deep, on-the-ground experience across a range of employment contexts; and structured consultation about this submission with social enterprises and other ecosystem actors leading work in this area.

Social enterprises operate across every industry and could play a role anywhere in the reformed employment system. This submission focuses on unlocking the specific contribution of **WISEs, a distinct sub-category of social enterprise with specific value in the employment system.** We have done so because they represent what the social enterprise sector can uniquely offer. This submission does not offer holistic recommendations about the employment services system; not because these are not needed, but because this goes beyond our distinct expertise.

WISEs create jobs and pathways to employment and self-employment for people most shut out of work. They often focus on groups most impacted, such as people with disability, young people, First Nations Australians, people impacted by the justice system, refugees and people seeking asylum, women escaping domestic violence, and people who are long-term unemployed. WISEs complement, rather than replace, universal employment service provision. They produce better outcomes than universal employment services alone because:

- They combine real work settings with structured development and wrap-around support.
- In communities with too few jobs, they create new ones.
- They prevent and address long-term unemployment.
- They influence and support mainstream employers to be more inclusive, building employer capability, demonstrating inclusive employment practices, and creating pathways into mainstream work.

The case for WISEs is well recognised. Research consistently shows that, for people experiencing significant disadvantage, WISEs produce better employment outcomes than mainstream employment services acting alone. Indeed, three separate government reviews since 2023 – the *Workforce Australia Review*, the *Employment White Paper*, and the *Disability Royal Commission* – each identified WISEs as part of the answer for the people the current system serves least well. This discussion paper does the same, explicitly identifying social enterprises as "*a key opportunity for the new system*" within Intensive Services (Stream 3).

¹ Social Enterprise Australia's position draws on an evidence review by GoodWolf Partners (The Case for WISEs, 2026); the WISE Learn Book (2026); Understanding the Impact Costs of WISEs (CSI Swinburne, 2023); A People-Centred Approach to Employment Services (Barraket, Qian & Riseley, CSI/Westpac Foundation, 2019); the White Box Enterprises Payment by Outcomes trial analyses (Taylor Fry, 2023 and 2024; CSI Swinburne evaluation, 2024); Scaling the Employment Outcomes of WISEs (University of Melbourne, 2025); The Role of WISE in Employment Services Reforms (University of Melbourne, 2024); Building a Taxonomy of Jobs-Focused Social Enterprise in Australia (Khan, Barraket & McGann, University of Melbourne, 2026); Current Policy Debates and Their Implications for Inclusive Employment Through Social Enterprise (Khan & Barraket, University of Melbourne, 2024); EPRI program case studies (2025); and SEA's ongoing WISE Hub co-design and consultation. Previous SEA submissions referenced include Unlock the Impact of Social Enterprise: 2026–27 Pre-Budget Submission (January 2026); Economic Pathways to Refugee Integration: Requests of the Australian Government (January 2026); Work Integration Social Enterprise: Requests of the Australian Government (December 2024); and Jobs Through Social Enterprise: Submission to the Inquiry into Workforce Australia Employment Services (August 2023).

² A Committee convened by Social Enterprise Australia. It exists to advocate for the customers, capital, policy and investment needed to unlock the distinct contribution of WISEs to grow access to decent work. Its members come from: All Things Equal, Paul Ramsay Foundation, ShoreTrack, Social Enterprise Australia, Social Ventures Australia, STREAT, and White Box Enterprises.

SEA welcomes this recognition. We also note that social enterprises already work with people characterised in the discussion paper as closer to the labour market, often on the basis of early intervention, and that, with appropriate system design, they could contribute beyond Stream 3.

What the discussion paper does not name is the structural barrier that must be overcome to unlock WISE contribution at scale. It is the unresolved question of how, and by whom, impact costs are met. WISEs generate commercial revenue through trade, but the additional costs of creating and sustaining employment for people facing significant barriers – the impact costs – cannot sustainably be funded through trade revenue alone. There is currently no systematic mechanism to cover this gap. Because impact costs grow as a WISE grows, scale does not resolve the problem, but rather enlarges it. The result is that most WISEs remain small and dependent on grants, gifts and donations. And Australia is not securing the public value and savings WISEs can create because they are not routinely paid for by the Australian Government.

SEA recommends the reform:

- 1 Pay WISEs for the public value and savings they create, as employers or pathway providers,** through payment mechanisms designed for the way WISEs work.
- 2 Establish a social enterprise innovation fund** to test payment, commissioning and delivery models that do not yet fit standard mechanisms.
- 3 Invest in collaboration infrastructure** at the place, cohort and national levels, including the capacity needed to build the sector-level evidence the system currently lacks.
- 4 Introduce proportionate wellbeing and progression measurement** alongside existing employment metrics.
- 5 Develop and implement employment services reforms with the social enterprise sector,** through a standing role in co-designing and refining the reform.

The first four form a coherent, staged reform package to: recognise and fund the distinct value WISEs create now; test and refine future models through innovation; invest in the collaboration and evidence infrastructure that connects WISEs into a reformed system; and measure success in a way that reflects what good outcomes actually look like. The fifth is an explicit commitment to ongoing partnership with the sector needed to keep the design grounded as it is built out. Delivered together, they would allow the new system to realise the role it already envisages for WISEs.

Context

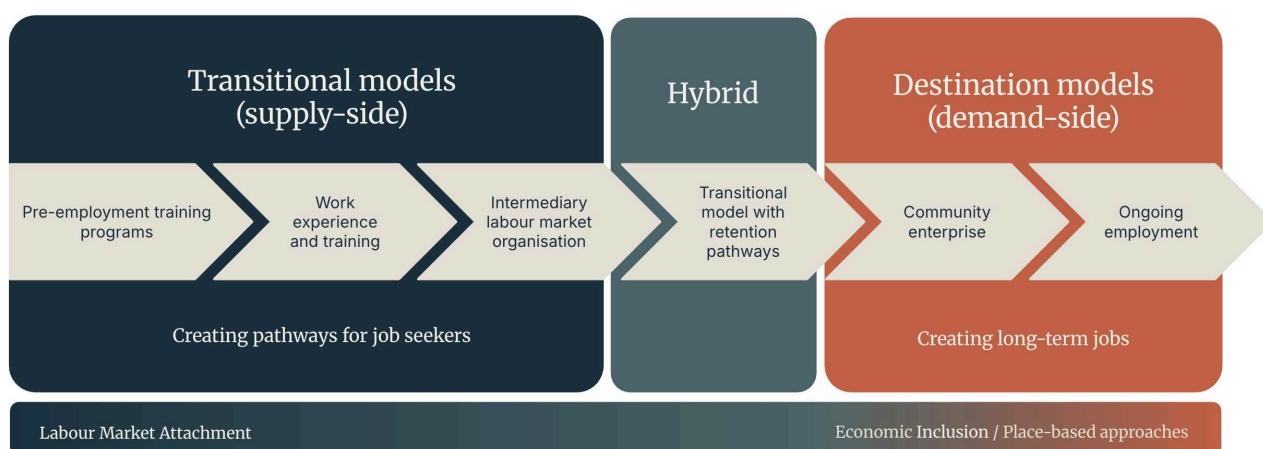
This submission addresses the design of Australia's new employment services system as set out in the discussion paper. It focuses on parts of the design for people experiencing multiple and complex barriers to employment – including the review of wage subsidies and provider incentives, outcome measurement, and commissioning arrangements for community-based and social enterprise delivery.

Two framing points shape what follows below.

First, **social enterprises operate across every industry and could play a role anywhere in the reformed system**. Their defining feature is that they put people and planet first: they exist to deliver social outcomes and reinvest to that end. This makes social enterprises well suited to contribute to the design and delivery of the person-centred approaches that are intrinsic to generating the kinds of outcomes the reform agenda is seeking. Adopting an outcomes-first orientation across reform measures would benefit every part of the employment system, from Stream 1 through to commissioning. Social enterprises welcome that test, because it is one they can meet.

Second, and the focus of this submission, **WISEs are a distinct sub-category of social enterprise with specific value in the employment system**. They are well suited to supporting people with multiple and complex barriers to employment. In the discussion paper, this maps most obviously to Intensive Services (Stream 3), but depending on how stream eligibility is defined, it may extend more broadly – for example, many people who would benefit from engagement with a WISE are currently characterised as Stream 2. The reform should avoid designing WISEs into only Stream 3 if that inadvertently excludes participants who could benefit from early intervention.

WISEs are not a single kind of provider. As set out below, a WISE can be a **pathways provider** (focused on pre-employment preparation and/or post-placement support), a direct **employer**, or both. As shown in the Figure below, the employment offered can be **transitional** (a pathway into the open labour market), **destination** (permanent employment within the enterprise), or **hybrid**.



Sources: *The Role of WISE in Employment Services Reform (2024)*, *WISE Learn Book (2026)*

This diversity is well documented: a 2026 survey-based taxonomy of Australian WISEs³ found the sector split fairly evenly across enterprises focused on building job-readiness (around a third), enabling transition into work with other employers (around a third) and providing longer-term employment directly (around a fifth), and spanning not-for-profit (about 71%), for-profit, and nested or hybrid structures. As that study notes, this diversity is not yet well understood by policymakers and funders. It is a strength, but it means the system must be designed to accommodate more than one model of success, rather than a single definition of a WISE. It is also worth noting that WISEs' deep experience with flexible, integrated and tailored support offers the Government an opportunity to commission their expertise in how to deliver – helping to *"lift provider diversity, capability,*

³ Khan, C., Barraket, J., McGann, M. (2026). Building a Taxonomy of Jobs-Focused Social Enterprise in Australia: The Key Characteristics of Work Integration Social Enterprise (WISE). University of Melbourne, Australia.

experience and local labour market connections" (discussion paper, p.33), an objective that sits across the whole reform agenda.

Finally, we draw attention to the demand side. In many regional and job-poor communities, the barrier is not only the individual's distance from the labour market but a genuine shortage of suitable jobs, transport, digital access and employer capability. WISEs contribute here too – by creating jobs in communities with too few, and by building the readiness of mainstream employers to hire and retain people facing barriers. Research on the recent reform inquiries highlights a distinctive contribution of WISEs here: they reduce the actual and perceived risks employers associate with hiring people who are disadvantaged in the labour market, integrating the demand-side and supply-side approaches the current system tends to treat separately. This is a contribution distinct from supporting individuals, and we return to it in Recommendations 2 and 3.

The evidence for WISEs' distinct value

WISEs exist to create jobs and pathways to employment and self-employment for people most shut out of work. Because they do this in real-world employment settings, participants are engaged in genuine, meaningful work while building vocational and generalised skills, self-esteem, and a stronger sense of belonging. This employment setting is precisely what makes the model effective.

Independent evidence shows the model works. Under the Department of Social Services' *Payment by Outcomes Trial 3* – led by White Box Enterprises and modelled independently by Taylor Fry – 82% of WISE participants remained employed at 26 weeks, compared with 11.7% through Workforce Australia services (2025 data). Across the two Taylor Fry analyses⁴⁵, WISE participants were \$15,500 (13%) to \$17,500 (14%) better off in net income over five years than the comparable DES counterfactual, and government incurred 17–20% lower net fiscal costs over the same period – \$18,300–\$21,900 less per person. Participant survey data from a separate PBO Year 2⁶ evaluation found 80% reported improved employment circumstances, 76% an improved sense of belonging, 72% improved skills, 64% improved financial circumstances and 64% improved mental health. A foundational Australian study⁷ identifies six domains of individual-level change WISE employment enables – income, meaningful work experience, worker identity, vocational and generalised skills, self-esteem and self-efficacy, and belonging.

The Economic Pathways to Refugee Integration (EPRI) program, funded by the Department of Home Affairs, provides further evidence. It funds social enterprises to deliver specialised economic-participation support for humanitarian and refugee entrants with low English and/or low recognised skills. Commencing in 2023 as a \$24.6 million pilot, EPRI has since been extended with a further \$7.7 million allocation twice. It is delivered by 20 social enterprises and auspice partners. From commencement to November 2025, more than 3,300 refugee and humanitarian entrants engaged in the program; over 1,100 sustained 26 weeks of part-time or full-time work; and more than 900 transitioned to open employment. EPRI is a working example of government funding the impact costs of WISE delivery and getting measurable outcomes in return.

⁴ Taylor Fry. (2023). Payment by Outcomes trial: First year evaluation preliminary data analysis. White Box Enterprises.

⁵ Miller, H., & Taylor Fry. (2024). Costs and benefits comparison: Social enterprise employment and Disability Employment Services [Report summary]. White Box Enterprises.

⁶ Suchowerska, R., Moran, M., & Elmes, A. (2024). Evaluation of Payment by Outcomes Trial 3: Year 2 report. Centre for Social Impact, Swinburne University of Technology.

⁷ 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.

The four levels at which WISEs create value – individual, family, community and government – are illustrated by enterprises working with different cohorts and different models.

Dismantle (Western Australia; young people; transitional). Since 2013, Dismantle has supported over 3,000 young people facing significant disadvantage. Its ReNew Property Maintenance enterprise has employed 150 young people – 74% in their first job – and paid \$1.8 million in wages. In 2024, 73% of exiting employees transitioned into further employment, education or training. A \$100,000 seed investment enabled trade revenue to grow to \$5.6 million.⁸

Free to Feed (Melbourne; refugees and people seeking asylum; hybrid). Over ten years, Free to Feed has supported hundreds of people from refugee and asylum-seeker backgrounds into paid employment, generating \$3 million in wages and thousands of community connections. Its model is primarily transitional, employing people as cooking instructors, while also offering ongoing employment and prioritising lived experience in its core team.⁹

Green Collect (Melbourne; multiple cohorts; destination-oriented). In FY2025, Green Collect directly supported 59 people from priority cohorts – including refugees, young people at risk, and people facing complex barriers due to health and social disadvantage – through paid work and training, while diverting 410 tonnes from landfill and recirculating 87,000 items.¹⁰

Community Resources (National; multiple cohorts; hybrid). In FY2025, Community Resources provided direct employment opportunities for 822 people, plus 138 with third-party employers (70% of whom joined them when experiencing barriers to work), and 15,842 training and development outcomes. Within its staff base, 117 people identify as Aboriginal and/or Torres Strait Islander and 149 as former refugees.¹¹

Fruit2Work (Victoria and South-East Queensland; people impacted by the justice system; hybrid). Since establishment, Fruit2Work has employed and transitioned more than 100 people impacted by the justice system and eliminated more than \$20 million in recidivism costs (based on a cost of \$500,000 per person annually).¹²

These are not outliers. Other enterprises involved in Social Enterprise Australia's consultations for this Submission reported comparable results: e.g. **GoodCycles**, a youth employment program, independently evaluated over 2.5 years reported improved mental, physical and financial wellbeing and generated more than \$98,000 in social value per young person; and **HoMie**, working with young people affected by homelessness,

⁸ GoodWolf Partners. (2026). A WISE Learn Book: Working better together. Westpac Foundation.

⁹ GoodWolf Partners. (2026). A WISE Learn Book: Working better together. Westpac Foundation.

¹⁰ GoodWolf Partners. (2026). A WISE Learn Book: Working better together. Westpac Foundation.

¹¹ Community Resources. (2025). Community resources FY25 annual report.

¹² <https://fruit2work.com.au/our-impact/>

reported 86% of participants achieving outcomes against a mainstream benchmark of around 30%. Taken together, the evidence points in a consistent direction: for people facing significant barriers, WISEs produce stronger and more durable employment, income and wellbeing outcomes than mainstream services acting alone.

The barrier: impact costs and an unrecognised value gap

WISEs earn revenue by selling goods and services in the market – that is their business model. But, unlike commercially focused businesses, they are purpose-first. And delivering employment outcomes for people facing significant barriers costs more than running an equivalent commercial business. Additional supervision and coaching, job-readiness training, accessible premises, transport support, external training and employer engagement are all **impact costs**: i.e. the additional expenses a WISE (or social enterprise) incurs to deliver its social purpose that an equivalent business does not bear.

Research into impact costs, across a sample of five WISEs¹³ found that WISEs incur additional costs as a result of their social purpose across three categories: employee costs are consistently the largest category, ranging from 54–86% of total impact costs, alongside property and external training costs. The research report explains (p.14):

Overall, higher employee costs in WISEs are a result of:

- *Staffing the additional supports that are provided to target employees.*
- *The need for management to engage with the social enterprise ecosystem, including government, funders and other social enterprises.*
- *Additional staff to compensate for less experienced, qualified and/or efficient target employees.*
- *Higher rates of leave and absenteeism and the hours-of-work limitations of some target employees due to disability or other life circumstances.*

In addition, those WISEs that offer a transitional employment model tend to report relatively higher employment costs due to the high turnover of workers that is inherent in that model.

Critically, impact costs are predominantly **variable, not fixed**: they grow in absolute terms as a WISE creates more jobs and employment pathways. The commercial assumption that unit costs fall with scale does not hold. This is the crux of the structural problem for WISEs – and a point the reform must grasp: under current conditions, **scaling a WISE scales its resourcing gap**.

Governments are understandably wary of beginning to pay for something they have received without payment to date. But the more accurate framing is that Government is not currently securing the potential value WISEs can create precisely because it is not paying for it. Most WISEs remain small because this gap exists. A routine payment would allow Government to secure substantial public value and savings at scale, whilst also supporting the stability and sustainability of effective WISEs.

A commonly cited estimate¹⁴ puts impact costs at around 30–35% of overall costs, though this figure is not yet supported by aggregate research and should be treated with caution. Impact costs vary significantly by cohort complexity, industry, employment model, geography and size. To date these costs have been absorbed by the sector and (in many cases) supported by philanthropy – a structural misalignment, not a sustainable solution.

¹³ Pullen, T., Webster, J., & Ward-Christie, L. (2023). Understanding the Impact Costs of Work Integration Social Enterprises. Centre for Social Impact, Swinburne University of Technology, Hawthorn, Australia.

¹⁴ GoodWolf Partners. (2026). A WISE Learn Book: Working better together. Westpac Foundation.

The *Workforce Australia Review* described the problem in concrete terms: WISEs “frequently do considerable work preparing jobseekers for employment and matching them to vacancies”, but “are often not compensated for their efforts”, because outcome payments flow to the contracted provider, and exclude the WISE that delivered employment and pathways to it. This creates no incentive for WISEs to engage with Workforce Australia participants.

International experience shows another way is possible. France's *Aide au Poste* – a €1.3 billion annual program supporting more than 4,500 work-focused social enterprises to employ close to 170,000 people a year – directly funds the wrap-around support, training, transition assistance and productivity costs that make WISE employment possible. This is the structural equivalent of what Australia calls impact costs, with the critical difference that in France they are met by the state as a matter of employment policy rather than left to philanthropy. The ‘French model’ was cited positively across SEA's consultations – the one international model to attract unambiguous cross-group support – for its individual-attached, multi-year funding (up to two years, reimbursed monthly), its explicit coverage of impact costs rather than just wages, and its demonstration that governments can fund social enterprises as genuine employment partners. An Australian iteration would necessarily be partial, and the underpinning verification infrastructure would need to be strengthened, but the design principles are instructive. A version proportionate to the Australian context is a strong candidate for testing (see Recommendation 2).

Scotland offers a complementary lesson: a procurement-led, demand-side approach that recognises social enterprises in public contracting. This is a lever largely absent from Australia's current settings. Consistent with the recent Better Competition, Better Prices Inquiry, this points to procurement that moves from a price-driven to a value-based model, one that weighs demonstrated social outcomes and past performance, stimulates WISE markets through social procurement, and allows direct referral from employment services to social enterprises, so that the organisation doing the work is paid for it.

Indeed, SEA consistently advocates¹⁵ for the Australian Government to commit to a whole-of-Government strategy for its work with the sector, to enable a holistic, consistent and connected approach to scale social enterprise impact. We see this complementing the sector's own strategy¹⁶, which focuses on community-led vision and impact delivery.

Where the reform's own settings need to go further

SEA supports the discussion paper's reform directions – redesigned provider incentives, a review of wage subsidies, and more diverse commissioning for intensive services – as the right places to close this gap. However, some key gaps remain:

- There is as yet no specific mechanism that pays a WISE directly for the employment and progression outcomes it creates, nor settings that recognise the intrinsic value of their work and support WISE model sustainability and growth.
- The proposed outcome measurement does not resolve the mismatch the sector has long identified: current settings measure success in binary terms (employed or not), which systematically disadvantages

¹⁵ Social Enterprise Australia. (2026). *Unlock the impact of social enterprise: 2026–27 pre-Budget submission*.

¹⁶ Social Enterprise Australia. (2026). *Australia's social enterprise strategy*.

destination-model WISEs, for which ongoing supported employment *is* the outcome, and the cohorts they serve.

- The evidence base that would let Government calibrate any new payment or commissioning setting with confidence has a structural gap of its own. Outcomes data disaggregated by cohort and by WISE model (transitional, destination, hybrid) is not routinely collected, and the capacity needed to aggregate this evidence and connect WISEs into a reformed system is under-resourced. (The Department of Social Services' *National Social Enterprise Research Project* is a welcome step towards addressing this.)

The recommendations below respond directly to these gaps: payment, innovation, infrastructure, measurement and partnership.

Recommendations

Recommendation 1

Pay WISEs for the public value and savings they create, as employers or pathway providers

Responds to discussion paper questions: 8 (positive engagement with mutual obligations), 12 (supports employers need to recruit and retain), 14 (accommodating diverse cohorts), 15 (a nationally consistent service responding to local circumstances), 16 (provider incentives for suitable, sustainable jobs), and 18 (commissioning for provider diversity).

The commercial revenue WISEs generate through trade is separate from the additional public value they create through employment outcomes for people facing barriers. This public value currently attracts no routine payment. We recommend that the redesigned provider incentive settings and the review of wage subsidies (which could be reframed as an "impact subsidy") include two payment mechanisms designed for the way WISEs work. This recommendation should not be conflated with, or used as a substitute for, arguments about a WISE's commercial viability. Either mechanism should be available to a WISE whether acting as a direct employer or supporting a person's progress to employment, once per participant and to a broadly similar maximum total value, so that the mechanism does not distort which model a WISE adopts.

- **An employer-side payment** recognising the impact costs a WISE carries as a direct employer of a person facing significant barriers to work. An indicative figure of around \$20,000 per participant has been used in consultation, but the evidence and sector feedback suggest this should be treated as a starting point rather than a fixed rate: actual impact costs vary widely, are materially higher for some cohorts and settings, and should carry loadings for complexity, part-time arrangements, and thin or regional markets. The payment should be calibrated to reflect the public value and fiscal savings created (the PBO evidence of \$18,300–\$21,900 in net fiscal savings per person over five years is a useful anchor), with the final level and structure settled through co-design.
- **A pathway-provider-side payment** for a WISE supporting a person's progression toward employment, linked to progression milestones against the agreed Employment Goal Plan.

To distinguish eligible WISEs from mainstream employers (who also employ people experiencing barriers), eligibility for WISE payments should rest on clear criteria. Social Enterprise Australia and all state and territory peak bodies in Australia endorse the [global standards](#) to define social enterprise. Work has been completed to map clear **identification criteria** against these standards in an Australian context. We

support there being a market for verification and certification, and the use of all verifications or certifications that, to a high standard, confirm an organisation meets the definition and identification criteria. Further, we support the development of a limited number of criteria to confirm WISE status, as a distinct sub-category of social enterprise, co-designed with the sector broadly.

Both payment types should be designed on the following principles:

- **Do not transfer employment-support risk to WISEs** and therefore, ultimately, closer to participants.
- **Accessible through small, repeatable, straightforward contracts** available to WISEs of all sizes, with minimal viable compliance, recognising that heavy tender and reporting burdens exclude the small, locally embedded organisations that often do this work best.
- **Flexible to person-centred arrangements**, with payment rules adaptable to circumstances; for example, milestones calculated against cumulative compliant periods rather than fixed weekly hours from day one.
- **Multi-year, with staged reviews**, so WISEs can plan and sustain the longer development pathways participants need.
- **Based on clear, consistent criteria**, rather than at the discretion of an employment services provider or administering body.
- **Paid early and reliably**, as support costs are highest at the start; funding should flow from commencement to support WISE stability, not in arrears; and outcome and milestone-based payments must not quietly recreate the cash flow gap the current system imposes.
- **Enable early intervention**, accessible to any participant experiencing multiple and complex barriers, regardless of Stream.
- **Recognise engagement with a WISE as meeting mutual obligations**, or remove mutual obligation requirements for WISE participants, as these undermine the supportive, relational, and developmental workplace models that characterise effective WISEs.
- **Include funding for post-placement support** to improve retention, particularly in the critical first 4–12 weeks, and for both the participant and the employer.

Many of these principles are relevant to wage subsidies more broadly, as they create conditions for participant outcomes and a more person-centred approach.

Employer engagement and readiness-building – inclusive recruitment, workplace adaptation, supervisor coaching and retention support – is one of the most valuable and under-recognised functions WISEs perform, and should be a named, fundable component of the pathway rather than absorbed silently into a general outcome payment.

Some design questions are best resolved through a test-and-learn approach rather than settled in advance, and an innovation fund (Recommendation 2) would facilitate this approach. These include how the payments interface with the Supported Wage System, the NDIS and mainstream wage subsidies – without double-paying or leaving refugee and other cohorts, who have no equivalent third-party wage support, worse off; and how to ensure the payment rewards genuine progression rather than inadvertently

rewarding the retention of participants over their transition, or creating competition that undercuts the collaboration this reform seeks to build.

Recommendation 2

Establish a social enterprise innovation fund

Responds to discussion paper questions: 14 (accommodating diverse cohorts), 18 (commissioning approaches for provider diversity), and 19 (continuous improvement).

A single payment model will not fit every cohort, context or emerging idea. Consistent with the test-and-learn approach the government has already committed to for the early targeted rollout of Intensive Services, we recommend a dedicated fund for innovation trials, so that future design and payment settings can be built around emerging evidence rather than fixed in advance. This positions the fund as a mechanism for generating evidence and building the sector's capacity and capability to deliver at scale - not simply another funding stream.

The fund should have a clear, defined purpose. Priority uses include: testing new commissioning and payment models (including a proportionate version of the French *Aide au Poste* approach and blended upfront-plus-outcome models); understanding the models and costs of pathways for specific cohorts where evidence is thin (for example, people exiting the justice system); testing place-based and industry-based partnerships, including in high-growth areas such as circular economy and e-waste; and building understanding of the demand-side and thin-market challenges - job creation, transport, employer readiness - that individual-focused payments do not address. This gives government a route to act now on what is well understood (Recommendation 1) while building understanding of what currently is not.

The three collaboration "layers" in Recommendation 3 (place, cohort and national) should guide the design of trials. The fund will need guardrails to ensure it delivers sector-relevant learning and is not lost within departmental processes, and clarity on who administers it and how funds are distributed equitably.

Recommendation 3

Invest in collaboration infrastructure

Responds to discussion paper questions: 14 (partnering with employers, employer supports, and diverse cohorts), 15 (responding to local circumstances), 18 (commissioning for provider diversity), and 19 (continuous improvement and sharing best practice).

Delivering a person-centred approach takes different parts of a system each doing what they're best at and working well together. A widely acknowledged problem in the current system is excessive competition between providers, which undermines the sharing of best practice and innovation and, ultimately, disadvantages the vulnerable jobseekers the system exists to serve. As Government considers which commissioning approaches will best enable provider diversity as a foundation for Intensive Services, we encourage a value-based approach that weighs demonstrated outcomes and past performance and is agnostic about provider type. Purpose-first providers welcome being measured against the same outcome standards as any other provider; what they need in order to compete on equal terms is proportionate, capability-building support – not lower expectations. Alongside this, we recommend explicit investment in three layers of collaboration:

- **Place-based collaboration** - between services and organisations working in the same region. Existing local networks (such as parts of the *Local Jobs Program*) show this works best where the facilitator is independent and funded; strong regional examples could be strengthened and redirected rather than duplicated. This layer is also where the demand-side and thin-market challenge is best addressed: one option worth testing is a capped fund, held by Local Jobs Coordinators or Taskforces and concentrated in high-unemployment areas, for investment in job-creating WISEs that address a demonstrated local labour-market need (the *Remote Jobs and Economic Development* program offers a domestic precedent for funding jobs where markets are thin).
- **Cohort-based collaboration** - between organisations working with the same cohort. The *EPRI Community of Practice* and STREAT's community-of-practice model are practical examples of how shared learning across a cohort improves delivery.
- **National collaboration** - between key actors across the system, including the intermediary capacity needed to build the sector-level, cohort- and model-disaggregated outcomes data the system currently lacks, and to connect WISEs into the reformed system at scale.

Across all three layers, the people and organisations who deliver these programs – and those who use them – should be embedded in design, not consulted after the framework is set. Lived experience and practitioner co-design should be treated as a design principle of the reformed system, with participant voice built into collaboration infrastructure rather than added at the end. Collaboration funding should be designed to enable genuinely collaborative work and to not inadvertently pit WISEs against one another.

Recommendation 4

Introduce proportionate wellbeing and progression measurement

Responds to discussion paper question: 17 (measuring employment outcomes and progress towards employment).

A widely acknowledged limitation of the current system is that a person can meet an employment output – for example, remaining employed for 26 weeks – without being in decent work or meaningfully better off in income or wellbeing terms. Employment readiness and wellbeing exist on a spectrum, and for many people facing complex barriers, progress toward work – increased confidence, skills, routine, social connection – is an important outcome in its own right. Orienting to these kinds of outcomes will create public value and savings (within and beyond the Department of Employment and Workplace Relations).

In responding to how employment outcomes and progress should be measured, Social Enterprise Australia recommends the new system include a small number of high-level wellbeing and progression measures sitting alongside (not replacing) employment metrics. Recognising education and training as valid outcomes and capturing progression and capability gains before a job is secured, would allow the full range of WISE models – including destination models – to be funded fairly for the outcomes they deliver. Progression measures should also accommodate the often non-linear nature of many participants' journeys.

The Centre for Social Impact Swinburne's independent research on the PBO trial (noted above), which tested six wellbeing measures, is a practical starting point, as is the outcomes work already underway in parts of the sector. Importantly, this approach should deliberately avoid a comprehensive impact-measurement regime, which would place an unreasonable burden on small organisations and would miss the test-and-learn opportunities an innovation-fund approach (Recommendation 2) offers in this evolving space. Measurement that is linked to payment should be consistent, proportionate, and part of the participant's Employment Goal Plan from the outset.

Recommendation 5

Develop and implement employment services reforms with the social enterprise sector

Responds to discussion paper question: 19 (continuous improvement and sharing best practice).

The reforms will be built and refined over several years, and their success for people facing complex barriers will turn on the design detail. The social enterprise sector brings frontline delivery experience, collaboration infrastructure, and outcomes evidence that can help Government get that detail right. We therefore recommend an explicit, standing commitment to consult and co-design with the sector – across the design of the payment mechanisms, the innovation fund, the outcome measures, and the commissioning approach – rather than one-off consultation at fixed points.

Social Enterprise Australia is a democratic, member-based peak body. It has developed the governance and co-design infrastructure to enable the sector to plan, act and learn together, which should be leveraged.

Further, the Australian Government has commissioned new national research about social enterprise, to improve social enterprise data infrastructure and knowledge. It is being undertaken as current data on the

Australian social enterprise sector is inconsistent, outdated and fragmented or hidden. The research, and its findings – which will recognise what exists and identify gaps in data infrastructure – should also be leveraged and built on.

This is a low-cost commitment that materially de-risks the reform. It brings practitioner and lived-experience insight to bear before settings are locked in and gives Government a ready delivery partner for the test-and-learn approach it has already adopted. Social Enterprise Australia is ready to play this role.

Conclusion

The Government has already recognised, in this discussion paper and in three previous reviews, that social enterprise is part of the answer for the people the current system serves least well. Intensive Services (Stream 3) is explicitly framed around the kind of wrap-around, place-based delivery WISEs already provide. What has been missing is not recognition, but design: a payment mechanism that pays WISEs for the outcomes they create, the freedom to test what does not yet fit, the collaboration and evidence infrastructure needed to connect WISEs into a reformed system, and a definition of success that reflects what good outcomes actually look like.

This reform is the opportunity to close that gap. Left unaddressed, WISEs will continue to be named in policy without being designed for or resourced to deliver on their objectives – and the impact-cost gap they carry today will keep constraining how many people, and which people, they can support.

Social Enterprise Australia welcomes the direction of this discussion paper and looks forward to continuing to engage through the consultation process.



Social Enterprise Australia is the national peak body for social enterprise. We're for an economy that puts people and the planet first, and for unlocking the power of social enterprise to help get us there.

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