

EVALUATION OF THE PAYMENT BY OUTCOMES TRIAL 3

First Interim Report

Prepared by the Centre for Social Impact

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Acknowledgement of Country

We respectfully acknowledge the Wurundjeri People of the Kulin Nation, who are the Traditional Owners of the land on which Centre for Social Impact Swinburne is located in Melbourne's east and outer-east, and pay our respect to their Elders past and present. We are honoured to recognise our connection to Wurundjeri Country, history, culture, and spirituality through these locations, and strive to ensure that we operate in a manner that respects and honours the Elders and Ancestors of these lands. We also respectfully acknowledge Swinburne's Aboriginal and Torres Strait Islander staff, students, alumni, partners and visitors.

We also acknowledge and respect the Traditional Owners of lands across Australia, their Elders, Ancestors, cultures, and heritage, and recognise the continuing sovereignties of all Aboriginal and Torres Strait Islander Nations.

The Centre for Social Impact (CSI) Swinburne

Established in 2014, the CSI Swinburne is a highly industry-engaged, practice-oriented research and teaching centre, based in Swinburne's School of Business, Law and Entrepreneurship (SoBLE) and is one of four university-based nodes of the highly respected CSI national network.

CSI Swinburne is focused on people and technology working together for a better world, exploring the intersection between social entrepreneurship and technology, in areas such as social enterprise, social business and social finance; community services innovation; employment access and equity; and impact and evaluation and measurement.

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Acronyms

ADE	Australian Disability Enterprise
CDP	Community Development Program
CRN	Customer Reference Number
CSOT	Community Services Outcomes Tree
DES	Disability Employment Services
DEX	Department of Social Services Data Exchange
DOMINO	Data Over Multiple Individual Occurrences
DSP	Disability Support Pension
DSS	Australian Government Department of Social Services
ESAt	Employment Services Assessment
ESP	Employment Services Provider
NFP	Not for Profit
PSE	Participating Social Enterprise
PBO	Payment by Outcomes
PBO3	Payment by Outcomes Trial 3
SIB	Social Impact Bond
SII	Social Impact Investor
SLK	Statistical Linkage Key
WISE	Work Integration Social Enterprise
WBE	White Box Enterprises

Executive summary

This is the first report of three that documents an independent evaluation of the Australian Department of Social Services (DSS) Payment by Outcomes Trial 3 (PBO3) over the course of its design and implementation.

PBO3 is an exciting and innovative trial that is being led by White Box Enterprises (WBE) as the Australian Government's contracted service provider. WBE co-developed PBO3 with DSS, social enterprises and impact investors as an innovative mechanism to fund the delivery of long-term employment outcomes for jobseekers experiencing significant barriers to employment.

A distinguishing characteristic of PBO3 is that employment is provided by 'jobs-focused social enterprises', sometimes known as Work Integrated or Integration Social Enterprises (WISEs).

This first report spans PBO3 initiation, design, development and implementation in the first year of service delivery (July 2022 – June 2023). Subsequent reports will focus on implementation processes and outcomes until the conclusion of PBO3 in March 2026.

The evaluation consists of: (i) an *outcome* evaluation focused on how effectively PBO3 has brought about change; and (ii) a *process* evaluation, which documents design, implementation and operationalisation (inputs, activities and outputs).

In the context of PBO3, the changes that WBE and other stakeholders are aiming to bring about include:

- *Individual:* enhanced and improved well-being for employees of social enterprises, who are also participating in PBO3;
- *Organisational:* access to a reliable mechanism for Participating Social Enterprises (PSEs) to fund the costs of providing workplace supports for their target employees; and
- *Systems-level:* developing a means for social enterprises to become an integrated and integral part of the employment services system in Australia.

Early outcomes are strongly encouraging

From an outcomes perspective, the findings of this first report are preliminary but strongly encouraging and are consistent with the trial meeting its milestones and other indicators such as strong retention rates. All PBO3 participants have recent experiences of long-term unemployment, and many have had previously unsuccessful encounters with the employment services system. Almost all participants (98%) surveyed for this evaluation report change for the better (outcome) beyond having a job (an output).

Through this evaluation, we have learned what is important to participants and how their lives have improved based on their improved employment circumstances with:

- 88% experiencing change for the better in income and financial independence;
- 88% experiencing change for the better in relation to their learning and skills development, providing evidence that PSEs are investing in the long-term employability of participants; and
- Almost three-quarters of participants (74%) reporting improvements in their sense of belonging, 72% reporting improved physical health, 70% reporting change for the better in family and relationships and choice and empowerment, and 60% reporting improved ability to meet their daily needs.

One in six participants reported a slight deterioration in mental and/or physical health, possibly due to the new adjustments in participants' lives. Housing, safety, or financial skills were areas where participants most commonly experienced 'no change', possibly due to circumstances outside their control.

In their own words: participants' experiences

PBO3 participants were also asked to use their own words (i.e., via short open text responses) to reflect on the biggest changes in their lives, how working in a PSE enabled them to achieve this change, and the biggest barriers to achieving change *before* joining a PSE.

Participants' voices reinforced the survey results in relation to the importance of income to support independence, skills acquisition, and sense of belonging. The biggest barriers to change *before* joining a PSE were health, skills and opportunities.

Six participants also shared their stories about what working at a social enterprise meant to them. These stories are compelling and bring to life the early outcomes of PBO3 including:

- Shared experience of the ineffectiveness of employment service providers and that 'luck' opened the door to employment in a social enterprise.
- How supported employment reduced the barriers to employment they had previously experienced and sometimes considered insurmountable, including those arising from disability.
- The important role of People Support Officers within the social enterprise workplace in helping participants progress in life and celebrate the wins.
- Experiencing low-quality work and exploitation in prior positions of 'open' employment
- How positions of employment give people experiencing significant barriers to employment a platform for contributing to organisational and even systems change.

These outcomes have been enabled by the mentoring, remuneration and routine/sense of purpose provided by their employment in PBO3.

Outcomes have also been enabled by the jobs-focused social enterprise service model

Key stakeholders to PBO3 – including WBE – emphasise that this model is distinctive from other employers. Participants' stories illustrate how PSEs provide meaningful work and supportive workplaces in which staff (including dedicated support workers and mentors) are always present to provide employees with support on an as-needed basis, as well as at designated, routinely scheduled times.

Our evaluation also found that social enterprises provide a unique form of wraparound support by working 'alongside' individuals, via structured and unstructured interactions in the workplace to address employees' needs as they arise.

While the alongside approach differs from the wraparound support in many social work and social care contexts, it complements these critical forms of support provided by other social and case workers, with employees and PSEs leveraging and relying on other support systems.

Jobs-focused social enterprises either assist employees to navigate and access publicly funded services, or develop relationships with local services providers (e.g., counselling services) who agree to provide services pro bono.

An innovative and iterative design and development process

As the first of three reports that present a holistic evaluation of PBO3, this report is more strongly weighted towards the *process* evaluation aspects of the PBO3 design and its initial implementation.

Overall, our evaluation found that the process to co-develop, design and operationalise PBO3 was highly complex due to its innovative and developmental nature. DSS and WBE led the iterative co-development of PBO3 with input from a range of stakeholders.

For both DSS and WBE, this provided an opportunity to understand the challenges and opportunities for developing and implementing a PBO funding model for social enterprises at scale. These learnings include:

- The design of PBO3 was informed by and needed to accommodate the reach and resources of DSS including, what policy areas fall within the Australian Government's jurisdiction, DSS' departmental boundaries and policy priorities, DSS access to government datasets, and DSS' responsibility to be accountable for the use of public money.
- The process of including social impact investors as part of a DSS PBO – not required by DSS as part of its PBO trials – adds to the complexity of PBO3 but also provides an opportunity to improve understanding of blending public and private investment.

The relatively short time available to both design and build such an innovative funding structure resulted in several challenges and subsequent adaptive responses and lessons, such as:

- Additional time and resources were required to recruit more PSEs than originally anticipated, as a result of multiple factors, including the strict PBO3 eligibility criteria, making it difficult for some PSEs to identify and recruit eligible participants within the initial enrolment period;
- The seasonality and business operations cycles of PSEs (maturity, type of contracts and work available) affected the available employment opportunities for PBO3 participants, and more mature PSEs appeared to be able to more easily adapt to the PBO3 requirements;
- Due to the structure of Australian Government data systems, DSS needed to design new processes for verifying the eligibility of PBO3 candidates and monitoring fortnightly income and employment data, which is highly resource intensive, affecting efficiency; and,
- WBE's 'aggregating' role as an intermediary is a unique design feature of PBO3 (differentiating it from traditional social impact bonds and other outcomes funding models) that alleviated demands on PSEs.

Beyond the individual outcomes, PBO3 has generated organisational and systems change

Our evaluation also found that the iterative and innovative design process has led to organisational outcomes and systems change including:

- Enhanced understanding of outcomes-based funding within the Australian Government;
- An understanding of data gaps and linkages within and between Commonwealth agencies and external stakeholders including WBE and PSEs;
- Building an understanding within the Australian Government of how to establish contracts to better support outcomes-based commissioning;
- Integrating the perspectives of social enterprises and other stakeholders in employment services into funding design; and,
- Development of a novel, hybrid structure (a PBO model) that could potentially be deployed for scaling and replication.

This stems from the collaborative and adaptive way in which stakeholders responded to the institutional context and shifting dynamics. Outcomes were also enabled by a highly engaged intermediary and a responsive government department. This enabled stakeholders to work through the complex challenges that they were presented with during the design process.

Overall, this first report of three demonstrates the commitment, ingenuity, energy and passion of all stakeholders to work collaboratively and tirelessly to improve the employment opportunities for people facing significant barriers within existing employment services (and other) systems.

Background

Policy Context

In 2019, the Australian Government committed \$15.7 million towards three Payment by Outcomes (PBO) Trials in the social services sector. The Trials aim to test the effectiveness of social impact investing as an innovative financial model to address social disadvantage (DSS 2023). PBO is a form of social impact investing and involves a contract between a funder (in this case government) and a service provider in which the payment of contract PBO fees is split between an upfront payment and a later payment that is conditional on the achievement of agreed outcomes.

The PBO Trials build on the Australian Government's objective to be a market *enabler* as outlined in its 'principles for social impact investing' by addressing regulatory barriers that hinder market development (Australian Government 2017). The Trials also provide an opportunity for government to be a market *participant* and use policy instruments to become a purchaser of social outcomes as a substitute to grant funding in social service delivery (Social Impact Investment Taskforce 2019).

Figure 1 shows the history of the Australian Government's engagement in social impact investment, from the announcement in 2011 of the Social Enterprise Development and Investment Funds through to the 2023 commitment to the Outcomes Fund.

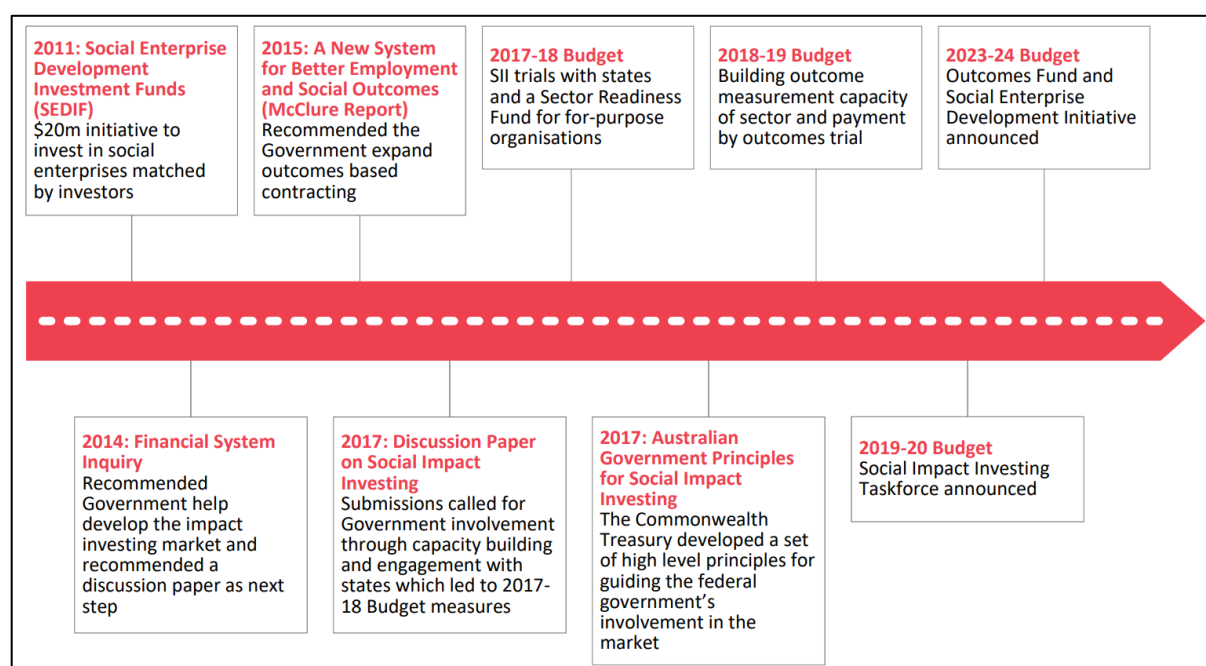


Figure 1: History of Australian Government engagement in Social Impact Investment policy since 2011 (Source: adapted from Social Impact Investing Taskforce Interim Report, December 2019)

A key element of the timeline shown in Figure 1 was the establishment of the Australian Government's Social Impact Investing Taskforce in 2019. The purpose of the taskforce was to provide recommendations on a strategy for the Commonwealth's role in facilitating the social impact investment market.

The Taskforce's Interim Report (2019) identified PBO programs as one of three distinguishable forms of social impact investment alongside social impact investment funds and social enterprises and the model where governments can *directly* steer and participate.

The Taskforce also found that although there have been several successful outcomes-based funding social impact investments across Australia – notably at the state level through social impact bonds (SIBs) in NSW, Victoria, Queensland and South Australia – high transaction costs due to the bespoke nature of SIBs and their novelty, means stakeholders are continually looking for ways to reduce their complexity. The Australian Government's PBO Trial initiative has taken these lessons on board.

Payment by Outcomes Trial 3

The focus of this report is the Australian Government's Payment by Outcomes Trial 3 (PBO3). For DSS, the aim of PBO3 is to trial a PBO funding model to inform Government of its role in social impact investing in Australia. PBO3 also creates opportunities to deliver long-term employment outcomes for people experiencing significant barriers to employment through 'jobs-focused social enterprise' – the term we use throughout this report – sometimes known as Work Integrated or Integration Social Enterprises (WISEs) (DSS 2023).

In PBO3 the Australian Government has contracted White Box Enterprises (WBE) as the 'service provider'. WBE is a jobs-focused social enterprise intermediary established in 2019, that aims to grow the number and scale of jobs-focused social enterprises in Australia.

As illustrated in Figure 2, below, under PBO3, WBE is coordinating 16 social enterprises (at 30 June 2023), referred to as Participating Social Enterprises (PSEs), to support employment outcomes among PBO3 participants (i.e., employees). WBE also secured three social impact investors (SIIIs) to provide \$750,000 of upfront working capital as part of PBO3.

Due to the complexity of developing and structuring a PBO, philanthropic donation/grant capital has also been used to support model development along with pro bono and low bono contributions from various professional service providers. This is commonplace for bespoke, prototype impact investment transactions that require specialist legal and finance expertise that is particularly important in the design, development and implementation stages.

The PBO3 Model

The PBO3 model was co-developed by WBE and DSS between March and November 2021 with advice and input from the social enterprise sector and a range of professional advisors and consultants. At the time, the program requirements included:

- Service delivery would occur from July 2022 to September 2025;
- There would be up to 170 participants who are people with disability or people eligible for the Community Development Program (CDP), currently receiving income support and experiencing unemployment for at least 9 of the last 12 months;
- Funding of up to \$3.8 million could be earned if WBE achieved outcomes well above what was expected based on co-development modelling;

- Outcomes are measured quarterly throughout service delivery, with the final outcome measurement occurring after service delivery has ceased; and
- Outcome payments would be made against employment retention milestones and transition of participants from the PSE to external employment.

Since the co-development phase, PB03 stakeholders have agreed to extend service delivery to March 2026 (with a knock-on effect on final outcome measurements and payments). **By the close of the enrolment period (September 2023), a total of 132 participants had been enrolled in the PB03 trial.**

The PB03 transaction structure, including the role of stakeholders, is outlined at the diagram below.

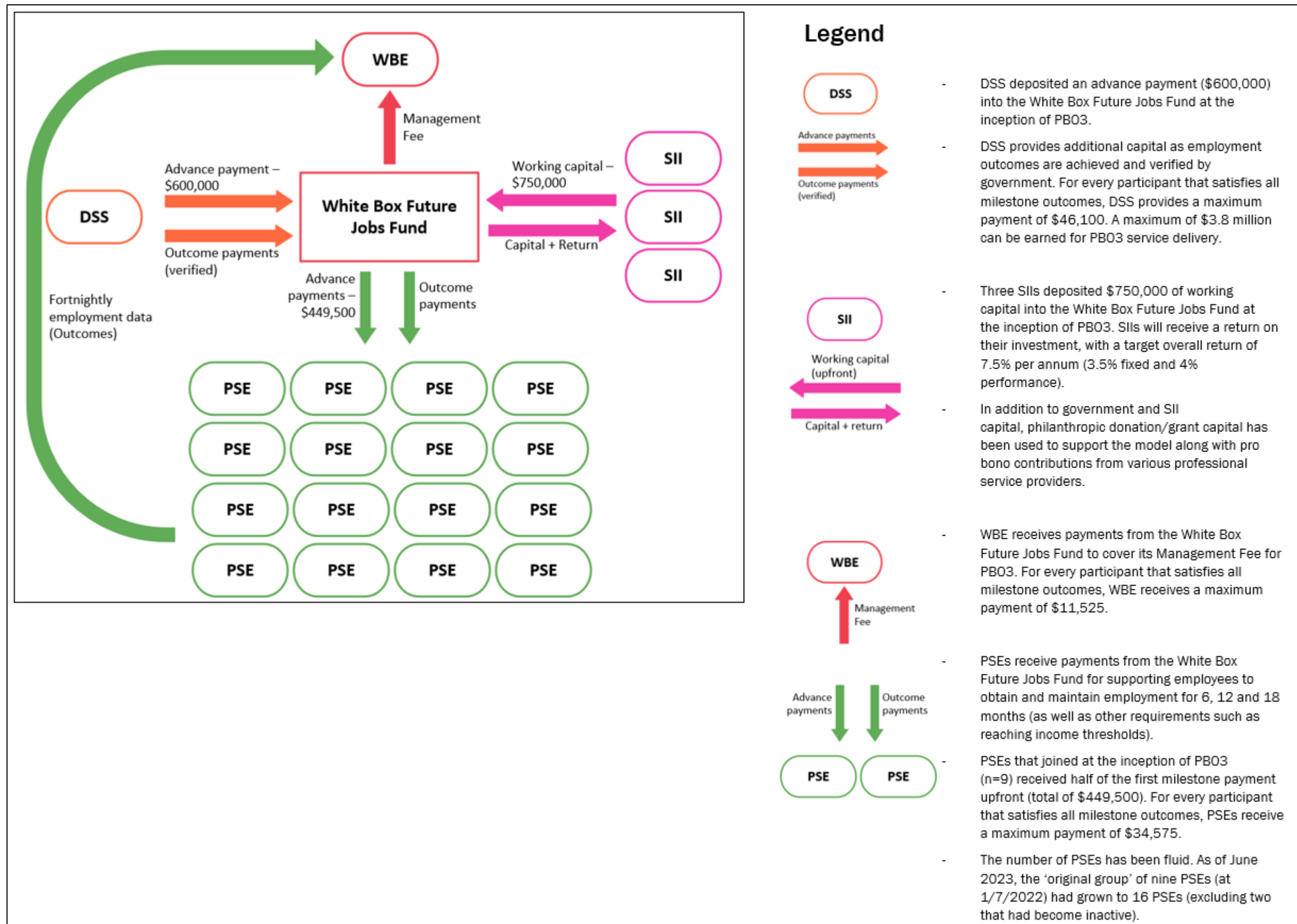


Figure 2. A diagrammatic representation of the PBO3 transaction structure (as of 30 June 2023)

Evaluations that Monitor PBO3

In addition to the evaluation presented in this report, there are three existing or planned monitoring and/or evaluation processes for PBO3: (i) monitoring of PBO3 milestone outcomes (ongoing); (ii) PBO3 costs and benefits analysis (June 2023); and (iii) combined evaluation of the Australian Government's three PBO trials (planned).

First, as an outcomes-based contract, PBO3 has several predefined employment milestone outcomes. These milestones must be met for DSS to make payments to the White Box Future Jobs Fund. To evidence that milestones have been achieved, PSEs provide fortnightly payroll data to WBE, which is then cross-referenced against Commonwealth data. PBO3 performance metrics for Year 1 of implementation (1 July 2022 to 30 June 2023) are outlined in the breakout box to the right. **While the monitoring and verification of data that trigger payments is wholly separate to the evaluation presented in this report, it is important to note that at the conclusion of Year One of PBO3 implementation, milestone results are encouraging.**

Second, to supplement these administrative data, WBE commissioned Taylor Fry, an analytics and actuarial consulting firm, to review the costs and benefits of PBO3. In their review released in June 2023,

employment outcomes were projected for a prospective cohort participating in PBO3 and these outcomes were compared to a counterfactual cohort in the Disability Employment Service (DES). Taylor Fry projects that under the PBO3 model, over the next five years, individual participant income will be \$15,500, or 13%, higher and fiscal costs will be \$18,200, or 17%, lower than the counterfactual. They also noted that PBO3 retention appears stronger than DES placements. It is beyond the scope of this report to assess the validity and rigour of the above analysis.

Finally, it is the authors' understanding that DSS is also intending to evaluate the three PBOs within the broader Social Impact Investment Program evaluation, focused on informing the Government's role in building the social impact investment market and the effectiveness of outcome-based financial models in addressing entrenched social disadvantage.

PBO3 PERFORMANCE (2022-23)

As of 30 June 2023, there were **102 participants** who re/entered work and enrolled in PBO3 across **13 PSEs** (with three PSEs not having enrolled employees in PBO3 as of 30 June 2023).

- **83** participants are in award-wage employment with a social enterprise.
- **5** participants have transitioned to mainstream employment.
- The retention rate is **86.3%**, higher than the predicted retention rate of **62%**.
- **14** individuals are not currently engaged with a PSE or PBO3 Trial.

Of the 102 participants:

- **54%** are aged 21-29 years, and **18%** are aged under 21.
- **25%** are female, **75%** are male.
- **84.3%** live in a major city, **14.7%** live in regional areas, and **1.0%** live in a rural area.

Average income of \$837/fortnight earned by participants working with a PSE, and \$890/fortnight for those who have transitioned to competitive employment.

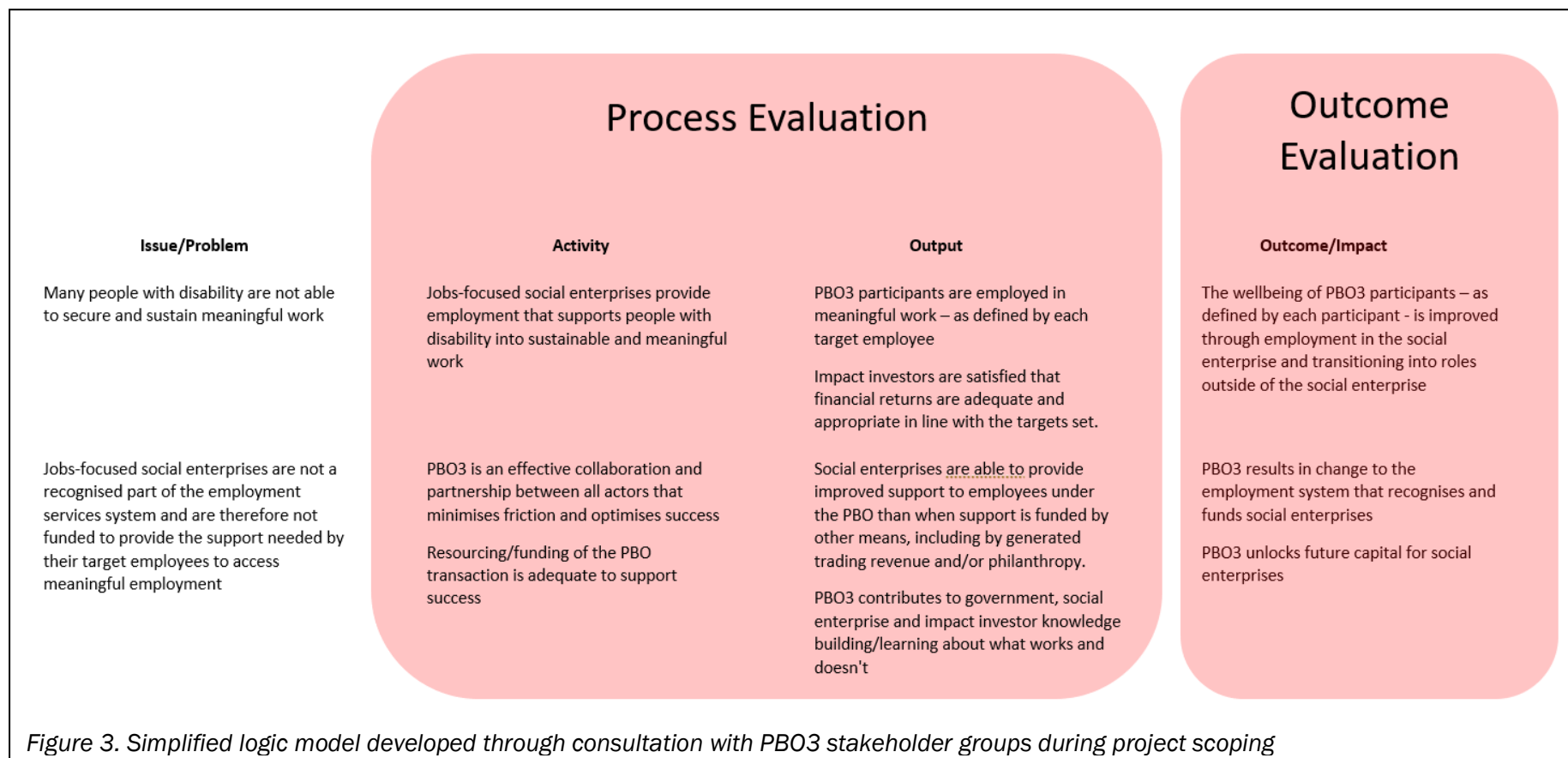
36 outcome payments have been earned by PSEs (i.e. for supporting PBO3 participants to work 13 fortnights and earn at least \$513 per fortnight; and/or 13 fortnights working with a competitive employer and earning at least \$855 per fortnight).

CSI Swinburne's Evaluation of PBO3

WBE commissioned CSI Swinburne to develop and implement a framework that holistically evaluates the implementation and outcomes of PBO3. CSI Swinburne has consulted with representatives from all PBO3 stakeholder groups to design an evaluation framework and approach that has been informed by their understanding about the objectives of PBO3 outcomes they expect it will achieve.

To complement the three existing or planned approaches to monitoring and/or evaluating PBO3 (outlined above), CSI Swinburne's evaluation collects data from all key stakeholder groups to *identify, measure and evaluate* the outcomes of PBO3 in terms of what each stakeholder group identifies as important at *individual, organisational* and *system* levels. This evaluation will take place over the life of PBO3 with three reporting outputs (Table 1).

Importantly, CSI's evaluation of PBO3 is both a 'process evaluation' and an 'outcomes evaluation', based on the PBO3 logic model that CSI Swinburne developed through consultation with representatives from all PBO3 stakeholder groups during the project scoping phase (see Figure 3). Figure 3 shows the relative focus of the process and outcomes evaluation elements of this research.



A process evaluation focuses on the activities of a program or project – in this case PBO3 – and its implementation. Process evaluations are generally undertaken periodically during the life of a project to document the process of implementation and identify opportunities for future improvement. The outcome evaluation of PBO3 will focus on the extent to which PBO3 has brought about change. In the case of PBO3, CSI's initial scoping consultation with the trial stakeholders indicated that both process and outcomes are important.

As the first of three reports, this report (Interim Report 1) has an emphasis on the process evaluation aspects of the design and establishment of PBO3, including articulating with evidence the opportunities that PBO3 presents for stakeholders; their experiences and sense-making of the initial design, development and implementation phases. In addition, this report provides an initial assessment of the outcomes stakeholders are beginning to see or experience. Whereas PBO3 milestone outcome data outlines outcomes in terms of participants' duration of employment, income, and transition into external employment, the CSI Evaluation presented in this report asks participants about a range of outcome areas (see boxes below), as well as outcomes for stakeholder organisations.

PBO3 milestone outcome data (*program data*)

- Duration of employment
- Income
- Transition into external employment

CSI Evaluation data (*self-reported data*)

- Employment circumstances
- Financial circumstances
- Skills and development
- Sense of belonging
- Physical and mental health
- Family and relationships
- Choice and empowerment
- Ability to meet daily life needs
- Safety
- Housing

Later reports will have a greater emphasis on the outcomes of PBO3 as these emerge over the life of the trial.

Table 1: Schedule of reporting for CSI Swinburne's evaluation of Payment by Outcomes Trial 3

Report	Date	Focus	Report weighting (<i>process/outcomes</i>)
Interim Report 1	September 2023	<i>Process evaluation:</i> formative evaluation of PBO3 objectives, design and early implementation	
		<i>Outcome evaluation:</i> early outcomes for PBO3 participants; progress toward employment system change	
Interim Report 2	March 2025	Mid-cycle <i>process evaluation:</i> implementation to date	
		<i>Outcome evaluation:</i> mid-point outcomes for PBO3 participants including employment transitions; progress toward employment system change	
Final Report	March 2026	<i>Process evaluation:</i> summative evaluation of implementation	
		<i>Outcome evaluation:</i> summative assessment of outcomes for PBO3 participants including employment transitions; effectiveness of PBO3 as a system-change initiative	

This report is presented in two parts:

Part A. Outcomes Evaluation – Presents early outcomes of PBO3 focused on the change that is being created for individuals, including a section that captures participants' stories.

Part B. Process Evaluation – Presents an analysis of the PBO3 opportunity, design and implementation. This includes discussing what stakeholders of PBO3 want to achieve through their involvement in the trial, the design and how these respond to stakeholders' respective objectives, needs, and resources, and factors that affected the initial implementation of PBO3 and how stakeholders have responded and adapted through 'learning by doing'.

As outlined in Table 2, below, this report is informed by interview and survey data collected between May and August 2023. More information about the method of data collection and analysis is provided in Appendix A.

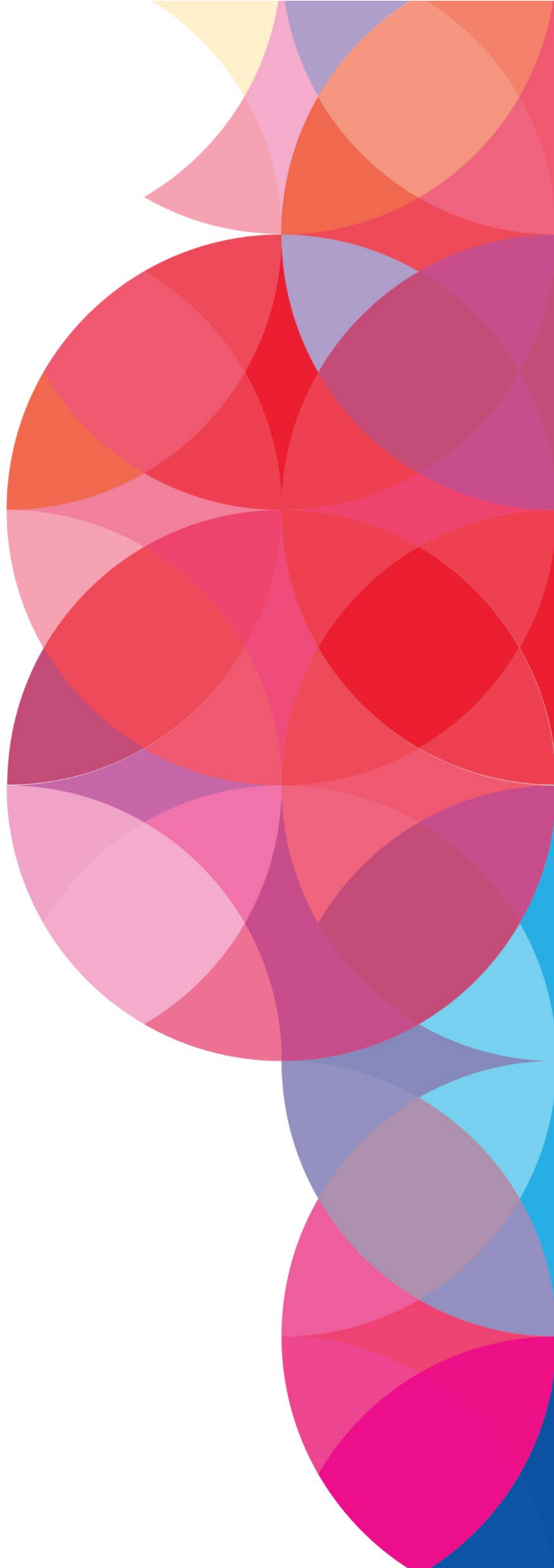
Table 2: Summary of data collected between May-August 2023

Data type	Stakeholders involved	Number of interviews	Number of research participants
Interviews about PBO3 objectives, design and implementation	DSS, Slls, WBE, PSEs	20	26
Survey about outcomes for participants	PBO Participants	NA	43
Interviews about PBO3 in the context of participants' life narratives	PBO Participants	6	6
TOTAL		26	71*

** All participants (i.e., employees enrolled in PBO3) who were interviewed also completed the survey*

The project was approved by Swinburne University's Human Research Ethics Committee (Reference 20236954-14179).

PART A | Outcomes Evaluation



Early outcomes

- All participants surveyed reported changes for the better since joining PBO3.
- Participants identified changes in income, independence, new skills and connecting with others as being the most important changes to them that have come about through PBO3. These changes were enabled by routine, mentoring and remuneration.
- One in six participants reported a slight deterioration in mental and/or physical health, possibly due to the adjustment in participants' lives associated with a new job.
- Housing, safety and financial skills were the areas in which respondents most often experienced no change. This may indicate a lack of need for change, an unmet need and/or that it takes more time for participants to experience positive change.
- Key barriers faced by participants prior to becoming employed by their PSE included money issues, personal situation and lack of personal motivation and feeling helpless. Participants also emphasised barriers related to health, skills and/or a lack of opportunity.

This section of this report draws on a survey of and interviews with PBO3 participants. It provides insights into specific changes in participants' lives that have come about since being employed and participating in PBO3. Importantly, we also sought to understand which of these changes participants regard as important in their lives, such as income, independence, new skills and connecting with others.

Our research highlights improved employment and financial circumstances together with improved skills and development at this early stage of the trial. It also highlights that some things haven't changed for participants, such as housing, safety and financial skills and also for a small number, there has also been some areas of slight deterioration such as in mental and/or physical health, possibly due to the adjustment in participants' lives associated with a new job. It should also be noted that a limitation of these findings is people who have left the trial have not responded to the survey.

Beyond the survey results, this section also presents the stories of six individual participants. Their stories bring to life the themes that have emerged from the survey data.

Understanding these early perspectives is important because it highlights areas for attention to enhance the ongoing implementation of PBO3 as well as future approaches to addressing the long-term employment of people experiencing significant barriers to employment.

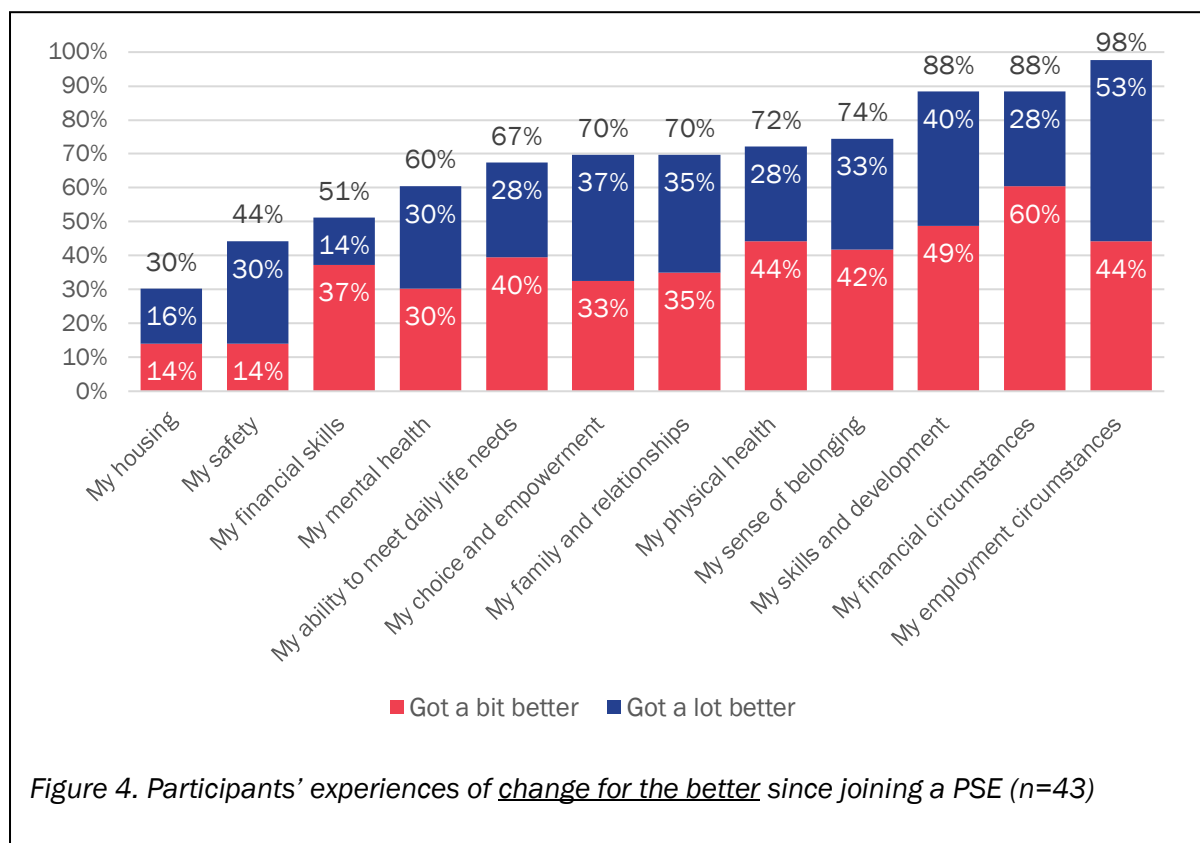
The focus of this section (Part A) on the outcomes of participants is complemented by the process evaluation section (Part B) that highlights outcomes across the PSEs and other PBO3 stakeholders.

It's a small group [of participants] but it's very worthwhile. Every one of those people, and the family around that person, and their friends – we know there's impact already.

- WBE2

Changes in participants' lives

All PBO3 participants surveyed indicated that they had experienced change for the better after being employed by a PSE, with improvement in employment circumstances being the most common change (98%, n=43).

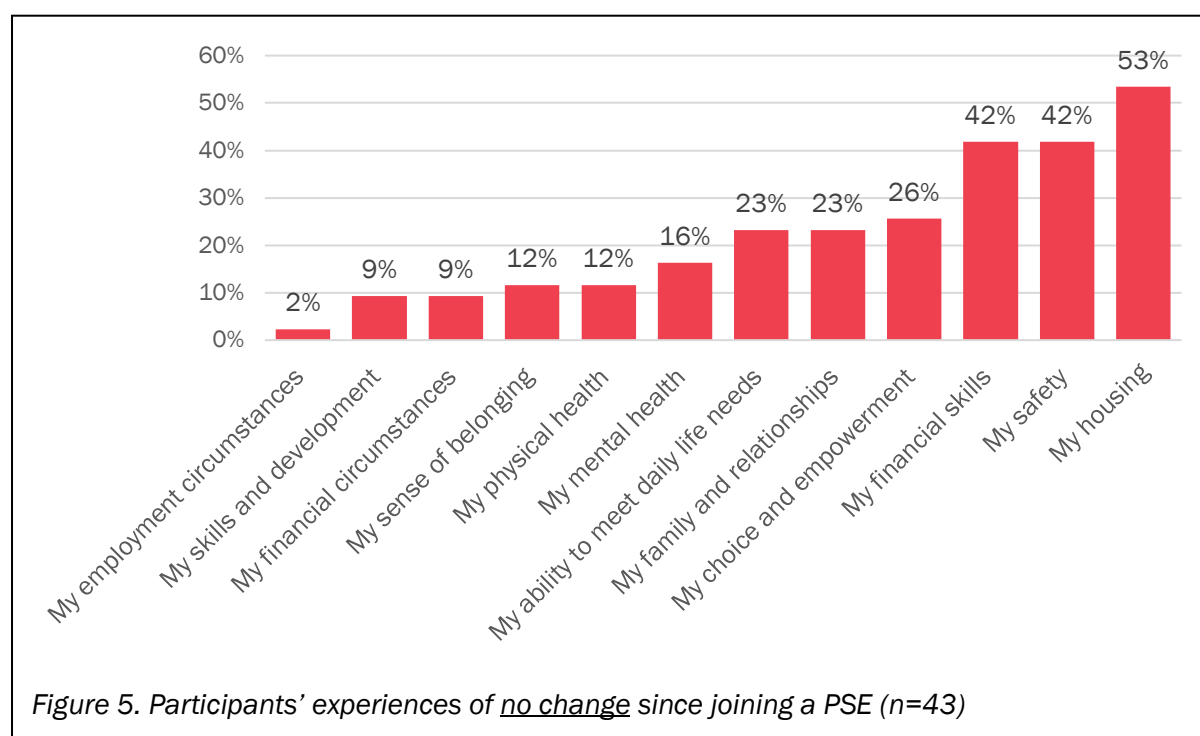


Prior to employment in PBO3 all participants were unemployed for at least 9 of the preceding 12 months. So, perhaps unsurprisingly, improved employment circumstances is the most widespread change identified by PBO3 participants (Figure 4).

Other changes for the better go beyond employment to highlight the relationship between employment and many other aspects of people's lives, such as: improved financial circumstances (88%); and learning, skills and development (88%).

At least two-thirds of respondents also reported improvements in their sense of belonging (74%), physical health (72%), family and relationships (70%), choice and empowerment (70%) or their ability to meet daily life needs (67%). The improved sense of belonging is an aspect of PBO3 employment that is brought to life by Lia's and Jamie's stories in the next section of this report.

Housing, safety and financial skills were the areas in which respondents most often experienced no change

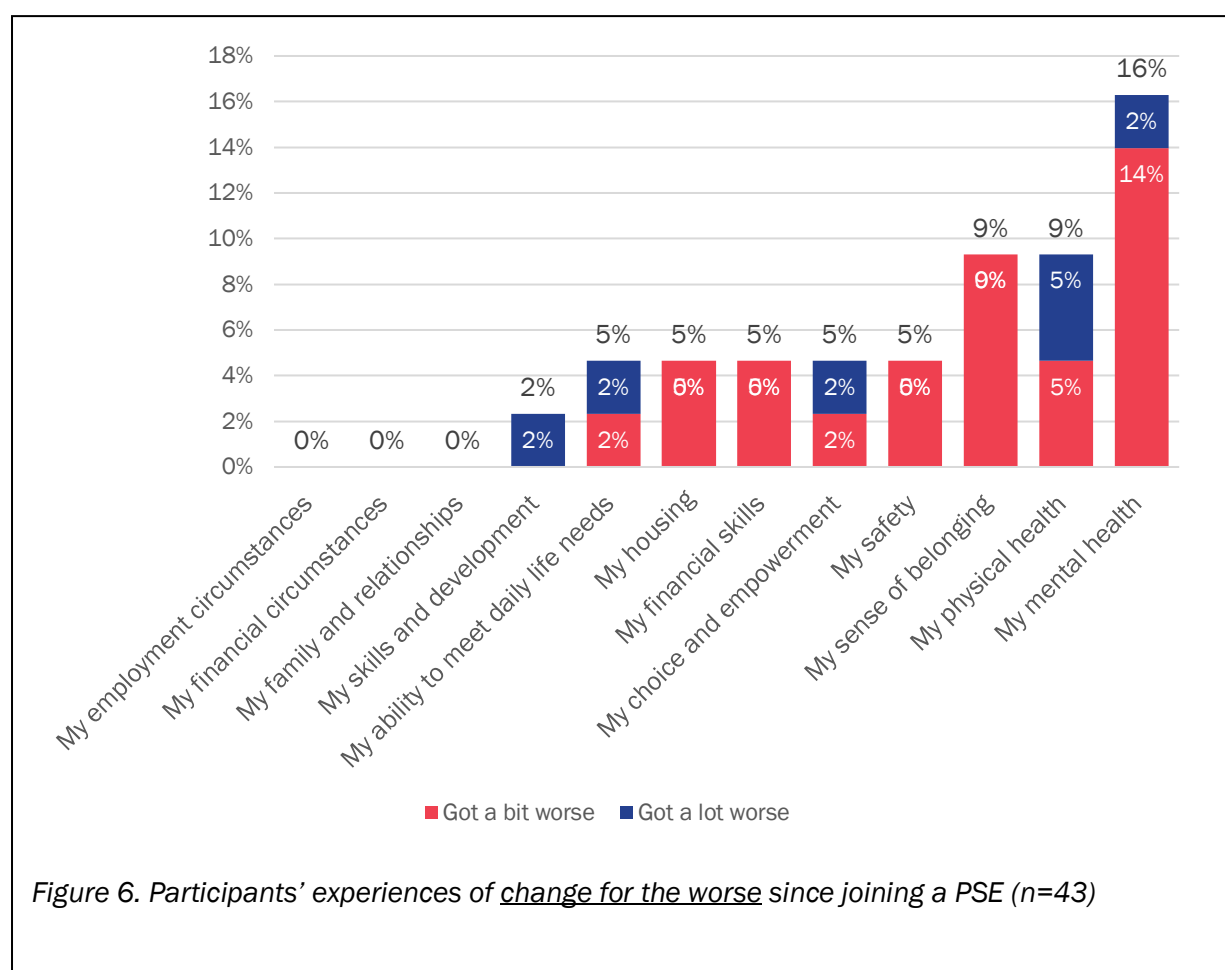


As illustrated in Figure 5, many participants have not experienced changes (positive or negative) in their housing (53%), safety (42%) or financial skills (42%).

This may indicate a lack of need for change in these areas, an unmet need, and/or that it takes more time for participants to experience positive change.

It is also likely that respondents experienced no change in these areas for different reasons. For example, some participants may feel that they do not need better housing, and others may be in need of better housing however due to the rental market and other factors have not yet been able to improve their housing, while others may be in the process of arranging new housing by, for example, waiting for a lease to expire and/or saving money to finance a move to more suitable housing. Similar perspectives can be applied to safety and financial skills.

A slight deterioration in mental or physical health (albeit rare) is the most commonly experienced negative outcome in the first year of PBO3 employment



Some respondents found that they experienced some negative changes since becoming employed at a PSE; reporting that some things had gotten 'a bit worse'. As illustrated in Figure 6, a slight deterioration in mental health was most common (16%) with a deterioration in physical health also experienced by some (9%). This is a reminder that new employment with new routine, new expectations and new pressures is a significant adjustment in life that can impact physical and mental health.

Interestingly, a sense of belonging ranked highly for both change for the better (74%) and worse (9%). This highlights that commencing new employment inevitably impacts one's social life and social networks in multiple ways.

Continuing our analysis of change, participants were asked to use their own words (i.e., via short text open responses) to reflect on the following:

- The biggest change in their lives since starting work at a PSE
- The main things about working at a PSE that helped them achieve their biggest change
- The biggest barrier to achieving the change they wanted or needed

Figure 7 shows participants' open responses to the first of these prompts with keywords including financial, money, people and employment.

Thematic analysis of their responses suggests that around half of participants felt the biggest change in their lives since gaining employment relates to income to support their independence, with around a quarter of respondents referencing the opportunity to learn new skills.

A quarter of responses also reflected working and/or connecting with others as the most significant change in their lives.

Thematic analysis suggests that close to a third of respondents found that PSEs supported change in their lives by providing routine and/or a sense of purpose. In line with previous figures, 22% of respondents also spoke about training and/or mentorship as enablers of change, with 22% of respondents identifying income as the enabler of change. Consistent with these key themes, Figure 8 highlights key words such as job, money, achieve, support and trainer.

'Biggest Changes'



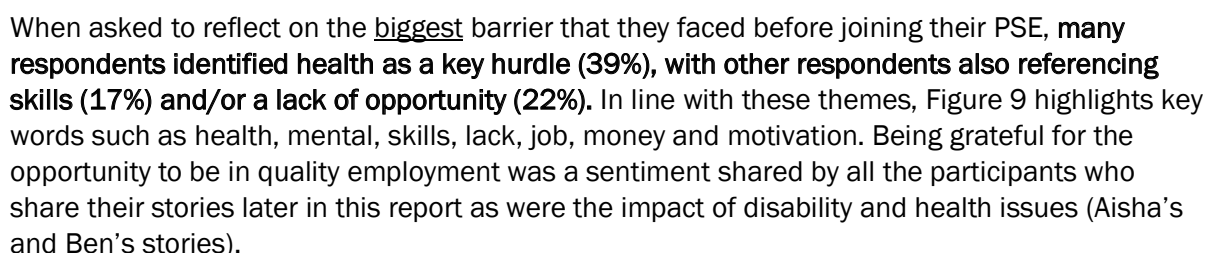
Figure 7. The biggest changes in participants' lives since starting at a PSE (n= 42)

'Change Enablers'



Figure 8. The main things about working at a PSE that helped participants achieve change (n = 41)

Half of respondents (51%) identified money issues (e.g., low income, debt, lack of financial management skills) as a barrier or challenge that they faced in life before joining their PSE (see Figure 10, below). This is important when considered alongside the finding that income has enabled change for many respondents. Survey participants also identified their personal situation (47%, e.g., mental health, drugs and alcohol, personal trauma/crisis) and lack of personal motivation and feeling helpless (42%, e.g. no interest or feel unable to make changes in life, personal issues, too busy/lack of time to take action) as barriers to change.



Individual stories

This evaluation engages all key stakeholders—including participants—to identify, measure, and evaluate the outcomes of PBO3 in terms of what each stakeholder group identifies as important. Six PBO3 participants met with researchers for face-to-face interviews about what working at a PSE has meant to them. Their stories are presented here in their own words and voices. All participants reviewed their stories and provided approval for them to appear in this report in their current format. *

- Participants' stories are compelling. They bring to life participants' unique personalities, characters and histories, whilst highlighting much-shared experience of:
 - The ineffectiveness of employment service providers, and that it was 'luck' that opened the door to employment in a social enterprise;
 - The important role of People Support Officers within the social enterprise workplace in helping participants progress in life and celebrate the wins;
 - How supported employment can reduce the barriers to employment that people previously experienced and sometimes considered as insurmountable, including barriers arising from disability;
 - The low-quality work and exploitation in prior positions of 'open' employment;
 - How positions of employment give people experiencing significant barriers to employment a platform for contributing to organisational and even systems change; and
 - The diversity of participants' goals (e.g. regarding future employment).
- These themes should inform understandings of not only the holistic outcomes of PBO3 but also the limitations of some PBO3 design elements as they are applied to a cohort of unique participants (e.g. standardised employment reflections, transition goals).

** Participants are aware that while they have been given pseudonyms, their colleagues and social networks may still be able to identify who they are.*

This is Lia's story. At 22-years of age, Lia is a PBO3 participant at yourtown who was previously unemployed for five years. After finishing school, Lia moved interstate to find work. But with little work experience, insufficient income, a breakdown in friendships, and ineffective employment services, Lia found it hard to get a job and maintain a positive outlook on life. Lia 'jumped at the opportunity' to work at yourtown, which they describe as interesting, varied, motivating and supportive. The job has helped them 'step up' in life, and be generous, understanding, caring, and wanting to be there for people once again.

I'm from South Australia and all my family is in South Australia. I come from a small country town where there's no real jobs. I moved to Queensland in 2019 to look for work. I looked for work all through 2020 and 2021 to no avail. I was just scraping by on Centrelink pay. Mentally, it was exhausting: How am I going to get through? How am I going to stretch it out to pay my rent, my bills, food and clothes?

I had a bad falling out with my friendship group so I didn't have a support network through COVID. I was confined to the home 'cause you need a car or bus to go anywhere and it all takes money. I was desperate for any work that would take me.

When I applied for jobs, I'd get knocked back and I was being ghosted which is actually worse 'cause you don't know what happened. That was the worst part about having to apply for so many jobs. No one would get back to you and so I didn't know how to improve. I couldn't even get work experience 'cause no one was taking me.

I was unemployed for about five years.

I jumped at the opportunity to make cardboard pallets of all things originally. I got the role through Wise Employment. It was really cool stuff and I enjoyed it. I've also worked on electronic e-waste recycling and refurbishing old stuff. I just have a weird passion for keeping trash out of where it doesn't need to be.

After 5 months I moved to the visual marketing traineeship. My friend who also works at yourtown recommended me for the position. My work is now really varied. We're

learning how to do stuff: basic software, Adobe, Photoshop and proper illustration to make assets for company logos. We're learning about search engine optimisation stuff for websites and learning how to do social media. We're given the training for it. I'm on a paid training course, for Cert I in Business Skills. We're doing that alongside the training for digital marketing stuff.

Because I've worked multiple roles with yourtown, I've learnt what's best suited for me. I've learned that part-time is better for me than full-time 'cause it gives me the time in the week to do stuff myself. I've learnt that a more hands-on role really keeps me going and gives me a sense I'm actually making something.

The overall negative I'm facing at work is equipment shortages. We got new mice the other week and they are the size smaller than my palm so that's caused some over-extension. It can also be very hard to get IT to do stuff which I'm sure it is in many places. My manager has been on their case about it. Even his manager has emailed them to say this needs to be done.

But the downsides of yourtown don't compare to my first real job which was as a kitchen hand. I was in charge of cleaning dishes, getting prep done, keeping the stock organised, taking rubbish out. They put me in all different roles without giving me the proper training or support. The management was not very good. It was very unsafe. There were instances of them daisy-chaining power boards across a sink for a dryer.

I was let go from the kitchen hand job during my final year of schooling 'cause both school

and my disability were too much to be able to work. I have some musculoskeletal issues very much like arthritis. My condition affects the cartilage of my joints. All the stresses from Year 12 and having a mostly full-time job built up and I just couldn't do it. There was no one there to help me. Smokers would do a smoke but non-smokers like myself couldn't just go out the back and sit down. That all led to a mental breakdown by the end of the year.

On the mental side of things, yourtown have been very helpful not only 'cause having money makes you feel great but also supporting you with stuff that happens at home. My job mentor at yourtown isn't a youth worker but she's always there to talk and de-stress. She often advises us to talk to youth workers or Kids' Helpline because she doesn't want us to go through mental anguish and stuff. So having those resources available has been really helpful.

Yourtown understands that everyone has lives outside of work and that you can't keep people in for as long as you want. Sometimes obligations outside work come out of nowhere. A couple of weeks ago, I had a fall down the stairs. My ankle had a really severe sprain. Yourtown was understanding. As soon as it happened I came in to see how far I could go until I was like "no, I can't go in". Yourtown straight away told me not to come in for the rest of the week.

Yourtown has been a very social environment for me. I've become friends with a great group of guys. One friend has introduced me to his friends and the community he's part of and that's helped me come out of my shell, and come to realisations about myself and how my life is.

Working has given me motivation to get up early every morning and just get out of the house every day. Even when I'm going through a lot of stuff mentally I'm also of the mentality of I can either be depressed at home or I can be depressed on the clock and I go for the clock. It doesn't feel like I'm confined to the same space anymore. I come here and get my work done. Just through being here every day it's given me a social life with my peers.

I just am really glad that it was yourtown that put out their hand for it 'cause I was very closed off and quite honestly quite rude 'cause I was like what's the point? I was very pessimistic but with the support yourtown has given me it's really helped me change back to the person I used to be.

Yourtown were really the first people to give me a branch and just help me step up in my life. I'm now extremely generous, understanding, caring, wanting to be there for people whereas before I was none of those things.

Ethan

Currently a Junior Data Analyst at Australian Spatial Analytics (ASA), Ethan describes himself as loud, boisterous and energetic. He joined ASA as a trainee and has since completed his Certificate III in IT. Ethan says that ASA is really big on learning, enabling employees to develop skills and knowledge of the IT industry. Ethan is excited to someday move into a leadership position so that he can earn more be in a high-paying role whilst also helping other people stand up and be themselves. In the past, he has faced barriers to career progression. He has worked in hospitality, retail and construction, where he faced discrimination because of his autism. Ethan enjoys being himself at ASA, developing new skills and qualifications, and being part of the social workplace.

Diagnosed with autism at the age of five. Moved interstate to see Australia's autism specialist at the age of six. Went to a special school that had facilities for autistic and neurodivergent individuals, but only to Year 6. Moved interstate again. Did high school until Year 11. Got a Certificate in IT in Year 11. Kicked out of home at the age of 16 and have been Aussie battlering it since then.

Because I was diagnosed at five, it has literally been my whole life. This is just the way I am. Telling people has always been difficult. If I don't tell you that I've got autism, you're going to talk to me like I'm neurotypical. But if I come up to you and say, "Hello, my name is Ethan. I've got autism." You're going to be like, "Ah, it's one of them."

I've been fired for letting the boss know that I have autism. It's illegal. But they've done it. In my first week at a café, when they can fire you for whatever reason, the boss was like, "Why are you doing it like that? It's obviously meant to be like this." I went, "Oh, sorry boss, I probably do that because I've got autism." He's gone, "What? You've got autism? Get out." Just like that. A lot of us have this self-defence mechanism where you're not allowed to know things about us. And if you work things out about us, don't tell anyone.

But here at ASA we applaud those things. We hold them up like banners. We want people to be able to come out of the shell and say, "Oh yeah, I've got ADD, ADHD, OCD, ASD." It makes it easier for us to help you. I can't go in to bat for you unless I know the whole story. At ASA I'm allowed to be me. I'm loud. I'm

boisterous. I'm energetic. I do strange voices sometimes. That's who I am. I'm allowed to be that at ASA. People aren't going to be like, "Why is he doing a weird baby voice?" It's cool. It's great. We all get each other. Having this environment where you can mask off in the workplace is amazing.

My first job was at KFC at the age of 15. A lot of my other work has been in retail. I've also done some jobs that were, let's say, tax-free. Just like construction. Here's a bag of rocks, go put the bag of rocks over there.

If I died on the job at KFC, the boss would go, "Oh, that's a lot of paperwork." If I got injured on the job at landscaping, they'd be like, "How much is this going to cost me?" At ASA, people would be going, "Oh shit, Ethan is injured." That's what they'd be caring about. Not the paperwork and money. You're not a machine here. You are an individual.

When I joined ASA, I had been unemployed for 20 months. I'd been unemployed before: from 2008 until 2010 and 2014 to 2016. But being unemployed during COVID was completely different. It does not compare. I went stir-crazy during COVID, lost my job, and forgot how to talk. Getting people out of that muck is going to be really difficult unless you're super-duper specialized like ASA.

My first role at ASA was a trainee. As a trainee I had time to work on my Certificate III in IT. So, while working here I have been making money to keep myself in a house, get food, all the important stuff, and also given the opportunity to learn. And I'm very, very grateful to ASA for giving me that opportunity.

It's all well and good to be, like, "I worked at a social enterprise for two years" on your résumé, but my résumé now says Certificate III in IT. Certificate III is university equivalent, but more basic than a Bachelor's. As someone who's never been to a university or college, having a Cert III is pretty amazing.

You can get certain traineeships through DES but they're never going to be specific. So if I went to them and said, "Oh, I want to get into the IT industry. What have you got going?" They'd be like, "We've got nothing going for that at the moment. But in the next six months, we've got a horticulture thing going on. Do you want to do that?" It's, like, why would I want to do horticulture?

I had to be with DES to receive Centrelink payments. My job plan with DES had me apply for 50 jobs a week. I just want to touch on that for a second. It's really, really difficult for neurodiverse people to apply. It's even difficult for neurotypical people to apply for 50 jobs in a week. Imagine if you had that many interviews. You would never sit down.

So, that ridiculousness aside, my contact at the DES knew someone at ASA. There was a little bit of luck involved. I was successfully hired by ASA under a traineeship.

Now I'm no longer a trainee. I'm a Junior Data Analyst. My day-to-day is looking at data, translating it and then making it legible on a screen for other people to read. I've just recently applied internally for a full-on Data Analyst position, which means I'd have a lot more responsibilities and I'm very, very excited to see whether or not I'll get that.

At ASA, we have a People Success Officer. They're great. You get to sit down with them and literally tell them what you're struggling with and what you'd love. Any support that specialises in neurodiversity needs to be flexible and personal. It needs to be one-on-one. You need to understand the person to work it out. I was having difficulties with a colleague. It was a lack of communication skills on both our halves and the PSO got it to the point where we didn't have to sit next to each other. We don't have to interact with

each other unless we want to. And that makes it so much easier to work here.

ASA helps people make friends. We've got rock-climbing every Thursday after work. We are starting a running club on Wednesdays after work. We have after-work drinks on Fridays. We had a massive lunch when one of our team leaders left to work for our client.

A lot of the people here have gained a certain level of independence. One of the new starters came up to me and said, "It's so much fun being able to walk down the shops and buy your own lunch with your own money." I'm like, "Yes, bro. That's exactly what it is." None of us are going out there and buying houses. But a lot of the more daring of us are in shared accommodation, renting with flatmates. We've got stuff like that going on.

As for employment goals, if you'd asked me five weeks ago, I would have said to finish my Cert III. But now I want to move more into a leadership position. I want to be a manager or a team lead. I want to help other people stand up and be themselves. That's my goal right now. The only reason I would leave ASA is for pay. And that's not saying that ASA doesn't pay me very much. That's saying that the skills that I have now allow me to get into some really high-paying jobs. I could pick up a data systems admin job. They're like \$3K a week. But they're big jobs. They're effectively keeping an entire environment alive yourself.

ASA is really big on learning. We want everyone who works here to come out the other side or stay here and just have more skills, more knowledge in the industry. ASA's motivation is to keep us educated and keep us employed to continue that journey. And that's great. I love that. The main reason I tell my neurodiverse friends to come and work here is because they're going to get skills. They're going to be better employees.

Aisha

This is Aisha's story. Aisha is a 31-year old woman who while using Employment Service Providers, spent years completing training courses and volunteering at Vinnies for retail work experience. As an epileptic person, Aisha was often sick and not confident to travel on her own. Now part of the Green Collect team, Aisha talks about how her health condition has improved, how much she enjoys upskilling at work, and of her ambition to become a team leader.

I'm an epileptic person. Before getting this job I used to get really sick. I used to be in hospital often. I used to be scared to take the train and go to the city. My dad was always there to pick me up and drop me off.

I went to so many job providers. They always said, "You need some work experience." So I volunteered at Vinnies for 6 years. I also did admin work in the city but I felt left out. My employers would speak in their language and never made me feel comfortable. I told them I can't work till five. I did not get called back in.

Job providers were also forcing me to do courses when I'd already done courses. My resume was showing only courses, different courses—childcare, hairdressing, retail. When people looked at my resume, they didn't know what I wanted to do. And then as soon as they saw my medical condition they said, "We can't take you, sorry."

Then MatchWorks told me about Green Collect. I thought 'oh it's just the same old thing'. MatchWorks helped me—before working here they told me to come here by train and bus to build my confidence.

I came for induction and then I got a call: "Would you like to do an interview?" Then I got the job. I never felt I would actually be working in a warehouse. I was very excited. Finally! I got a job!

I was very nervous, thinking it's going to be hard. Then they started showing me how to do it. As the weeks went by, I got the hang of it.

I worked on the media and folders for six months. I used a punching machine to remove metal, and then remove the covers and then the cardboard. Now I've moved to IT. I'm learning how to test and tag IT monitors.

I'm also now doing stationery. It's very interesting for me.

The biggest challenge was learning how to use the pallet jack. They were like, "Don't you drive a car?" and I'm like, "No, I don't drive, I can't drive", and then they were like, "Okay, so it will be hard." But then I got the hang of using the pallet jack. That was very exciting. That was the biggest challenge.

The people here are so caring. They understand what your mental health is. If you're not too good just for that moment, they'll put you on another job. They'll even bring you a chair. I felt really welcomed.

Working here has actually improved my health condition. I never expected that I would be working so many hours; so many days. I thought two days would be great, and now I'm on to three days and I don't feel tired. I never expected to get up very early. I actually get up at six o'clock in the morning, get my train, get the bus and then walk. I'm confident. I never used to take public transport.

Since joining Green Collect, I have made a lot of friends and I get to share what I'm going through. At first I was very quiet because I don't talk much to new people. But now I actually just go forward and just talk.

I always tell them I don't want to leave. I want to grow in this company. I'm a person who loves to learn new things and explore stuff. When we talk about goals, I always say my goal is to be a team leader. I always dreamt about being a leader

Ben

Ben is a 45-year old Architectural Technician who was born with hearing loss. After years of professional albeit insecure employment, Ben joined the new Inclusive Design Service team at Ability Works. PBO3 funding enabled the creation of his position which then attracted contracts with infrastructure projects such as the Level Crossing Removal Project in Victoria and usability testing for the Telstra accessibility website. Ben is passionate about creating a more inclusive world through design and hopes to work on digital design in the future.

During COVID, I had some problems with my health. I have a smartphone that controls my hearing aid, but there is no app for the smartwatch. So I emailed the company, “why is there not an app for the watch?” They said, “We’ll figure it out.” But it never happened.

I asked a friend who works in the digital space about why there is no app. He was telling me about user interface research in digital technology. I became interested in that area and did a short online course on UX/UI Design. While I was studying, my case manager attended an online employment network event about inclusive design. She introduced me to one of the speakers and now I’m working for her at Ability Works.

I’m learning new things every day. I have been working alongside people with disabilities and am learning how to recognize potential challenges for different users and develop solutions. It is an incredibly rewarding experience. I get to meet people and I am learning from them. Coming out of my shell to communicate with people is not normally what I’d do in my workplace.

I previously worked in architectural firms and have a degree in architecture. I worked on hospital projects as a documenter, working for interior designers and architects. I was employed on contracts in different companies for ten years. It was always a challenge to find new jobs when my contract finished. I used disability employment services and also mainstream avenues—looking on websites for positions. I just tried to find whatever I could.

Outstanding architectural firms are hard to find; it's like finding a needle in a haystack. Some architectural firms were great places to work, but I didn't feel myself climb the ladder.

I felt like I was in the same spot. I felt like a contractor with limited experience. Other firms were dinosaurs. In those firms, most people with disabled needs would not be respected and not get opportunities. It takes longer to find a job. Maybe there were barriers because they expect you to pick up a phone ... but that's something I avoid because of my hearing. Maybe they think it will cost them extra money to employ me. In a digital, technology world, everyone is equal.

Ability Works has a fantastic culture. Everyone feels included and respected. It's very exciting to work on inclusive design. I work with a lot of people who might not be at the same level. I try and make sure everyone's actually included because I also come across challenges. We're always working on “how can we find a better way – better solutions?” Maybe words – maybe more visual.

I've just finished part-time study on Front-End Web Development and Web Accessibility. Sometimes I want to be more independent. Of course, others do too. Before technology, we didn't have access. I had to get my sister to make a phone call for me, or my counsellor or my parents. It can be awkward. I want to be independent. The help of assistive technology has shaped me into who I am today. This is why I'm passionate about accessibility and inclusion, as I use assistive technology for my accessibility needs. I am learning from my experience with a disability to help shape a more inclusive world.

I recently set up the Inclusive Design Service at Ability Works. I've never met a designer that doesn't want to design for people with disabilities. But what designers tell me is they don't know where to find those people. We can make it easy for them. At Ability Works, we have about 130-140 people that we can select to provide input into projects.

Ben brings expertise that I rely upon, in terms of understanding the user experience side of things. A lot of our employees here, they're not designers, and they don't necessarily understand what the designer wants to hear. They're just providing their lived experience – "this works," or, "this doesn't work for me." But Ben is able to really meet the designers and understand what it is that they want to hear, because of his previous experience.

Ben also has a desire to advocate. He has a real desire to make workplaces better from a disability inclusion perspective. I really respect his opinion and thoughts around what might work. Whilst we have a very inclusive culture here, it's really quite challenging. The more diverse groups of people that we work with, the more challenging it is. Everyone has different needs and perspectives.

I'm very optimistic about Ben's future employment and becoming a leader in Inclusive Design. I have no doubt that he will be working in a digital organisation because there is such demand.

- Ben's manager, Ability Works

Jamie

This is Jamie's story. Jamie is a 23-year-old who wants to make the world a better place. After leaving school, Jamie cycled through employment services providers that were not able to meet his needs. Jamie had a negative experience in 'open employment' in which his physical health condition was not accommodated. Jamie felt 'love at first sight' for Green Collect, where he now feels a strong sense of community. Jamie is looking forward to increasing his work hours soon.

After I left school, I did five years of TAFE trying to find my place in the world. I did courses on mental health first aid, IT, and early education. I decided that ultimately, I wanted to make the world a better place. When I got word of Green Collect, I dare say, it was love at first sight.

The spirit here is unlike anything else. What kind of place do people show up to work half an hour early every day? I can comment on how everyone burns coffee and love them all the same. I've always moved around a lot. But when I came here, within the first two months I immediately was texting with four or five different co-workers. I'm like: we're friends now, there's no escaping it. It's important to me to be at that point in my life.

Before getting this job, I went through I think it was five different employment services providers. When I entered the system we didn't have disability employment providers, it was such a new system. Centrelink was still sending you to places that didn't have disability facilitation. At times it was traumatic. It was a cookie-cutter system of: you must apply for a certain amount of jobs per week or we kick you out.

With my first two employment services providers, when it was flagged that I was disability employment they spat me back to Centrelink and said, "Not our capacity, can't do it", and so I was back in the system in limbo. And so it was just okay, onto the next one in the area. Disability employment providers are different because they're a lot gentler, accommodating. There's an understanding that people have different needs and need help with networking, getting into a job, and maintaining that job.

When I first went into MatchWorks they weren't yet disability employment but they were working on it – it was like a limbo period. But in that time the support worker helped me with my resume and work-ready skills which at that age I did not have whatsoever. The school system had absolutely failed me.

I moved around three different MatchWorks sites. I got one job that lasted all of one month that was absolute garbage. The employer wanted to pay me under the table in the end—to underpay me. That boss was ready to crack the whip at any moment. There was a lot of power-tripping going on there. It was not a great environment. On top of the fact that he did not want to accommodate my health. He did definitely want the disability employment money though.

A lot of the work there was physically intense. At that point in time I had messed up knees, I didn't quite know how or why but I knew that something was very wrong. I've since had a partial resolution, and I had a reconstruction on one of my knees. That still causes some issues, which still means that I have issues with the cold, and it still means that I'm not allowed to drive so I rely on public transport.

A year later, I'm here!

At Green Collect, if I need to sit down, then I can flag it and I can sit down. It's communicate and accommodate. If I'm at my limit, it's like I have the opportunity to stretch up against a wall and find something else to do.

As long as I'm communicating with the person above me then the team can act accordingly. Whereas the other environment was basically three people running a shop and that was it. If

you stopped, things stopped, and the world was ready to set itself on fire.

The flexibility here is incredible. There's been days where I can do a lot and there's been days when something's come up. I've had to call in sick on 30 minutes' notice. Sometimes it just happens. That's something that is accommodated here. If I'd tried that at my last job I would have been fired on the spot.

One thing that's an uphill battle here is just utilities. PPE is something that we're always on top of because it's PPE, but there's not enough cages and crates that we use to get the salvage done. A lot of it comes down to how busy we are.

The community here is definitely what links everything together. I come here and progressively over time, I've grown a sense of people. In the coming two months my hours will go up. I'm looking forward to it.

David & Mabel

This is David and Mabel's story. David got Mabel, his service dog, in 2019 after experiencing a very tough period of life. David describes how, although he had Mabel, he couldn't access services to help him get back on his feet—ESPs were aggressive and full of false promises, his NDIS funding was insufficient to get Mabel's accreditation, and he couldn't access psychiatric services due to wait lists. David talks about his persistence in getting a role at ASA, where he now works full-time. With the support of ASA's People Support Officer (PSO), he and Mabel have been able to progress. David hopes to transition out of ASA when he's ready, and knows the ongoing support from his PSO and the option of returning to ASA if needed, will be crucial.

I've worked in labouring most of my life. I also did cold calling for a Telco. I worked in a sausage-making factory. I've done demolition. I've done pick packing. I've worked in multiple caravan places, building caravans. I worked on insurance and warranty of caravans. They say it's non-skilled work, but you still have to be skilled in what you do. They just pay you as if it's non-skilled. A lot of the jobs and workplaces that I've worked in have been places where people scream at you when things go wrong.

I was also a personal trainer. I worked for a few different places and slowly worked my way up to opening my own studio. As a small business owner I had to wear many hats. I was a PT, I was a counsellor, I did the marketing and administration. I worked with newbies, nerds, dorks, geeks, people transitioning gender—basically, people that didn't feel comfortable at a regular gym. We did private training and small group training. It was really good for people with anxiety.

But then COVID hit and just killed the industry. I lived upstairs at the gym. So when the gym closed during COVID, I had nowhere to go. I also had a big break-up. I felt like I was not going to survive.

That's when I got my service dog, Mabel. I hired a car and drove interstate to get her off a Gumtree ad. She was three months old. Mabel then lived in the kennels for three weeks while I was in a psychiatric hospital. The CATT team put me there because they thought it was the best thing for me. I was a voluntary admission so I was allowed to leave every day to visit Mabel.

I was then unemployed for about two years.

I didn't have to look for work, but Centrelink was not enough to live on. It was \$740 a fortnight. I'd buy food for Mabel, pay rent, and then try to survive off what was left. NDIS paid for a support worker that helped me go to the shops. But NDIS wouldn't pay for psychiatrist appointments because "you can just use the public service for that." But it's a two-year wait. I started looking for work because the NDIS said they wouldn't pay for Mabel's training. I basically said, "Well, bugger you."

So I went to the ESP and I was like, "Hey, I want to work. I want to get back out there." And they were extremely unhelpful. I wanted to work somewhere that Mabel was going to be allowed to come with me. I got palmed around to a few different ESPs. The one I was with originally was extremely aggressive about cancelling my payments when I didn't show up for appointments, even though I had no car and I couldn't travel without my dog. They just didn't understand, didn't care. They cancelled my Centrelink payments a couple of times. And I was like, "If you're cancelling my Centrelink payments, how am I supposed to afford a myki or an Uber to get to appointments?"

I said that I wanted to get into art or design. They were like, "Oh yeah, cool. Here's a storeman position". Or, "do you want to deliver pizzas?" That was the extent of their help. They don't give you any extra effort to try and find you the job that you want to find. When I said that I'd want to maybe study, we got approved for a coding and data entry course. Two sessions in, they called me up

and said, “Oh, we didn't realise it wasn't free. We're not paying for it.” I was livid.

Then I mentioned in passing that I'm fighting to get my autism diagnosis and the ESP was like, “Oh, well, hang on. I've heard of this place, ASA. They deal with a lot of people with autism.” He said, “I'll be able to take you down there and we could walk you through”, and that never happened. It was all these false promises.

Eventually, I got a hold of the boss at ASA and I was like, “Hey, I've got my dog and she isn't officially trained, but we're trying.” I explained the situation. And he was like, “If she's going to make you more comfortable, she's more than welcome to come with you to the interview,” so she did. Then he tried to call me and my phone was broken. The day that I got the job offer, I had to walk six blocks in the rain to a payphone to call him back. So me and Mabel are standing out there in the rain at a payphone. I could barely hear. And ASA said “Hey, I'm offering you a job and Mabel is 100% allowed to come.”

I said to ASA, “Give me whatever you've got and I will do it.” I am aware that ASA has given me an opportunity and I don't want to waste that. I started as a casual, three days a week. I was like, “Hey, have you got any more work?” Now I'm full-time.

I'm doing a bunch of different things because I don't want to do the same thing all the time. What I'm doing most is NBN as-built. So, someone wants internet, someone else will design a route for the internet cables and ducts to get them connected and then the civils go out and do the work. Sometimes there are problems and so the civils change the design and do a red-line markup to record what they've done. Then it comes to me, and then I go through what was supposed to have been done and what they claimed was done, cross-reference it, and update the systems. Most of the stuff that I get now is the really bad, messy jobs, because I've gotten quite good at them. I've also done site layout work for the North East Link project. I use AutoCAD, which I'd never used before. I'm also going to

use Revit, an architectural 3D program, which I spent a week learning.

I don't see myself as disabled, but I do see myself as needing extra support. My official autism diagnosis got through in February. It cost me two grand, which I was able to pay for thanks to working. The autism diagnosis makes sense. I've learnt to manoeuvre around it by moving in circles that have been fine for that kind of thing. I listened to metal music, which is very community-based and niche. I play Magic of the Gathering, which has a lot of neurodiverse people. I play video games and Twitch stream which attracts a lot of people who are neurodiverse. I'm usually not so bad at interacting with people. But if I don't like someone, then I'm generally not too good at hiding it. I'm like, no, I don't like that person, so I'm not going to try to interact with them. But at work sometimes you have to.

I meet with the support worker at ASA every two weeks. The meetings have been unique because she has to deal with me the way I am. We do planning, mindfulness, goal setting, and navigating the workforce. She's also good for resume writing, skill building, and helping you set goals. Since starting here, I've moved house and Mabel's got her vest—both things that we wanted to do. My PSO has been helping in her own way and things have progressed.

If my PSO got taken away, there'd be a vacuum and I'd notice that she wasn't there. But it's also hard to quantify. She shows excitement more than I do. I'm generally very quiet. So when I got a new house, the entire office knew about it because she was cheering. I think just having that extra person in your corner is helpful. She wants you to succeed which again, in a lot of places that I worked in the past, is the opposite of what they want. They want you to be a pawn and just work. She's like a workplace counsellor that does things for work-related things rather than just specific counselling.

My goal is to make as much money as I can. That's why my PSO is helping me upskill—so that I can go, “Hey, I'm ready to move on to another place to try and make as much

money as I can.” The way that it's been explained to me is that if Mabel and I go somewhere and it's not the right fit, we're always welcome to come back to ASA and then try it again. Because as much as I want to try and make as much money as I can, if it means sacrificing my mental health again, it's not worth it.

It's hard for me to see the future and to be positive about it with everything that's happened in my life. I try to just keep my head down, keep making steps, and keep putting things in place to help me. Hopefully, if a transition does happen, it goes well. But if ties get cut with my PSO when Mabel and I move forward into a new position, it would be difficult.

Outcomes evaluation summary

Reflecting on the early outcomes of participants captured in the survey and interviews, it is clear that participants have already experienced significant and broad-based positive change in their lives. The survey findings show this positive change is understandably most pronounced in terms of their employment circumstances, and related to this, financial circumstances, skills and development.

Encouragingly, participants also highlighted significant positive changes in their sense of belonging, physical health, family and relationships, choice and empowerment or their ability to meet daily life needs.

Housing, safety and financial skills were the areas in which respondents most commonly said that they had not yet experienced change. This could indicate a lack of need for change in these areas, an unmet need, and/or that it takes more time for participants to experience positive change. It is also likely that respondents have not experienced change in these areas for other reasons.

A slight deterioration in mental or physical health is the most commonly experienced negative outcome. This provides a helpful reminder that new employment with new routine, new expectations and new pressures is a significant adjustment in life that can impact physical and mental health.

In open survey responses, participants described their biggest changes using keywords such as financial, money, people and employment. Consistent with the use of these keywords, thematic analysis revealed the significance of change in income to support independence, the opportunity to learn new skills and working and/or connecting with others.

Participants attributed these changes to how employment with the PSEs provided routine and/or a sense of purpose. Participants also connected the changes to training and/or mentorship as well as income. In describing these enablers of change participants used words such as job, money, achieve, support and trainer.

These changes occurred against a background of challenges previously faced by participants. These key barriers included money issues, personal situation and lack of personal motivation and feeling helpless. In open survey responses, participants also emphasised health, skills and/or a lack of opportunity using keywords such as health, mental, skills, lack, job, money and motivation.

In this context, Individual Stories bring to life participants' unique personalities, characters and histories. The stories also highlighted commonalities in participants' experience of:

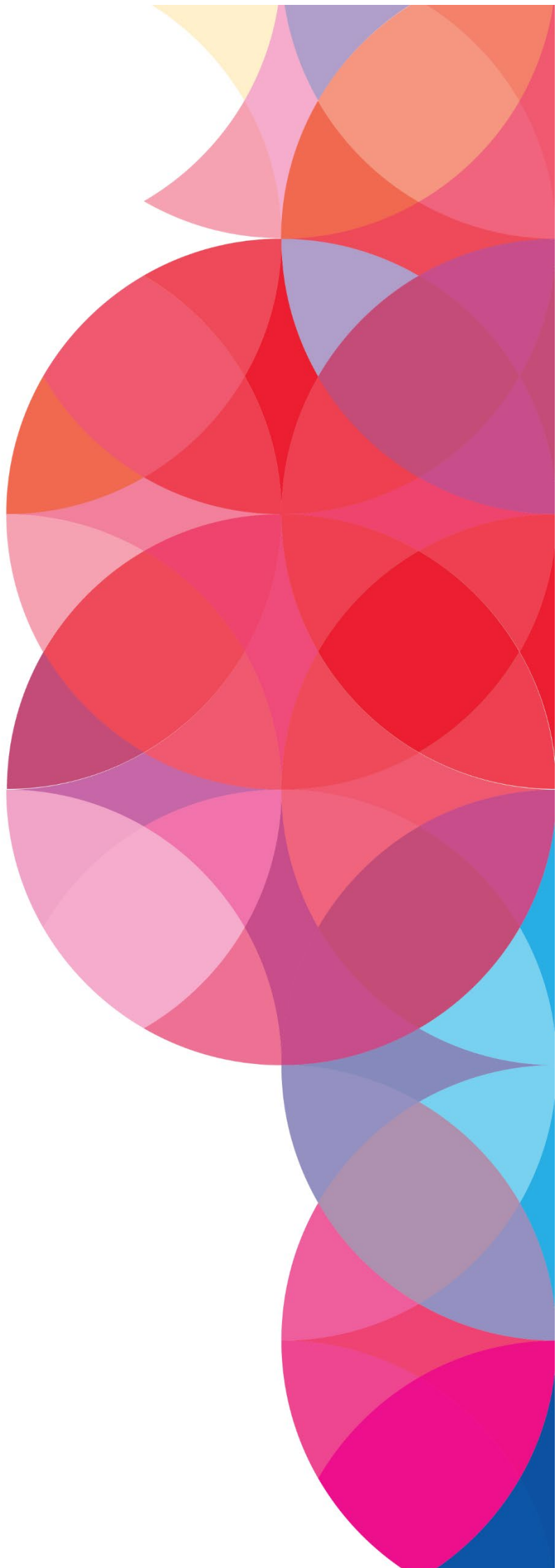
- The ineffectiveness of employment service providers, and that it was 'luck' that opened the door to employment in a social enterprise;
- The important role of People Support Officers within the social enterprise workplace in helping participants progress in life and celebrate the wins;
- How supported employment can reduce the barriers to employment that people previously experienced and sometimes considered as insurmountable, including barriers arising from disability;
- The low-quality work and exploitation in prior positions of 'open' employment;
- How positions of employment give people experiencing significant barriers to employment, including people with disability, a platform for contributing to organisational and even systems change; and

- The diversity of participants' goals (e.g. regarding future employment).

Complementing the insights from the survey, participants' stories provide holistic insight into the early outcomes of PB03.

The focus of this section (Part A) has been on the early outcomes of PB03 for *participants*. PB03 has also delivered outcomes for stakeholder organisations. These are detailed in Part B of this report.

PART B | Process Evaluation



The opportunities presented by PBO3

- Stakeholders see PBO3 as an opportunity to learn about how outcomes funding models can best fund employment services. Although there are subtle differences in stakeholder motivations for testing the new funding model, all stakeholders express a desire for *systems change*.
- Government wants to trial outcomes-based funding as a different model of financing social services. It wants to learn how PBO3 models can be used to grow the Australian social impact investing market. This includes exploring (a) how a PBO could be implemented through existing federal government legal, financial, data, and other systems, and (b) what legislative, organisational and policy changes are needed to accommodate PBOs efficiently.
- WBE is advocating for consistent government funding for jobs-focused social enterprises in Australia to fund wraparound support. WBE's expectation is that by demonstrating the efficacy of jobs-focused social enterprise in the PBO3, the Government should ultimately include social enterprise as a part of Australia's employment services system.
- For many of the PSEs in PBO3, the primary objective of the trial is to demonstrate the effectiveness of social enterprises as a model of service delivery that addresses long-term unemployment. PSEs hope that the Government will make PBO funding consistently available to social enterprises to fund wraparound support.
- The objectives of Impact Investors relate to trialling a novel financial model that can (a) fund and finance social services, and (b) grow impact investment markets.

As a trial, the purpose of PBO3 is for stakeholders to try, test and learn about the role of outcomes-based financing in employment services delivery.

PBO3 is a unique model that differs from both a traditional PBO and a traditional SIB. It uses a bespoke hybrid structure in which multiple stakeholders work together to test and demonstrate the effectiveness of jobs-focused social enterprise. At the centre of the PBO3 hybrid structure is WBE, which plays a critical intermediation and aggregation role. WBE links the principal funder (government), with many employers (social enterprises), and secondary financiers (investors). This *aggregation model* is different to other PBOs in the Australian Government's trials, which fund a single program and a single service provider.

PBO3 thus presents a unique opportunity for a broad range of stakeholders to achieve their objectives.

This section outlines the objectives of key stakeholders, their motivations for participating in the trial, and their expectations for what PBO3 aims to achieve.

Government objectives

From the Government's perspective, the objective of the PBO trials is to learn about outcomes funding as a different model of financing social services. In the case of PBO3, the Government also wishes to understand how social enterprises can be engaged to deliver employment services and how PBO models can be used to grow the Australian social impact investing market. Specifically, DSS is looking to better understand:

- 1) Skills required in the public sector to implement PBOs and the extent to which the public sector already has these skills;
- 2) How government and service providers define outcome metrics/indicators that:
 - a) all stakeholders see as valid,
 - b) can be verified with available and accessible government data, and
 - c) are within the Commonwealth jurisdiction;
- 3) The most appropriate method of valuing (or costing) outcomes;
- 4) The changes to the government's standardised legal agreements required to efficiently execute PBO;
- 5) The factors that should be considered when understanding and allocating risk to funders, investors and service providers in PBO agreements;
- 6) The changes to existing financial processes that are required to administer a PBO financial model; and,
- 7) Promoting innovation in financing of service delivery.

While the Government's underlying motivation for PBO3 is to improve services and outcomes for those most disadvantaged in the labour market, its immediate objective in PBO3 is to learn how a PBO mechanism could be implemented at the federal level through existing government systems (including Government's legal, financial, data, and other systems) and what institutional and policy changes are needed for these systems to accommodate PBO financial models in an efficient way.

Background note: Funding employment services via procurement and grants

The Australian Government's move to introduce outcomes-based funding for employment services is evident in the funding structure of Workforce Australia (WFA) and Disability Employment Services (DES).

The Enhanced Services payment model in WFA contracts (issued in 2022) includes Upfront Payments, Progress Payments, Outcome Payments and Very Long-Term Unemployment Bonuses (Australian Government 2021). Employment Services Providers (ESPs) receive Outcome Payments at four, 12 and 26 weeks of job seeker's employment (Australian Government 2021).

DES funding is similarly available for Service Fees (paid to DES providers 13 weeks in advance), Outcome Fees (when participants begin or maintain sustainable employment or education), and Ongoing Support Fees (if participants require support after 26-week of employment). Outcome Fees are provided at four, 13, 26, and 52 weeks of participants' employment (Australian Government 2018).

Although framed as an 'outcome', it is contestable whether employment for between four and 52 weeks should be considered an outcome or output of employment services.

ESP and DES providers hold different types of contracts with the Australian Government. ESPs hold performance-based procurement contracts whereas DES is administered through grant agreements. The different instruments of funding present different options and challenges for how output and outcomes-based funding can be implemented. ESP contracts are becoming more prescriptive of activities that the provider and job seeker must undertake for payment to be made, with the aim of bringing about the desired outcome (Casey 2020; Davidson 2022). Restrictions in grant funding, by comparison, relate to how recipients can spend funding with it being difficult for funders to retract funding if desired outcomes have not been met.

Intermediary objectives

For WBE, the objectives of PBO3 are long-term and systems-level. WBE is advocating for consistent government funding for jobs-focused social enterprises in Australia to fund wraparound support costs.

From WBE's perspective, for jobs-focused social enterprises to scale their impacts, the sector needs to find a way to continuously fund their wraparound support costs (see Background note on this page). WBE advocates that jobs-focused social enterprises are unique and valuable workplaces that also coordinate external (often publicly funded) support services for employees as they transition into and establish themselves in the labour force.

WBE argues that government reform of the employment services sector could create opportunities for jobs-focused social enterprise to access continuous funding, positioning social enterprises alongside DES and ESPs. For WBE, PBO3 is an opportunity to work with Government to foster conversations (particularly through data held in government systems) about the efficacy of social enterprise in supporting people into quality work, and develop PBO knowledge and systems.

We set out to ensure that all people with barriers to employment across Australia could have access and be funded properly to have employment opportunities in social enterprises.

- WBE1

Background note: Costs and benefits analysis of PBO3

To demonstrate the effectiveness of jobs-focused social enterprises, WBE commissioned Taylor Fry to complete an analysis that compares public data on DES with preliminary data WBE captured through the PBO3 and extrapolated into projections.

The findings of the Taylor Fry report '*Costs and benefits comparison: Social enterprise employment and Disability Employment Services*', released in June 2023, show:

- Employee retention after 26 weeks with a social enterprise is at 86%, compared to DES at 37%;
- Employees of social enterprises are estimated to earn \$28,000 in their first 12 months, 28% more than the average DES participant; and,
- When individuals are employed with a social enterprise, paid employment at full award wages and training start simultaneously.

Taylor Fry concludes that social enterprise can deliver better financial returns for government. Taylor Fry finds that:

- The PBO3 is 17% more cost effective than DES. The government will save an estimated \$18,300 per person over five years under the PBO model (based on an expected 150 participants), equating to a \$2.75 million saving.
- A social enterprise only receives its first payment once the individual has retained employment for at least 26 weeks and earned a minimum of \$513/fortnight—i.e. no job outcome, no payment.

It is beyond the scope of this report to assess the validity and rigour of the Taylor Fry analysis. The analysis by Taylor Fry is publicly available at:

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

Social enterprise objectives

Similar to WBE, PSEs are participating in PBO3 to demonstrate the effectiveness of the jobs-focused social enterprise model in addressing long-term unemployment, particularly in comparison to the existing DES system. PSEs hope that this will influence Government to provide PBO funding to social enterprises in the longer term.

We wanted to participate in the pilot to get the message out that work-integrated social enterprise is better at retaining and transitioning people with disabilities than just the mainstream mechanisms that are in place right now.

- PSE9

*It's a pilot—an experiment to show that by giving social enterprises the opportunity to engage with people who have faced barriers to employment, that our approach, the **alongside approach**, and the dedicated focus and investment in these people can actually deliver better outcomes compared with if that role sat solely with various DES providers.*

- PSE5

PSEs spoke about the distinctive way in which the social enterprise model provides 'wraparound support' to employees or service users (see previous background note). They described their 'alongside approach' in which staff (including dedicated support workers, mentors, frontline supervisors and other colleagues) are always present in the workplace to provide employees with support on an as-needed basis, in addition to routinely scheduled times. The alongside approach provides the following support within or from the workplace:

- Career and education support (e.g. vocational training, mentoring and job readiness);
- Cultural and personal support (e.g. language, workplace culture, and financial literacy);
- Disability and health support (e.g. care plans, coaching, mentoring, and nutrition).

Background note: what's distinctive about social enterprises' wraparound support

Wraparound support typically refers to intensive case management in which individuals are supported to access a range of services positioned in different, fragmented social service systems—e.g. health care, housing, employment services, education, legal services, financial services, etc. (Anderst et al., 2022).

Our research finds that jobs-focused social enterprises provide a unique form of wraparound support by embedding support workers in individuals' places of employment.

By working 'alongside' individuals, they provide wraparound support via structured and unstructured interactions in the workplace to address needs as they arise. Jobs-focused social enterprises either assist employees to navigate and access publicly funded services, or develop relationships with local services providers (e.g. counselling services) who provide services pro bono.

The alongside approach differs from the wraparound support in many social work and social care contexts. In the latter, case managers use scheduled meetings with service users to identify clients' needs, provide referrals to support services and sometimes establish systems of care. In the social enterprise context, the boundary between 'service provider' and 'client' is blurred because wraparound support is provided through an ongoing relationship between colleagues.

To read about how the different types of wraparound support impact jobseekers, see Individual Stories (Part A of this report)

Jobs-focused social enterprises have traditionally funded wraparound support through revenue from trade, often supplemented by philanthropic funds to overcome the tension created by market-based price competition and the additional costs of providing the supports needed by their employees. PSEs see PBO funding from government as a solution to funding these ongoing additional costs, with the rate card for PBO3 providing payments at a broadly 1:10 support ratio.

Many PSEs echoed WBE's objective of wanting to create a more equitable employment services system that allocates funds to service providers based on results or outcomes attained. **Like WBE, PSEs envisage reform of the employment services system that would position social enterprise alongside the DESs and ESPs.** This would provide greater certainty of funding for social enterprise over the long term; reduce administrative burden on social enterprises who continually apply for, report on and acquit grants from a range of philanthropic and government sources, and ensure that they can cover the additional costs of supporting employees with complex needs.

... the goal is to assess whether money given in support of hiring people who are disadvantaged can be better used directly by participating in social enterprises, as opposed to what's currently in place.

- PSE9

Social Impact Investor objectives

Social impact investment is when investors intentionally seek to generate and measure social and financial returns. **The three SIs in PBO3 are also driven to trialling a novel *financial* model for funding and financing social services, with a view that PBO3 can support innovation in service delivery and in social enterprise. At the same time, PBO3 may contribute to growing impact investment markets.**

All three SIs in PBO3 have in the last 2-5 years adopted novel investment strategies that are *impact-led*, while retaining a portfolio that includes *finance-first investments* (see background note).

By participating in PBO3, SIs want to understand:

- 1) How can we blend grant and investment capital to support impact-led transactions for organisations and cohorts that would otherwise struggle to access capital?
- 2) Can we promote the financial sustainability of our fund and maximise social impact?
- 3) How can we encourage other investors to participate in social impact investment markets?
- 4) Can we normalise the use of rate costs and rate cards to make impact investing more accessible?
- 5) What are the opportunities for impact investing in relation to outcomes-based funding and financing?

Background note: finance-first and impact-led social impact investments

Impact investments takes two forms: *finance-first* where investors seek to generate social impact and market-related returns and *impact-led* in which investors concede returns to generate deeper social impact.

It is recognised that *impact-led* investments often also requires blending of different types of capital including grants as market returns are not feasible. PBO3 is typical of this type in that it brings in grants to support the overall transaction.

While SIIIs see PBO3 as a learning and advocacy opportunity, the success of PBO3 for impact investors in this transaction is ultimately measured by what social impact it creates. This requires demonstrating and thorough reporting that outcomes are being achieved – particularly for the employees and PSEs. While ensuring that capital was being used to generate social impact was their highest priority, it is important that their investment is returned so that it can be recycled for future investments.

The financial return was actually less critical to us. Our questions were more risk related than financial return. For example, reputation or operational or conduct risk.

- SII2A

Participant objectives

PBO3 participants are aware of their involvement in PBO3; they are provided with information about it at the start of their employment and complete a consent form.

However, understandably PSEs rarely frame participants' work or positions of employment as being connected to PBO3. Participants understood that PBO3 provided funding to their employer to provide supported, transitional employment and were supportive of this.

All I know is they give funding to be employed in a workplace for a period of time. I feel very lucky that Ability Works gave me this opportunity.

- Ben

Opportunities are hard to come by. I am aware that ASA has given me an opportunity and I don't want to waste that.

- David

Opportunity synthesis

PBO3 stakeholders coalesce around a shared objective that PBO3 provides an opportunity to reform funding and financing of service delivery and create systems change. This has provided a powerful motivation for collaboration as the PBO has been designed, developed and implemented through the complex, iterative process that is typical of trials and PBOs.

This shared commitment has enabled stakeholders to be collaborative and adaptive, led by an intermediary that has worked nimbly with stakeholders to keep PBO3 on course.

While there is a shared mission to reform the system, stakeholders' objectives naturally differ.

Stakeholders from different contexts, such as government, finance, service delivery and philanthropy, often have different approaches towards, motivations for, and understanding of an impact investment (Moran and Ward-Christie 2022). **If stakeholders understand each other's intrinsic motivations it enables them to work collaboratively toward their overarching goal, in this case systems change, over the life of the partnership.**

Irrespective of the proof of social enterprise efficacy that PBO3 can provide, it is very important that the Government's need for a feasible PBO model that can be delivered at scale is achievable through existing, adapted or reformed government systems. The quote to the right demonstrates that WBE is aware of this requirement.

What we, as a social enterprise movement, need to realise is it's not as simple as just getting a PBO. We need to work with government to put measures in place internally. Introducing new systems and data sharing is incredibly complex and takes time.

- WBE1

PBO3 Design

- DSS and WBE led the iterative co-development of PBO3 with input from a range of stakeholders including social enterprise, paid and pro bono consultants, professional advisors, and facilitators.
- For DSS and WBE, while the design of PBO3 is not perfect, it is an opportunity to understand the challenges and opportunities for co-developing and implementing a PBO-funding model at scale. **This Interim Evaluation Report aims to support this learning and understanding for the future.**
- Co-development took eight months and brought about the following **four design elements**:
 - Design Element 1: A PBO model that involves impact investors;*
 - Design Element 2: Eligibility criteria of PBO3 participants;*
 - Design Element 3: Employment milestones and payment schedule; and*
 - Design Element 4: Eligibility criteria for PSEs.*
- While some PSEs had existing relationships with DSS (including those that are DES providers), WBE as the intermediary and many PSEs had not previously received DSS grant funding, necessitating **significant design work to align stakeholder goals, expectations, systems, and data collection.**
- **The inclusion of SIs is a unique design feature of PBO3.** It adds complexity to PBO3 and provides an opportunity to improve understanding of blending public and private impact investment.
- **Options for the design of PBO3 were restricted by the reach and resources of DSS** including, what policy areas fall within the Australian Government's jurisdiction, DSS' departmental boundaries and priorities, DSS access to government datasets, and DSS accountability for use of public money.
- **While PSEs are supportive of PBO3, some see tensions** between certain design elements (particularly Design Elements 2 and 3) and their person-centred approaches to enabling employment outcomes.

DSS and WBE led the eight-month co-development of PBO3, bringing about the following four design elements:

Design Element 1: A PBO model that involves impact investors;
Design Element 2: Eligibility criteria of PBO3 participants;
Design Element 3: Employment milestones and payment schedule; and
Design Element 4: Eligibility criteria for PSEs.

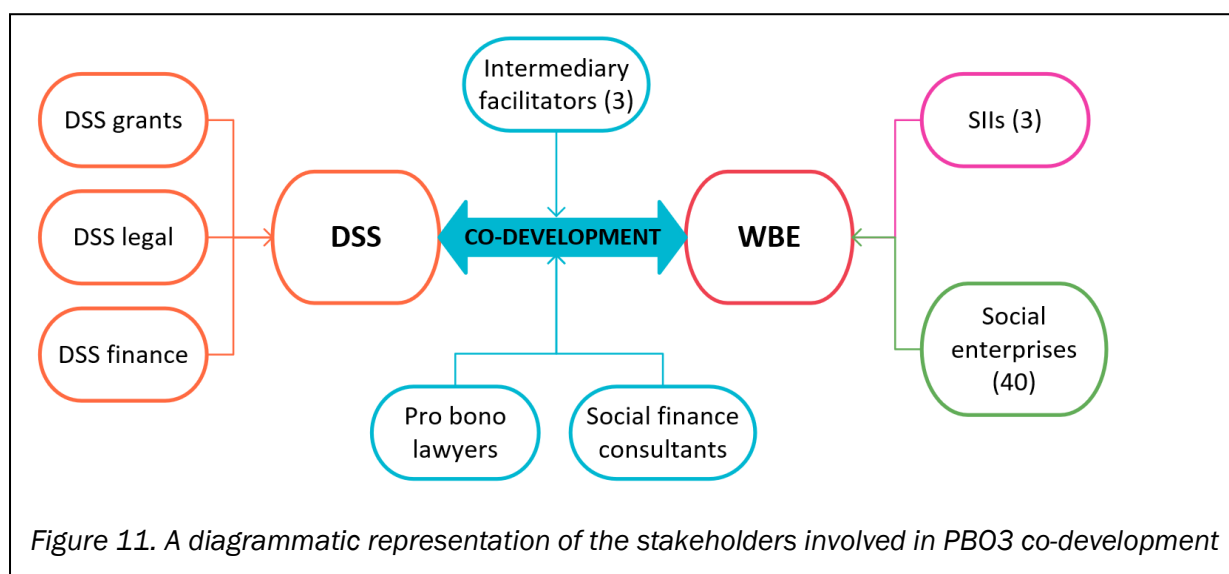
As outlined in this section of the report, these design elements were shaped by policy context and stakeholders' objectives.

The co-development process

Aligning with the Government's PBO initiative principles, PBO3 was co-developed by DSS and WBE with ongoing and extensive advice and input from a range of stakeholders: social enterprises, SIs, pro bono lawyers, a SIB consultant (Social Ventures Australia), and intermediary facilitators (see Figure 11). Co-development work was funded by a \$200,000 DSS grant to WBE and supplemented by extensive in-kind and pro bono contributions from all stakeholders.

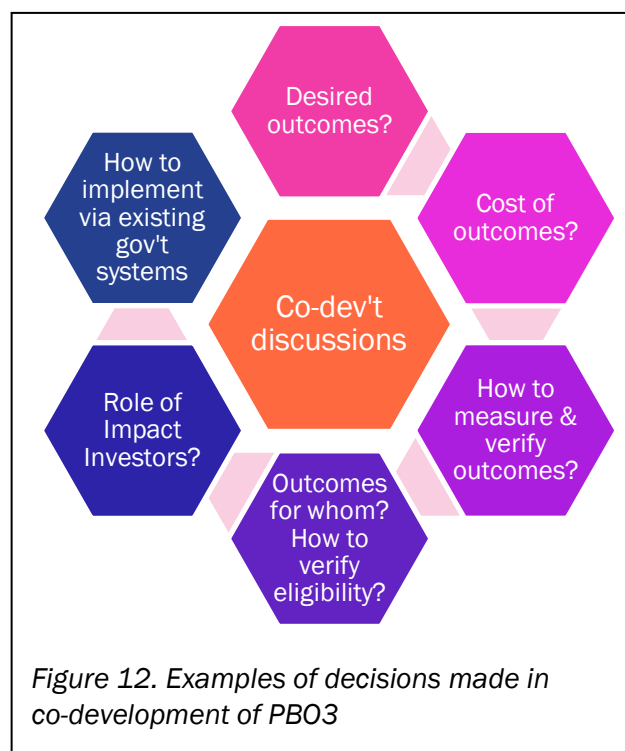
We'd go on the calls and there'd be ourselves, a pro bono lawyer and 11 people on the other line. It was really intense to deal with.

- WBE1



Co-development took eight months (Mar-Nov 2021), requiring stakeholders to:

- ✓ Articulate desired (employment) outcomes
- ✓ Cost the desired (employment) outcomes:
 - Survey social enterprises about service models and costs of service provision
 - Develop a rate card that standardised costs of service provision
 - Model retention rates to adjust costs
- ✓ Decide how to measure and verify outcomes:
 - Compare data access, data collection and data sharing systems and capabilities (particularly within and across DSS and WBE)
- ✓ Decide who can participate and how to verify eligibility
- ✓ Engage SIs to understand interest and priorities
- ✓ Identify options for implementing PBO3 through existing government legal, budgeting and finance structures.



Aligning stakeholder goals, expectations, systems, and data collection against each of the decisions listed above (and more) required extensive collaboration among stakeholders. As the intermediary, WBE supplemented its formal co-development work with DSS and other invited experts, with concurrent conversations and data gathering from social enterprises and impact investors.

Design Element 1: Involvement of Impact Investors

Previous social impact investment trials in Australia by state governments – NSW, Victoria, Queensland and South Australia – have involved impact investors via the SIB model (see figure below). Governments have engaged external investors to finance up-front costs (including working capital) to support interventions that are novel in their focus on funding outcomes and performance, and thus deviate from standard public financing. This has been driven by widely held views – in the literature and in practice – that this reallocates a portion of financial risk from the public sector to the private sector.

In contrast to SIBs implemented by state governments, the PBO trials overseen by DSS did not require impact investors. The inclusion of SIs in PBO3 is a unique design feature that is not present in DSS’s PBO1 and PBO2 trials. The decision to introduce SIs in PBO3 was made by WBE with DSS approval.

There were two key factors that steered WBE towards introducing this design element:

1. WBE is continuously developing relationships with SIs, recognising that these relationships and a track record of successful impact investments provides a basis for attracting future investment to support its mission. PBO3 was an opportunity to continue working with SIs and give SIs the opportunity to be involved in an innovative SI and support the social enterprise sector. All three SIs spoke of their prior work with WBE and framed PBO3 as an opportunity to further build this relationship, while also developing the social impact investing market.
2. WBE wanted the PBO to be a genuine outcomes fund with risk to be shared not just between WBE, the PSEs and the Government but with investors. This stems from WBE’s view that in addition to capital, impact investors bring skills, capacity and knowledge and can potentially assist in mobilising the model at scale.

Including impact investors meant that outcome payments were to be shared not only between WBE and PSEs, but also with investors that are looking for market-related (concessional) return.

We were just looking at a PBO. We weren't looking to do a SIB at all. It's not a structured SIB, but it's a hybrid.

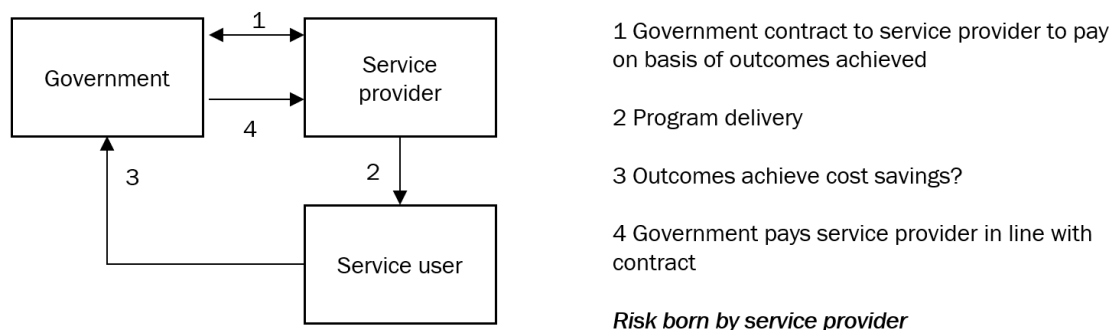
- GOVT1

We had dealt with [WBE] prior. So we understood what WBE did and knew people within the WBE team. We understood the importance of social enterprises.

- SI1

PBO3 thus adopted a hybrid design: distinctive from a ‘traditional’ SIB – in which investors receive payments from government according to whether a program achieves targets – and a ‘traditional’ PBO – where after providing a portion as working capital upfront, government simply provides a service provider with payment if outcomes are met (or not).

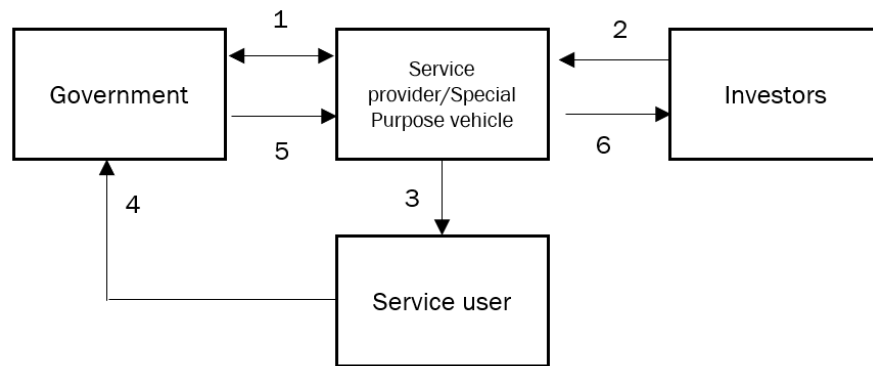
The diagram below offers a visual representation of a PBO. In a PBO, government commissions a service provider to deliver a program with payment largely or wholly dependent on achieving defined outcomes. The risk is born by the service provider (with the caveat that government funding in regular grant-based commissioning is a sunk cost).



From a DSS perspective, service providers are working with very vulnerable people. I think the government is still prepared to share risk with service providers. I mean, at the moment, under a grant arrangement, we take 100% of the risk. We can give people money and they might achieve nothing at all.

- GOVT1

A SIB brings in investors, who provide working capital to fund a program. If the program meets outcomes, investors receive a return on capital commensurate with performance – often against targets (for example, underperform, below target, above target, outperform). The intention behind this approach is that risk is shared between investors *and* service providers. As with a PBO this incentivises achievement of outputs and outcomes, but can provide comfort to government as risk for an innovative program or intervention is minimised.



- 1 Government contract to service provider to pay on basis of outcomes achieved
- 2 Investors provide working capital to fund program delivery
- 3 Program delivery
- 4 Outcomes achieve cost savings?
- 5 Government pays service provider in line with contract
- 6 Investors receive return commensurate with performance against targets

Risk shared between investors and service provider

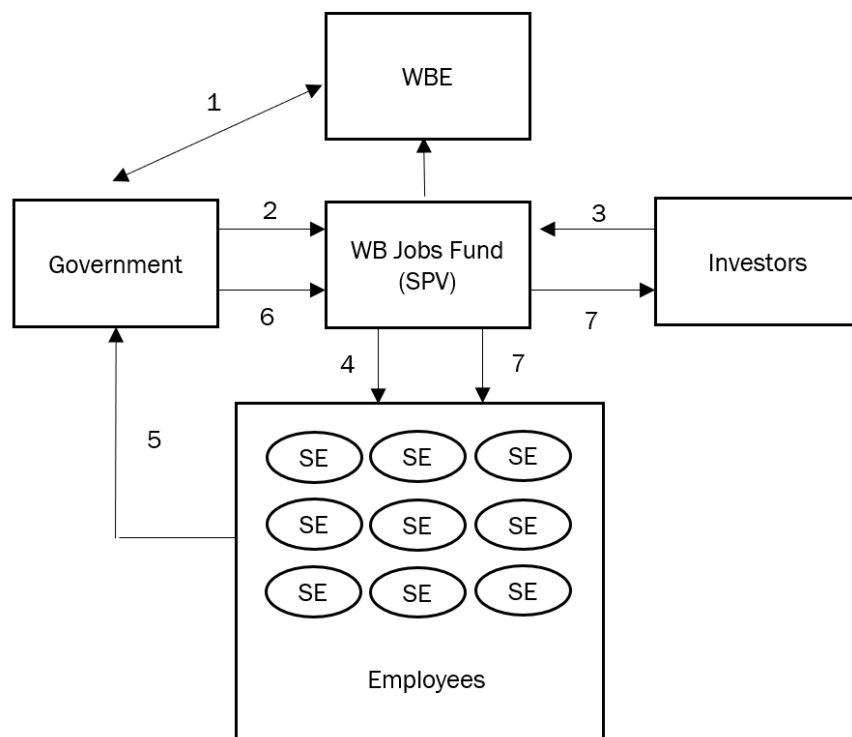
As DSS's remit is supporting people who face disadvantage, it was prepared to bear much of the risk. It was aiming to trial outcomes-based funding as an alternative to grant-based funding and it had selected a simple PBO to understand the efficacy of the model rather than the SIB model.

PBO3 is a hybrid model. It brings in investors, who receive a target return of 7.5% (3.5% fixed and 4% performance-based). It also has PBO characteristics. For example, it is a unilateral contract between DSS and WBE. There is no direct agreement between DSS and the investors or other providers including the social enterprises.

[In contrast to a SIB] the arrangements [with investors] are all with White Box – government is completely separate to all those investor arrangements.

- GOVT1

In addition, it adopts and introduces an aggregator model that brings together a large number of social enterprises into a single transaction, intermediated by WBE.



1 DSS contracts WBE to develop a payment-by-outcomes pilot

2 DSS provides working capital to WB Future Jobs Fund

3 Investors provide additional working capital to co-support program

4 WB Future Jobs Fund provides working capital to nine participating social enterprises (PSEs) to provide wraparound support to employees

5 Employees meet milestone outcomes?

6 DSS pays WB Jobs Fund in line with contract

7 WB Jobs Fund pays SEs fixed outcome payments and investors fixed/variable return

Risk shared between WBE, service providers and investors.

While the inclusion of impact investors adds a layer of complexity, it also provides an opportunity to improve understanding of impact investment ‘which is generally not well understood’ (GOVT1) within government as this approach to budgeting is novel in the context of government funding for social services.

Like many impact-led investments (see p. 37) it is important to note that the development of PBO3 was buttressed by support from philanthropy and other pro bono and low bono supports. For example, in addition to investment, an anchor SII provided grant capital to support WBE in developing PBO3 through its grantmaking program. This highlights the critical importance of philanthropy in supporting PBO development, which is often unrecognised.

Design Element 2: Eligibility of PBO3 participants

The eligibility criteria for participants were a central design consideration, particularly for the Government, and has played a critical part in shaping PBO3 and its implementation.

The Government's conditions for eligibility were shaped by policy and jurisdictional factors

Although eligibility criteria were co-developed by DSS, WBE and advisors, DSS representatives highlighted that from a federal government perspective, the three policy conditions and agendas outlined on the next page needed to be satisfied:

Eligibility of PBO3 participants

Employees are eligible to participate in PBO3 if they meet the following criteria:

- 16-59 years of age
- Not active in the labour market for 19 out of the last 26 fortnights (unemployed for 9 out of the last 12 months); or has an income that has not reduced Income Support payments for the last 12 months
- Currently receiving income support, limited to:
 - Jobseeker
 - Youth Allowance
 - Special Benefit payment (under Jobseeker conditions)
 - Disability Support Pension (DSP)
- And eligible for:
 - Disability Employment Services, with a referral in the previous 2 years from an Employment Services Assessment (ESAt); or a Job Capacity Assessment (JCA)
 - Community Development Program in remote areas

Condition 1

As a trial funded by the Australian Government (without state involvement), through DSS, PBO3 could only act on social issues that are the responsibility of the department.

If it's not a domain that the Commonwealth has head of power under the Constitution, we can't do it. Child protection, justice, homelessness are state responsibilities.

- GOVT3

Eligibility criteria assess candidates' employment status, eligibility for government-funded employment services, and history of receiving unemployment-related income support. Factors such as health, housing, education, contact with the criminal justice system (which impact and are impacted by employment) cannot be included because they are not within the jurisdiction of the Australian Government.

Condition 2

As a trial implemented through DSS, it was a priority that PBO3 address the needs of people who face the most significant barriers to social and economic participation.

One of the things that we've not been prepared to be flexible on was outcomes for the most disadvantaged cohort.

- GOVT1

People with disability or living in remote areas who have been unemployed for 9 of the last 12 months are eligible to participate in PBO3. Government records show that people of working age with disability are twice as likely to be unemployed (10%) compared to people without disability (4.6%) and that they experience unemployment for longer (AIHW 2022).

Condition 3

As a trial funded by public money, PBO3 needed to explore whether outcomes-based contracting would promote accountability and value for money.

How does an outcomes-based funding model achieve better outcomes and accountability? Is there ability to measure and know what outcomes we're achieving for people?

- GOVT1

To achieve value for money, PBO3 participants are younger than 60 years of age (with the age pension now accessible from 67 years of age), so have the time and capacity to achieve a reduction in income support over a number of years through employment.

WBE understands the Government's position and saw it as an opportunity to bring jobs-focussed social enterprise into the government-funded employment services system

First, WBE saw the focus on people who face significant barriers as an opportunity to work with policy actors to challenge the idea that jobs-focused social enterprises employ people who are most likely to be successful in employment and/or transition into new employment quickly. This is referred to as 'cherry picking' in employment services literature (e.g. Carter, 2021; Considine et al., 2018).

The nine out of 12 months was government having a very dedicated focus on targeting entrenched disadvantage. And we very much wanted to get to the pointy end. There was concern from government that ultimately social enterprises are cherry-picking.

- WBE1

Second, WBE saw value in designing eligibility criteria in terms of government definitions, categories and datasets. For WBE, this creates potential to compare the outcomes of PBO3 with existing government datasets, thus comparing the effectiveness of social enterprise against existing government services and programs.

It's about creating a robust government funded database that says there's true value for people, for community, and there's cost savings to government.

- WBE2

Both perspectives aligned with WBE's long-term strategic goal to drive systems change for jobs-focused social enterprises.

Some PSEs found targeted participant eligibility criteria sat in tension with their ethos of offering employment and 'alongside support' to anyone who needed it

Some PSEs viewed the eligibility criteria for PBO3 participants as a barrier to demonstrating the versatility of its person-centred employment services model to support people who faced various and multiple complex barriers to employment.

We have an interest in a much broader PBO for people facing disadvantage. We understand it was for people with disability, but even just how that's defined became a practical issue as well as a philosophical issue.

- PSE2

PSEs said that in some cases, the eligibility criteria excluded people who were significantly disadvantaged in the labour market. For example, three PSEs identified suitable applicants

experiencing long-term unemployment who were deemed ineligible for PBO3 because they had not been on government income payments (e.g. instead receiving support from family).

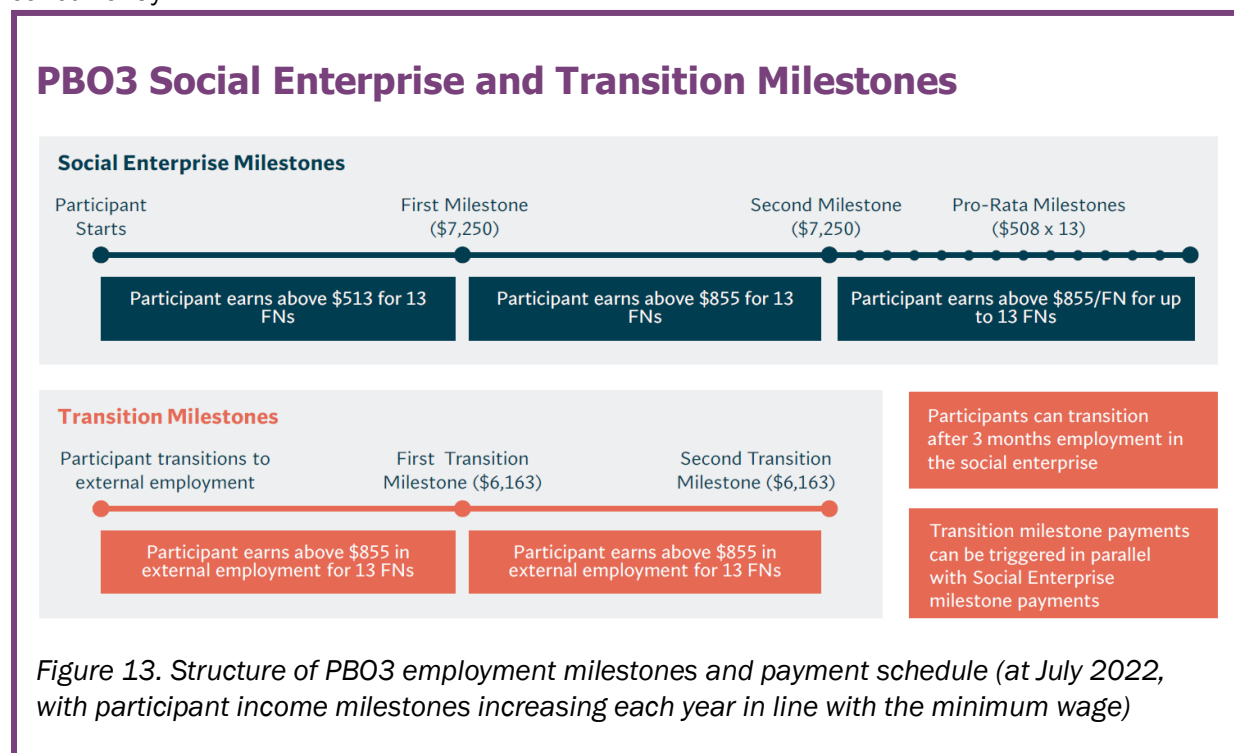
In two instances, PSEs worked with WBE and DSS *after the co-development phase*, to adjust the eligibility criteria to address this, namely:

- i. Unemployment history was expanded to recognise time in custody as a period of unemployment (previously not recognised)**
- ii. People 51-59 years of age were eligible (previously up to 50 years of age)**

Despite these tensions, PSEs were aware of the eligibility criteria when signing up to PBO3 and accepted them as a condition of participating in the trial. While some PSEs had limited ability to employ the target cohort, others were well suited, and a third group adapted.

Design Element 3: Employment milestones and payments

The design of employment milestones and payment structure of PBO3 reflects the changes in employment that PBO3 stakeholders are working towards. As outlined in Figure 13, PSEs receive PBO3 payments for providing long-term employment and for supporting PBO3 participants to transition into external employment. Once participants are employed for three months, PSEs can satisfy employment milestones (Social Enterprise Milestones) and Transition Milestones concurrently.



Government required milestones that could be verified with accessible government data and that promoted quality outcomes

From the perspective of DSS, the process of designing PBO3 milestones needed to be sensitive to the following two conditions:

Condition 1. As a trial implemented through DSS, the target outcomes of PBO3 needed to be verifiable through datasets accessible to the Social Impact Investing Unit in DSS.

Due to legislative barriers, employment data held by ATO and Workforce Australia is not accessible for this trial. DSS uses Services Australia income support data, reported income and hours worked. PSEs note that this does not recognise pay disparity (arising from e.g. industry, and time of work).

We are measuring income through welfare data. It would have been intensely helpful to access Single Touch Payroll data, but that's ATO data which is accessible through Workforce Australia but not DSS.

- GOVT3

Condition 2. *As a trial that aims to support people out of long-term unemployment, the target outcomes of PBO3 needed to recognise quality employment and skills development.*

To promote quality employment and mitigate the risk of providers ‘gaming’ the system, PBO3 outcomes are structured around increased income for participants over time and transition to external employment.

We didn't want a metric that allowed someone to take that money and then just get an employee and park them in the corner and let them watch TV and eat biscuits, or not even show up and then just say they showed up. Then it may be profitable to do a really poor job.

- GOVT3

WBE reflected that policy actors often conflate jobs-focused social enterprises with Australian Disability Enterprises (ADEs) which historically have not been ‘open workplaces’ that aim to prepare employees for external employment. From this perspective, **demonstrating that many PBO3 participants have transitioned to external employment could facilitate a ‘paradigm shift’ among policy actors about the diversity of jobs-focused social enterprises and ADEs. Nevertheless, WBE is cautious not to frame all jobs-focused social enterprises as providers of transitional employment.** Many jobs-focused social enterprises have a model that provides stable, ongoing employment without the goal of transitioning employees into jobs in other organisations.

Some PSEs found standardised employment milestones sat in tension with their person-centred approach to providing customised employment

PBO3’s employment milestones define ‘success’ through ‘outputs’ of sustained employment, increased income and transitions to external employment, rather than outcomes defined by participants’ own employment and other goals. Although PSEs joined PBO3 knowing that payments would be triggered by standardised measures of employment, some noted that these types of outcomes were in tension with their usual customised employment process.

For some PSEs, the standardisation of employment milestones risked them not employing participants who initially did not have the capacity or interest to work more than the initial hours required, but for whom this changed with exposure to work (see Individual Stories in Part A of this report). PSEs argue that people who can or want to work fewer hours should have an equal opportunity to be employed, particularly as their capacity may change in the future.

What is a person’s employment goal? Some people can only work six, eight hours a week. And they are going to do all they can to work those eight hours a week, because that’s their goal. It’s not on us to dictate to them, ‘This is what your goal should be’. Success is in having someone come to work and work their eight hours, even if it doesn’t meet the dollar figure [of PBO3].

- PSE3

Government stakeholders recognise the complexities of outcomes measurement

Government stakeholders recognise the complexities of outcomes measurement and the limitations of how employment milestones have been defined for PBO3.

A key take-out from the 2019-22 Australian Government’s Outcomes Measurement Initiative (which aimed to build the outcome measurement capability of for-purpose organisations) was that outcomes should matter to key stakeholders and that stakeholders should be included in the measurement process (Australian Government 2023). How to achieve this through government systems and datasets, however, remains a challenge.

There's value there that we haven't been able to value.

- GOVT3

Design Element 4: Eligibility of Participating Social Enterprises

The third key design element relates to the eligibility of PSEs.

WBE led the selection of PSEs by developing eligibility criteria that includes seven elements that drew on scholarly and policy definitions of social enterprise (Barraket et al. 2010), extant certifications, membership of peaks, and employee focus (see background note opposite).

Eligibility criteria were used to guide due diligence, promote transparency and justify the selection of PSEs to the social enterprise sector. The purpose for each criterion is outlined below.

Background note: Eligibility of PSEs

PSEs must meet the following eligibility:

- i. Have a not-for-profit (NFP) legal entity status
- ii. Is Social Traders certified (or working towards); and/or Supply Nation registered (or registered interest in)
- iii. Is a member of their state peak body (or willingness to join)
- iv. Has a dedicated pathway or support function in their organisation and strong partnerships externally
- v. Employs people aged 16-59 in Award-Wage employment
- vi. Employs people receiving a Disability Support Payment or eligible for Disability Employment Services or Community Development Program
- vii. Employs people on average for 12 hours or more upon commencement

Criterion (i) stems from the Government's caution about introducing funding models with opportunities for generating private wealth. Being NFP means that PSEs exist for public not private benefit and are mission driven. WBE hopes that this requirement is not needed in the future, allowing the inclusion of for-profit social enterprises.

Criteria (ii) and (iii) operationalise WBE's objective of demonstrating the efficacy of social enterprise in supporting people into. Social Traders certification provides third-party verification that the organisation is a social enterprise, Supply Nation registration verifies that an organisation is an Indigenous business.

Criterion (iv) speaks to the evidence-based expectation that PSEs would need to have formal structures and relationships in place to support longer-term employment outcomes for participants (Barraket et al. 2019).

Criteria (v), (vi) and (vii) aim to promote success by selecting PSEs in which employment practices align with PBO3 participants' eligibility criteria and PBO3 milestones.

Having embedded their priorities and managed risks via the design of the eligibility criteria of PBO3 participants and the PBO3 milestones, there was limited concern from government stakeholders about the eligibility criteria for PSEs. This is due to the risk-reward balance of the PBO model, and the risk burden of PSE eligibility sitting with WBE.

Ultimately, selection of social enterprises in PBO3 was determined by organisations' not for profit status, their involvement in the social enterprise sector, their capacity to provide supported

transitional employment, and alignment of their employees with the eligibility criteria of PBO3 participants. PSEs satisfied eligibility criteria to varying degrees, with these and other factors impacting their success in enrolling PBO3 participants.

*It was a WBE selection process...
[selection criteria were] the only fair and
reasonable way to respond to a wide
need, and a wide opportunity, but a
limited number of starting points.*

- WBE2

*We let WBE select the
social enterprises. We
didn't have a deep
knowledge of them or
their quality.*

- GOVT3

Outcomes of the co-development process for PBO3 organisations

The co-development of PBO3 was a complex, iterative process that involved many stakeholders in the social enterprise and employment services ecosystems, some of whom did not ultimately participate in PBO3 itself. The process drew on the time and resources of many beyond what was funded by the initial \$200,000 grant from Government. This complexity stemmed from the experimental and bespoke nature of PBO3 and Government's and WBE's aims to layer their respective objectives into the design of PBO3.

As is appropriate for an initiative that is based on a desire for 'learning through doing', it is evident that the DSS and WBE trial design process has achieved a key objective by providing the Commonwealth and other stakeholders with new knowledge and skills in outcomes-based funding. In particular, the co-development of PBO3 enabled the following two outcomes for participating organisations and the ecosystems in which they sit:

Outcome 1: New Government capability to administer outcomes-based commissioning of social services

The PBO trials aimed to expand the Australian Government's capacity to administer outcomes-based financing. PBO3 has provided an opportunity to test the capacity of existing public sector processes and what changes are needed for outcomes-oriented commissioning.

For example, at present, the Australian Government has two primary mechanisms for funding social services – grants or procurement. Neither of these options are amenable to a PBO model in their existing form. Extant government processes, guidelines and grant rules are not suitable for outcomes-based funding as retaining surplus from program delivery are not permissible under existing 'grant' arrangements. Moreover, 'procuring' service outcomes as opposed to 'products' or 'services' is outside established practice, particularly when payments are linked to performance.

*So small things like there's a part of the
grant agreement for the acquittal of funds
and our organisation has to show that all
the money was spent on providing the
service. And if there's leftover money, the
service provider returns it. That's not
applicable in a PBO. And so we had to
really educate and talk people around,
why that's not applicable in this case. If
they can provide the service and achieve
the outcomes for less money than we're
giving them, good on them.*

- GOVT1

Consequently, DSS has had to work closely with internal areas such as legal, grants and contracting functions to develop individualised grant agreements for PBO arrangements.

As with trials in other jurisdictions – including at state-level in Australia – **this has initiated system-changes through new government processes, knowledge and capacity.**

First, by building awareness of new ways of working and playing an educative role, it has built capacity within the Commonwealth, assisting in the gradual process of positioning government systems for outcomes-based financing of social services.

Second, PBO3 has helped shed light on the challenges presented by outcomes-based funding within the Commonwealth in relation to *data access* – both within and across agencies. While at this stage in the life of the PBO this remains a challenge, it is helping the Government understand barriers to data access and the policy (including legislative) changes that are required to streamline data linkage and sharing.

If social impact investing and outcome measurement were to grow in the Government, there is potential need for a new funding model. Retrofitting these contracts into a grant agreement isn't simple.

- GOVT2

Outcome 2: A hybrid model for outcomes-based funding that aggregates outcomes from multiple jobs-focused social enterprises

PBOs including the most commonly used model, SIBs, are by definition bespoke. However, over the decade and a half since SIBs were first trialled these have gradually adopted a common form, particularly in Australia, where the majority have a common intermediary.

As described above PBO3 is unique. In contrast to the Commonwealth's other PBO trials (and the majority of SIBs) which involve a single 'service provider' delivering a single 'program', PBO3 aggregates support for multiple organisations, in this case social enterprises.

This represents an innovation in terms of its potential aggregation of impact, and potential for scalability.

As discussed in the following section of the report, WBE's intermediary role has also reduced some of the administrative burden that typically falls to service providers.

This will require monitoring to explore whether the model continues to offer an avenue for commissioning for a large number of organisations.

Background note: What are PSEs doing with PBO3 resources?

PSEs used the resources to adequately maintain the unique wraparound supports provided by jobs-focused social enterprise including:

- to replace (applying) for multiple grants
- to hire new specialist staff members to oversee wraparound support
- training for existing staff in working with people with disabilities
- expansion into new industries that met the needs of employees and,
- support business growth and expansion to ensure they could serve more employees, including with more complex needs.

PBO3 Implementation

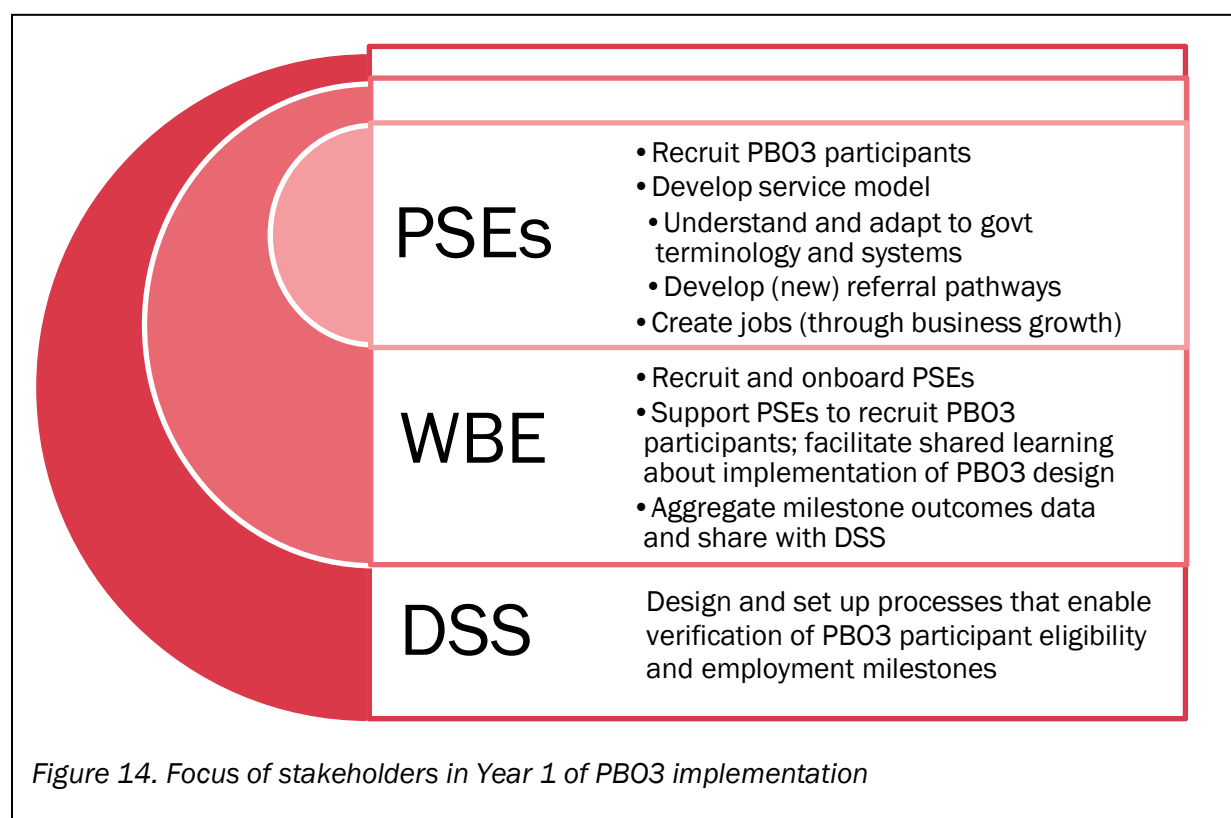
- Implementation of PBO3 has been a process of **‘learning by doing’** for all stakeholders. Where needed, stakeholders have **worked collaboratively to adjust the PBO3 model or their own operations to enhance the efficiency and effectiveness of PBO3.**
- Through an **adaptive and collegial approach to establishing PBO3**, stakeholders have created a PBO3 community of practice, adjusted PSE service and business models, diversified risk by including more PSEs, and developed workarounds for verifying participant eligibility and milestones.
- In Year 1, different stakeholders have focused on optimising different aspects of PBO3:
 - **WBE has focused on recruiting and onboarding PSEs and supporting them to establish PBO3 in their respective organisations.** WBE was driven by its ambition to enrol the maximum number of PBO3 participants.
 - **PSEs have focused on recruiting PBO3 participants.** They became familiar with government terminology and paperwork, and adapted business models, service models, and referral pathways to better support PBO3 participants.
 - **DSS has focused on embedding processes, defining requirements and reviewing data to adjust eligibility, and establish outcome reporting.** DSS and WBE have worked closely together to achieve these elements
- Lessons learnt from the implementation of PBO3 to date suggest that the following considerations can help to **manage expectations** about the demands of establishing new outcomes-based commissioning with multiple and tiered service providers:
 - (Sub-)Service providers (i.e. PSEs) that have not previously worked with government as a commissioning bodies need **time to understand requirements and adapt existing practices;**
 - **Existing practices** of service providers (e.g. guided by social mission, timing of organisation growth, and organisations’ maturity and stability) **affect opportunities for implementing PBO initiatives at specific points in time;**
 - **Intermediaries are pivotal in PBO models that ‘aggregate’ outcomes from a network of (sub-)service providers**—intermediaries bring immense value by mobilising actors, building shared capability and nurturing communities of practice; and
 - **The efficiency of PBO implementation depends on streamlined eligibility criteria and outcome milestones, and the accessibility of data used to verify eligibility and outcomes.**

This section is about how PBO3 stakeholders brought PBO3 to life in Year 1. PBO3 requires stakeholders who have not previously worked together to trial an innovative outcomes-based funding model that has not previously been tested. Naturally, there were challenges (some expected and some unexpected). Stakeholders responded to challenges collaboratively to enable the outcomes reported in Part A of this report.

Stakeholders developed solutions and adaptations for different aspects of PBO3, depending on what part of PBO3 they were responsible for:

- **PSEs initially focused on recruiting PBO3 participants**, needing to understand government systems and adapt business models, service models, and referral pathways;
- **WBE initially focused on recruiting and onboarding PSEs**, needing to adapt to the rate at which PSEs employed PBO3 participants; and
- **DSS initially focused on supporting the verification of PBO3 participants and employment milestones achieved**, needing to adapt data provided by PSEs (via WBE) and develop workarounds within government data systems.

The focus of key stakeholders in Year 1 of PBO3 implementation is outlined in Figure 14.



As Figure 14 shows, much of Year 1 of service delivery focused on aspects of PSE and participant recruitment. As the enrolment of PBO3 participants ceased in September 2023 in Year 2, stakeholders will divert their attention away from these activities, which are further detailed in this section of the report. Therefore, **there is value in capturing and reviewing the significant implementation work completed in Year 1 as this will help inform processes and resourcing of future outcomes-based funding initiatives.**

Year 1 for PSEs: Recruiting eligible participants

In Year 1, PSEs put significant attention and resources into recruiting PBO3 participants. For many PSEs, this was a 'learning process'. PSEs who joined the PBO understood its focus on people experiencing significant barriers to employment, including people with disability. However, when the formal participant recruitment process commenced, PSEs found that they needed to adjust their approach:

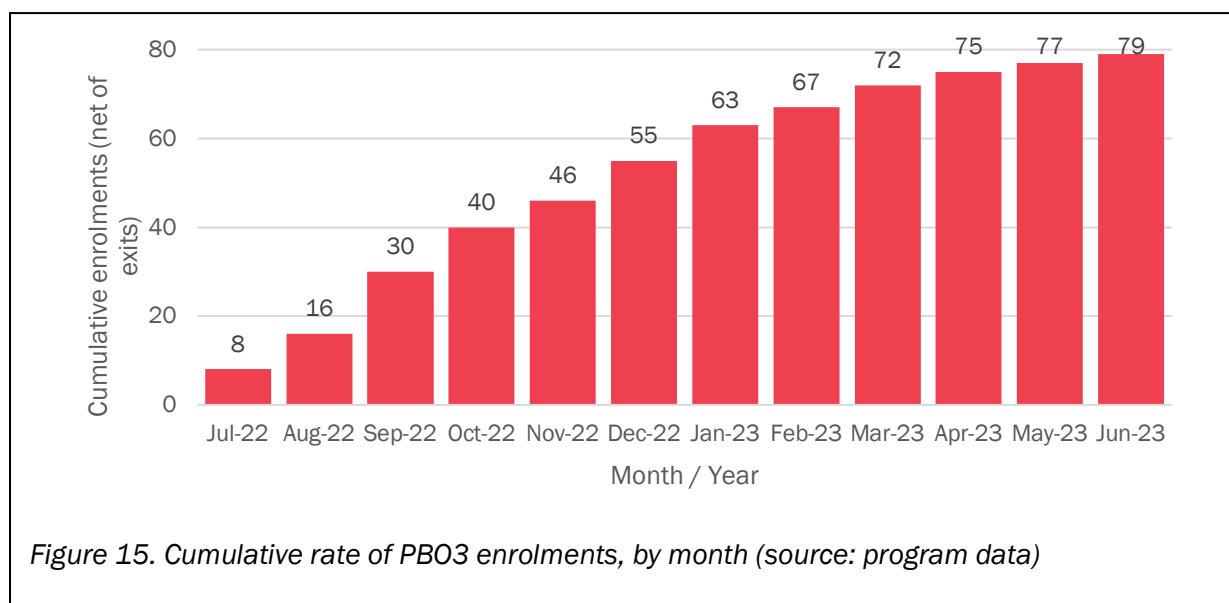
1. During initial attempts to recruit PBO3 participants, many PSEs found that candidates met some or most, but *not all* of the PBO3 eligibility criteria.
2. Most PSEs did not have data about existing employees to test the extent to which they met the specific, layered eligibility requirements of PBO3, which could have informed PSEs about the extent to which they would need to adapt their recruitment processes.
3. PSEs did not have access to government employment and other data systems, so they could not test candidates' eligibility themselves. Instead, PSEs needed to complete paperwork and submit it to Services Australia, to confirm whether candidates were PBO3 eligible in the Centrelink data set.

We have a number of young people with disabilities. And that's why it was attractive at the start. And as it went on, I think we realised that the eligibility criteria were going to exclude a lot of young people that have a disability but don't necessarily fit all the eligibility criteria. So, that's kept it fairly narrow for us.
4. Most PSEs were not initially familiar with the paperwork for testing/verifying the eligibility of PBO3 participants. PSEs invested time in learning about government terminology and process, to then support participants to complete paperwork.

- PSE4
5. For some (not all) PSEs, asking new candidates for their consent to have work history and disability status examined, could be **confronting or awkward**.

In addition to recruiting candidates who met the targeted eligibility criteria of PBO3, PSEs were also committed to recruiting PBO3 participants who aligned with their own social missions (e.g. working with young people, people impacted by the criminal justice system, etc), which narrowed the field of potential PBO3 candidates further.

The cumulative rate of PBO3 enrolments, by month, is illustrated in Figure 15 below.



Adaptive responses from PSEs

Implementation of PBO3 has been a process of ‘learning by doing’ for all stakeholders, including PSEs. To respond to the challenges of recruiting eligible PBO3 participants, PSEs worked collaboratively with WBE and each other to adjust the PBO3 model or their own operations to enhance the efficiency and effectiveness of PBO3. In particular, engaged PSEs worked with WBE to promote an adaptive and collegial approach, by:

1. Establishing a PBO3 community of practice;
2. Exploring new service and business models; and,
3. Strengthened referral pathways from DES.

These three ‘adaptive responses’ are detailed below.

Adaptive response 1: Establishing a PBO3 community of practice

To address the issues that emerged around participant recruitment, PSEs worked closely and collaboratively with WBE and other PSEs to understand PBO3 eligibility requirements and process eligibility paperwork.

WBE convened fortnightly meetings with all PSEs to share information and solutions about PBO3 as they become available. PSEs used fortnightly meetings to provide feedback and share their own learning and adaptation. WBE also worked with PSEs one-on-one to troubleshoot roadblocks and accommodate the fact that recruitment in PSEs happened at different times, with different challenges.

The biggest thing for us has been the eligibility criteria. This has been another great thing in working with White Box.

When we've got any concerns or any questions, there's the openness there just to ring them and have those conversations

- PSE10

PSEs sometimes also met independently of WBE to share their learning about PBO3, for example, one PSE explained DES jargon to another PSE, and a group of PSEs within physical proximity of each other also met to share learning and ideas for implementation.

Working together to implement PBO3 in Year 1 has created a collegial atmosphere among PSEs, and solid working relationships with WBE.

- PSEs 'transferred' their allocations of PBO3 participants to others PSEs if it appeared unlikely that they would recruit their allocated number of participants.
- PSEs in the same area started referring candidates to one another if other PSEs offered a better fit for candidates (e.g. through industry of work).
- One PSE spoke about wanting to work with WBE outside of PBO3 to, for example, expand their social enterprise interstate.

WBE and PSEs also worked together with DSS to adjust the eligibility criteria *after* the co-development phase to better reflect 'on the ground' experiences. Changes included:

- Unemployment history was expanded to recognise time in custody as a period of unemployment (previously not recognised); and
- People 51-59 years of age were eligible (previously up to 50 years of age)

Adaptative response 2: Exploring new service and business models

When collecting new data about employees as required by PBO3 Eligibility Criteria, some PSEs came to new realisations about the barriers that their employees faced. New insights into employees' needs informed PSE decisions about how to develop business and service models. **For most PSEs, funding from PBO3 was put towards developing these new aspects of their service or business models.**

- Some PSEs created employment opportunities in new industries that aligned with the needs and preferences of employees who had been hired and enrolled into PBO3.

When we first started, I was sending off eligibility checks for people that have just been released from custody. But because they weren't recognising that a custody sentence is a long-term unemployed, we kept getting knocked back. So I was going back to them to say, "Well, this person's been in custody for 12 months. They are long-term unemployed. That's what you categorise long-term unemployment as."

But because they weren't receiving Centrelink, we were getting knocked back. So they've now changed that requirement... allowing it to be recognised as unemployment while in custody, which is a game changer and really forward-thinking – which has been years in the making, has allowed us to progress.

- PSE11

... in trying to find people that were eligible, we were also getting a better understanding of what roles they'd be interested in. Horticulture, landscaping and construction isn't for everyone. That's informed our path down digital marketing ... a lot of young people with anxiety or who are autistic really enjoy and are good at that work: web design, digital marketing, graphic design. That's been an unintended consequence of PBO, and working more with this cohort and really understanding what their interests are.

- PSE10

- PBO3 funding enabled PSEs to bring on new staff (including People Support Officers) and offer new training to existing staff to provide PBO3 participants with the support they needed.
- Due to the inclusion of Transition Milestones in PBO3 (Design Element 3), some PSEs started thinking more strategically about post placement support: formalising their approach to facilitating post placement and/or exploring what organisations may be able to offer PBO3 participants suitable transitional employment. There are currently plans among PBO3 stakeholders to form a Working Group that develops a service model for post-placement support.

In some cases, PSEs wanted to adjust their service or business models but PBO3 timing did not align with their enterprise's trajectory (e.g. business plans, growth, available resources).

Taking on significant numbers of PBO3

participants often needed business growth, which required new premises, equipment and/or contracts. For some PSEs, the timing of PBO3 worked out and for others, it did not. More mature PSEs, in particular, had the capacity to 'pivot' and 'adjust' their business operations to accommodate the PBO3 target group at the time that PBO3 commenced.

Adaptative response 3: Strengthening referral pathways from DES

Many PSEs strengthened their referral pathway from DES providers to enhance their recruitment of PBO3 participants. A benefit of this was that PBO3 participants continued to receive some additional support from their DES provider during initial employment in their PSE. Nevertheless, PSEs reflected on a number of challenges, which include:

- o The Employment Services Assessment (ESAt), which government uses to understand people's barriers and capacity to work (considering disability, illness or injury). ESAts state the number of hours that people need to work to receive income support. At one PSE, PBO3 participants needed to work *12 hours* to meet the PBO3 income threshold, but *15 hours* to meet the employment requirement set by their ESAt. This meant that the PSE needed to absorb the cost of the difference for 15+ employees, over potentially 18+ months of employment.
- o PBO3 commenced in the same month as ESPs transitioned to new Workforce Australia contracts. This disrupted existing relationships between PSEs and ESPs, as some ESPs lost contracts and job seekers were reallocated to new ESPs. The reassignment of caseload created a lag in services as ESPs took time to understand employment histories of their new caseloads and PSEs spent time developing relationships with new ESPs before they could speak about PBO opportunities and requirements.

The people who are employed with us are put alongside a mentor who's a tradesperson. They're not generally experienced in working with people who have disabilities. Until, that is, we started doing PBO. From their perspective, the thing that would make it scary for them is that you don't want to question someone's capabilities, and sometimes, it's quite sensitive to ask about their disability. So when you're working in a space that there is a lot of hazards and risks, they have to try and determine, themselves, what could be a hazard and risk. But one of the PBO participants has hearing aids in both ears. And adapted our processes by getting specialized PPE for him to wear, so that he could still do full duties and his disability didn't get in the way. All that we had to do was just amend the PPE.

- PSE11

Every single person that we thought was appropriate had been referred to a new ESP where they didn't know their caseload, they didn't know who they were working with. They knew no history

- PSE2

Despite these factors, many PSEs decided to strengthen the DES referral pathway because DES eligibility was a key element of the PBO3 Eligibility Criteria.

Year 1 for WBE: Recruiting PSEs to employ the full allocation of participants

For WBE, a key focus of Year 1 was recruiting and onboarding 16 PSEs (excluding two that had left PBO3 or become inactive) and supporting them to establish PBO3 in their respective organisations. This focus was driven by WBE's ambition for PSEs to collectively enrol the maximum number of PBO3 participants.

Initially, WBE had forecast that PBO3 would involve around five PSEs. However, WBE realised that it needed to increase the number of PSEs due to the following factors:

- PSEs were *initially* slower than expected in employing eligible PBO3 participants. **The initial trajectory of enrolments tracked at about 40% of the enrolments required for WBE and PSEs to 'break even'.**
- The slower than expected rate of participant enrolment was in part due to the time that PSEs required to learn about and adapt to the PBO3 participant Eligibility Criteria (outlined above).
- As the period for enrolling PBO3 participants closed in September 2023, if existing PSEs were not able to collectively enrol the full allocation of PBO3 participants, **WBE needed to transfer participant allocations to *new* PSEs or forfeit the opportunity to earn PBO3 funding.**
- **PSE capacity to employ PBO3 participants was also affected by the timing and nature of business growth.** For some, unexpected business growth diverted resources to new projects and offices, rather than new PBO3 processes. Others leveraged PBO3 funding to enable growth. In a third scenario, a PSE planned to leverage PBO3 funding for business growth, however, delays in equipment delivery prevented it from employing PBO3 participants in the time available.
- PSE maturity (related to years in operation) impacted the capacity of PSEs to pivot towards the requirements of PBO3.

The ameliorating factor there was the stage of the enterprise's growth. We saw perfect alignment from a cohort point of view, strong existing referral capability, but they were taking on contracts that they were never going to say no to, but that required specific skills. Which were not people who were unemployed.

- WBE2

It has been unfortunate that the project that we thought we'd be able to recruit PBO participants for has actually been delayed by equipment coming in from overseas. So we haven't been able to do as many as we had hoped to.

- PSE6

These reflections of Year 1 of PBO3 implementation highlight the additional factors (including business growth and maturity) that could be considered as part of PSE selection for future outcomes-based funding initiatives that are *time-limited*.

Adaptive response from intermediary WBE

In response to the uncertainty about the number of PSEs required to enrol the maximum number of PB03 participants during the finite enrolment period, WBE progressively increased the number of PSEs.

Adaptive response: Progressively increase the number of PSEs

During co-development, WBE planned to recruit five PSEs. Following the formal selection process, it selected a core group of nine PSEs. WBE recruited another six social enterprises between November 2022 – February 2023, and another three in mid-2023 (see Table 3). Between July-September 2023, one additional social enterprise (Vanguard Laundry) joined and enrolled at least one employee in PB03. WBE will not enrol more PSEs because the enrolment period (for PB03 participants) closed in September 2023.

Table 3: List of social enterprises that joined PB03 to 30 June 2023

PB03 status	Social enterprise	Joined at PB03 inception	Joined PB03 Nov 2022 – Feb 2023	Joined PB03 after May-June 2023
Active	Australian Spatial Analytics (ASA)	✓		
	Dismantle	✓		
	Green Collect	✓		
	Jigsaw	✓		
	Kalan Enterprises	✓		
	WCIG	✓		
	YMCA Rebuild	✓		
	yourtown	✓		
	Clean Force		✓	
	Fruit2Work		✓	
	Ability Works		✓	
	Sevgen		✓	
	Joi			✓
No enrolments* (30/6/ 2023)	STREAT	✓		
	Good Sammy			✓
	VMCH			✓
Left PB03	Ability Enterprises		✓	
	Hotel Etico		✓	

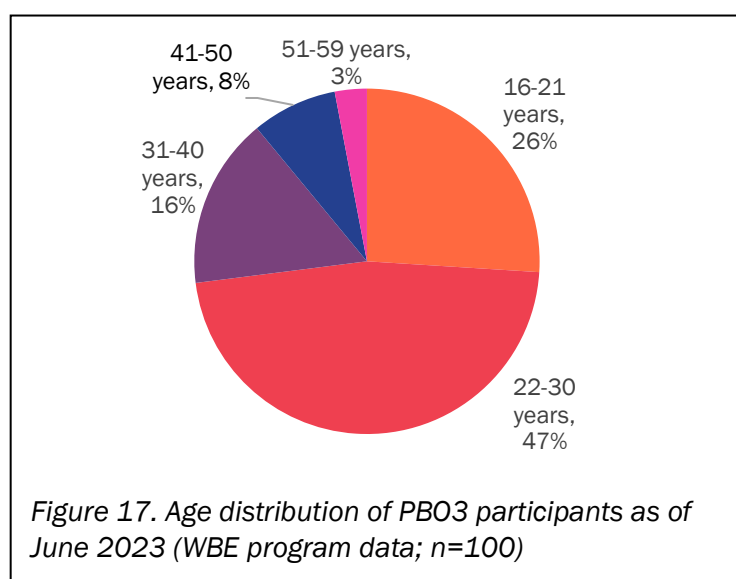
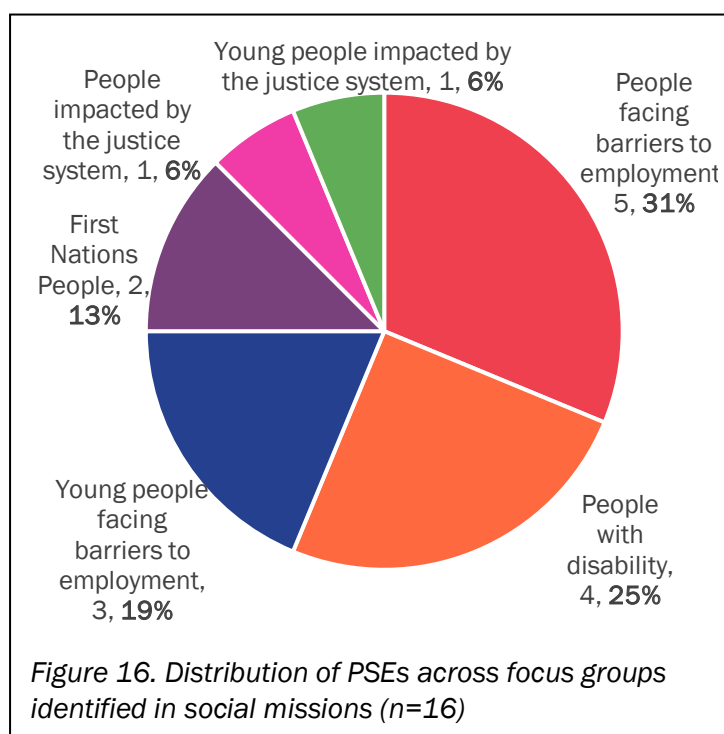
* STREAT, Good Sammy and VMCH, which had not enrolled employees in PB03 as of 30 June 2023, each enrolled at least one employee in PB03 between July-September 2023

Increasing the number of PSEs affected the WBE resources required to support PBO3 implementation, particularly given the one-on-one troubleshooting support that it provided. **It would be instructive for future learning for WBE to estimate the additional demand on resources from this adjustment.**

It also required WBE to work collaboratively with PSEs to manage the changing allocation of PBO3 participants per PSE. Allocations ranged from two for some PSEs to 30 for other PSEs.

Although the increased number and diversity of (sub-)service providers created more work for WBE, it is also a unique feature of PBO3 that diversifies risk for WBE, government and SIs. In comparison, the other PBOs that the Australian Government is currently trialling are delivered by sole service providers.

The diversity of social missions of PSEs also created opportunities for the PBO to generate additional social impacts beyond employment for people with disability as a result of the intersection between disability and other life circumstances. Figure 16 shows the diversity of cohorts that PSEs work with, including young people facing barriers to employment (19%), people impacted by the justice system (6%) and specifically young people impacted by the justice system (6%).



As illustrated in Figure 17, **the majority of PBO3 participants are under the age of 30.** This reflects the makeup of the PSEs in PBO3; three PSEs that collectively employ 40 PBO3 participants, focus on employing young people. Similarly, the overrepresentation of male participants (71%) is likely to be a result of both the gendered nature of the industries that some PSEs operate in and/or the gendered nature of their participant cohort, for example, ex-offenders.

Year 1 for DSS: Enabling enrolments and verifying outcomes in a constrained data-sharing environment

In Year 1 of PBO3, a major focus for DSS was enabling the verification of participant eligibility and employment outcomes in the context of a constrained data-sharing environment.

Verification of eligibility and outcomes is crucial to PBO3 implementation because it ensures that service providers are employing the intended cohort and that achieving milestone targets results in payments. Some of the factors that emerged included:

- As small and medium enterprises, WBE and most PSEs were unlikely to have the systems required to manage government data confidentiality risks (software requirements, IT expertise and IT security). However, without access to government data, WBE and PSEs could not verify candidates' eligibility or employment outcomes.
- Legislation relating to data sharing *between government departments* meant that DSS could not access employment data held by the ATO and Workforce Australia.

The above factors were identified during co-development of PBO3. DSS was aware that it would need to work with WBE and PSEs to design and implement verification processes with data that was available and accessible.

Until eight legislative instruments are changed... government data cannot be used by small and medium enterprises to measure outcome and impact measurement.

- GOVT2

We don't have access to ATO data. It could change in the next few years, but at this point in time it would be impossible to use ATO data. So, it depends on where legislation changes and whether government is at all fast in opening up data.

- GOVT2

Adaptative responses from Government

To respond to challenges of data access and data sharing, DSS developed the following two adaptations (detailed further below):

1. New process for verifying eligibility of PBO3 participants
2. New process for tracking and verifying employment milestones

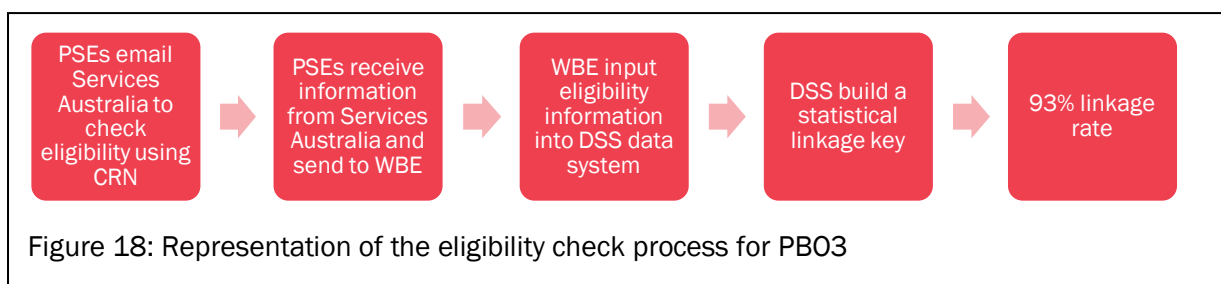
Adaptative response 1: New process for verifying eligibility of PBO3 participants

The process for verifying the eligibility of PBO3 candidates navigates a 'complex web' (GOVT2) of siloed datasets that requires the involvement of multiple stakeholders (see Figure 18).

To verify a candidate's eligibility, PSEs first emailed Services Australia to access the candidate's information using their Customer Reference Number (CRN). Services Australia holds data about employment history, income support eligibility, and disability status. PSEs then confirmed eligibility and provided WBE with the data required for the DSS Data Exchange (DEX) portal (this did not include candidates' CRN).

There was a burden of risk placed on the PBO1 service provider for them to check eligibility of every participant. With PBO3, they [WBE] had no mechanism where they could check that eligibility themselves.

- GOVT2



Because DSS does not have access to CRNs, it used the information provided by WBE to build a Statistical Linkage Key (SLK) for each candidate. DSS used this SLK in the Data Over Multiple Individual Occurrences (DOMINO) dataset. In Year 1, this process has enabled a linkage rate of approximately 93%, meaning some candidates' information has not been successfully linked.

Although DSS had the responsibility to develop and oversee the process of verifying eligibility, the administrative load was primarily on PSEs and WBE. PSEs were responsible for obtaining consent from PB03 candidates and completing paperwork with them, and coordinating the eligibility verification. WBE was responsible for collating information and providing it to DSS through the secure DSS DEX portal.

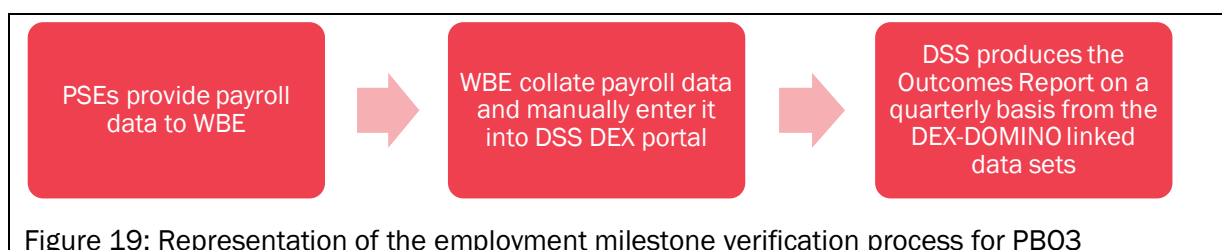
The eligibility process has been time-intensive. But we're supporting disadvantaged individuals, and the goals of the trial are incredibly important. So we've been able to dedicate that time.

- PSE9

Adaptative response 2: New process for tracking and verifying employment milestones

In the initial months of PB03, DSS and WBE faced administrative challenges in implementing employment milestone payments (Design Element 3). These arose from the frequency of reporting as well as the largely manual process of data-sharing between organisations. For DSS, the resources required to manage the ongoing needs of PB03 is an obstacle to scaling PB03 in its current form.

The process that DSS and WBE devised for verifying employment milestones was largely manual. As illustrated Figure 19, PSEs first collate PB03 participants' payslips and provide them to WBE each fortnight. WBE then enters payroll data into the DEX portal. DSS then provides a quarterly Outcome Report for both parties to agree the outcomes achieved and their value, enabling payments to be made to WBE, and subsequently PSEs, when and as employment milestones are met.



Although DSS had the responsibility to develop and oversee the process of verifying outcomes, the administrative load of this process was primarily on WBE. WBE manually transferred payslip data for individual PB03 participants into the DEX portal, and DSS managed that data in their system. The frequency of the DEX reporting (on a fortnightly basis) added to the administrative load for WBE and PSEs. A DSS representative compared this to reporting in PB01, where outcomes are measured and verified once, after three years.

WBE and DSS reflected on the process as initially cumbersome, resource intensive and subject to human error (which were corrected when discrepancies emerged). **For DSS, the burden of frequent reporting and the time required for data to be manually collated and shared with DSS compromised the efficiency of the financial model and could pose a barrier to scaling PBO3 in the future. This speaks to the urgency of breaking down data silos and enabling data sharing within government via legislative change.**

We're handling payroll information every fortnight. The team's doing an awesome job, but mistakes are made. It's just human factors, just the level of fatigue around manual administrative aspects that couldn't be avoided in this model.

- WBE2

... it doesn't stack up at all, to be perfectly honest. So going forward it would have to be streamlined. The big question is, how would you ever scale this? Is this scalable at all?

- GOVT1

Process evaluation summary

Reflecting on the iterative and innovative co-development process, design, and Year 1 implementation of the PBO3, it is clear that PBO3 stakeholders have developed their understanding of the opportunities and challenges in using PBO models to realise their systems change objectives. The process has led to organisational outcomes and systems change including:

- Enhanced understanding of outcomes-based funding within the Australian Government.
- An understanding of data gaps and linkages within and between Commonwealth agencies and external stakeholder including WBE and PSEs.
- Building an understanding within the Australian Government of how to establish contracts to better support outcomes-based commissioning
- Integrating the perspectives of social enterprises and other stakeholders in employment services into funding design and
- Development of a novel, hybrid structure (a PBO model) that could potentially be deployed for scaling and replication.

New insights were enabled by the collaborative ways in which stakeholders approached the PBO3 trial and the adaptive way in which stakeholders responded to the opportunities and constraints imposed by institutional context and shifting dynamics. Learning was also enabled by a highly engaged intermediary, WBE, and a responsive government department, DSS, that was adaptive within the parameters of its departmental remit. This enabled stakeholders to work through the complex challenges that they were presented with during the design process and ultimately to settle on a design that met the requirements of stakeholders.

A key lesson that can be drawn from the design process is that institutional and policy contexts will play a significant part in shaping any future PBO design.

This can be attributed to the largely fixed (or ‘path dependent’) nature of the objectives and priorities of government departments and agencies and their jurisdictional boundaries, which narrow the options available. Understanding how the interplay between policy context and jurisdictional boundaries affects design options will thus be important for assessing and planning opportunities for future PBOs.

The Process Evaluation has illustrated that implementing PBO3 in its first year has been a **process of ‘learning by doing’**. PBO3 has brought together stakeholders who have not previously worked together to trial an innovative outcomes-based funding model that has not previously been tested. Naturally, stakeholders faced expected and unexpected implementation challenges, including:

- PSEs needing to understand PBO3 requirements, recruit PBO3 participants, and create jobs that suited PBO3 participants—all within the finite PBO3 enrolment period;
- WBE needing to recruit enough PSEs to be able to fill a maximum number of PBO3 participant spots; and
- DSS needing to navigate a complex and constrained data sharing environment to verify multi-faceted participant eligibility and long-term outcomes.

These challenges should not be interpreted as a flawed or inadequate design of PBO3, but rather, as evidence of PBO3 innovating on several fronts including:

- DSS working with employment service providers that it does not routinely work with (and vice versa, PSEs working into an initiative co-developed with government); and
- DSS and WBE co-developing a PBO3 model that includes an intermediary that coordinates many (sub-)service providers to deliver outcomes.

Stakeholders **worked collaboratively to adjust the PBO3 model or their own operations to respond to these and other challenges.** Through an adaptive and collegial approach to establishing PBO3, stakeholders:

- Created a PBO3 community of practice;
- Adjusted PSE service and business models;
- Diversified risk by including more PSEs; and
- Developed workarounds for verifying participant eligibility and milestones.

The first year of PBO3 implementation has surfaced the conditions that promote efficient collaboration between government and social enterprise to deliver employment outcomes for people facing barriers in the labour market. In particular:

- Service providers that have not previously worked with government as commissioning bodies need time to understand and test requirements and adapt their existing practices;
- Existing practices of service providers (e.g. related to social mission, the timing of organisation growth, and organisations' maturity and stability) affect opportunities for implementing PBO initiatives at specific moments in time;
- Intermediaries are pivotal in PBO models that 'aggregate' outcomes from many service providers—they are responsible for mobilising actors, building shared capability and nurturing communities of practice; and
- The efficiency of PBO3 implementation is affected by the complexity of eligibility criteria and outcome milestones, and the accessibility of data used to verify eligibility and outcomes. There is a trade-off between heightened accountability via detailed milestone outcomes (which require more data and monitoring) and heightened efficiency through a smaller administrative load.

APPENDIX A | Research Methods

White Box Enterprises has commissioned CSI Swinburne to develop and implement a framework that evaluates holistically the implementation and outcomes of PBO3. Acknowledging concurrent evaluations of the PBOs and PBO3 specifically, CSI Swinburne's evaluation is unique in that it engages all key stakeholders to identify, measure and evaluate PBO3 in terms of what each stakeholder group identifies as important.

CSI Swinburne developed the focus, approach and design of the evaluation in conversation with DSS, SIIs, WBE, and PSEs. Participants were not consulted due to research ethics protocols.

Evaluation focus

Objectives and design

- ✓ What do key stakeholders of PBO3 want to achieve through their involvement in the trial?
How do stakeholder objectives change over time?
- ✓ How have stakeholders' objectives, resources and contexts influenced the design of PBO3?
To what extent does the design of PBO3 enable stakeholders to meet objectives?

Implementation

- ✓ What factors affect the implementation of PBO3 for different stakeholders? What are the implications of these factors for the efficiency of the financial model and efficacy of the service delivery model?
- ✓ What are the key challenges of implementation that may prevent the scaling of PBO3 (e.g. transaction costs, capability, data sharing, etc.)?

Outcomes

- ✓ What change is PBO3 enabling in:
 - the lives of participants (e.g. in their access to meaningful employment and their well-being)?
 - how key stakeholder organisations operate individually (e.g. financial returns for impact investors, service improvements within PSEs)?
 - how key stakeholder organisations work together to deliver the PBO3 Trial (e.g. how they collaborate and share resources)?
 - the systems that impact social disadvantage? (e.g. through policy change, systems change, sector learning)?

Evaluation approach

The evaluation approach promotes the following principles:

- ✓ Efficiency and simplicity of data collection
- ✓ Production of evaluation reports at regular intervals throughout the trial
- ✓ The autonomy of employees who are enrolled in PBO3 to voice the outcomes and impacts of their employment as they pertain to their own circumstances and experiences
- ✓ Critical analysis and transparency

Evaluation design

The evaluation is longitudinal in design with data collection having occurred or scheduled to occur in mid-2023 (completed), end-2024 (planned) and end-2025 (planned). Each wave of data collection will engage a range of PBO3 stakeholders including DSS, WBE, SII, PSEs and PBO3 participants.

Each wave of data collection will include expert interviews or focus groups, a survey of employees enrolled in PBO3, and interviews with up to seven participants of PBO3 (i.e. employees of PSEs). As outlined in Table 3, below, all three forms of data were collected in mid-2023.

Table 3: Summary of Wave 1 data collection (May-August 2023)

Data type	Stakeholders involved	Number of interviews	Number of research participants
Interviews about PBO3 objectives, design and implementation	DSS, SII, WBE, PSEs	20	26
Survey about outcomes for participants	Participants	NA	45
Interviews about PBO3 in the context of participants' life narratives	Participants	6	6
TOTAL		26	71*

* All PBO3 participants who took part in an interview also completed the survey.

Interviews with organisations | PBO3 design, implementation and early outcomes

Data collection commenced with 20 interviews with 26 individuals from 16 organisations that were involved in designing and implementing PBO3. The purpose of these interviews was to understand stakeholders' objectives when joining PBO3, their experiences (including processes and challenges) of implementing PBO3 in their organisations, and early outcomes arising from PBO3. Information about interviews is included in Table 4, below.

Research participants were recruited via email from the research team. All funders participated in the research. Of the 14 PSEs who were involved in PBO3 at the time of interview recruitment (May 2023), 11 participated and three (3) declined. The 11 PSEs that participated in interviews had enrolled between 0-24 participants in PBO3 at the time of the interview.

All interviews were voluntary and research participants had the option of withdrawing their data from the study after their interview. Interviews were recorded and transcribed. Transcriptions were shared with research participants where requested. Transcripts were analysed thematically in NVivo.

Table 4: List of Wave 1 interviews with PBO3 organisations (May-August 2023)

Role in PBO3	Org type	Participants' role(s)	Date of interview	Duration interview	Report reference
Funder	Government	Director	18/07/2023	51 min	GOVT1
	Government	Assistant Director	19/07/2023	53 min	GOVT2
	Government	Assistant Director	20/07/2023	40 min	GOVT3
	SII	Investment Associate	25/05/2023	41 min	SII1
	SII	Director of Social Impact Investing, Social Impact Investing team member (2 participants)	13/06/2023	49 min	SII2A
	SII	Regional Head, AUS and NZ	23/06/2023	35 min	SII2B
	SII	CEO, Chief Investment Officer (2 participants)	06/07/2023	40 min	SII3
Service provider	WBE	CEO	15/06/2023	23 min	WBE1
	WBE	Head of Programs and Advisory Services	15/06/2023	59 min	WBE2
	PSE	People, Culture and Transitions Manager	02/05/2023	59 min	PSE1
	PSE	Chief Impact Officer, Youth Programs Manager (2 participants)	04/05/2023	25 min	PSE2
	PSE	Social Enterprise Manager	11/05/2023	1 hr 10 min	PSE3
	PSE	Operations Manager	18/05/2023	49 min	PSE4
	PSE	HR Manager	25/05/2023	43 min	PSE5
	PSE	Employee Support Group Manager	26/05/2023	53 min	PSE6
	PSE	Connect Strategic Account Manager	02/06/2023	33 min	PSE7
	PSE	General Manager	31/05/2023	30 min	PSE8
	PSE	CEO, Chief People Officer (2 participants)	02/06/2023	38 min	PSE9
	PSE	National Social Enterprise Manager	02/06/2023	56 min	PSE10
	PSE	CEO, Case Manager, Case Manager Transitions (3 participants)	20/06/2023	56 min	PSE11

Survey of participants | PBO3 outcomes

The research team conducted a survey of PBO3 participants to understand the changes that PBO3 is enabling in their lives at this early stage.

Survey questions were adapted from the Community Services Outcomes Tree (CSOT). CSOT is a framework designed by CSI Swinburne in partnership with Uniting Vic Tas to capture outcomes that individuals experience as a result of community services. CSOT encourages a 'whole of life' approach and recognises the way in which life domains interrelate. Survey questions were

piloted with PSEs before the survey was launched. The survey form includes multiple choice as well as open text question types. It is provided in Appendix B.

The survey was open for 4 weeks between 20 June – 17 July 2023. Participants were invited to complete the survey either on paper or online. Participants were invited by their employer (i.e. PSEs), who had received a printable version of the survey and links to the online survey from the research team. The research team disseminated the survey to all PSEs on 20 July and followed up with key contacts within social enterprises on 5 July and 12 July.

To promote the accessibility of the survey, PSEs had options for how to provide the survey to their participants. Surveys were administered in the following ways:

- Three (3) social enterprises emailed participants with their customised links to the online survey,
- Support workers in four (4) social enterprises provided participants with printed-out questionnaires for them to complete in person, with assistance provided if requested, and
- One (1) social enterprise invited the research team to provide participants with printed-out questionnaires for them to complete in person, with assistance provided if requested.

As outlined in Table 5, below, a total of 72 employees were invited to complete the survey. It was not feasible to reach the remaining 21 employees currently or previously enrolled in the PBO trial because they had either (a) exited from the PBO trial for reasons of disengagement, absence or misconduct (n=12), (b) were on leave or not in contact with the support worker while the survey was open (n=5) or (c) were employed by a social enterprise that had declined participation in this evaluation (n=4). A key limitation of the survey findings is that they do not capture PBO3 outcomes experienced by prior participants who have disengaged from employment.

Table 5. Summary of Wave 1 survey recruitment (June-July 2023)

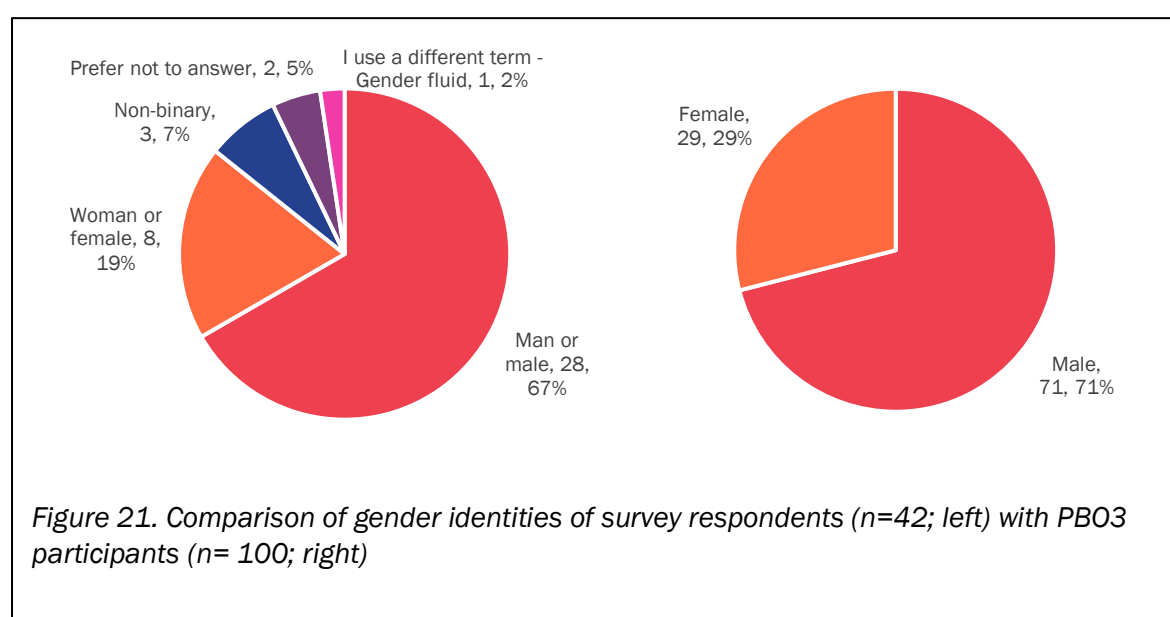
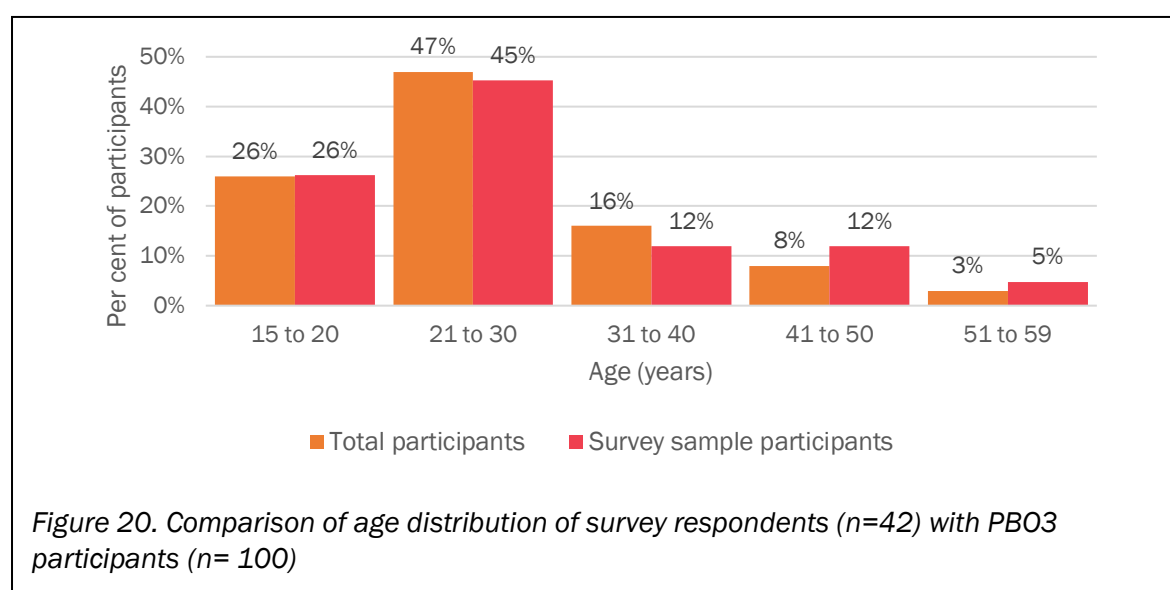
Recruitment	Number of PBO3 participants	Per cent of PBO3 participants
Invited to complete the survey	72	77%
Not invited due to disengagement and exit (i.e. no longer in contact with PSEs)	12	13%
Not invited due to absence, leave, work schedule	5	5%
Not invited due to PSE not participating	4	4%
TOTAL	93	100%

As outlined in Table 6, of the 72 employees who were invited to complete the survey, 45 completed it (60%) and 27 declined (40%).

Table 6. Wave 1 survey response rate (June-July 2023)

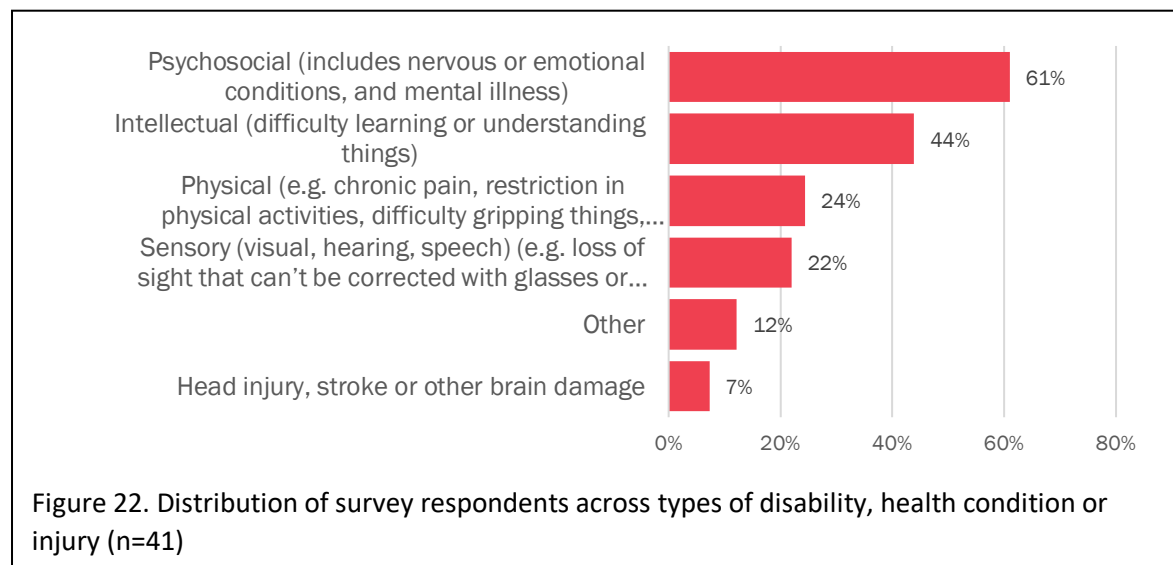
Response type	Number of PBO3 participants	Per cent of PBO3 participants
Invited and completed	45	60%
Invited and not completed	27	40%
TOTAL	72	100%

Survey findings have a 8.9% margin of error, with a 95% confidence level. As illustrated in Figure 20 and Figure 21, below, the age and gender identities of survey participants aligned with the demographic distribution of all PBO3 participants.

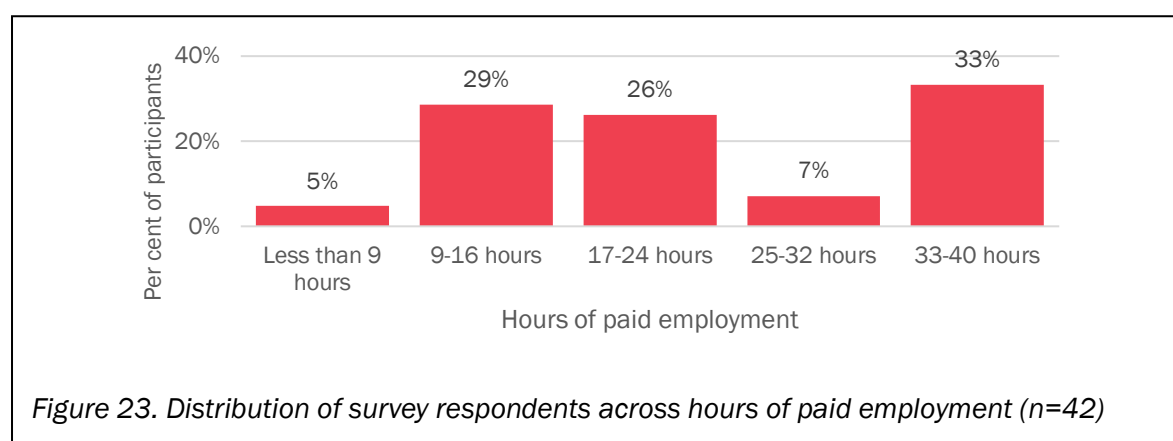


Survey respondents were asked what category of disability, health condition or injury applied to them. Respondents could select multiple categories. Figure 22 shows that a majority of respondents

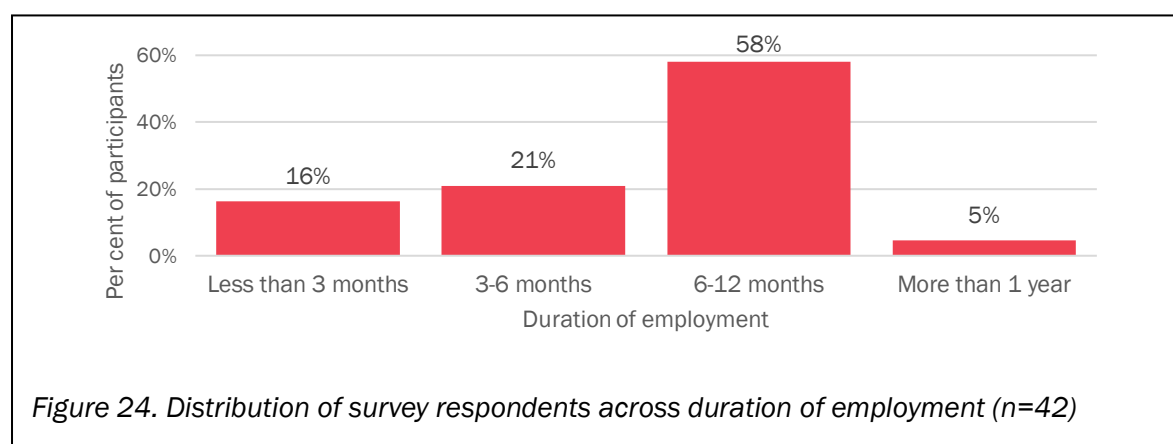
selected psychosocial conditions (61%), and that over two thirds selected intellectual disability (44%).



Over half of respondents (55%) were in paid employment for between nine and 24 hours per week and a third (33%) were in paid employment for between 33 and 40 hours per week.



Most survey respondents had been employed between six to 12 months (58%) and very few have been employed more than 12 months (5%). This distribution of employment duration is consistent with the commencement and subsequent scale-up of service delivery from July 2022.



Interviews with participants | PBO3 outcomes in the context of participants' life narratives

Finally, the research team conducted interviews with six participants to understand more holistically PBO3 outcomes for individuals in the context of their life narratives. Details of each interview is provided in Table 7, below.

Table 7. Interviews with PBO3 participants (June-August 2023)

Pseudonym	Age	Gender	Social Enterprise	Supported by colleague	Date of interview	Duration interview
Ben	45	Male	Ability Works	Supported	20/06/2023	36 min
Aisha	31	Female	Green Collect	Supported	28/06/2023	15 min
Jamie	23	Gender fluid	Green Collect	Supported	28/06/2023	33 min
Lia	22	Non-binary	Yourtown	Not supported	06/07/2023	45 min
Ethan	29	Male	ASA	Not supported	03/08/2023	52 min
David & Mabel	33	Male	ASA	Not supported	26/07/2023	50 min

There were two concurrent methods of recruitment:

1. All PSEs were invited to nominate participants who would likely feel comfortable to meet with a researcher for the purpose of an interview. PSEs provided participants with information about the study and interview. Two PSEs assisted in arranging a time and place for interviews with a total of 3 participants.
2. All survey respondents (participants) were invited to nominate themselves for an interview. Of the 45 survey respondents (participants), 21 consented to receiving more information about the interview. The research team contacted three (3) participants and arranged a time and place for the interviews.

All interviews were voluntary and research participants had the option of withdrawing from the study after their interview. Interviews took place in person at participants' workplaces. Participants had the option of completing the interview with a support worker or colleague. Participants received \$50 gift cards upon completion of interviews. Interviews were recorded, transcribed and anonymised.

The research team used transcripts to write up case studies of participants' experiences of PBO3 in the context of their broader life narratives. Narratives are in the words of participants with paraphrasing kept to a minimum. The narratives reorder passages from interviews with the aim of conveying the key challenges, highlights, reflections, and goals of each participant. All stories were shared with participants and participants provided approval for the stories (in their current form) to appear in this report. Participants expressed thanks for the opportunity to have their stories written up in this way.

APPENDIX B | Survey Form

Evaluation of Payment By Outcomes Trial for Social Enterprise

Survey of Employees

Thank you!

Thank you for your interest in this survey. The survey is about how your employment is benefiting or not benefiting you. It will take about 10 minutes to complete.

The survey is being organised by researchers at Swinburne University of Technology in Melbourne. The survey is for an evaluation of the Payment By Outcomes trial. White Box Enterprises has asked Swinburne University to do the evaluation.

Why me?

You are invited to do the survey because you are enrolled in the Payment By Outcomes trial.

By completing the survey, you can help us to understand:

- Is employment (through the Payment By Outcomes trial) making a difference in the lives of employees who are living with a disability?
- What is working well?
- What is not working well?

How will my responses be used?

Your answers are confidential. We will not ask your name. Your responses will be kept securely for at least 5 years.

Researchers at Swinburne University will combine everyone's survey responses and include them in a report about the Payment By Outcomes trial. If you do not wish to share your views, please do not complete the survey. Your decision to complete or not complete the survey will not affect your employment.

Questions?

If you have questions about this survey, you can contact Mike, who is in charge of the evaluation project: Dr Mike Moran, mjmoran@swin.edu.au, 03 9214 8082

Ethical concerns?

If you have concerns about the ethical conduct of this project, you can contact Swinburne's Research Ethics Office (Project 6954): resethics@swin.edu.au, 03 9214 3845

About your employment

Question 1

How long have you worked at [social enterprise]?

- ☐ Less than 3 months
- ☐ 3-6 months
- ☐ 6-12 months
- ☐ More than 1 year

If you are no longer working at [social enterprise], please let the research team (rsuchowerska@win.edu.au) or your contact at [social enterprise] know. We will provide you with a different survey that asks about what has changed since you stopped working at [social enterprise].

Question 2

To what extent have the following things gotten better or worse since you started working at [social enterprise]?

	Not relevant to me	Got a lot worse	Got a bit worse	No change	Got a bit better	Got a lot better
My ability to meet daily life needs (e.g. access to nutritious food, personal hygiene, mobile phone, internet, daily activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My housing... (e.g. access to stable, safe, affordable housing)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My skills and development (e.g. having someone who supports my learning, new opportunities to learn new things, access to new qualifications)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My employment circumstances (e.g. positive work attitude, maintain employment, job satisfaction)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My physical health (e.g. my fitness, strength, mobility)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My mental health (e.g. my emotional wellbeing, anxiety, stress)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My financial circumstances (e.g. my ability to pay for basic expenses like bills and groceries)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My financial skills (e.g. my financial management skills, reduced financial worry, my ability to cover a financial emergency)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My choice and empowerment (e.g. setting and pursuing goals that are important to me, having a say in the support I receive at work, at home or in the community)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My safety (e.g. I am safe where I live or sleep, I have safe relationships)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My family and relationships (e.g. getting along with others, new friends, safe relationships)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My sense of belonging (e.g. feeling valued and belonging, participating in community and social activities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 3

Tell us about the biggest change in your life since you started working at [social enterprise]?

Question 4

What was the main thing about working at [social enterprise] that helped you achieve this change?

About barriers in your life

The next questions are about some of the barriers that you have faced in life.

Question 5

Before you started working at [social enterprise], what challenges or barriers did you face in life?

Please tick all that apply:

- ☐ **Money issues** (e.g. low income, debts, lack of financial management skills)
- ☐ **Housing issues** (e.g. poor quality housing, insecure housing, overcrowded housing)
- ☐ **Personal situation** (e.g. mental health, drugs and alcohol, personal trauma/crisis)
- ☐ **Lack of family/community support** (e.g. lack of support, social isolation, family violence)
- ☐ **Feel guilty about reaching out for support** (e.g. feel ashamed)
- ☐ **Negative judgement or discrimination**
- ☐ **Transport issues** (e.g. lack of public transport, lack of drivers licence, lack of a car, cost of transport)
- ☐ **Inadequate help and support from services** (e.g. unable to get other services like mental health etc)
- ☐ **Don't know what support is available** (e.g. government services, community services)
- ☐ **Don't trust services / government** (e.g. fear involvement of child protection, don't feel safe with services/staff)
- ☐ **Lack of personal motivation, feel helpless** (e.g. no interest or feel unable to make changes in life, personal issues, too busy / lack of time to take action)
- ☐ **Difficulties with English** (this is not my first language)
- ☐ **No access or no ability to use computer or the internet**
- ☐ **Other** (please tell us) _____

Question 6

Please tell us about the biggest barrier that prevented you from achieving the change you wanted or needed (before you started working at [social enterprise])?

This is almost the end of the survey

Question 7

Is there anything else you would like to tell us? *(e.g. about the best aspects of your employment, how it has or hasn't met your expectations, or if there's anything else that your employer could do to improve your life)*

Just a reminder that this survey is anonymous, and your responses will not affect your employment.

About you

Question 8

What is your age? _____

Question 9

What is your gender identity?

- ☐ Man or male
- ☐ Woman or female
- ☐ Non-binary
- ☐ I use a different term (please specify _____)
- ☐ Prefer not to answer

Question 10

Please select the category that best matches the disability, health condition or injury that you have. *(You can select more than one)*

- ☐ **Sensory – visual, hearing, speech** *(e.g. loss of sight that can't be corrected with glasses or contact lenses, loss of hearing that impacts communication)*
- ☐ **Intellectual** *(difficulty learning or understanding things)*
- ☐ **Physical** *(e.g. chronic pain, restriction in physical activities, difficulty gripping things, limited use of arms or fingers, limited use of feet or leg)*
- ☐ **Psychosocial** *(includes nervous or emotional conditions, and mental illness)*
- ☐ **Head injury, stroke, or other brain damage**
- ☐ **Other** *(please specify _____)*

Question 11

Approximately how many hours of paid employment are you working this week?

- ☐ Less than 9 hours
- ☐ 9-16 hours
- ☐ 17-24 hours
- ☐ 25-32 hours
- ☐ 33-40 hours
- ☐ Over 40 hours

Last page

Question 12

We want to write one-page stories about people who are in the Payment By Outcomes trial. Are you interested in this opportunity?

- This is completely voluntary
- The stories are anonymous
- You would need to participate in an interview for 30-45 minutes
- You would receive a \$50 gift card

Would you like more information about this?

- ☐ Yes
- ☐ No

If you answered Yes, please provide your name and email address so that we can contact you about the survey or interview.

Your first name: _____

Your email address: _____

Thank you for finishing the survey.

Your answers are VERY important to us.

We will combine everyone's anonymous responses and include them in a report about the Payment By Outcomes trial. The report will be given to White Box Enterprises.

If you want to contact the research team, please reach out to:

Dr Mike Moran
mjmoran@swin.edu.au
03 9214 8082

APPENDIX C | References

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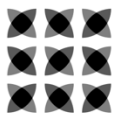
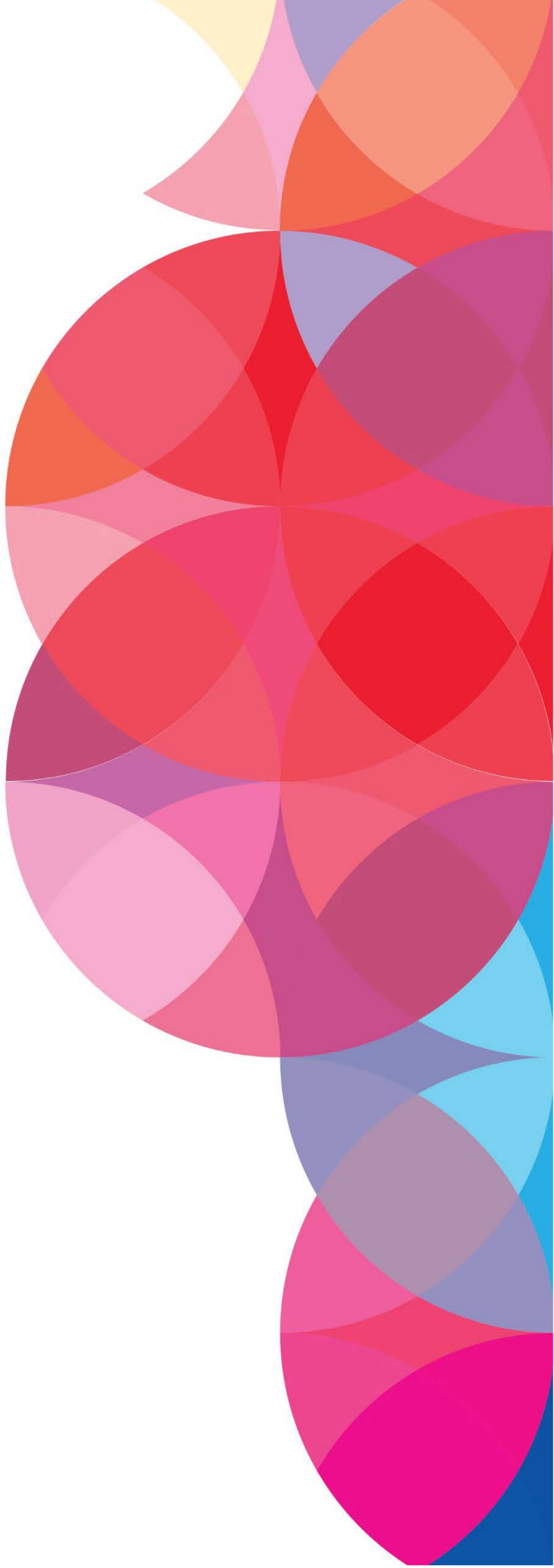
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