

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2013-2014**

Outcome 3 - Employment

DEEWR Question No. EW0126_14

Senator Sinodinos asked on 4 June 2013, Hansard page 34

Question

Social Enterprise Development and Investment Fund

Senator SINODINOS: I have a couple of things on social enterprises and research. Do DEEWR currently fund any social enterprises? Ms Paul: We have the Social Enterprise Development and Investment fund, which has matched \$20 million of private sector money with \$20 million of taxpayer government money to fund social enterprise in disadvantaged areas. That was tendered out. It went to international tender, actually. Organisations like Christian Super and Social Ventures Australia et cetera are part of that. Intriguingly, this portfolio has been at the leading edge of some of that investment, in what I guess you would call 'social impact investing'. Senator SINODINOS: Yes. How many job seekers have been referred? Ms Paul: I do not have that with me, and these are not the people to ask. Can we take that on notice? Senator SINODINOS: Yes. Ms Paul: They are still getting under way. We may not necessarily have info yet. We have gone to the second round only quite recently. Anyway, we will take it on notice and we will see what we have. Senator SINODINOS: As part of that question, what are the sustainability requirements—tracking employment outcomes and that sort of thing? Ms Paul: Yes.

Answer

Does DEEWR currently fund any social enterprises?

DEEWR has had a number of initiatives to fund social enterprises and enable them to grow and increase their impact in the community. These included initiatives funded under the Jobs Fund (between July 2009 and June 2011) and Innovation Fund (between July 2009 and June 2012). Social enterprises have also been supported locally through initiatives such as the Local Employment Coordinators and related initiatives such as the NSW Social Enterprise Procurement Guide. To overcome barriers for social enterprises to access more money at the right time and thus to provide more options for them to increase their impact in communities, the Social Enterprise Development and Investment Funds (SEDIF) were established.

In addition to specific programs, social enterprises may receive funding from DEEWR through other programs across the portfolio. For example, a number of Job Services Australia providers are social enterprises and on 30 June 2013, additional support for enterprises supporting people with disability was announced.

In these cases, enterprises will have received funding for their capacity to deliver the particular objectives of that program. DEEWR is unable to identify specific funding in these cases, as organisations are not required to identify as a social enterprise when applying for funding.

Innovation Fund

Twenty-four social enterprise related initiatives were supported through the \$41 million Innovation Fund, which was part of Job Services Australia. This time-limited competitive grants program was designed to overcome barriers to work for highly disadvantaged job seekers.

Funding for social enterprise included support for specific enterprises as well as seed funding for the School for Social Entrepreneurs, capacity building for social enterprises led by Jobs Australia and Social Traders, and research to strengthen the evidence base on best practice for social enterprises assisting highly disadvantaged job seekers led by Mission Australia and the Brotherhood of St Laurence.

Jobs Fund

Seventy-three social enterprise initiatives were funded through the Jobs Fund. This was a time-limited grants program, which supported jobs and skills development in over 230 projects that built community and social infrastructure.

SEDIF

The SEDIF were also established. The SEDIF was designed to meet broader productivity, participation and inclusion objectives. Its two key purposes are:

- to improve access to finance and support for social enterprises to help them grow their business, and by doing so, increase their impact in Australian communities
- to catalyse the development of the broader impact investment market in Australia—that is, the market for investments made with the express intention of delivering positive social, cultural and/or environmental outcomes and some measure of financial return.

The initiative provided \$20 million in Australian Government funding to establish three investment funds that provide social enterprises with access to finance. Funding was provided to seed three independent fund managers, which have fully leveraged Government funding, taking the total pool of capital across the three funds to \$40.6 million. The funds offer finance on appropriate terms to social enterprise.

How many job seekers have been referred?

The Innovation Fund funded 83 projects (24 involving a social enterprise) across Australia and exceeded expected outcomes, in total, assisting more than 13 300 participants with over 4300 jobs, 6400 training opportunities, 1900 work experience placements and 5000 mentoring opportunities. For social enterprise related initiatives, 1985 participants were engaged: providing 733 jobs, 1453 training opportunities, 483 work experience placements and 585 mentoring opportunities.

In total, the Jobs Fund assisted in creating over 7800 jobs, 2200 apprenticeship/traineeship opportunities and 4800 work experience placements. No breakdown of these figures for social enterprises supported is available.

The SEDIF initiative is not a labour market or job referral program, and does not place individual job seekers. Social enterprises apply to the funds for finance, as they would other providers of credit or investment products. Fund managers are required to publish reports on their social impact, including job creation, publicly on an annual basis. Due to the early stages of the funds, the full impact of the work of the social enterprises on their communities, enabled by their SEDIF finance, has not yet been measured.

What are the sustainability requirements?

All Jobs Fund and Innovation Fund funded initiatives were required to demonstrate sustainability of their enterprises as a condition of funding.

Access to finance is an important part of diversifying the funding and finance available to social enterprises to develop their operating models sustainably. The finance offered is tailored to the needs of the social enterprise. Each of the funds has credit assessment processes in place as part of the assessment and approval of loan applications. Developing the investment readiness of social enterprises is one focus of the initiative.

The fund managers are continuing to attract new investment to build and sustain the funds for the medium and longer term. This was a requirement of the Government funding.