

Shaping & Fuelling Change

The role & practices of philanthropy in the social enterprise ecosystem in Australia





By May Miller-Dawkins
With contributions by Jessica Desmond,
Courtney Collins, Alex Hannant.

Contents

Foreword by the Steering Committee	4
Executive Summary	6
Introduction	8
Context	11
60,000+ years of trade	11
Co-ops, community economic development, social enterprises, WISEs	12
Australian philanthropy	13
Sectors and Ecosystems	15
Three Phases of Field Progression	16
Understanding philanthropic practice in ecosystem funding	17
Social Enterprise Ecosystem Development & role of funding in Australia	18
The overall story	18
Timeline of social enterprise development and funding	21
Social Enterprise Ecosystem Stages in Australia	21
Timeline of Social enterprise development and funding	22
2004 - 2025	22
Early formalisation & hero-preneurs (Late 1990s – late 2000s)	23
Naming and Forming	23
Funding Shaped by Ideas: Hero-preneurs and Self-Sustainability	24
Jobs focus and market building (2010-2017)	25
Increasing Employment Outcomes Focus	25
Market and Capability Building	26
Case Study: The Evolution of Investment Readiness Support & Valuing Intermediaries	28
Ecosystem recognition and innovation (2017-now)	30
Government Action and Funding Evolution	30

Sector Organisation and Coordination	33
Case Study: The Social Enterprise National Strategy and support for creation of Social Enterprise Australia	34
Case Study: SEWF 2022 - A Case Study in Funding Sector Development	38
Adaptations and Collaborations	40
Evolutions in Funding and Support	41
Case Study: Funding Indigenous Business & Organisations	42
Social Enterprise Sector Funding Gaps	46
Insights and lessons	47
<hr/>	
Assessing the Social Enterprise Ecosystem's Development	47
Overall Assessment: An Ecosystem at an Inflection Point	48
What the History Reveals: Insights About Ecosystem Development and Philanthropic Roles	49
Philanthropic Funding Has Been Catalytic and Influential	49
Systems Develop Through Relationships and Emergence, Not Transactions and Control	51
Ecosystem Development Requires Investment Across Multiple Units of Investment Simultaneously	52
Time Horizons and Funding Stability Matter Profoundly	53
What's needed from philanthropy?	54
<hr/>	
Recommendations	55
Power and Transparency	55
Time and Sustained Support	55
First Nations Governance	56
Ecosystem-Level Perspective and Investment	56
Stewardship and Engagement Over Transaction	57
Appendix One	58
<hr/>	
Dimensions of Philanthropic Practice in Ecosystem Funding	58
1. Unit of Investment: What Gets Resourced	58
2. Funding Structure: How Resources Flow	59
3. Time Horizons: Duration of Commitment	59
4. Engagement Style: How Funders Relate to Grantees	60
5. Locus of Decision-Making: Who Determines Priorities	61
Reflection exercise	61
Endnotes	62



PM Anthony Albanese at the launch of Beacon Laundry, Bangalow NSW



Foreword by the Steering Committee

In the landscape of social change, there is no roadmap etched in stone. We are all travellers on a learning journey, seeking to understand how best to invest in the people, organisations, and movements that drive positive social transformation in Australia. This project emerged from a simple yet profound question: What can we learn about the role that funders play in the development of ecosystems by reflecting on the evolution of the Australian social enterprise ecosystem over the past 20+ years?

The Siddle Family Foundation, English Family Foundation, and Westpac Foundation, alongside Philanthropy Australia—came together with a shared curiosity about ecosystem development specifically. For some of us, ecosystem support strategies have been fundamental to our vision for a thriving social enterprise sector. For others, this research presented an opportunity to understand where scarce philanthropic resources could best be leveraged to support regional ecosystems that we care deeply about.

Rather than approaching this as a traditional research project, we embraced co-production and learning with the sector itself. We extend our heartfelt gratitude to our Advisory Group, Steering Committee, and the many individuals across the sector who generously shared their diverse perspectives on what we have achieved together and where we can improve.

What we discovered was nuanced and revealing. Philanthropy has indeed played a significant role in accelerating the development of the social enterprise ecosystem at certain pivotal moments, such as the Social Enterprise World Forum in 2022, and in specific areas such as through collaborative funding for Work Integration Social Enterprise models (WISE). However, we also learned that philanthropic efforts have

inadvertently created tensions within the sector over scarce funding opportunities and a dominant focus on organisational scaling. Our research revealed blind spots where funding has overlooked critical collaborative infrastructure needs and certain focus areas, particularly First Nations enterprises.

It's important to note that the research focused specifically on philanthropic roles in ecosystem development, rather than being an overall review of philanthropic practice. Since we embarked on the research, we have seen these philanthropic roles shift too. Some of these changes have included philanthropic strategies reorienting towards place-based or ecosystems funding.

After 20 years supporting the social enterprise sector, Westpac Foundation announced a shift in its strategy to align with Westpac Group's focus on literacy and numeracy for children facing disadvantage.

In the context of changing philanthropic strategies in a dynamic ecosystem, we acknowledge the need for more transparent and reflective funding practice. We hope this report helps other funders to build their systems-awareness and consider what roles we can play, both individually and collectively, to support the continued development of the social enterprise ecosystem.

Stepping into the learning space around ecosystem support requires courage. It's inherently messy, challenging, and filled with complexity that defies simple solutions or clear-cut metrics.

This research is not about establishing “best practice” —a concept that can imply fixed solutions to dynamic problems—but rather about fostering “better practice” through continuous learning, adaptation, and humility.

By engaging with the tensions and contradictions that emerge when multiple stakeholders interact within an ecosystem, we hope to contribute to a more nuanced understanding of how philanthropy can responsibly support systemic change. The story that unfolds in these pages is not just about what has worked and what hasn't—it's about how we can be better partners, how we can shift power dynamics, and how we can create collective benefits through thoughtful engagement with complex systems.

This is just one chapter in our ongoing commitment to learning how philanthropy can best serve as a catalyst for positive social change. We invite you to join us on this journey.





Executive Summary

This report examines the role of philanthropic funding in shaping Australia's social enterprise ecosystem over the past 20-25 years, revealing critical insights for funders supporting ecosystem development.

Key Findings

Philanthropic funding has been catalytic and influential, playing an outsized role despite representing a small proportion of overall charitable funding. Philanthropy has enabled critical infrastructure (such as Social Traders' establishment through matched \$4 million funding), field-defining moments (SEWF2022), and demonstrated new approaches that government later scaled. However, this influence cuts both ways—philanthropic priorities have significantly shaped which enterprise models gained traction (employment-focused), which geographies received more support (East Coast cities), and whose voices were heard.

The ecosystem has grown substantially, with an estimated 12,000 social enterprises employing 206,000 people and contributing \$21.3 billion (1% GDP), enabled in part by philanthropic funding.¹ While initially philanthropic funding was aimed more at enterprises or individuals, increasing numbers of philanthropic funders came to support infrastructure and ecosystem initiatives. Using the Bridgespan Group's² framework, the ecosystem sits predominantly in the "Forming Phase," with elements of the "Evolving & Sustaining Phase" emerging.

The current moment represents an inflection point, with unprecedented government policy attention and new national organising structures creating opportunity for accelerated development.

Despite progress, significant tensions remain. Short-term funding cycles (typically 1-3 years) misalign with the time required for ecosystem change (5-10+ years), creating instability. Geographic concentration persists, with fewer resources available outside major cities. First Nations businesses, whilst inherently social in their community and Country-focused approach, have been often excluded from funding and support.

Changes in philanthropic strategies have left enterprises and intermediaries on funding “cliffs,” sometimes forcing closure after significant growth investments.

Implications for Philanthropy

The report identifies a fundamental shift that is needed: from “How can I create impact with my available capital?” to “What kind of funding does the system need and what is my role?”

This requires ecosystem awareness—recognising how different parts interact, understanding that interventions ripple across the whole, and accepting that complex systems cannot be controlled, only influenced alongside others.

Effective ecosystem funding requires concurrent investment across three units: individual enterprises, ecosystem infrastructure (intermediaries, peaks, networks), and ecosystem-wide initiatives. It demands longer time horizons, flexible funding structures, trust-based partnerships or active stewardship, and increasingly, community-governed decision-making—particularly for First Nations initiatives.

The report concludes that philanthropy’s role is not to direct emergence but to resource it with sufficient flexibility and time, support leadership from within communities, work collaboratively to enable diverse investments, maintain transparency about power and limitations, and commit to long-term engagement that enables deep relationships and understanding.



Introduction

This project emerged from a question – what can we learn about the role that philanthropic funders play in the development of ecosystems by reflecting on the development of the Australian social enterprise sector over the past 20+ years?

A group of philanthropic organisations – Siddle Family Foundation, Westpac Foundation, and the English Family Foundation alongside Philanthropy Australia – brought together a group of individuals from across the social enterprise sector to explore if the research question had value and how to shape it to be useful to the Social Enterprise Sector, funders of the Social Enterprise Sector and funders more broadly.

The approach that emerged focused on co-production and learning with the sector alongside drawing on existing literature and case studies. This informed the co-creation of the ecosystem development timeline and the engagement of diverse sector representatives in facilitated focus group discussions on key themes.

The project's learning questions have been:



How has funding (especially philanthropic funding) enabled or constrained the positive development of the Australian social enterprise ecosystem over the past twenty years?



What kinds of philanthropic funding roles, practices and contributions could enable the ongoing, equitable and impactful development of the Australian social enterprise ecosystem?



What insights does this case of philanthropic support for the development of the Australian social enterprise ecosystem provide for those interested in funding or enabling ecosystem development?

Throughout the process we've been guided and supported by a Steering Committee and an Advisory Group:

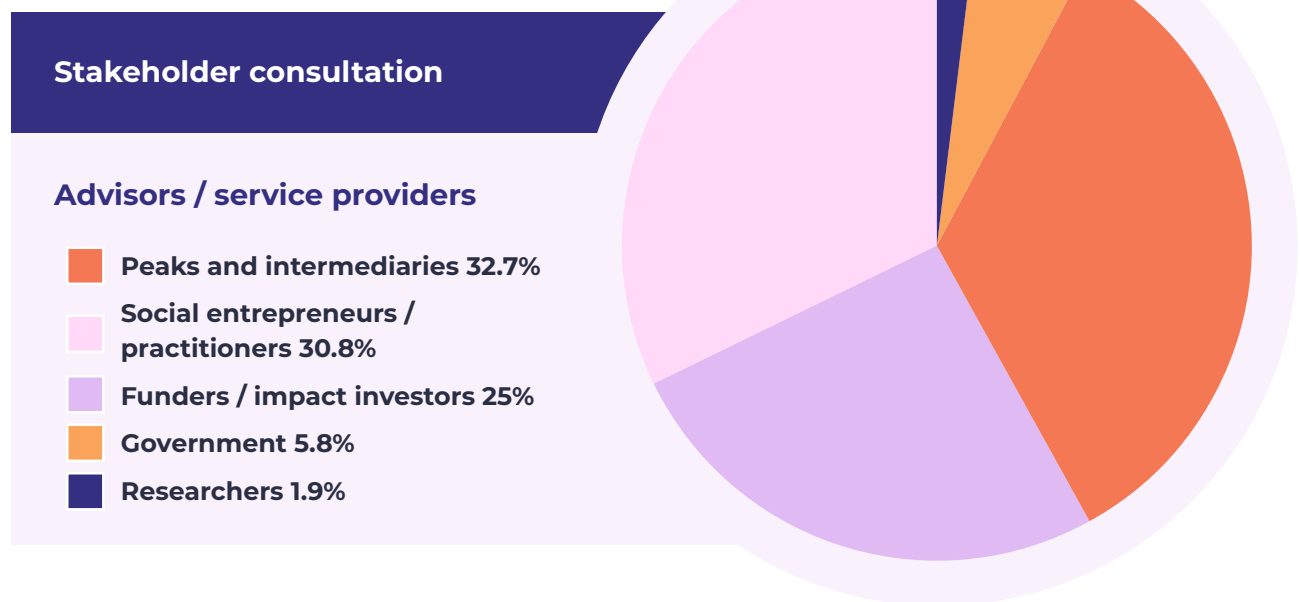
Steering Committee	Advisory Group
Sally McGeoch , Westpac Foundation	Tiarne Shutt , First Nations Projects Institute
Belinda Morrissey , English Family Foundation	Professor Jo Barraket , Melbourne Social Equity Institute
Jo Taylor , Siddle Family Foundation	Mark Daniels , White Box Enterprises
Teddy Loveny , Siddle Family Foundation, (project management support)	Bec Scott , STREAT & Moving Feast
Adam Ognall , Formerly Philanthropy Australia	Richard Warner , Nundah Community Enterprises Cooperative
	Jess Moore , Social Enterprise Australia

The Steering Committee and Advisory Group members combined significant experience across varied roles within the social enterprise ecosystem in Australia and have made invaluable contributions at each stage of this process.

The process has involved:

- ◆ Review of significant existing literature and documentation, particularly to highlight milestones and themes for further exploration (bibliography at end)
- ◆ Production of an open access Miro Board ecosystem development timeline that people could (and did) contribute to.
- ◆ 10 informant interviews (for initial context and then for some people who could not attend focus groups)
- ◆ 8 facilitated 2-hour focus groups with 59 participants (some participated in more than one) for in-depth conversation across actors in the sector around key themes.
- ◆ Review of analysis & drafts by the Steering Committee and the Advisory Group

People in this field play many roles often at once, however, for the sake of seeing the mixture of participation, the below highlights peoples' primary current role in the system – as a funder, or peak/intermediary or in a specific social enterprise or group of social enterprises:



At every stage of this work we have benefited hugely from the wisdom, openness and generosity of those across this sector and we thank them all for their contributions reflected in this report. All errors and omissions remain the author's alone.



Context

Before we consider the evolution of the social enterprise ecosystem over the past 20-25 years and how funding has enabled its development positively or negatively, there are some aspects of deeper context to consider.

60,000+ years of trade

There is a long and deep history to trade and exchange that prioritises people, community and land in Australia, most crucially in First Nations practices and approaches. Aboriginal and Torres Strait Islander businesses are inherently driven by Community and Country, yet their purpose does not always align with rigid definitions in the social enterprise sector. As a result, Indigenous businesses have often been excluded from this field. Through business, Indigenous people have advanced aspirations such as caring for Country, community benefit, healing, self-determination, and justice.

“Our businesses may not fit traditional social enterprise definitions, but they are inherently designed to create good. Every Indigenous business owner I know sees their work as a vehicle for caring for community and healing Country—this is how we ‘do business’” – Tiarne Shutt, Director of First Nations Projects Institute

As discussed further below, this understanding has not always been reflected within ecosystem activities for social enterprise or through its funding by philanthropy or government.

Co-ops, community economic development, social enterprises, WISEs

A recurring thread in this project was the way in which we define, name and self-identify the diverse range of organisations we now call social enterprises. Through the history of First Nations trade and then cooperatives, credit unions, and community economic development, there are long histories in Australia of building enterprises that are grounded in supporting community members, community employment creation and taking care of country as core purposes.

For the purposes of this project, we describe social enterprises broadly as businesses that put people and the planet first and or create social value by their existence (for example, First Nations businesses).³ They trade like any other business, but exist specifically to make the world a better place. It is important that we note that other narrower definitions apply to vetting programs.

Kyle (trainee) and Michael (previous Jigsaw employee) at the Jigsaw hub



Australian philanthropy

The role of philanthropy examined here is shaped by its history and current legal forms as well as the mindsets, practices and exercise of power of Boards, advisors and executives. Examining the funding of the development of the social enterprise ecosystem takes place on the backdrop of the broader funding landscape, as described below.



Structured Australian philanthropy has evolved from colonial and charity models, often transplanted from the United Kingdom. Its development has been highly uneven across Australia with a significant concentration in Melbourne and then New South Wales. These historical and geographic concentrations continue today with fewer (although in some places fast growing) philanthropic resources for social purpose efforts, including social enterprise in Queensland, Northern Territory, Tasmania, Western Australia and South Australia.

Philanthropic trusts and Ancillary Funds have evolved significantly over time, from Public Ancillary Funds (PuAFs) in 1963 to Private Ancillary Funds (PAFs) in 2009. PAFs, which represent most individual and family foundations established in the past 20 years, require corporate trustees, a 5% minimum distribution per annum, formal investment strategies and annual auditing, and can give to registered charities that have deductible gift recipient 1 (DGR 1) status. Together with PuAFs and other charitable trusts, these “structured philanthropy” vehicles represented 74.1% of grant-making charities in 2023. The 2024 Productivity Commission Future Foundations for Giving Inquiry Report’s analysis of PAF data found that the majority of funds don’t distribute more than 5-6% per annum, noting that “for a significant proportion of funds, the minimum distribution rate is a consistent binding constraint.”⁴

Limitations on funding for DGR 1 organisations has a significant impact on social enterprises that have certain legal structures or where activities do not qualify for DGR 1 – and particularly on some field building, peak or intermediary organisations undertaking ecosystem development that may not have this status.

There are active discussions and campaigns to reform the DGR system to simplify and broaden its scope. DGR system reform is a policy priority for Philanthropy Australia and there's a new Unlock DGR campaign run by Justice Connect and resourced by philanthropic funders.

Philanthropy constitutes a relatively small proportion of total funding in Australia to charitable efforts compared to government or earned revenue from goods and services (\$18.9b from donations and bequests including philanthropy and public donations versus \$107b from government and \$73b from goods and services in 2023).⁵ At the same time, in 2023 just 35.5% of charities reported receiving government funding⁶ with the sector also relying upon 3.77 million volunteers.⁷

Revenue and funding varies significantly by size in the Australian for purpose sector: smaller charities are more likely to rely on donations and bequests to operate (comprising around 40% of their revenue compared to only 8% for larger charities) while at the same time the top 30 charities accounted for roughly 40% of all the donations and bequests that Australian charities received.⁸ Philanthropy is concentrated – in these organisations and also in certain thematic areas, such as education and health. Larger charities are more reliant on government funding with extra large charities reporting 51.8% of their total revenue from government funding compared to 8.1% for extra small charities. The proportion of revenue from goods or services increases incrementally as charities get larger (from 23.2% for extra small charities to 36.7% for very large)⁹ The demand for philanthropy in the for purpose sector is large and only a fraction goes to social enterprises or the social enterprise ecosystem (although we do not have specific figures for this).

While being a small proportion of overall resourcing to the for purpose sector, philanthropy can play distinctive roles. This report highlights the ability to catalyse action, take risks, and act as a first funder or to sustain ecosystem organising and development over time.

The 2024 Productivity Commission Future Foundations for Giving Inquiry Report made recommendations that align with the findings of this report – focused on enabling philanthropic organisations to fund organisations with charitable purposes but not DGR 1 as well as creating infrastructure to form stronger relationships between Aboriginal and Torres Strait Islander community controlled organisations with philanthropic networks.

Internationally, a new edge of philanthropy interested in supporting change across an ecosystem of actors is engaged in “systemic investing”. This is an “emerging approach to deploy capital to address complex ecological and social problems” that helps investors see interconnected systems, identify leverage points and allow for synergistic investments across asset classes through portfolios.¹⁰

Sectors and Ecosystems

The social enterprise sector comprises all organisations that identify as social enterprises—businesses that combine commercial strategies with social impact objectives or create social value through their existence (e.g. Indigenous businesses). This sector is defined primarily by the type of organisation (social enterprises) and their common characteristics (blending business models with social or environmental purposes). The sector view focuses on the collection of these similar entities, their combined economic activity, shared challenges, and overall growth or contraction.

A social enterprise ecosystem encompasses not just the social enterprises themselves, but the entire network of interconnected entities that support, influence, and interact with social enterprises.

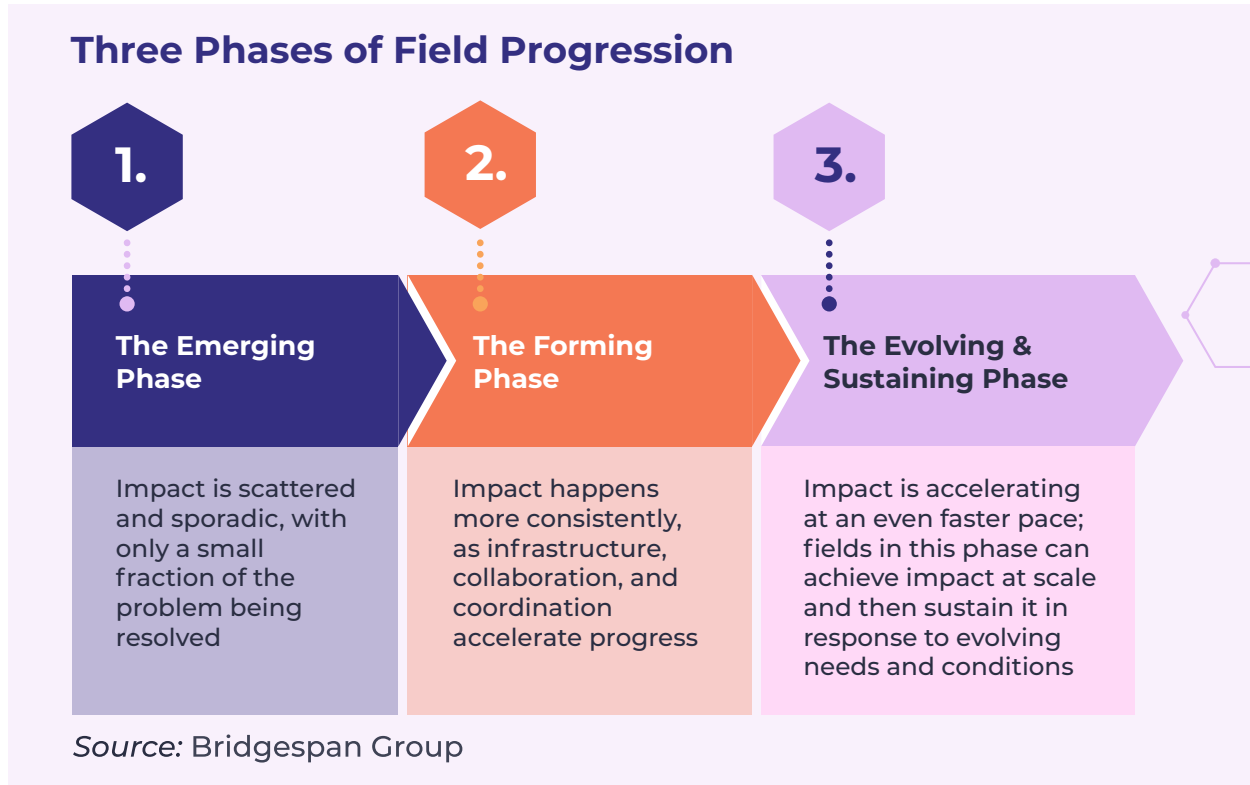
This includes:

- ◆ Social enterprises of various types and stages
- ◆ Impact investors and funders
- ◆ Capability building organisations
- ◆ Policy makers and regulatory bodies
- ◆ Educational institutions providing training
- ◆ Incubators and accelerators
- ◆ Customers and beneficiaries
- ◆ Supply chain partners
- ◆ Networks and membership bodies
- ◆ Supporting professional services

The ecosystem view emphasises the relationships, interdependencies, and flows between these diverse actors—how they influence each other, create enabling environments, create new ideas and collectively contribute to the success or challenges of social enterprises.

In essence, the sector is about the social enterprises themselves as a group, while the ecosystem is about the entire web of relationships and supporting infrastructure that allows social enterprises to exist and thrive.

Ecosystems develop over time as their different elements and characteristics – knowledge, actors, agendas, infrastructure and resources change. The Bridgespan Group¹¹ developed a typology for the evolution of ecosystems (or fields as they call them) from studying 30 such fields working towards population change. Their research found a common set of three phases, working across five characteristics – knowledge base, actors, field-level agenda, infrastructure and resources.



We return to this rubric to consider how the social enterprise ecosystem evolved in Australia over the past 25 years and what that means for philanthropic practice and contribution later in this report.

A Social Enterprise Australia national strategy workshop



Understanding philanthropic practice in ecosystem funding

As this project explored the philanthropic practices supporting the Australian social enterprise ecosystem over time, a loose model emerged of five important dimensions:

1. Unit of investment: what gets resourced

Ecosystem Infrastructure	Individual Enterprises	Ecosystem-Wide Initiatives
--------------------------	------------------------	----------------------------

2. Funding structure: how resources flow

Restricted Project Grants	Core/Flexible Funding	Blended & Pooled Capital Approaches
---------------------------	-----------------------	-------------------------------------

3. Time horizons: duration of commitment

Short-term (1-2 years)	Medium-term (3-5 years)	Long-term (5-10+ years)	No time limitation
------------------------	-------------------------	-------------------------	--------------------

4. Engagement style: how funders relate to grantees

Transactional Monitoring	Trust-Based Partnership	Active Stewardship
--------------------------	-------------------------	--------------------

5. Locus of decision-making: who determines priorities

Funder determined	Co-Created	Community Governed
-------------------	------------	--------------------

Funders face choices within each of these dimensions and the history in this report shows that these choices can change, evolve and regress over time.

They may be made based on a mix of values, strategy, understanding of the ecosystem and also examples or invitations from their peers or pressure from within the system itself (for example, calls for certain kinds of funding). Moreover, they are shaped by what funders themselves are learning about what may impact the success of social enterprises or the ecosystem over time.

This theoretical model did not drive or influence the empirical investigations reported here, or shape the intensive discussions and interactions with many participants. It has, however, been of considerable value in incorporating the many insights offered to us, and in understanding both the past development of philanthropy and its future directions.

A fuller outline of this model is presented in [Appendix One](#) and can be used for reflection by funders on their own choices and practices.



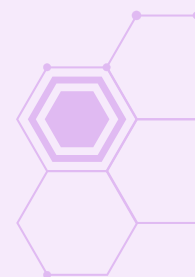
Social Enterprise Ecosystem Development & role of funding in Australia

The overall story

The Australian social enterprise ecosystem has evolved significantly over the past 20-25 years. Development has been uneven and non-linear, yet discernible patterns exist, including growth in the number of social enterprises, formalisation of sector structures, increased resourcing, collective organisation, capability building, and government policy recognition.

Philanthropic funders have been critical catalysts in the development and growth of the social enterprise ecosystem. For example, they have often provided initial capital for new enterprises, approaches, and collaborations, enabling government and other funders to follow. For better and worse, philanthropic priorities and assumptions have significantly shaped the field.

There are now an estimated 12,000 social enterprises in Australia, employing around 206,000 people making an estimated shared economic contribution of \$21.3 billion or 1% GDP.¹² Social enterprises have demonstrated their contribution to significant social and environmental impacts – access to decent work for people excluded from employment, community and people centred services, caring for the environment and supporting place-based and community development.



Social enterprises have disrupted the status quo in order to grow the social enterprise system and currently sit outside existing structures for government support or mainstream banking support and so many exist *“in spite of the current system, not because of it”* – Matt Knopp, Paul Ramsay Foundation (at time of interview).

There are different kinds of social enterprises and some – such as work integrated social enterprises (WISEs) are more capital intensive than others due to the wrap around support and development provided to employees as a core function. There is increasing recognition of the need for ongoing funding for so-called “impact costs”, or the benefits to society produced (and paid for) by social enterprises. Social enterprises can face therefore both business model challenges (or market challenges) and systemic gaps (such as unfunded social impact costs).

When it comes to funding in the social enterprise sector, persistent challenges of regional disparities, inconsistent funding for First Nations led initiatives and short term funding approaches remain, **During this project we heard repeated expressions of the frustration of funding models and practices that do not adequate resource or help sustain the work, the organisations or the people involved.** People in the sector were particularly frustrated by the short term competitive funding, changes of philanthropic strategy that left enterprises on a cliff after being supported to grow and deep concerns about equity of access to resources and support. In reality many social enterprises (such as WISEs) need flexible and ongoing support and funding as they move through different stages and as the broader work on changing the system that funds impact costs (hopefully) shifts to create more sustainable support to these models.

The past ten years have seen increased philanthropic support for the development of the social enterprise ecosystem alongside increased resourcing enterprises in the sector, although this trend has been reversing more recently. **The larger potential for aligning resources to shared goals or challenges to sustain action over time remains on the horizon.**



The Social Enterprise Jobs Summit



Soheyla, employee at The Social Outfit

Over time there have been evolutions in funding approaches by some philanthropic funders – although these are neither linear nor universal. Different funders occupy different positions across multiple dimensions of practice, and individual funders may shift between approaches depending on context, learning, or changes in strategy. These funding approaches and practices coexist in the current social enterprise ecosystem, creating a complex landscape where enterprises and intermediaries navigate varied expectations and opportunities based on different foundations' values, strategies and preferences.

The sector has grown through the impact-oriented entrepreneurial drive of its players. Part of the story of the past 20-25 years is people (including those in philanthropy) turning that energy to the sector itself – banding together to collaborate and advocate and in doing so moving forward the development of the ecosystem.

As we spoke to people in late 2024 for this project, the social enterprise ecosystem was in a moment of significant change with new national organising structures, policy and funding commitments, and growth in impact networks and intermediaries. This has continued into 2025 with the additional significant changes in certain Foundation strategies or reviews of their portfolios impacting the ongoing resourcing of the sector and ecosystem.

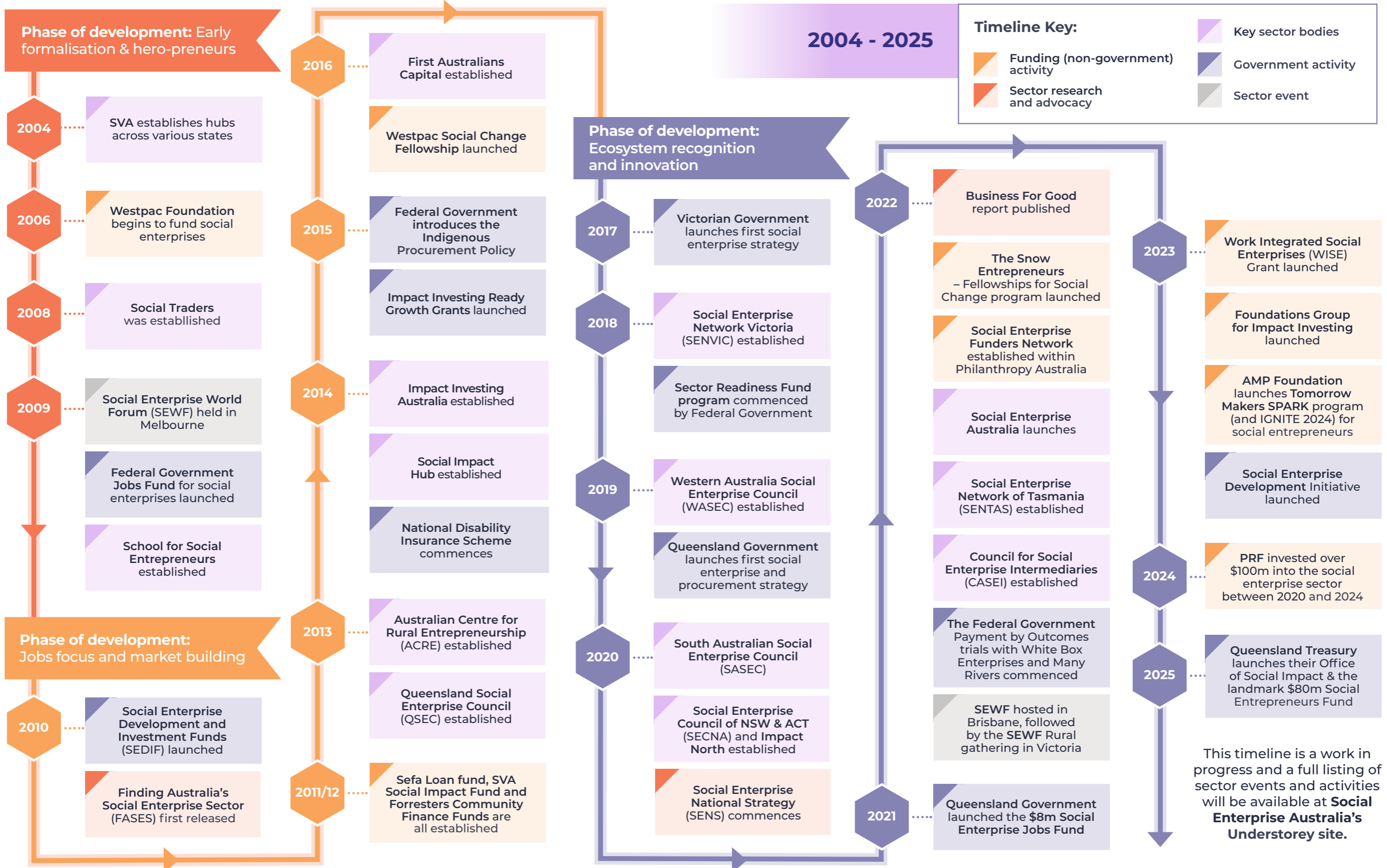
Timeline of social enterprise development and funding

This project created a shared timeline of eras of development of the social enterprise ecosystem and funding. While not complete by any means, this section highlights the key features of different eras, acknowledging that many of the elements that define an era carry on in some form in future ones and that seeds of future eras exist in previous ones. While there is a narrative created from the focus groups, literature and interviews, we are aware that this is a conglomeration across many stories and is not “the” story.

Social Enterprise Ecosystem Stages in Australia



Timeline of Social enterprise development and funding



Early formalisation & hero-preneurs (Late 1990s – late 2000s)



Nundah Community
Enterprises Co-operative

Naming and Forming

Social enterprise in Australia has deep roots, from 60,000+ years of Aboriginal and Torres Strait Islander community and kinship-based trade, to cooperatives and credit unions from the mid-1800s. As Professor Jo Barraket noted in 2016, social enterprise “was not new, but was an established and sustained field of action, operating in every industry of the Australian economy”¹³.

The early 2000s saw attempts to formalise the field through the Australian Social Entrepreneurs Network, however, this network struggled to navigate diverse conceptions of social entrepreneurship. Key infrastructure organisations and research programs emerged during this period: Social Ventures Australia (2002), research program on social enterprise at the Queensland University of Technology’s Australian Centre for Philanthropy and Nonprofit Studies with funding from Westpac Foundation (2008) and Social Traders (2008).

Social Traders’ establishment demonstrated effective philanthropy-government partnership, growing out of Victorian Government’s Volunteering and Community Engagement Strategy and their funding of neighbourhood renewal efforts by the Brotherhood of St Laurence. Crucially, Social Traders was established through matched investments from philanthropy and the Victorian Government of \$4 million each. This base of initial resources created a foundation for Social Traders to stimulate the creation and growth of social enterprises and later from 2015 to create new ideas, markets and capability around social procurement, profoundly shaping the environment for social enterprises to form and operate in Australia.

Funding Shaped by Ideas: Hero-preneurs and Self-Sustainability

The UK model and venture capital concept of the 'hero-preneur' significantly influenced Australian funding approaches – some funders and initiatives focused on identifying and supporting the social entrepreneur founder and through that support, enabling their enterprise.

As Jan Owen AM noted *“The 80’s saw the growth of employment-based social enterprises, one of the largest being Work Ventures with its highly innovative tech partnerships. In the 90’s and 2000’s the commercial venture capital model of identifying and ‘backing’ an entrepreneur first, then supporting them with resources, mentoring and business skills, was a key approach in social venture and enterprise development. This model of building out a ‘portfolio’ of entrepreneurs was adopted by philanthropy in the USA, UK and Australia, including by Social Ventures Australia. Although the idea of building entrepreneurial capability is legitimate, this sometimes led to the not always generous, ‘hero-preneur’ label, with its perceived emphasis on the individual social entrepreneur alone. In the mid-2000’s SVA sought to address this, establishing the School for Social Entrepreneurs to provide support for social entrepreneurs and co-founders from diverse local communities across the country.”*



The Social Enterprise Jobs Summit

This period’s funding was characterised by two dominant ideas:

1. Change occurs through individual entrepreneurs and organisations - reflected in either directly funding individual social entrepreneurs, funding criteria for enterprises focused on the strength of individual social entrepreneurial leadership, or funding approaches that combined financial support with business mentoring or capability programs focused on supporting social entrepreneurs to develop their ideas.
2. Social enterprises should become self-sustaining through trade - so that funding was seen as short term support to enable set up or growth to support the social or environmental impacts through trade.

These assumptions shaped funding from traditional philanthropic grants, early government initiatives, and corporate foundations.

This funding was critical to the ability for a range of entrepreneurs to get their ideas backed and for new enterprises to emerge and develop. This growth was critical to the emergence and formation of a social enterprise sector and ecosystem in Australia.

Jobs focus and market building (2010-2017)

Increasing Employment Outcomes Focus

The 2010-2017 period saw employment outcomes become a central focus for government and philanthropic funders. The Commonwealth Government's Community Jobs Fund provided stimulus funding to over 100 social enterprises following the Global Financial Crisis. The introduction of the National Disability Insurance Scheme in 2013 created new opportunities for disability-focused enterprises to expand and become more financially stable.



Roya Moeen at Kabul Social.
Photographer: Serhat Karakas

Westpac Foundation made its employment focus explicit during this period. As Lisa Waldron described: *“We had a strategic focus on supporting the development of social enterprises since 2006 and over time the natural tendency to support those that included employment and job opportunities grew. Until we decided in 2015 to take a strategic approach to supporting employment focused social enterprises. At this time we started tracking new employment opportunities, total income and % of income from trade. This led to the Westpac Foundation’s 2018 commitment to help social enterprises create 10,000 jobs by 2030 and was achieved in 2024”.*

The increasing employment focus by philanthropy saw greater support to Work Integration Social Enterprises (WISEs), creating opportunities for many groups and individuals otherwise excluded from mainstream employment. A major value for some philanthropic funders was that the outcomes of WISEs were identifiable and aligned to their social purpose or impact goals, and they represented a model for addressing failures in the broader employment system.

While the increasing focus on employment outcomes brought more visibility and resources to the social enterprise sector, to some it also challenged the innovative spirit and heterogeneity that had characterised the social entrepreneurship movement in Australia. As Founder & CEO of Community Capacity Builders, Sharon Zivkovic observes: *“Looking at the social enterprise ecosystem now, it’s gone to – one size fits all, procurement focused, and investment and we’ve lost a lot of the innovation out of the system... it’s becoming hard for new voices and difference to come in.”* This raises a critical question about how to continue to nurture diversity and innovation while also creating sustained investment into important models such as WISEs.

Market and Capability Building

This period saw government resourcing of market-building initiatives, notably the Social Enterprise Development and Investment Funds (SEDIF) in 2010 which invested \$20 million of Commonwealth funding matched with \$10m of private capital in social enterprises through three fund managers. As Hanna Ebeling from Sefa (the only fund manager still in existence) noted that using the capital for lending products that returned capital to the fund to support future deployment/disbursement has enabled long term support to the ecosystem: *“SEDIF has had longevity – [by recycling funds through Sefa lending products] we’ve retained \$6.5m of the original \$10m Commonwealth Grant - this first loss capital and equity has helped us catalyse a business and build an engine.”* SEDIF legitimised blended capital approaches and encouraged systematic sector development thinking, focused on scaling existing enterprises rather than supporting new ones. Funding in this era started to focus on building the investment readiness of social enterprises.

Capability building and research expanded through a range of initiatives including, for example:

- ◆ School for Social Entrepreneurs adapting UK model to Australia
- ◆ Social Traders launching The Crunch accelerator
- ◆ The first sector mapping research - Finding Australia’s Social Enterprise Sector (FASES)
- ◆ The launch of The Difference Incubator and its “Two Feet” social enterprise accelerator program
- ◆ Establishment of Centre for Social Impact Swinburne in 2014



STREAT

Strategic institutional funders like Ian Potter Foundation and Lord Mayor's Charitable Foundation began providing core funding and long-term commitment to both enterprises and intermediaries. The English Family Foundation and Westpac Foundation developed a stronger focus on ecosystem-building strategies, combining funding with engaged philanthropy that saw individuals within those Foundations supported to take on active roles in ecosystem development such as chairing sector wide initiatives.

These approaches recognised that addressing systemic gaps required investment in sector infrastructure, knowledge sharing, and collective capability beyond individual organisational support.

The Impact Investing community in Australia developed and Impact Investing Australia was established in 2014, however this produced little access to additional capital for social enterprises in this period (some participants noted this was still the case).

Within the social enterprise sector early impact investing deals proved challenging. For example, an early deal between a number of impact investors and STREAT to purchase cafes and a coffee roasting business undercapitalised the growth required in the organisation, creating significant challenges although ultimately contributing to the growth and social impact of STREAT.¹⁴ As Bec Scott from STREAT expressed: *"our first impact investment tied us up into so many knots. We almost collapsed the organisation."*



Case Study: The Evolution of Investment Readiness Support & Valuing Intermediaries

In September 2014, National Australia Bank (NAB) announced a \$1 million fund to support organisations delivering finance solutions for social issues, aligned with the Impact Investing Australia report 'Delivering on Impact' and the G8's Social Impact Investment Taskforce. In 2016, NAB matched \$250k from a number of other philanthropic foundations to provide \$500k in grants to not for profits for capacity building in impact investing.

A review of the initial NAB funded program in 2018 found that of the initial 22 organisations supported with up to \$100,000 each (total granting of \$1.4m), 11 had gone on to raise a cumulative \$40m in debt and equity by 2018. The evaluation concluded that *"the comparatively small amount of Growth Grant funding has had a catalytic effect in enabling businesses to raise investment and build and sustain organisational capabilities."*

These philanthropic efforts helped inform the design of the Sector Readiness Fund program, managed by Impact Investment Australia and funded by the Department of Social Services.

The SRF provided grants to for-purpose organisations from early 2019 to mid-2022. Across the duration of the SRF, a total of \$6.03 million was paid to 58 Growth Grant recipients and 18 Resilience Grant recipients.

Building on the earlier programs the federal government launched the SEDI grants program in early 2024. To date this program has supported 56 organisations with grants totalling \$6m.



Hosts of the Jobs Summit - White Box Enterprises and Social Enterprise Australia



Prof. Jo Barraket and Frédéric Bailly, GROUPE SOS (France), The Social Enterprise Jobs Summit

The initiative's distinctive feature required enterprises to apply alongside intermediaries, building both enterprise capability and intermediary capacity simultaneously. As David Hetherington from IIA noted, this helped shape the more recent SEDI grants (Social Enterprise Development and Investment), demonstrating how philanthropy could pilot approaches for government to scale.

Judi Drown from DSS (at the time of the interview) highlighted that the social impact investing trials recognised the need to grow the eco-system including recognising that “market builder” intermediaries could develop the ecosystem. However, challenges remain in developing sophisticated investment approaches, with Tom Dawkins from LendForGood noting *“the true gap is not in investible social enterprises but in investors who can think in sophisticated ways about blended outcomes - commercial returns + impacts – hybridised with impact or adjusted because of impact.”*

Key lessons for funders include:

- ◆ Philanthropy can play a critical role as an early mover in demonstrating new approaches that can be taken up by other funders, including government.
- ◆ Small amounts of funding, structured effectively and provided with flexibility, can be catalytic in enabling organisations to access further equity and debt.
- ◆ There are ways to resource enterprises and grow the ecosystem infrastructure simultaneously.

Ecosystem recognition and innovation (2017-now)

Recent years have seen increased formalisation of sector organising and government engagement, but also tensions around who in the ecosystem has influence over decision making, representation, and resource allocation.

Government Action and Funding Evolution

Victoria launched Australia's first state-based social enterprise strategy (2017) and social procurement framework (2018), creating what Mark Daniels (then with Social Traders, now at White Box Enterprises) called a *"huge free kick... to tilt the table towards social enterprises and bring social thinking into the corporate sector."* Victoria's leadership in support for social enterprises has wide ranging impacts on eastern seaboard numbers of social enterprises, the emergence of peaks and intermediaries and the growth of social procurement. Queensland followed with its \$8m Social Enterprise Jobs Fund (2021). The Department of Social Services (DSS) began sector-wide support through its sector readiness fund from 2017-18 (discussed above), marking *"the first time DSS had started looking at supporting the sector from the social impact investing perspective"* – Judi Drown, DSS (at the time of the interview).

Government support for social enterprises has been important to the development of the sector. It has also been inconsistent over time (beyond this exact era), with periods of significant investment, often in pilots, followed by funding cuts or shifts in priorities. This inconsistency creates challenges for the sector's long-term development and sustainability. *"As someone who has been broadly around for a while at the Commonwealth level, this is an area which becomes fashionable and then drops out of fashion and is really characterised by real, have a bit of a go, throw some money around [approach]."* – Government official

The Federal Government Payment by Outcomes trials¹⁵ with White Box Enterprises and Many Rivers starting in 2022 demonstrated potential, particularly if payment by outcomes approaches appropriate for social enterprises were then embedded into ongoing funding for the employment system. This is another example of important complementary contributions from government and philanthropy – where philanthropy supported the research around the PBO which has been influential on further thinking about embedding this form of funding: *"Philanthropy has come in and played a complementary role. In the White Box PBO the research done by both Taylor Fry and CSI elevated the PBO to be much more significant as a trial. The government didn't fund this additional element, philanthropy came in and paid for that."* – Judi Drown, DSS (at time of interview).

While there is enormous interest in payment by outcomes approaches, the experience of organisations involved is that it requires real capability, including around data and measurement that is not feasible for all social enterprises: *“Data requirements for the PBO were greater than those included in Many Rivers’ typical approach... Service providers are likely to face additional costs when engaging with a PBO approach.”*– Nathan Hawkins, Many Rivers. The broader systemic issue of impact measurement (which was not funded by the Government in the PBO trial) is top of mind for Federal Government in thinking about expanding its investments in the sector: *“the message from the sector to us has often been pay us for our impact. We go, okay, but how do we ... consistently measure that ... because every social enterprise operates differently, everyone’s having a different impact.”* – Government official

The Federal and Queensland Governments have recently recognised and resourced social enterprises through a range of initiatives:

- ◆ Economic Pathways to Refugee Integration, Federal Department of Home Affairs: \$17.7m in grants funding social enterprises to create employment opportunities for refugee and humanitarian migrants who face barriers to work;
- ◆ Social enterprise Payment by Outcomes trial, Federal Department of Social Services: \$3.8m for a group of 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 9 of the past 12 months.
- ◆ Social Enterprise Development Initiative, Federal Department of Social Services: \$11.6m to strengthen the social enterprise sector through grants, learning communities and online resources;
- ◆ Commonwealth Outcomes Fund, Federal Department of Social Services & Treasury Department: \$100m ten year fund to make payments to State and Territory Governments and directly to service providers and social enterprises to reduce disadvantage through innovation particularly to support families and children, overcome barriers to employment, and support people facing homelessness.
- ◆ WorkFoundations, Department of Employment and Workplace Relations: \$10m initiative as part of the Paid Employment Pathways Package will provide funding for social enterprises and businesses to deliver paid employment placements with tailored wrap around services to assist job seekers with complex barriers to employment.
- ◆ Queensland Government, Office of Social Impact, Department of Treasury: a new office *“developing a roadmap for social enterprise and impact investment”*⁶ and delivering a \$80 million Social Entrepreneurs Fund over 4 years.

Many feel that there is an unprecedented policy window for change: “... *social enterprise was mentioned in the recent Workforce Australia review white paper sixty-nine times...so how do we take advantage of that policy window as it may not stay open forever?*” – Matt Knopp (Paul Ramsay Foundation at time of interview). “*Government has an opportunity to implement some fairly easy to achieve tweaks that would unlock hundreds and hundreds of millions of dollars, if not billions of dollars into the Australian market really quickly.*” – Nathan Hawkins, Many Rivers.

The opportunity as many expressed it is to move beyond piloting to provide consistent access to funding for impact costs for relevant social enterprises. Social Enterprise Australia’s 2025-26 Pre-Budget submission recommended the Federal Government consolidate efforts into a national strategy developed with the sector, invest in common impact measurement and create stronger long term investments including an Innovation Fund, national targets to buy from social enterprises embedded into Federal Government procurement, extending and expanding existing initiatives and piloting low-interest, flexible loans to social enterprises.¹⁷

Parts of philanthropy are active in advocacy around this change and that is seen as needed: “*Philanthropy needs to think about changing philanthropy and it also needs to think about changing government because philanthropy is currently covering the fact that government isn’t paying for the outcomes that it’s getting.*” - Mark Daniels, White Box Enterprises

Resourcing these advocacy efforts and the relationships, networks, research, piloting and coordination that supports them is also a critical role that philanthropy can play in supporting ecosystem leaders to work together to address systemic issues (such as government funding) that could transform the broader support for social enterprises in Australia.



Sarah, a paid trainee, working at Jigsaw

Sector Organisation and Coordination

State and Territory based networks formalised in this period building on QSEC's (2013) example: SENVIC (2018), WASEC (2019), SECNA, Impact North and SASEC (2020) and SENTAS (2021). State and Territory based networks have struggled with funding sustainability, facing challenges of inconsistent government and philanthropic support and project-based funding that can take them away from their core purpose and functions. These networks have a low membership fee to enable access and broad sector representation and engagement. In some cases they also have fee for service or other social enterprise models built into their structures such as Impact North's Darwin based co-working space or SECNA's Social Enterprise Festival (which has also been philanthropically supported).

These state networks and peaks formed the Alliance of Social Enterprise Networks Australia (ASENA) in 2020 to enable collaboration and collective voice and led calls for a National Social Enterprise Strategy.



BackTrack Works young leaders.
Image from backtrack.org.au

Case Study: The Social Enterprise National Strategy and support for creation of Social Enterprise Australia

In 2020, amidst the onset of the COVID-19 pandemic and accompanying lockdowns, a social enterprise virtual 'unconference' was held. During a session hosted by the Australian Centre for Rural Entrepreneurship (ACRE), the potential to establish a national strategy was discussed and proposed. With support from a number of sector representatives, the Social Enterprise National Strategy (SENS) project was initiated to develop a cohesive vision and 10-year roadmap and secure Federal Government support.

ACRE and Social Enterprise Network Victoria (SENVIC) convened a group of sector actors to take the idea forward including Social Traders, the South Australian Social Enterprise Council, YLab, Good Cycles, and the English Family Foundation.

Through the English Family Foundation, the SENS project received funding support from a group of philanthropic organisations, including themselves, Ian Potter Foundation, Snow Foundation, and the Good Business Foundation. The project engaged the Griffith Centre for Systems Innovation (formerly The Yunus Centre, now outside of the university context as The Good Shift) that led a research, pathfinding and co-production process.

This process culminated in a coming together of sector leaders, intermediaries, and funders where the results of the research were presented and a recommended way forward was agreed in May 2021 by a range of sector leaders, intermediaries and funders. The SENS project pointed to the potential for impact through challenge-led areas of strategy where social enterprise can make a significant difference.



The Social Enterprise Australia Team



Mark Daniels, The Social Enterprise Jobs Summit

The SENS process led to a decision by the SENS Advisory Committee to start establishment of Social Enterprise Australia as recommended in the SENS work in late 2021. This inception phase was supported by GCSI and resourced and supported by the English Family Foundation, the Snow Foundation, Lord Mayor's Charitable Foundation, Paul Ramsay Foundation, Westpac Foundation, MinterEllison, and Day Four Projects.

Social Enterprise Australia Ltd was incorporated in February 2022 and launched in July. At this point the Advisory Committee was dissolved and a formal Board of Directors, chaired by Belinda Morrissey from the English Family Foundation, was appointed. Social Enterprise Australia's purpose was to facilitate and lead the development of a national strategy (the progression of SENS) and provide a 'peak' function for social enterprise in Australia, including engagement with the Federal Government and other national bodies.

While there was support from State and Territory networks for the creation of a national peak, its establishment and negotiations with funders around resourcing for national and State or Territory networks created some tension. The funding challenges for State and Territory networks (discussed earlier) were exacerbated by a view we heard expressed by some funders through interviews for this project that they couldn't (or wouldn't) fund 8 separate peaks or networks and the fact that many preferred to support the national peak due to its ability to create stronger national representation for the sector to the Federal Government. Further tensions were also present as SEA launched an open-access, participatory website for sector resources and learning communities alongside intermediaries that had been developing approaches and leading capability building initiatives for some time.

Since this learning project concluded, the coordination between state and territory networks and SEA have developed further. The launch of a new membership model for Social Enterprise Australia in 2025 includes joint membership arrangements for social enterprises in an initial four states (Queensland, Victoria, Tasmania and the Northern Territory)¹⁸ with their state and territory network and the national peak, with an aim to expand this to further states and territories over time.

Key lessons for funders include:

- ◆ The identification and prioritisation of a national strategy for social enterprise came from within the ecosystem and was influenced by international experience. Philanthropy was then able to come in behind to fund and support a process that no one organisation could otherwise resource or lead, ensuring there was dedicated and experienced support.
- ◆ A significant number of funders, committed to the sector, combined their resources to support the development of the ecosystem – seeing the value of collective infrastructure in a strategy that could support advocacy, collaboration and aligned contributions to impact.
- ◆ The creation of new organisations alongside underfunded existing representational structures is likely to trigger tension and may contribute to funding challenges for those existing groups. In these kinds of cases, thinking through the value and resourcing needs of State and Territory based networks and structures alongside national ones is important as these organisations play important ecosystem roles to connect enterprises locally and influence important policy and funding decisions at a State level.
- ◆ Funders can simultaneously follow the lead of sector organising and their preferences (for example, to fund national infrastructure) to significantly shape the future shape of that organising. Their power to shape the system requires careful consideration of what is needed across the ecosystem and points to the potential for greater collective action to pool resources that can support ecosystem action, beyond collective funding for a particular institution.
- ◆ Changes in an ecosystem generate effects that can't necessarily be predicted and require an ability for all actors – particularly funders considering their significance influence – to listen, observe, seek feedback, learn and adapt over time.



The Beautiful Bunch trainee, Maria, making floral vase arrangements for local businesses

Beyond collaboration within the social enterprise ecosystem, there are many places and sectors in which social enterprises were operating collaboratively with other kinds of community or social purpose organisations to contribute to changes – for example around food systems in Melbourne or Sydney or as part of community economic revitalisation in regional towns. While there has been tension in this era around social enterprise organising structures and certification schemes, there are also voices calling for social entrepreneurs to engage more broadly to collaborate with other networks and movements: *“I spoke at the national neighbourhood house conference, there’s so much to be gained from connecting. We can relax the hell out of what we’re doing and become more porous and think about the bigger definition of who is trying to achieve the same things – like building better communities. Then we can engage people who may have gotten fed up and walked off while we’ve been too inward looking”* – Bec Scott, STREAT

SEWF 2022 in Brisbane created significant visibility for social enterprise and catalysed further evolution in the field, spurring further development of formalisation of initiatives like the Council of Australian Social Enterprise Intermediaries (CASEI) and Social Impact in the Regions, while influencing government policy federally and in Queensland. SEWF highlighted the challenges in small organisations taking on the risk of large sector organising platforms and persistent difficulties securing support for sector development.



Case Study: SEWF 2022 - A Case Study in Funding Sector Development

The Social Enterprise World Forum (SEWF) 2022 in Brisbane demonstrates key lessons about funding sector-wide initiatives. For the social enterprise sector the outcomes of SEWF 2022 are many. These were born from the event itself, but also the process of developing and delivering it. It is notable on our timeline of sector development the sheer spike in initiatives in the year of SEWF, and the links to initiatives afterwards.

The journey began with bursary support enabling 63 social entrepreneurs to attend SEWF 2017 in New Zealand, showing how targeted support for key individuals can catalyse broader ecosystem development, and the leadership of Tom Allen at Impact Boom to put a bid together. The bid process highlighted challenges in funding sector development. Despite most funders being reluctant to support conferences or bid processes, the English Family Foundation's Belinda Morrissey became a crucial steward, providing not just funding but time, expertise and networks. As Mark Daniels noted, he had *"never seen that level of stewardship"* from a funder. This early support opened doors to other funders including Torrens and Westpac Foundation. However, organisers and their advocates inside foundations were consistently faced with a reluctance to "fund conferences".

The event's delivery revealed both opportunities and risks in ecosystem funding. When COVID-19 emerged, Queensland Social Enterprise Council (QSEC) withdrew from hosting and White Box Enterprises took on the licence and associated risks. While White Box Enterprises ultimately lost money and needed additional funders post-event to avoid redundancies, the experience boosted their ecosystem role. The event required significant philanthropic funding as ticket pricing needed to be affordable for social enterprises, and programme integrity decisions limited corporate sponsorship opportunities.



Key outcomes included the establishment of new initiatives, increased government engagement with the sector, and improved connections with First Nations businesses and rural communities. It also shaped funding approaches: *“The power of seeing many versions of a social enterprise in one space created a framework for thinking about how we could help each social enterprise at every stage of their journey.”* Nicola Stokes, AMP Foundation. The Rural Social Enterprise Gathering run by ACRE became a permanent conference feature, leading to a Rural Social Enterprise Manifesto now endorsed across 35 countries.

Key lessons for funders include:

- ◆ The value of funders acting as stewards, deeply understanding and committing to sector development – the level of influence is not defined by the amount of funding provided
- ◆ The need to look beyond the form of “a conference” to see the potential or importance of these moments in building an ecosystem, shining a light on the sector to philanthropy, government and corporate, breaking down silos and supporting relationship building and connection despite this being a “hard argument to make”
- ◆ The ability of philanthropic support to enable more equitable access to these spaces, including through travel bursaries and scholarships
- ◆ The role of risk management in sector development - “Peak bodies with uncertain funding, or individual organisations should not be left to take on that level of risk”
- ◆ The potential for catalytic funding or guarantees to derisk significant sector initiatives



Adaptations and Collaborations

Many social enterprises – alongside other small to medium businesses – were deeply impacted by the COVID-19 pandemic. At the same time, many leaders of social enterprises banded together to respond to community and sector impacts and opportunities through initiatives like Moving Feast that facilitates collaboration across the food system in Melbourne and the WISE Hub that enabled collective action and advocacy to create the conditions for Work Integration Social Enterprises to thrive.

Moving Feast evolved in Melbourne into the Purpose Precinct which has co-located social enterprises in the Victoria Markets, pooled funding from many and is at the forefront of experimenting on new forms of payment by outcomes that are more flexible and adapted to supporting employment outcomes across multiple enterprises and cohorts, with the support of Paul Ramsay Foundation. After experimenting with different forms, STREAT is now taking on the financial and other risks of the Purpose Precinct, again demonstrating the role of entrepreneurs and/or intermediaries in having greater appetite to take on risk and experiment than other sector organisations can.

As Jess Moore noted about the formation of the WISE Hub by individuals from Westpac Foundation, White Box Enterprises, Millhouse Ventures, The Bread and Butter Project, and Social Enterprise Australia, with SECNA providing initial backbone support: *“Covid had hit – and there was a conversation about how WISEs could weather it. The reality is these businesses are run on a knife-edge. WISEs incur costs that most employers do not; costs to deliver impact. Not being paid for the value and savings they create has hampered their ability to sustain, scale, and maximise their contribution... We needed to advocate for government funding to change this.”* Later STREAT, PRF, SVA and Cape York Partnerships joined the WISE Hub which now operates as a committee of Social Enterprise Australia.

The WISE Hub and a range of research projects in the field have significantly shaped a new understanding of the impacts and costs of Work Integration Social Enterprises. This has shifted the conversation in parts of the field from supporting enterprises to be self-sustaining or investment ready to cover unfunded impact costs through things such as payment by outcomes due to the significant government cost savings generated by WISE outcomes.¹⁹

New initiatives like those outlined above often start informally or need to be hosted or led by one organisation. These initiatives are often unfunded for a period – and can be difficult to fund as they may not have an organisational form or one with DGR 1 status that most philanthropic funders can easily support. This is an issue for sector organising, intermediaries and other forms of sector infrastructure that may benefit many social enterprises by shifting broader policy or funding conditions or enable better coordination and collaboration but may not be straightforward to fund for funders restricted to DGR 1 charities.

Evolutions in Funding and Support

COVID-19 accelerated trends in funding flexibility and trust-based philanthropy, although some of these were short lived as moves to unrestricted funding or reductions in reporting or other requirements were wound back by many funders within a year.²⁰ Funders increasingly blended their approaches and their capital in this period.

Westpac Foundation's support of the Work Integration Social Enterprise (WISE) Hub demonstrated combining direct organisational support with ecosystem-level initiatives in one portfolio. Paul Ramsay Foundation's establishment of its \$60 million Impact First Fund represents an attempt to bridge traditional philanthropy and impact investing – acknowledging that different types of capital serve different sector needs. AMP Foundation's integration of funding plus capacity-building alongside ecosystem development - through programs like Tomorrow Makers SPARK and IGNITE - demonstrated growing recognition that effective funding requires multiple, coordinated interventions.

However, this era has also surfaced significant tensions in funding approaches. Despite developments in new funding approaches, the concentration of philanthropic funding remains greatest in major states due to the geographic focus of funders often being limited to certain states including NSW and Victoria (shaped in part by government support for social enterprise driving sector growth, for example in Victoria). First Nations participation and leadership in funding decisions has become increasingly recognised as essential, yet meaningful progress in embedding First Nations voices into these processes has been limited. Current practice remains *“extractive of our knowledge, time, IP and networks”* while providing limited long-term value to communities - Tiarne Shutt, Director of First Nations Projects Institute.

Philanthropy continued to be fragmented and confusing for many social enterprises and major philanthropic foundations changed strategies meaning big investments for growth or sector initiatives didn't have longer term support. There were increasing commitments to support for First Nations initiatives which did not always translate to meaningful and sustained resources.

“Being knocked back, seeing how hard it is for mob to access funding... funders pulling out - resourcing things to start but not keep going... [the] pattern I keep seeing is a focus on shiny new things, supporting things that haven't been supported before, but not supporting the capacity and sustainability in existing models. We must find a balance in supporting existing things to flourish and growing the ecosystem of grassroots initiatives.” Rona Glynn-MacDonald, First Nations Futures.

Case Study: Funding Indigenous Business & Organisations

Indigenous enterprises are inherently social, due an approach that has always built in care for community and country. *“We’ve been talking for years about how all Aboriginal business is social enterprise and I feel like that has finally started to click for funders and the sector.”* Rona Glynn-Macdonald, First Nations Futures.

Conversation with Indigenous business leaders highlighted the strength of self-organised Indigenous business networks and responses to challenges both with the funding landscape and broader systemic challenges. Also highlighted was the lack of funder support for these efforts.


Natasha Short shared how the work of Maganda Makers Ltd in the Kimberley Region creates supportive spaces for women to celebrate each other’s business successes. The outcome of this is the emergence of visible and relatable role models from within communities, which builds confidence in what is possible, as well as providing practical support and wealth generating opportunities. *“People are like, okay, if she can do it, I can do it,”* and this has flow on effects to the wider narrative. Others emphasised the importance of First Nations self-organised professional networks for mutual support, knowledge sharing and resource access.

These self-organised approaches work because they’re based on genuine relationships, cultural understanding, and practical needs rather than imposed structures or external agendas. As Tiarne Shutt put it *“We don’t even think about it. It’s just in the nature of how we do business”*. However, these outcomes, which build the ecosystem, and the work to deliver them remain invisible and undervalued in typical funding opportunities.

The discussions revealed deep frustrations with current funding systems and philanthropic practices. While individual champions within funding organisations are helping drive positive change - barriers remain in current systems which are often unseen and therefore difficult to address. This has created a funding landscape unequipped to effectively support Indigenous businesses and unreceptive to feedback or unwilling to take accountability for the impact of funding practices or decisions.



Laura Thompson,
Clothing the Gaps, SEWF 2022



Funders need to be able to expand their own understanding so that they are able to look at Indigenous business from an Indigenous worldview and broader historical perspective, rather than applying the same thinking that they do to other parts of the social enterprise sector. Another positive approach is to build capacity and provide capital to Indigenous led funds who understand the resource allocation landscape better and have the relationships and capability to effectively support Indigenous businesses over the long term.

There was a call to recognise that supporting Indigenous business has broader impacts on community wellbeing, and that such support is a responsibility of philanthropic funders in order to redress colonial injustices. A pragmatic conversation about wealth redistribution which acknowledges that wealth was stripped from communities, and that power, agency and wellbeing can be reclaimed through the acquisition of wealth and the role of funders in directing and facilitating the transfer and rebuilding of wealth is urgently needed.

This looks not only like direct financial support and transfers of capital to be governed or managed by Indigenous Australians, but also capability building that is effective and relevant.

Key Lessons for Funders:

- ◆ Funders should provide capital to Indigenous communities and leaders through giving resources for long term governance by Aboriginal community control and trust that these groups are best placed to make decisions about use of that capital.
- ◆ Move from seeing support as “opportunity” to recognising it as “responsibility” to rebuild wealth and redress the injustices of colonisation that likely contributed to generating the resources being given philanthropically.
- ◆ Recognise your own perspective and worldview as well as your influence when you control access to resources and reflect on and transparently communicate your intentions, scope for flexibility and expectations.
- ◆ Match commitments with practical action by paying First Nations people properly for their time and expertise, providing direct and untied funding to individuals and businesses in communities, supporting and sustaining existing initiatives and always focusing on Indigenous-led decision making as all communities are distinct. Accept that some initiatives will remain local rather than requiring national scale.
- ◆ Be open to change your processes to simplify them, make them more transparent and flexible in ways that align with community processes and needs.

There are also calls from other communities around the importance of support for their own leadership of social enterprises, in some cases inspired by their view of the increasing visibility and recognition of First Nations leadership in social enterprise. Sharon Zivkovic shared from the emerging Autistic Social Entrepreneurship Movement *“We’re pushing it uphill – our inspiration comes from what’s happening with Indigenous social entrepreneurship. ...It’s hard for disabled social entrepreneurs ... in a world which sees us as participants in social enterprises, not being part of the governance – the power issues for us are very real.”* Sharon recognised the power of support, even in small ways – with a \$5k donation from PRF for development of an application in PRF’s Employment Open Grant Round (the application itself was not successful) helping to unlock a new way of thinking about applying her “wicked labs” approach to Autistic Social Entrepreneurship Movement.

New funding mechanisms emerged in this period partly in response to the limitations of philanthropy and impact investing to democratise giving and investment or provide access to different kinds of patient and impact-oriented capital:

- ◆ **Groundswell Giving** (2020) for climate action
- ◆ **LendForGood** (2022) developing crowd debt options
- ◆ **First Nations Futures** (2023) supporting First Nations-led and governed projects
- ◆ **White Box Enterprises’ Social Enterprise Loan Fund (SELF)**, enabled through funding from both philanthropy and government, providing patient capital for jobs-focused enterprises.

Philanthropy has supported some of these mechanisms and they provide new opportunities for funders to make finance available or help build new financing infrastructure into the ecosystem by supporting operating costs.

More philanthropic foundations focused increasingly on supporting ecosystem development, capability building and intermediaries including, at the end of this period, a new strategy from The Minderoo Foundation explicitly focused on field-building and addressing systemic gaps.

As outlined above, an area of collective ecosystem resourcing was through the funders involved in the Social Enterprise National Strategy and subsequent resourcing of the start up of Social Enterprise Australia. This reflected an intention from philanthropic funders to align their resources behind sector led processes and, in some cases such as English Family Foundation, to provide active support (including as Chair of the Board) for a time-bound period of establishment referencing Ingrid Burkett’s concept of “biodegradable scaffolding” that could then be led by and for the sector. The growth of the sector and its intermediaries and peaks also intensified the competition for resources that did exist. *“There can be unproductive tension between intermediaries and enterprises when they compete for the same sources of funding to keep the lights on.”* Jess Moore, Social Enterprise Australia.

Fellowships and capability building programs for social entrepreneurs and their enterprises continued to develop in this period building on the example of Westpac's Social Change Fellowship launched in 2016, including Social Impact Hub's Scaling Impact Fellowship launched in 2021, the Snow Entrepreneurs launched in 2022 combining investment and capability building and AMP's SPARK program for social entrepreneurs in 2023.

Funders focused on building their coordination and collaboration within philanthropy through the Social Enterprise Funders Group and put this into practice through the \$4.7m WISE Grant co-funded by 7 funders and housed by the Lord Mayor's Charitable Foundation (now the Greater Melbourne Foundation). This collaboration streamlined the sector's ability to apply for common resources with only single reporting requirements, and it produced useful resources including the Social Enterprise Assessment Matrix and a funder collaboration MOU. This was significant in creating a new legal agreement for pooling funding to satisfy the requirements of seven funders which was a complex undertaking but lays the groundwork for future pooled funding.

The evaluation²¹ highlighted the benefit for those who received funding although there were concerns from sector participants around the nature of relationships with all seven funders. Participants in this project also raised concerns around increased governance without necessarily increasing the overall quantum of resourcing available across the seven funders (noting that they did also continue to invest separately into the sector). The learnings have informed a second round of WISE grants for 2025 open to currently funded partners as well as those nominated by the funding collaboration with a focus on support to enable greater financial resilience and sustainability. Since the first round, new funders have also joined the collaboration, growing the pool of resources. The collaboration now includes Greater Melbourne Foundation, Macquarie Group Foundation, McLean Family Fund, Minderoo Foundation, Paul Ramsay Foundation, The Brian M. Davis Charitable Foundation, The Honig Foundation and Westpac Foundation and pro bono advice from Keith Rovers MinterEllison.

Impact investing was growing in this period and yet continued to be constrained by definitions of impact and expectations around commercial returns. *“Moving from market-rate to concessional capital requires building confidence with those who hold decision-making power... it's not necessarily that these investments are more risky, but there is a strong perception of risk.”*– Kylie Charlton, Australian Impact Investments.

The Foundations Group for Impact Investing formed in 2023, representing over \$10 billion in funds across 50+ member organisations. This group is starting to make progress however there remain question marks about sufficient catalytic capital allocated by Foundations to do deals.

Analysing across the discussions we facilitated in this project, the heatmap below reflects the perceptions of participants of the current funding gaps at both the enterprise or sector and the ecosystem level.

Social Enterprise Sector Funding Gaps			
Enterprise Funding Gaps			
Start-up Seed funding Start-up capital Limited access to philanthropic grants, tough to get mainstream finance	Early Stage Growth funding Trading capital The funding cliff – too big for grants, too small for impact investment	Scale-up Patient capital Mixed funding Few options for major growth funding that values social impact	Established Property funding Asset finance More options but still barriers with mainstream finance
Sector-wide Gaps			
Sector Infrastructure Peak body resourcing Networks support Limited ongoing funding for sector coordination and advocacy	Sector Knowledge Research backing Evaluation support Patchy support for sector learning and development	Capability Building Intermediary backing Skills development Underfunded support, especially in regions and remote areas	Market Building Market development Procurement pathways Limited backing for developing supportive trading environment

Gap Level: Low Medium High Critical

These perceptions are hard to verify with a lack of clear data across philanthropic and government funding, yet they provide an important reflection of what a group of actors in the ecosystem are seeing and experiencing. At the enterprise level, the most severe perceived gap is in the “missing middle” - organisations too developed for startup funding but not yet stable enough for traditional finance or impact investment.

At the ecosystem level, capacity building and infrastructure support face the greatest funding challenges, with intermediaries struggling to secure sustainable resources. These gaps interconnect - limited infrastructure funding for intermediaries affects the ability to support enterprises at various stages of development. Underfunded enterprises have lower capacity to actively shape sector debates, share their lessons and expertise with others or contribute to influencing efforts.



The Social Enterprise Jobs Summit

Insights and lessons

Assessing the Social Enterprise Ecosystem's Development

Using the Bridgespan Group's framework for field progression,²² the Australian social enterprise ecosystem demonstrates characteristics of an ecosystem in transition between the Forming Phase and the Evolving & Sustaining Phase. This assessment, based on the history documented in this report, reveals both significant progress and persistent challenges across the five key characteristics of ecosystem development.

The **knowledge base** has evolved from important foundational work to define and map the sector (the FASES studies), to more recent efforts to deepen understanding of impact costs, assess payment by outcomes models, unearth the distinctive needs of Work Integration Social Enterprises and create new platforms for impact assessment for enterprises (SeedKit). Research now increasingly recognises the diversity of social enterprises, including the inherent social value of First Nations businesses that don't fit narrow definitions. However, knowledge remains concentrated in certain areas (employment-focused enterprises, social procurement) whilst other aspects (e.g. regional social enterprises) remain under-researched.

The **ecosystem's actors** have grown from a small set of pioneering organisations to include diverse actors: enterprises of various types, intermediaries (Social Traders, state networks a range of capability builders), field catalysts (Social Enterprise Australia), government actors at Federal and state levels, and funder champions. There is a growing sense of shared identity, though tensions exist around definitions, certification, and representation. Critically, the ecosystem is beginning to recognise whose voices have been marginalised – particularly First Nations entrepreneurs and regional enterprises – but meaningful inclusion remains a work in progress.

The **field-level agenda** is perhaps the area of greatest opportunity and challenge. The Social Enterprise National Strategy process created momentum towards a coordinated ecosystem-level agenda, and the next stage of development is underway being led by Social Enterprise Australia. Different actors pursue varied approaches with some coordination including through engagement between State and Territory Networks, and initiatives like the WISE Hub. The national strategy provides an emerging framework, but the ecosystem hasn't yet developed the "heterogeneous, complementary, and adaptive approaches used in concert" that characterises the Evolving phase in Bridgespan's framework. Recent government policy attention creates unprecedented opportunity to more closely coordinate influencing efforts in some cases, but this requires funders and ecosystem leaders to actively support these initiatives.

Infrastructure has developed substantially over this period – State and Territory networks provide local connection, support and influence; Social Enterprise Australia offers national coordination and advocacy; a range of intermediaries provide technical assistance, convening, capability building, innovation and their own advocacy efforts and are more highly connected now through the Council of Australian Social Enterprise Intermediaries. However, this infrastructure faces persistent funding challenges that limit its effectiveness. Infrastructure exists but remains fragile and under-resourced relative to need.

Resources show some increased sophistication, with examples of multi-year commitments, pooled funding, and aligned investment between corpus and granting. Government funding has grown through various initiatives. However, resources remain fragmented, geographically concentrated, and subject to sudden changes in foundation strategy or government priorities. Whilst individual funding programmes have grown, the overall resource base hasn't increased proportionally to growing needs—seeding competition.

Overall Assessment: An Ecosystem at an Inflection Point

The Australian social enterprise ecosystem sits predominantly in the **Forming Phase**, with elements of earlier and later phases co-existing. The current moment represents an inflection point where conscious choices by enterprise leaders, ecosystem leaders and funders will determine whether the ecosystem develops toward sustained impact at scale or remains in an extended forming phase.

What the History Reveals: Insights About Ecosystem Development and Philanthropic Roles



The evolution of philanthropic support for Australia's social enterprise ecosystem reveals insights that apply both to the specifics of social enterprise and to philanthropy's contribution to ecosystems and ecosystem development more broadly.

1

Philanthropic Funding Has Been Catalytic and Influential

While structured philanthropy represents a small proportion of overall charitable and government funding, it has played an outsized catalytic role in shaping both the social enterprise sector and government investment over the past two decades.

At the ecosystem level, philanthropy has been particularly influential when demonstrating what's possible and what's needed. For example, government respondents cited philanthropically-funded research around the White Box Enterprises PBO trial as significantly influential in their thinking. Philanthropy provided matched investment that established critical infrastructure (Social Traders' initial \$4m matched funding), and enabled field-defining moments (SEWF 2022, national strategy development) and collective action (for example the Purpose Precinct in Melbourne and the WISE Hub), demonstrating the value of expanding the units of investment from enterprises to include ecosystem infrastructure and ecosystem wide initiatives.

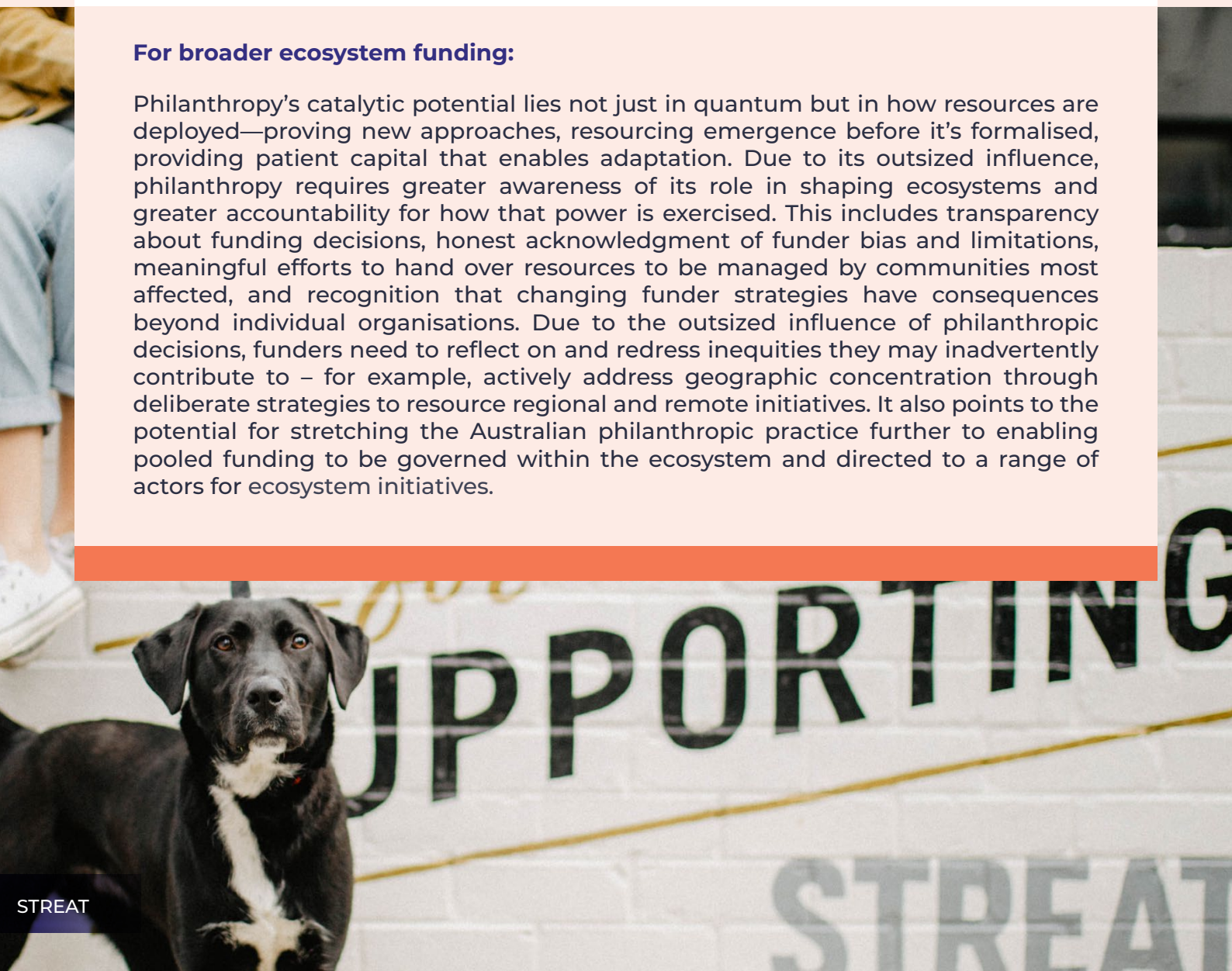
Impactful contributions can come from modest investments combined with deep engagement by those in philanthropy – the active stewardship mode of engagement – especially when sustained over the long term. Examples include English Family Foundation’s stewardship of SEWF 2022 and the Westpac Foundation’s involvement in the WISE Hub.

However, the influence of philanthropy cuts both ways. Philanthropic priorities and assumptions have significantly shaped the field’s development—often determining which enterprise models gained traction (employment-focused), which geographies received support (East Coast major cities), and whose voices were heard or initiatives supported (well-connected organisations and not as many First Nations entrepreneurs or regional enterprises). **The resulting concentration or distribution of resources can reflect funder assumptions or preferences as much as if not more than ecosystem needs or impact potential.**

Changes in philanthropic strategies have seen short term boosts in resourcing for enterprises and/or ecosystem development enable significant growth that is then undercut when those strategies change, sometimes suddenly. These changes can take enterprises or organisations to what several respondents described as a “cliff”, or even see them tip over that cliff and close.

For broader ecosystem funding:

Philanthropy’s catalytic potential lies not just in quantum but in how resources are deployed—proving new approaches, resourcing emergence before it’s formalised, providing patient capital that enables adaptation. Due to its outsized influence, philanthropy requires greater awareness of its role in shaping ecosystems and greater accountability for how that power is exercised. This includes transparency about funding decisions, honest acknowledgment of funder bias and limitations, meaningful efforts to hand over resources to be managed by communities most affected, and recognition that changing funder strategies have consequences beyond individual organisations. Due to the outsized influence of philanthropic decisions, funders need to reflect on and redress inequities they may inadvertently contribute to – for example, actively address geographic concentration through deliberate strategies to resource regional and remote initiatives. It also points to the potential for stretching the Australian philanthropic practice further to enabling pooled funding to be governed within the ecosystem and directed to a range of actors for ecosystem initiatives.



Systems Develop Through Relationships and Emergence, Not Transactions and Control

The most catalytic moments in the ecosystem's development emerged from **sustained relationships and trust between actors in the ecosystem, including funders**, not from short-term project funding or predetermined initiatives. SEWF 2022, the WISE Hub, state network formation, the Purpose Precinct—all emerged from practitioners and funders investing in authentic relationships over time – moving into trust based funding and/or active stewardship roles.

Conversely, the most challenging aspects arose when funding was transactional, short-term, or imposed external structures without deep engagement.

The entrepreneurialism that defines the sector has driven both enterprise and ecosystem development. Leaders have repeatedly stepped outside organisational roles to create change collectively. These efforts often begin informally and unfunded. The sector's most innovative responses emerged organically from practitioners facing real challenges—from Moving Feast to First Nations networks to the Autistic Social Entrepreneurs Movement.

Philanthropy's role is not to direct this emergence but to resource it with sufficient flexibility and time that it can develop, iterate, and sustain itself. If funders impose structures (such as requiring specific organisational forms or predetermined outcomes), innovation can be constrained rather than enabled. Where possible, funders should consider if they can shift decision making power to funds or initiatives governed by those closest to the change – such as community controlled or Indigenous governed funds.

For broader ecosystem funding:

The opportunity for philanthropy is supporting emergent efforts without imposing rigid structures too early, providing resources before formalisation (which requires flexibility beyond typical PAF constraints), and trusting that those closest to the work understand what's possible and needed better than funders. This requires comfort with ambiguity and recognition that the most important change often can't be planned.

Ecosystem Development Requires Investment Across Multiple Units of Investment Simultaneously

Effective ecosystem development requires concurrent investment in enterprises, ecosystem infrastructure, and ecosystem-wide initiatives—but not necessarily all from the same funder. Intermediaries, peaks and impact networks have materially shaped the ecosystem: Social Traders expanded social procurement markets, state networks provide local connection, Sefa, First Nations Futures and LendForGood reshape access to capital, Social Enterprise Australia enables national learning, aligned action and influence.

Infrastructure organisations create value distributed across the ecosystem rather than capturable by the intermediary itself. Their work—convening, knowledge sharing, connecting, advocating—enables all actors to be more effective, but this value can be difficult to quantify.

Additionally, lack of DGR1 status constrains funding for some critical infrastructure—emergent collaborations, peaks without charity status, new financing mechanisms. This is something that funders can navigate—so long as they are willing to use different mechanisms and focus on funding for impact, rather than for tax advantage. This, in turn, is related to the capability, knowledge and commitment of philanthropic advisors to provide guidance and support beyond the most tax efficient philanthropic vehicles. More broadly, philanthropy can continue to collectively advocate for changes to DGR1 status that enables greater access to resources to a wider range of social purpose activities, for example through current efforts by Philanthropy Australia and the 'Unlock DGR' campaign. This would also be worth the social enterprise ecosystem putting its support behind.

A challenge emerges when funders invest at ecosystem level without seeing an increase overall resources for social enterprises themselves.²³ This can create tensions, competition and raise questions about the legitimacy of ecosystem efforts. It's important that funders remain individually and collectively aware of the changing balance of funding and efforts to resource the ecosystem at these different important levels, requiring transparency and mechanisms for sharing information across philanthropy. A number of funders have played an important role encouraging other funders to provide resources to this ecosystem and creating platforms within the philanthropic sector to connect, fund and learn collectively, such as the Social Enterprise Funders Group and the WISE Grant. Funders advocating to other funders is an important role to grow the overall resourcing and support for an ecosystem.

For broader ecosystem funding:

It's important for funders interested in supporting ecosystem development to think about the mix of their funding in supporting or encouraging investment across all three levels of enterprises, ecosystem infrastructure and ecosystem wide initiatives.

Time Horizons and Funding Stability Matter Profoundly

The mismatch between philanthropic funding cycles (typically 1-3 years) and the time required for ecosystem change (5-10+ years) creates persistent instability. This mismatch appears at every level: enterprises can't plan for growth, intermediaries can't sustain operations, field-wide initiatives can't build momentum. Short funding cycles force organisations to spend excessive time fundraising rather than delivering impact.

This is compounded when foundations change strategies, leaving gaps that take years for enterprises and intermediaries to recover from. The competitive, project-based nature of much philanthropic funding also creates additional burden. Fragmented funding means small organisations having to put significant time and effort into applying and reporting on small amounts of funding that often don't cover the costs of creating impact (or of engaging in funding processes themselves).

Some funders have evolved toward more flexible, trust-based approaches, particularly during COVID-19, but many wound back these practices within a year. The pattern of evolution followed by regression reflects the difficulty of sustaining new practices in the face of internal governance pressures or risk aversion.

The social enterprise ecosystem has some striking examples of significant philanthropic or government contributions upfront enabling longer term impact – for example, the Social Traders establishment by philanthropy and government or the Sefa funds that have been able to be recycled over time through loan repayments, enabling ongoing support to enterprises. This, alongside international evidence about the power of giving without time restriction, points to the potential of handing over genuinely unrestricted resources to be stewarded by organisations or initiatives over time.²⁴ This aligns with what becomes possible when devolving decision making – putting the assets and their stewardship in community control, for example Indigenous governed funds.

Research participants shared perceptions of critical funding gaps at both enterprise and ecosystem levels, particularly the “missing middle”—organisations too developed for startup funding but not yet stable enough for traditional finance or impact investment. Social enterprises require flexible resourcing and support through phases. At the ecosystem level, capacity building and infrastructure support face the greatest challenges, with intermediaries struggling to secure sustainable resources.

For broader ecosystem funding:

Align funding timeframes to what change requires, not funder preferences or consider removing timeframes from giving and allowing those leading the change to decide how to deploy and manage those resources over time. Provide core/flexible funding that enables organisational development and adaptation. When changing strategies, provide meaningful transition support (12-24 months minimum). Reduce reporting burden through trust-based approaches and shared learning rather than compliance-focused accountability. Where possible consider devolving funds and decision making around them to entities closer to the work – for example, Indigenous led funds – without a time horizon.



What's needed from philanthropy?

The history documented here reveals a field that has developed substantially over 20-25 years, driven largely by entrepreneurial actors stepping beyond their organisational roles to build collective capacity. However, this development has been uneven—concentrated geographically, focused on certain enterprise types, shaped by philanthropic priorities that haven't always aligned with sector needs, and constrained by funding patterns that can drive competition rather than collaboration.

The current moment represents an inflection point. Government policy attention, new national organising structures, and growing funder sophistication about ecosystem support create unprecedented opportunity. However, realising this potential requires conscious choices by funders and field leaders to move from patterns that have constrained development toward approaches that enable the field to progress from Forming to Evolving & Sustaining. For funders to positively contribute to the further development of the ecosystem, it's important to be more ecosystem aware.

The key shift needed is from 'How can I create impact with my available capital?' to 'What kind of funding does the system need and what is my role?'

Recommendations

In practice, here are recommendations for funders seeking to support ecosystems, based on this learning project.

1.

Power and Transparency

Know your distortions, not just your contributions. Philanthropy shapes which models thrive, which geographies get support, and whose voices are heard, often more than the needs of the ecosystem. Audit your own biases actively, be transparent about funding decisions, and communicate openly about what you will and won't fund and why.

Treat strategy change as a sector event, not an internal one. When foundations change direction, the consequences ripple far beyond individual grantees. Announce changes early, provide minimum 12-24 months transition support, and recognise that what feels like a strategic pivot internally can feel like a cliff to those you've been funding to grow.

Hold your strategy as a compass, not a roadmap. One foundation cannot control complex systems, they can attempt to influence them alongside others. Build internal capabilities for ambiguity, relational investment, and system awareness. Learn and adapt continuously rather than executing a fixed plan.

2.

Time and Sustained Support

Match your funding timeframe to what change actually requires. Ecosystem change takes 5-10+ years. Most philanthropic cycles run 1-3 years. That mismatch creates persistent instability at every level. Move toward multi-year commitments as a default, and seriously question the need to set time limits for ecosystem funding.

Fund the organisation, not just the project. Core and flexible funding enables adaptation, sustainability, and genuine organisational development. Restricted project grants fund outputs while the human and organisational infrastructure quietly deteriorates. Reduce reporting burden and shift accountability toward shared learning rather than compliance.

Be a first mover and stay long enough to matter. Philanthropy's catalytic value lies in proving new approaches before others will fund them but only if the commitment lasts long enough for government or other funders to follow. Early exits after significant growth investment can be damaging. Instead, try to provide flexible support as initiatives, organisations or ecosystems develop.

3.

First Nations Governance

Shift from opportunity to responsibility. Supporting First Nations businesses and communities is not a strategic choice among equals, it is a responsibility to redress colonial wealth extraction. Reframe your internal language and decision-making accordingly.

Put capital under Indigenous governance, not Indigenous management. The goal is not to fund Aboriginal-led delivery of funder-determined priorities. It is to provide capital to Indigenous-led funds and governance structures and trust those structures to make decisions. Pay First Nations people properly for their time and expertise, provide direct and untied funding, and accept that some initiatives will and should remain local.

Change your processes to meet communities, not the reverse. Simplify applications, increase flexibility, and align timelines with community processes. Current philanthropic practice remains extractive of knowledge, time, and networks while providing limited long-term community value. That is a process design problem funders can fix.

4.

Ecosystem-Level Perspective and Investment

Ask what the system needs, not just what your capital can do. The most important reorientation available to funders is shifting from “how do I create impact with my capital?” to “what does the system need and what is my role within it?” This changes what you fund, how long you fund it, and who you fund it alongside.

Invest across all three levels: for purpose organisations, infrastructure, and field-wide initiatives. Underinvesting in intermediaries, peaks, and collective infrastructure limits the effectiveness of enterprise funding. These organisations create value distributed across the whole ecosystem, but that value is hard to quantify and chronically underfunded. You don’t need to fund all three yourself but the ecosystem needs all three funded concurrently and field wide initiatives are currently the least funded.

Address geographic concentration deliberately. Philanthropic resources are heavily concentrated on the east coast and in major cities. Regional, remote, and non-metropolitan ecosystems do not receive proportional support. This requires active strategy, not passive openness.

5.

Stewardship and Engagement Over Transaction

Bring more than money. The most catalytic philanthropic contributions in this report came from funders who brought time, networks, expertise, and sustained presence not just funding. Active stewardship such as sitting on advisory groups, making introductions, convening actors, amplifying work, creates influence that money alone cannot buy.

Resource emergence before it has a form. The most transformative initiatives in the social enterprise ecosystem started informally, unfunded, and outside organisational structures. Funders who can resource this stage before DGR1 status, before a formal plan, before outcomes can be measured unlock possibilities that conventional grant-making never reaches. This requires philanthropic vehicle flexibility, board confidence, and genuine trust in practitioners.

Collaborate to fund what none of you can fund alone. Pooled funding, shared learning, and collective advocacy to government are underdeveloped in Australian philanthropy. The Social Enterprise Funders Group and the WISE Grant are models worth building on. Funders advocating to other funders is itself an ecosystem role.

Alani and Kirra, SSteps social enterprise trainees working in the ShoreTrack metal fabrication space.



In Appendix One we provide a framework for funders to reflect on dimensions of their practice with an ecosystems lens.

Appendix One

Dimensions of Philanthropic Practice in Ecosystem Funding

Philanthropic approaches to ecosystem funding can be understood across several key dimensions, each representing choices that shape how funding enables or constrains field development:



1. Unit of Investment: What Gets Resourced

Ecosystem Infrastructure	Individual Enterprises	Ecosystem-Wide Initiatives
--------------------------	------------------------	----------------------------

- ◆ **Individual enterprises:** Direct funding to social enterprises for their operations, growth, or specific projects
- ◆ **Ecosystem infrastructure:** Resourcing intermediaries, peaks, networks, and other “connective tissue” organisations that support multiple enterprises
- ◆ **Field-wide initiatives:** Supporting sector-defining moments, collective strategies, or system-change efforts (e.g. SEWF, national strategy development, collaborative advocacy)

Most sophisticated funders now invest across all three, recognising their interdependence. However, many funders remain focused primarily on individual enterprises, viewing infrastructure support as less tangible or impactful. The history shows that underinvestment in the latter two categories can constrain the effectiveness of enterprise funding over time without the ability of the ecosystem to work together to influence broader conditions for social enterprises to succeed, such as the forms of government and philanthropic funding flows.

2. Funding Structure: How Resources Flow

Restricted Project Grants	Core/Flexible Funding	Blended & Pooled Capital Approaches
---------------------------	-----------------------	-------------------------------------

- ◆ **Restricted project grants:** Funding tied to specific activities, deliverables, or time-bound initiatives with detailed accountability requirements
- ◆ **Core/flexible funding:** Unrestricted or lightly restricted funding that enables organisational development, adaptation, and sustainability
- ◆ **Blended or pooled capital approaches:** Combining grants, concessional loans, equity, guarantees, or other financial instruments to match different organisational needs and stages and/or pooling capital to be investing collectively and systemically

The trend among leading funders has been towards more flexible funding and blended approaches, recognising that project funding cannot build organisational capacity or enable adaptation. However, many funders continue to default to project-based approaches, often due to internal governance requirements or difficulty articulating the value of flexible or pooled funding to boards.

3. Time Horizons: Duration of Commitment

Short-term (1-2 years)	Medium-term (3-5 years)	Long-term (5-10+ years)	No time limitation
------------------------	-------------------------	-------------------------	--------------------

- ◆ **Short-term:** Annual or biennial funding cycles that align with funder planning processes but create instability for grantees
- ◆ **Medium-term:** Multi-year commitments that enable planning and some organisational development
- ◆ **Long-term:** Extended partnerships that align funding timeframes to the actual time required for ecosystem change
- ◆ **Unlimited:** Funding with no time horizon where assets are handed over to be spent and/or managed as the organisation or initiative sees fit.

The mismatch between short funding cycles and long change timelines has been one of the most persistent challenges identified in this report. Some funders have moved to 3-5 year commitments, but few provide the 5-10+ year support that ecosystem infrastructure particularly requires. When major funders exit after significant investment, the disruption can take years to overcome. An important element is to ask whether or not time horizons need to be attached to funding – emerging practice (such as MacKenzie Scott's giving) is to give amounts without time horizons. In the case of Yield Giving, this has been evaluated to enable greater community impact, financial and organisational sustainability.²⁵

4. Engagement Style: How Funders Relate to Grantees

Transactional
Monitoring

Trust-Based
Partnership

Active
Stewardship

This dimension reflects fundamentally different theories about how funding creates change:

- ◆ **Transactional monitoring:** Funders remain at arm's length, focusing primarily on compliance, reporting, and delivery against predetermined metrics. Characterised by detailed application processes, frequent reporting requirements, and emphasis on accountability to the funder rather than learning partnerships. This approach often reflects risk aversion and can inadvertently create additional burden for grantees whilst limiting adaptation and innovation.
- ◆ **Trust-based partnership:** Funders provide flexible resources with simplified processes, focus on learning rather than compliance, and trust grantees' expertise and judgment. Characterised by streamlined applications, narrative rather than metric-heavy reporting, multi-year unrestricted funding, and recognition that those closest to the work are best positioned to make decisions. This approach enables adaptation and reduces administrative burden but requires funders to be comfortable with uncertainty.
- ◆ **Active stewardship:** Funders bring not just capital but also relationships, expertise, networks, and active engagement to support grantees' success. This may include: sitting on advisory boards (not governing boards, which creates conflicts), making introductions to other funders or partners, providing strategic advice when requested, convening actors to strengthen connections, and using the funder's platform to amplify grantee work. Characterised by deep sectoral knowledge, long-term commitment, and willingness to invest significant time beyond grant-making.

The critical distinction is between active stewardship (which is additive and enabling) and transactional monitoring (which is extractive and constraining). Trust-based partnership sits between these poles, recognising that many funders lack the capacity or expertise for deep stewardship but can still create enabling conditions through flexible funding and learning-oriented relationships.



5. Locus of Decision-Making: Who Determines Priorities

Funder determined	Co-Created	Community Governed
-------------------	------------	--------------------

- ◆ **Funder-determined:** Foundation sets strategy, priorities, and approaches based on board/staff judgment, then invites applications that fit
- ◆ **Co-created:** Priorities and approaches developed through dialogue between funders and field actors, with genuine influence flowing both ways
- ◆ **Community-governed:** Decision-making power shifted to those most affected, with funders providing capital to community-controlled structures

This dimension reflects different assumptions about where expertise and authority should reside. The trend among more sophisticated funders is towards co-creation and, particularly for First Nations initiatives, community governance. However, much philanthropy remains firmly in the funder-determined category, with strategy set internally and grantees responding to predetermined priorities.


Reflection exercise

You can map your philanthropic approaches on a spider diagram of these five dimensions and consider how aligned your overall approach is – across these dimensions, to your values and strategies; how your approach may impact actors in the ecosystem and the broader development or dynamics of the ecosystem; and consider how is your approach addressing or reinforcing existing inequities?



Endnotes

- 1 Gales, B., & Khalil, J. 2022. Business for good: the size and economic contribution of social enterprise in Australia. Social Enterprise Australia. Accessed 22 January 2025, from <https://socialenterpriseaustralia.org.au/business-for-good/>.
- 2 Farnham, L., Nothmann, E., Tamaki, Z., & Daniels, D. 2020. "Field Building for Population-Level Change How funders and practitioners can increase the odds of success", The Bridgespan Group, p. 9, available at <https://www.bridgespan.org/getmedia/6d7adede-31e8-4a7b-ab87-3a4851a8abac/field-building-for-population-level-change-march-2020.pdf>.
- 3 Some definitions of social enterprise often overlook the breadth of social impact and purpose inherently generated by Indigenous businesses through their very existence. Due to colonisation and decades of financial exclusion, the mere presence of a First Nations business creates significant social value, either through its core business activities or downstream impacts. This nuance is frequently overlooked in existing definitions.
- 4 Productivity Commission (2024), Future Foundations for Giving Inquiry Report, p. 19. Accessed <https://www.pc.gov.au/inquiries/completed/philanthropy/report/philanthropy-overview.pdf> on January 29 2025.
- 5 ACNC (2025), Australian Charities Report, 11th Edition, p. 30, p. 31. Important to note that there was a big jump in the dollar figure of donations and bequests in this period due to the Minderoo Foundation group reporting donations and bequests totalling \$4.9billion in 2023 compared to \$266m the year before - the largest reported donation amount for any charity since the ACNC's establishment and around 25% of the sector's total donations or bequests in 2023.
- 6 ACNC (2025), Australian Charities Report, 11th Edition, p. 34.
- 7 ACNC (2025), Australian Charities Report, 11th Edition, p. 19.
- 8 ACNC (2025), Australian Charities Report, 11th Edition, p. 31
- 9 ACNC (2025), Australian Charities Report, 11th Edition, p. 32.
- 10 See: Centre for Sustainable Finance and Private Wealth (2025). Investors Guide Systemic Investing, Issue 3, <https://www.csp.uzh.ch/dam/jcr:c1f4786f-218b-4a9f-8f28-ab5994a0076e/CSP-InvestorsGuide-SystemicInvesting-A4-RGB-Digital-Doubles.pdf>.
- 11 Farnham, L., Nothmann, E., Tamaki, Z., & Daniels, D. 2020. "Field Building for Population-Level Change How funders and practitioners can increase the odds of success", The Bridgespan Group, p. 9, available at <https://www.bridgespan.org/getmedia/6d7adede-31e8-4a7b-ab87-3a4851a8abac/field-building-for-population-level-change-march-2020.pdf>.
- 12 Gales, B., & Khalil, J. 2022. Business for good: the size and economic contribution of social enterprise in Australia. Social Enterprise Australia. Accessed 22 January 2025, from <https://socialenterpriseaustralia.org.au/business-for-good/>.
- 13 Barraket, Jo. "The State of Social Enterprise in Australia." Third Sector Review 22, no. 2 (2016): 71-79.
- 14 See: STREAT Enterprises Pty Ltd – A Case Study relating to 2012 investment Professor Libby Ward-Christie and Dr Michael Moran (2019). Centre for Social Impact Swinburne, Swinburne University of Technology, accessible at https://streat.com.au/wp-content/uploads/2022/06/3._ward-christie_moran_2019_streat_enterprises_pty_ltd_case_study_of_2012_intvestment.pdf.

- 
- 15 Department of Social Services supported 3 Payment by Outcomes trials in total: <https://www.dss.gov.au/social-impact-investing/payment-outcomes-trials>
 - 16 See: <https://www.treasury.qld.gov.au/newsroom/biggest-social-enterprise-transformation-in-s-history/>
 - 17 Social Enterprise Australia, Unlock the impact of social enterprise – 2025-26 pre-Budget submission, January 2025, accessible at https://static1.squarespace.com/static/63f3d7bbfd0e4c4dba3d9f6a/t/67a027b29e0fd549d8f6a4a/1738549179752/Social+Enterprise+Australia_2025-26+Pre-Budget+submission.pdf
 - 18 See: <https://www.socialenterpriseaustralia.org.au/join-sea>
 - 19 It is estimated that for every \$1m in turnover, social enterprises create nine new jobs and that WISEs working with people previously marginalised from the workforce incur 30% of their running costs in training, wrap around support and other functions or assets that enable their social impact. See: 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 and Profile of Australia's Certified Social Enterprises (2022)
 - 20 See: Philanthropy Australia (2023), Insights from Australian Philanthropy's Response to the COVID-19 Crisis.
 - 21 Day Four Projects (2024), WISE Grant Interim Insights and Learning, accessible at <https://www.greatermelbournefoundation.org.au/knowledge-hub/wise-grant-interim-insights>
 - 22 Farnham, L., Nothmann, E., Tamaki, Z., & Daniels, D. 2020. "Field Building for Population-Level Change How funders and practitioners can increase the odds of success", The Bridgespan Group, p. 9, available at <https://www.bridgespan.org/getmedia/6d7adede-31e8-4a7b-ab87-3a4851a8abac/field-building-for-population-level-change-march-2020.pdf>
 - 23 This dynamic is common in funding for field development or intermediaries, see: Miller-Dawkins, M. (2022) Growing fields, shifting systems – A guide to effectively funding field building intermediaries, Paul Ramsay Foundation, p. 9. Available at <https://www.paulramsayfoundation.org.au/news-resources/growing-fields-shifting-systems>
 - 24 Research on MacKenzie Scott's unrestricted giving showed that it increased both impact and organisational sustainability: See The Center for Effective Philanthropy, "Research Shows MacKenzie Scott's Large, Unrestricted Gifts Create Sustained Impact for Nonprofits and Communities", accessed at <https://cep.org/news/press-releases/research-shows-mackenzie-scotts-large-unrestricted-gifts-create-sustained-impact-for-nonprofits-and-communities/>
 - 25 See: The Center for Effective Philanthropy, "Research Shows MacKenzie Scott's Large, Unrestricted Gifts Create Sustained Impact for Nonprofits and Communities", accessed at <https://cep.org/news/press-releases/research-shows-mackenzie-scotts-large-unrestricted-gifts-create-sustained-impact-for-nonprofits-and-communities/>

Citation

Miller-Dawkins, May. (2026). Shaping & Fuelling Change: The role & practices of philanthropy in the social enterprise ecosystem in Australia.

For more information contact: may@maymillerdawkins.com