



Helping work integration social enterprises build strong foundations for greater impact.

Work Integration Social Enterprise (WISE) Grant

Background information

WISE Grant Introduction

The Work Integration Social Enterprise (WISE) Grant is a new grant program that will provide up to \$4 million to social enterprises that exist to create jobs and employment pathways for Australians facing barriers to mainstream employment.

The WISE grant is a collaboration between eight partner organisations Paul Ramsay Foundation, Westpac Foundation, Macquarie Group Foundation, and Lord Mayor's Charitable Foundation, Vincent Fairfax Family Foundation, Minderoo Foundation, and English Family Foundation. MinterEllison provided invaluable pro bono advice on the grant program's governance.

The WISE Grant will be managed by Lord Mayor's Charitable Foundation with the support of a steering committee of the founders and will be seeded with \$3.4 million in initial grant capital. The WISE Grant funds are held in the WISE Collaboration Giving Account of the Lord Mayor's Charitable Foundation.

There are two types of multi-year grants which range in total value from approximately \$200,000 to \$500,000 depending on the stage of the social enterprise and are available to fund "core" costs to build the organisation's capacity to create meaningful jobs and employment pathways for disadvantaged jobseekers.

Tier 1 grants

Valued at approximately \$200,000 over two years (\$100,000 a year) to support WISE at "the experienced start-up and survival stages" to develop their impact and business model towards greater financial resilience.



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Tier 2 grants

Up to approximately \$500,000 over two years (\$250K a year) to support WISE at the “stable and early sustainable stages” to strengthen and prepare them for future growth based on a stable and proven impact and business model.

WISE Grant Rationale

The WISE grant partners recognise the economic and social value of WISE and have pooled funding to help create a more accessible and streamlined approach to supporting WISE seeking to build their financial resilience and impact.

The new grant program aims to simplify philanthropic grant seeking for WISE as well as help them strengthen and increase their employment and employability outcomes, financial sustainability and core capacity to prepare for future growth. The partners behind the grant program are also seeking to build an evidence base of how best to support WISE using collaborative funding approaches as well as strengthen networks for collective impact in the WISE sector.

Simplified Theory of Change

Because...	We will ...	That leads to...	And ultimately...
WISE face challenges in accessing and navigating philanthropic support which diminishes their potential for delivering employment outcomes for those facing disadvantage	Develop a peer-philanthropy pooled grant program to streamline access to philanthropic support for WISE.	More effectively supported WISEs to: 1. Increase their capacity 2. Increase their employment & employability outcomes 3. Increase their financial sustainability	Individual WISEs have the appropriate capacity and sustainability to deliver employment outcomes for people facing disadvantage, leading to greater economic and social inclusion.
The philanthropic sector's support for WISE is fragmented	Develop a peer-philanthropy pooled grant program that facilitates sharing of best practice in support for WISE.	Build collective capability in funding WISE through stronger networks, better practice and evidence. Use collective capability to more effectively advocate with and on behalf on WISE sector (longer term)	The WISE sector increases its employment of vulnerable Australians and their economic, social and environmental contribution to Australia.



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WISE Grant Governance

The grant partners sought advice from industry partners on the grant design and implementation. MinterEllison provided invaluable pro bono advice on the 's grant program's governance. An advisory committee consisting of Social Enterprise Practitioners have advised on every component of the design of the grant. Senior academics and intermediaries have also provided invaluable advice.

The WISE Grant funds are held in the WISE Collaboration Giving Account of the Lord Mayor's Charitable Foundation. Each partner has an individual agreement with the Initiative Host, the Lord Mayor's Charitable Foundation.

- The Initiative Host provides compliance and governance oversight to the WISE Grants program.
- The Initiative Host chairs the Grant Advisory Committee which all partners are members of and which chooses successful applicants and recommends them to the Initiative Host's board.
- The Initiative Host holds the Grant Agreement and reporting relationships with WISEs.



Background to Work Integration Social Enterprise (WISE)

A social enterprise is a business, for good. They trade like any other business but exist specifically to make the world a better place. Those that exist to create employment opportunities for people shut out of the labour market are known as Work Integration Social Enterprises (WISEs)¹. A WISE can either directly employ these people or alternatively provide specialised support to transition individuals into external employment of the 12,000 social enterprises in Australia², 58.5% are employment focused^{3,4}.

WISE also “produce higher and better employment outcomes than mainstream employment services for people experiencing significant disadvantage”, particularly long-term employment outcomes⁵. Initial findings from a current Federal Government “Payment by Outcomes” pilot are demonstrating the effectiveness of WISE models compared to the existing employment system for people living with a disability⁶.



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Some of the key features of WISE that help make them effective include⁷:

- 1. PEOPLE-CENTRED** – WISE are typically closely engaged, aware of the structural barriers and life situations that make employment difficult for the people they support. They understand the needs of the individual over time.
- 2. COMBINE WORK AND SUPPORT** – WISE usually integrate real-world work settings with personalised development support, skills, training or education, and access to external support services that can reduce barriers and disincentives to work.
- 3. OFFER WORK THAT'S MEANINGFUL** - WISE provide work that is not only doable but challenging, unlocking development, unlike Australian Disability Enterprises that limit activities to simple tasks. Evidencing this, WISE labour productivity is the same or higher than that of small and medium businesses.
- 4. ARE COLLABORATIVE** – WISE typically develop strong community relationships and partnerships that enable them to link their staff and trainees to different work, social, and personal development opportunities.
- 5. ARE ADAPTIVE** - WISE adapt with efficiency and speed to new opportunities and needs.
- 6. VALUE LIVED EXPERIENCE** - WISE engage the people they seek to serve in the operations and governance of the enterprise.

Financial sustainability challenges for WISE and the role of philanthropy

Establishing and growing a social enterprise is highly complex due to the need to balance both impact and business/financial goals. A WISE has unique challenges in their model, due to the significant impact costs of working with marginalised jobseekers. These costs include both the personalised, wrap-around services they provide to support target employees as well as training and other costs associated with the inexperience of their target employees. Examples of these costs include:

- wages of staff providing support/supervision/transition
- cost of any additional training provided
- equipment purchased for accessibility needs
- transport provided to employees/trainees that do not have access to their own transport

Research is underway by the Centre for Social Impact (CSI) Swinburne to help WISE better understand and calculate these social impact costs. However, some estimates indicate that they are in the range of 20-30% of the total costs of running the social enterprise³.

The collaborating partners behind the early-stage WISE grant understand these challenges and have focussed the grant funds to help cover these impact costs as well as core costs of the enterprise as it increases its financial resilience and impact.



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Traditionally the role of philanthropy has been to fund these “impact costs” for social enterprises as they build their financial sustainability. However, it is important to reframe the concept of being “financially sustainable” to when a WISE can clearly articulate the social impact costs in its model and is in a position where trade is covering the social enterprise’s operating expenses (not including its impact costs).

Currently the government pays employment service providers and employers to tackle unemployment, as it involves these impact costs. However, this funding has largely not been available to WISEs except for a few initiatives underway to trial a range of payment by outcomes approaches (including [the White Box PBO Pilot](#)). The collaborating partners of the WISE Grant, along with Social Enterprise Australia, recognise these system changes are required to complement early-stage philanthropic funding for WISE to help them scale and deliver on their potential to create employment outcomes for the most disadvantaged Australians.

¹ <https://www.socialtraders.com.au/news/deep-dive-employment-pathways>

² <https://www.socialenterpriseaustralia.org.au/>

³ <https://www.socialtraders.com.au/news/pace2022>

⁴ <https://www.socialenterpriseaustralia.org.au/>

⁵ <https://www.westpac.com.au/about-westpac/our-foundations/westpac-foundation/news/social-enterprise-untapped-potential-in-creating-jobs/>

⁶ <https://whiteboxenterprises.com.au/innovate/payment-by-outcomes-trial/>

⁷ https://static1.squarespace.com/static/63f3d7bbfd0e4c4dba3d9f6a/t/641c6d5ab9ea773375c719d5/1679584603268/Employment+White+Paper+submission_Social+Enterprise+Australia.pdf



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