

# THE SOCIAL AND ECONOMIC BENEFITS OF SOCIAL ENTERPRISE



'Costs and benefits comparison: Social enterprise employment and Disability Employment Services'

Original report produced by

**TAYLOR  
FRY**

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White Box Enterprises is running the first Payment By Outcomes (PBO) Trial for jobs-focused social enterprises in partnership with the Department of Social Services. Almost two years into this trial, the results to date present a compelling case for the federal government to consider more deeply the permanent role social enterprise can play alongside Disability Employment Services (DES) and Workforce Australia in the national employment services system.

To further demonstrate the value and contribution of these businesses, White Box commissioned actuarial and analytics firm Taylor Fry to undertake

a comparison of the data captured from 17 social enterprises through the Trial, with publicly available data on DES.

This is the second year Taylor Fry has been engaged to complete this analysis. The updated findings, based on 22 months of Trial data captured by White Box, exceed the assumptions made in the first report - social enterprises are outperforming DES on retention, individual earnings, and cost savings to government.

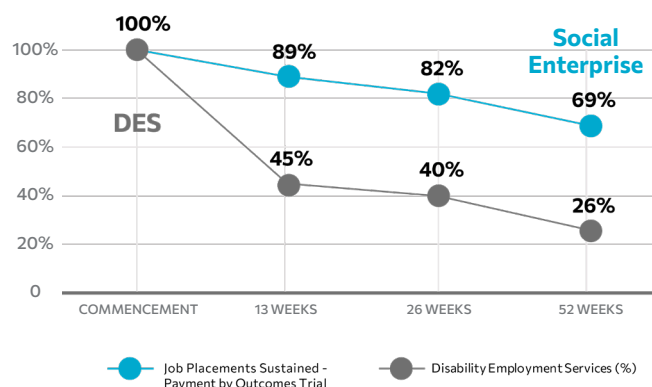
In this document you'll find a summary of the findings from the report. Taylor Fry states their findings are conservative. If they were able to track participants over a five-year comparison period, we could expect to see significantly higher savings to government.

## Benefits to individuals

Findings reveal when previously long-term unemployed individuals get a job with a social enterprise, they fare better than an individuals with a similar employment experience who are supported by DES.

### They stay in work longer and their lives are better

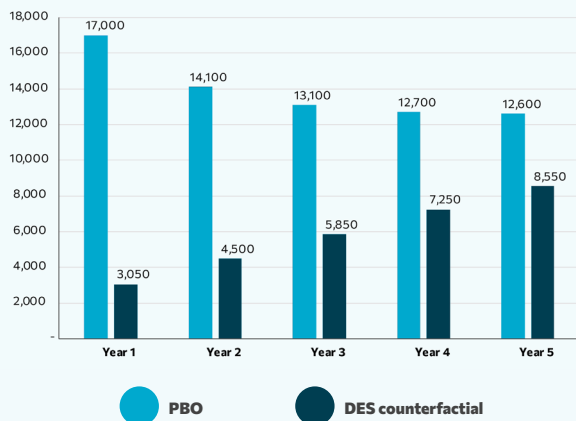
Employee retention after 52 weeks with a social enterprise is 69%, compared to DES at 26%. An independent evaluation by CSI Swinburne also revealed 98% of those surveyed in the PBO trial said their lives are better<sup>1</sup>. Participants attributed this to the unique culture, flexibility and support provided by social enterprises.



Some employees are also successfully transitioning from a social enterprise to mainstream employment. The report estimates that by year three about one third of people in the trial who are still employed (and tracked) will be in mainstream employment.

<sup>1</sup>Centre for Social Impact Swinburne, Evaluation of the Payment By Outcomes Trial for Social Enterprise, First Year Report

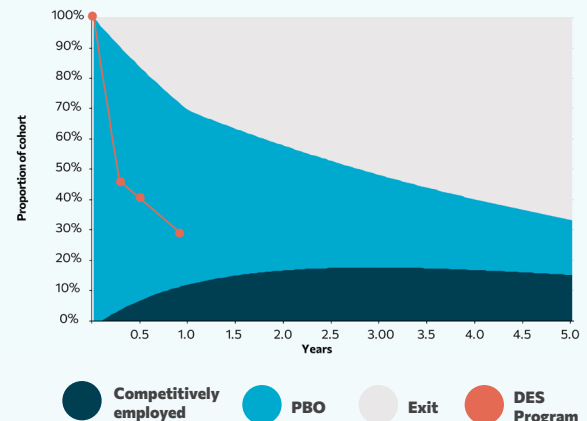
### Annual after-tax employment income



### They are earning significantly more.

Individuals working in a social enterprise are estimated to earn an average of \$17K in their first 12 months of social enterprise employment. This is well above the average income of \$3,050 for comparable DES participants in their first year, where employment rates are lower, and people are less likely to stay in a job. A large income gap persists for the full five years, albeit narrowing based on conservative estimates of PBO participants exiting employment.

### Projected Employment Status for PBO Participants



### They start work sooner.

Social enterprises are purpose-built workplaces designed to support individuals with barriers to employment. When individuals get a job with a social enterprise, award wage paid employment commences from day one and if training is required, it occurs on the job. This differs from DES where fewer DES participants will gain employment and fewer will retain employment.

## Creating jobs for people with complex barriers

The PBO Trial was designed specifically to focus on job creation for people with significant barriers to employment, including those who have been/who are:

- Out of work for more than nine months
- Eligible for DES (but may have exited)
- Receiving Jobseeker or Disability Support Pension payments (DSP)
- Earning a min of \$558/fortnight.

The complexity of barriers, coupled with the high employee retention rates in the trial, reflect the effectiveness of the people-centred approach social enterprises take to ensure individuals thrive in their workplaces.



Nick, a former employee of Australian Spatial Analytics (ASA) and participant in the PBO Trial who has transitioned to a mainstream employer with ASA's support.

## Benefits and savings to government

Findings reveal the social enterprise payment by outcomes model is low risk for government yet delivers better social and economic returns than the current DES model for people who have been unemployed for at least nine of the last 12 months.

### Significant cost savings

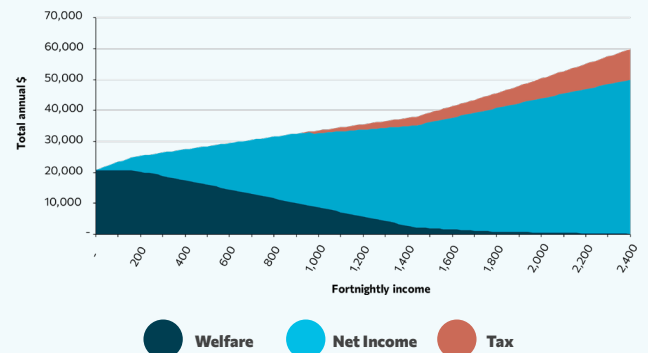
Over the five-year projection, the PBO model is estimated to save government 20% on net welfare, employment support spending and tax (compared to DES), while also increasing individual's total net income (including welfare) by 14%.

- The government will save an estimated \$21,900 per person under the social enterprise payment by outcome model, equating to a \$2.75M benefit over five years for 132 people.
- If this outcomes-based model were to be scaled to 10K individuals, this could save government an estimated \$220M over five years.

### A low risk, high return model

This outcomes-based model is structured in way that is win-win for the individual and the government. As the individual's employment and financial position improves, so too do the fiscal benefits to government. The modelling shows any increase in outcome payments should more than pay for itself in reductions in other government avoided cost.

Balance between welfare, net employment income and income tax as a function of employment income



As an individual's income increases through social enterprise employment, you can expect to see welfare dependence reduce and tax contributions increase.

- **No outcome, no cost:** An outcome payment only occurs when a social enterprise employee reaches a milestone at 6, 12 or 18 months. This differs from DES and other government grant programs where payments are made in advance of outcomes being achieved.
- **The earnings threshold of \$558/fortnight ensures further fiscal benefits:** Outcome payments are only made when the employment income is at a high enough rate that would reduce their dependency on welfare and increase tax contributions.

If the social enterprise outcomes-based model could be scaled to 10K individuals this could save government an estimated \$220M over five years.

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Social enterprises make good financial sense. We want to see these businesses sitting alongside DES and Workforce Australia as another option for people who need a level of support mainstream workplaces can't provide.”



Mark Daniels –  
White Box Enterprises

# Progressive results of the Payment by Outcome Trial

As at 31 March 2024, there were 132 participants who re/entered work and enrolled in the PBO trial.



115

participants are in award-wage employment with a social enterprise



17

participants have transitioned to mainstream employment



76%

retention rate, higher than the predicted retention rate of 62%



31

individuals have left the trial or are inactive



17

participating social enterprises

Of the 132 participants:



67%

are aged 18-29 years



29 / 71

the percentage of females to males



86%

live in a major city  
14.4% live in rural/  
regional areas



\$861

Average fortnight income earned by participants working with a social enterprise



250

outcome payments have been earned\*

\*13-fortnights working with a social enterprise and earning at least \$558 per fortnight, and/or 26-fortnights working with a competitive employer and earning at least \$929 per fortnight

“

While the DES model works for some individuals, social enterprise needs to have a more permanent place in our employment system. Today ASA employs 150 people and 80% of these individuals are neurodiverse. Prior to finding ASA, most employees share similar accounts of struggling to find a workplace that understood them or recognised them for their unique talents.”



**Geoff Smith** — CEO of Australia Spatial Analytics (ASA), one of the participating social enterprises in the PBO trial. ASA has 11 individuals in the trial, with 100% retention.

To download the full report and learn more about the **Payment by Outcomes Trial**, visit:

[www.whiteboxenterprises.com.au](http://www.whiteboxenterprises.com.au)



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