



Social
Traders

Unlocking business for good

Profile of Australia's Certified Social Enterprises





Contents

Foreword	3
Key Highlights	4
Insights	6
About Certification	10
Acknowledgements	14
Metrics	17
About Social Traders	38
Enquiries	38



Foreword

Social enterprise is business at its best.

They are businesses like any other, but they exist to create social or environmental impact. At a time when traditional businesses are being challenged to create impact beyond just profit, social enterprises have been doing it for decades.

The social enterprise model - blending mission and money - is the business model of the future. You'll find them in every corner of our economy. And yet, they are still a bit of a best kept secret.

But the great news is that social enterprise is catching on. This year's Profile of Australia's Certified Social Enterprises (Pace23) quantifies the value of social enterprise and shows it's on a growth path. It showcases the power of social enterprise to create public benefit over private gain.

Pace is Australia's richest and longest dataset on social enterprise. It analyses the data collected through Social Traders certification – the sector's tool to verify and protect the integrity of social enterprise. It includes economic and impact data from 518 certified social enterprises collected over six years. It shows us that:

- Certified social enterprises spend \$690m annually on delivering impact – that's 31% of revenue reinvested into impact.
- Their impact is mostly self-funded, with over three quarters of revenue coming from business activities rather than grants or donations.
- Almost half the people employed (45%) would otherwise be shut out of work.
- They are larger on average than both charities and ABS listed businesses. And their close down rate is 2.5% lower.

We also know that the sector is growing. Employee numbers are up 6%. Trading revenue is up 32%. 110 new certified social enterprises were established since the pandemic. And best of all, this is translating into more impact – 78% of social enterprises are increasing their impact.

When we consider that there are 12,000 social enterprises across Australia, we can imagine the size of the contribution social enterprises make to the country.

Social enterprise leaders are hugely passionate, innovative and driven. They are changing the way business is done.

Our ambition is to make social enterprise business as usual. So that one day we'll look back and wonder why the economy was ever any different.

Thank you to all the pioneers leading the charge!

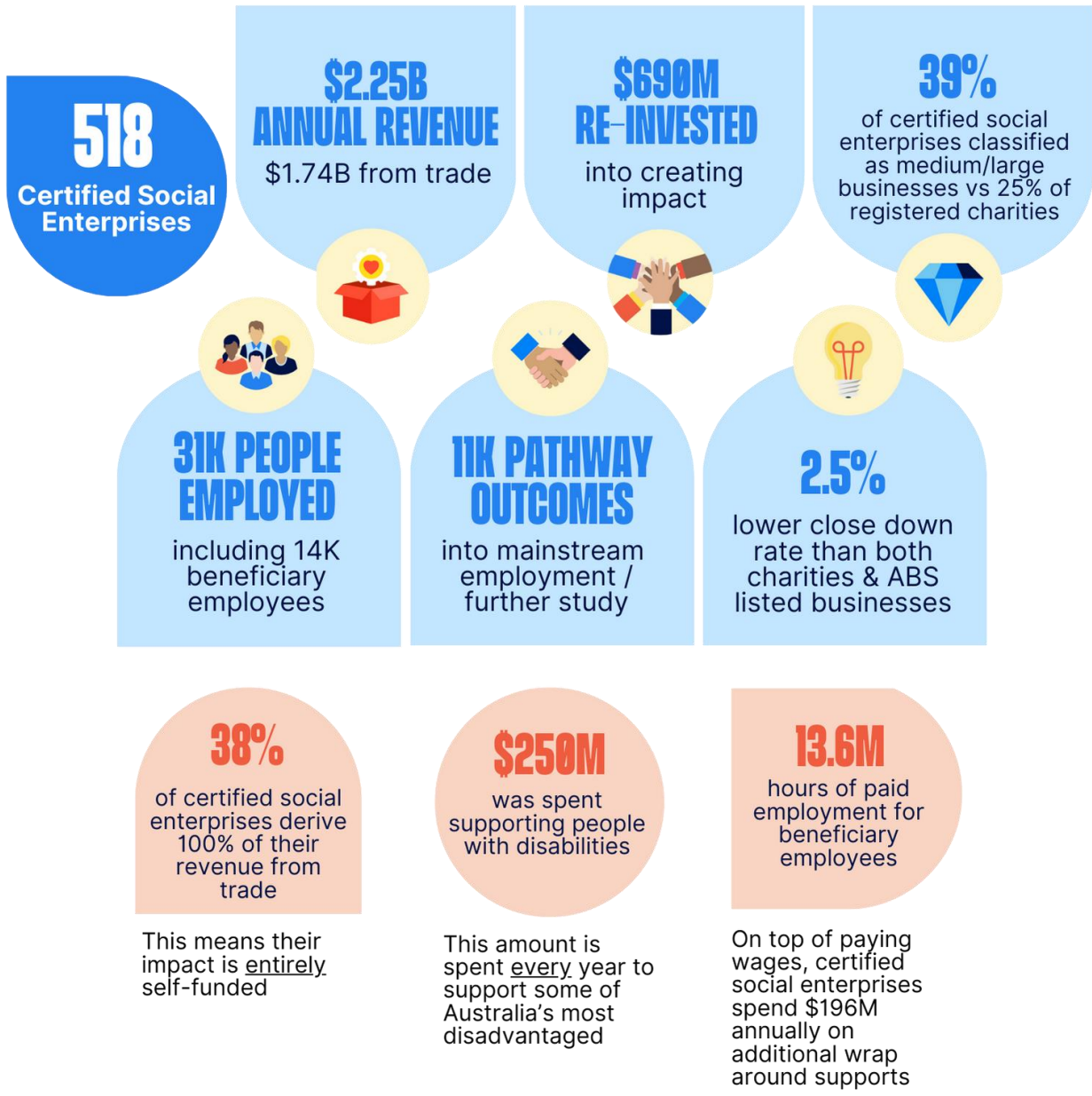


T. Anderson

Tara Anderson
CEO, Social Traders



Key Highlights



"The social enterprise sector in Australia has come together to build a national strategy. Data is an important part of this. It can help us know and unlock the impact of social enterprise. So too is certification, as the tool we have to verify and protect the integrity of social enterprises. The Pace report brings these things together. It provides rich data on certified social enterprises, and over time. It helps to provide a clearer picture of social enterprise in Australia in 2023. Congratulations to Social Traders for collecting this data and for making it public." – Jess Moore, CEO Social Enterprise Australia



INSIGHTS





Insights

Social enterprises are champions of inclusive employment

Social enterprises play an instrumental role in providing employment opportunities to some of Australia's most marginalized groups. 53% of certified social enterprises are primarily focussed on providing employment/training to their beneficiary cohorts (Metric 14). Collectively, these 294 social enterprises employ 14,013 beneficiary employees directly within their own organisations.

The work integrated social enterprise (WISE) model is well-known and its outstanding benefits are discussed in the recent "Payment by Outcomes" (PBO) trial by Whitebox ([link](#)).

Direct employment is not the only model utilised by social enterprise though, with 110 social enterprises also providing employability skills training to beneficiaries. These social enterprises annually provide 879k hours of employability skills training, which can take the form of specific skills training (i.e. anything from bricklaying to barista training) as well as other skills such as interview/resume preparation. These enterprises provide a supportive environment for a beneficiary to develop in anticipation of moving into the mainstream job market.

Social enterprises also help individuals transition into mainstream employment or further study through pathways support. Certified social enterprises assist 11,521 individuals into external employment or further study every year. The pathway outcomes captured through our certification framework are limited to situations where the social enterprise is actively involved with the external (host) employer - and has a dedicated pathway support function. (i.e., not just a natural progression to another role after being employed at the social enterprise.)

The reason jobs focussed social enterprises are so important, is that they assist individuals traditionally shut out of the labour market in a sustainable and supportive manner. In addition to paying wages, social enterprises annually spend an additional \$196m in 'wrap around support costs'. Examples of wrap around supports include wages of staff providing training and additional support to beneficiaries, expenses associated with training, accessibility equipment and transport (refer to Metric 15 for full discussion)



Social enterprises continue to grow

Last year’s Pace dataset showed that 66% of certified social enterprises were established in the last 10 years – today that figure sits at 63%. Metric 5 shows us that 116 certified social enterprises have been founded since 2020 – a remarkable figure given the recent economic landscape.

The certified social enterprises are showcasing continued growth, with multi-year certification data revealing that 83% of certified social enterprises maintained or increased their trading revenue in between certifications. Overall that cohort has seen a 24% increase in overall revenue and 32% increase in trading revenue. In terms of employee headcount, we have seen a 6% growth between certifications.

This growth is most evident in the larger band of social enterprises – with 71 (14%) of certified social enterprises reporting annual revenue of over \$5m. In last year’s Pace report, this number was just 48 – a dramatic increase of social enterprises with large capacity. Collectively, these large social enterprises generate \$1.85B in annual revenue - \$1.41B (76%) of that coming from trading activity. For full discussion refer to metric 9-13.

Social enterprises are bigger than the average Australian business

The most common size of employing businesses in Australia is ‘micro’. In contrast - the population of certified social enterprises is balanced, with a much greater proportion classified as ‘small’ and ‘medium’.

The certified social enterprise distribution is closer in size to the most recently published ACNC dataset (July 2021), however still skews towards larger organisations, with 39% of certified social enterprises classified as Medium/Large.

Employing	ABS		ACNC		Social Traders	
1–4 (micro)	696,265	69.34%	11,527	47.37%	123	24.07%
5–19 (small)	238,985	23.80%	6,670	27.41%	189	36.99%
20–199 (med)	64,011	6.37%	5,031	20.68%	156	30.53%
200+ (large)	4,919	0.49%	1,105	4.54%	43	8.41%

Figure 1: comparison to other datasets with organisation size

The difference is likely because 53% of social enterprises generate their impact through employment of beneficiaries (metric 14). Profit redistribution social enterprises (donating profit to charitable causes) are more closely aligned to the ACNC dataset.



Social enterprises fund most of their own impact

Social enterprises spend \$690m annually on delivering their impact – supporting a multitude of causes. Social enterprise exists in the middle of the spectrum between a charity and a business. Like a charity, existing for purpose, and like a business, generating income from trade.

We know that \$1.74B of the \$2.25B total revenue for the certified social enterprises is sourced from trading activity. Metric 13 goes further to break that down for each social enterprise and band them into groups of trading revenue as a proportion of overall revenue. The biggest group represented is those who derive 100% of their revenue from trade, followed by those who sit between 90%-99% of their revenue from trade.

The figure below demonstrates the difference between social enterprise and the traditional charity model in terms of income source. Whilst this is not new information – it highlights the unique way that social enterprises operate, balancing income and impact.

Trading revenue as a proportion of total revenue	Social Enterprises		Registered Charities	
<49%	56	11%	22,294	57%
50% - 59%	42	9%	1,686	4%
60% - 69%	32	6%	1,608	4%
70% - 79%	36	7%	1,670	4%
80% - 89%	43	9%	2,000	5%
90% - 99%	98	20%	2,627	7%
100%	187	38%	7,524	19%
Total	493		39,409	

Certified social enterprises re-invest 31% of their total revenue into delivering their chosen impact. Because this is not always dependant on grants/donations, the social enterprise will often have more control over how they spend their money on impact with the ability to pivot and evolve so as to better serve their purpose and beneficiary group.

PAGE 23



Social

Traders

Unlocking business for good

CERTIFICATION





About Certification

How the data is collected - Social Traders certification

Social enterprises are diverse and take many different legal forms. This can make it hard to identify social enterprises from other types of impact business and increases the risk of social washing.

Certification was introduced by Social Traders in 2018 to clearly define and elevate the social enterprise sector. Social Traders vision is to create a thriving social enterprise sector that significantly contributes to a more inclusive and equitable Australia. To do this we need a shared and clear identity, and we need people to trust in who we are and the impact that is being created. Certification assesses businesses against a consistent criteria and provides validation of the growing number of genuine social enterprises trading to solve social, cultural and environmental issues.

Social Traders Certification

- ✓ Backed by international research.
- ✓ Co-designed with Minter Ellison and EY.
- ✓ Overseen by an independent expert advisory group.
- ✓ Endorsed by the social enterprise sector and adapted ongoing based on sector needs.
- ✓ Inclusive of all social enterprises models, legal structures and stages of development.



The certification process verifies that a social enterprise does three things:

- Has a defined primary social, cultural or environmental purpose consistent with a public or community benefit.
- Derives a substantial portion of their income from trade.
- Invests efforts and resources into their purpose such that public/community benefit outweighs private benefit.

These three criteria were first developed through the Finding Australia's Social Enterprise Sector (FASES^[1]) research, and operationalised by Social Traders to ensure they were relevant to all social enterprise models and stages of development.

Primacy of social, cultural or environmental purpose is the defining element of social enterprise and central to Social Traders certification standards. The certification framework is world-leading in its depth and adaptability.



The certification process is inclusive of all legal types, impact models, and all stages of social enterprise development including start-ups.

Originally co-designed with Minter Ellison and EY, the certification framework was based on research into international social enterprise certification frameworks, and tailored to the specifics of the social enterprise sector in Australia. It has evolved over time to cater for new models of social enterprise that have emerged. The Social Traders certification advisory group¹ has guided the evolution of the framework and provides an independent third-party technical expertise and advice on complex applications and emerging social enterprise models, as well as insight into international development in the social enterprise sector. The certification framework was further strengthened through a review conducted with EY in 2021, resulting in the calculation of a risk rating for each social enterprise, and the implementation of a risk-based audit framework. We have recently commenced a review of the framework for accessibility by indigenous businesses, with recommendations to be reviewed and implemented over the coming months.

Some other notable milestones in the evolution and strengthening of the framework have included:

- In response to our first external complaint regarding one of our certified social enterprises (2020), we were able to test, validate and improve our whistle-blower policy and certification revocation process
- Our framework was expanded to enable Sole Traders and Partnerships to apply for certification (2020). We are encouraged by the growth and development of many of the certified Sole Trader social enterprises since first certification that has seen them adopt a company structure,
- The enhancement of our certification guidance to clarify and define the area of overlap between Fair Traders and Social Enterprises, supporting the certification of Fair Traders and businesses pursuing ethical supply and fair trade principles as a primary purpose for their business (2020)
- The receipt of our first application for certification from a university (2021), triggering a review of international certification of universities, a comprehensive review of the business and impact model of the university, and ultimately the first certified social enterprise university.
- The receipt of our first appeal from a declined certification applicant (2021), enabling us to test the appeal process, with the appeal presented to our Certification Advisory Group for further consideration and advice
- Development of enhanced guidance and referral partners and process for mainstream businesses looking to transition to a social enterprise business model
- Employment pathway outcome indicators added to the certification framework (2023), in recognition of the impact delivered by some enterprises beyond direct employment and training outcomes, to reflect the outcomes of enterprises assisting disadvantaged cohorts into mainstream employment.



¹ Certification Advisory Group Members, guidance notes and further information on certification can be found at <https://www.socialtraders.com.au/for-social-enterprise/certification>



Certification has been used to de-risk social enterprise grants and support by the Australian Government, Victorian Government and Queensland Government.

The certification process is rigorous but flexible. We have a dedicated team of certification analysts who work with social enterprises through the process to help them articulate their social impact model and the activities and costs associated with delivering their mission. This ensures both consistency and rigour in the approach and flexibility to work with enterprises at different stages of development.

What data is collected during certification and when is it collected and assessed?

Social Traders collects comprehensive data on social enterprises, covering both economic and impact indicators. The data is continually refreshed as more social enterprises certify and recertify. It covers social enterprises operating in every state and territory.

- Data is collected and assessed periodically through the re-certification process.
- Social enterprises with less than two years of trading history will recertify after one year.
- Social enterprises with more than two years of trading history will recertify every three years.

In addition to scheduled recertifications, a sample of enterprises is audited each year to ensure integrity of data. In addition, where there is evidence of significant growth or change in the enterprise, updated revenue and impact data may be captured in the intervening years between certification reviews.

Strengths of the dataset

Social Traders certification dataset is the largest and most detailed dataset on the social enterprise sector in Australia. Key features are:

- Structured and consistent dataset, based on a well-established and credentialled framework
- Includes all current certified social enterprises
- Rigorously and independently validated
- Consistency in the approach to data collection
- Depth of data – 37 metrics across both economic and social impact of business
- Includes time series data
- Representative of certified enterprises across all legal models, impact models, stages of development
- Includes social enterprises from every state and territory
- Over 500 certified social enterprises, over 1700 individual certifications, dataset constantly growing

The certification process includes rigorous data validation and there is consistency in the approach to the data captured by having a dedicated certification team.

Through the certification process, metrics captured are validated in the context of both publicly available information and financial reports for the same period.



Metrics are also compared against benchmarks across impact models and beneficiary groups, and where a social enterprise has been certified multiple times, against the same metrics from previous certifications. Any significant variations are investigated and corrected or confirmed.

Points to note

As with any dataset, there are both inherent strengths and some limitations.

Key considerations:

- The sample size across the entire dataset is 518, however some data points have smaller sample sizes due to a range of factors such as:
 - Data point not relevant to their impact model
 - Length of operation
 - A social enterprise may be operating as a smaller entity within a larger parent organization and may be unable to split certain datapoints between the different entities
- The metrics captured are limited to those metrics required to confirm that a social enterprise meets the three social enterprise criteria and to support them in promoting their business and impact.
- We assume a higher representation of social enterprises with a procurement focus due to Social Traders initial value proposition for certification being the connection of social enterprises to business and government customers.
- The social enterprises that choose to be certified are those that identify with the term social enterprise (some social enterprises are not aware of their social enterprise status, or do not self-identify as a social enterprise.)
- While all states and territories are represented in the dataset, the largest number are based in Victoria and across the Eastern seaboard. This is because these states have either initiated social enterprise strategies, or have created initiatives around social enterprise procurement e.g. either via policy, pilot or membership with Social Traders.
- There is a fee associated with certification and membership with Social Traders in some parts of Australia where the social enterprise market is more mature.



^[1] Barraket, J., Mason, C., & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Centre for Social Impact Swinburne and Social Traders



Acknowledgements

Certification advisory partners

Social Traders thanks Ernst & Young and Minter Ellison for their work in the codesign of the certification framework and ongoing advice



MinterEllison

Certification advisory group

Social Traders thanks our Certification Advisory Group members for providing guidance on the application and evolution of the certification standards and for helping to increase visibility and confidence in certification.

Certification Advisory Group members:

- Joanne McNeill (Deputy Director, Griffith Centre for Systems Innovation)
- Keith Rovers (Partner, Minter Ellison)
- Michael De Soyza (Director, Ernst & Young)
- Nicola Nation (Chief Executive Officer, Akina)
- Sean Barnes (Director of Social Procurement, Akina – previous member)

Funding partners

Social Traders thanks all those who have funded certification over the last six years.





Sector partners



Queensland Social Enterprise Council



METRICS

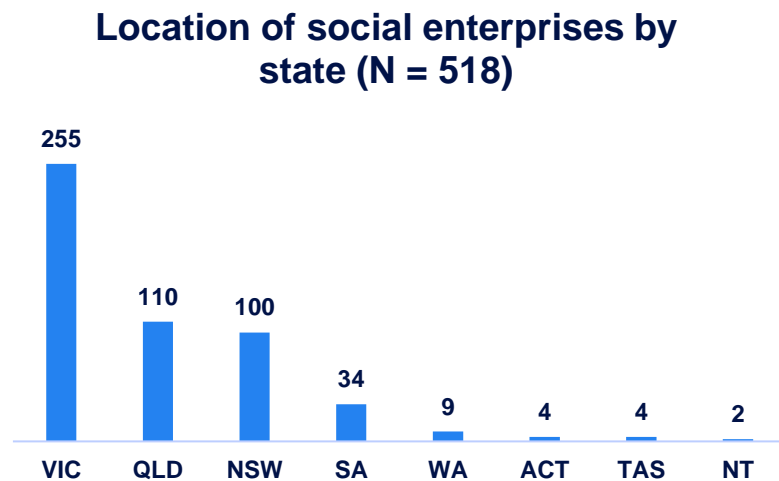




Metrics

1. Location of social enterprises by state

State	Number of CSEs
VIC	255
QLD	110
NSW	100
SA	34
WA	9
ACT	4
TAS	4
NT	2
Total	518



This metric references the main billing/postal address provided by the social enterprise at the time of certification. Many social enterprises operate from more than one location or address which is not reflected here. Metric 34 outlines certified social enterprise service locations.

It's important to recognise the government and policy drivers that contribute to the higher number of social enterprises in Victoria, NSW and Queensland:

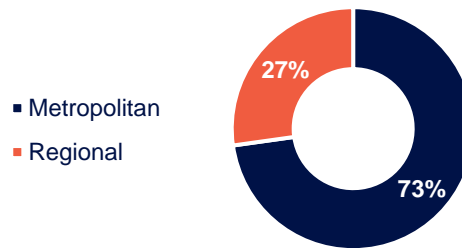
- In 2017 & 2021, the Victorian Government was the first to release a Social Enterprise Strategy. Showing leadership and intent to grow the sector with targeted investment and development opportunities for social enterprises and support organisations.
- In 2017 social procurement spend targets were published on large pipelines of government infrastructure works. This provided incentive and demand for social benefit suppliers to start and grow in Victoria.
- In 2018, the Victorian Government introduced a Social Procurement Framework to leverage its everyday procurement spend to deliver social and sustainable outcomes that would benefit the Victorian community. The framework has been rolled out across 275 government agencies and is a key driver of social procurement adoption amongst businesses. The Victorian Government was the first state government to join Social Traders membership in 2018.
- NSW Government joined Social Traders membership in 2020. NSW also amended its procurement guidelines to “encourage” engaging with social enterprise suppliers.
- Queensland Government joined Social Traders membership after releasing the Social Enterprise Strategy (2019). As well as accessing Social Traders database, the Queensland Government is working with Social Traders to grow social procurement capability across all departments and has provided some funding for Certification for Queensland based social enterprises.



2. Location of social enterprises by region type (metro/regional)

Region type	Number of CSEs
Metropolitan	377
Regional	141
Total	518

Location of social enterprises by region type
(N = 518)



This metric aligns to the ABS greater capital city statistical area classification (GCCSA). In this metric, 'Metropolitan' aligns to each of the 8 state and territory capitals as defined by the ABS. 'Regional' aligns to the 'rest of state' classifications as defined by the ABS.

More information can be sourced from <https://www.abs.gov.au/>

3. Social enterprises by legal structure

Legal structure	Number of CSEs
Public company limited by guarantee (Ltd)	196
Incorporated association	111
Proprietary companies limited by shares (Pty Ltd)	107
Proprietary Companies limited by shares with one shareholder (Pty Ltd)	52
Sole Trader	15
Discretionary Trust	9
Cooperative	6
Unit Trust	5
Partnership	4
Indigenous Corporation	3
Public Company limited by shares (Ltd)	3
State Government Entity and Statutory Authority operating independently of Ministers	4
Charitable Trust	2
Co-operative (non-distributing)	1
Total	518

The certification framework was expanded in 2020 to allow for applications from sole traders and partnerships. This was a significant step for Social Traders to ensure that the framework was inclusive of the diversity of social enterprises operating in the Australian sector. For a sole trader or

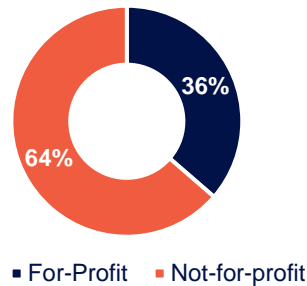


partnership to be assessed for certification, they must be able to submit a profit/loss sheet and balance sheet for their business (distinct from personal finances) and have annual income below \$250,000.

4. Social enterprises by form of incorporation

Form of incorporation	Number of CSEs
For-Profit	188
Not-for-profit	330
Total	518

Location of social enterprises form of incorporation (N = 518)



Certified social enterprises operating under not-for-profit forms of incorporation cannot distribute assets of the entity to members or shareholders and are ‘locked’ within

the entity. Examples include public companies limited by guarantee, non-distributing co-operatives, charitable trusts, asset locked proprietary companies limited by shares and incorporated associations.

Social enterprises operating under for-profit forms of incorporation still operate with primacy of social purpose and deliver genuine and meaningful impact through their operations. Examples include proprietary companies limited by shares, discretionary/unit trusts, distributing co-operatives. Sole traders and partnerships, although not incorporated have been classified as for-profit under this metric as they are not asset locked.

For-profit social enterprises often require assistance to embed social purpose into their governing legal documents. As part of the certification process, Social Traders provides a set of example legal terms and if required, a referral on to legal assistance, to complete the changes. Governing legal documents may include constitution, shareholder’s agreement, trust deeds, co-operative rules and other documents dependent on the legal structure the social enterprise is using.

Both for-profit and not-for-profit social enterprises are certified under the same standards and framework, to ensure consistency and confidence that all certified social enterprises are genuinely delivering public and/or community benefit that outweighs private benefit.



5. Social enterprises by year founded

Year founded	Number of CSEs
1850 - 1859	1
1880 - 1889	3
1890 - 1899	1
1910 - 1919	1
1920 - 1929	2
1950 - 1959	15
1960 - 1969	16
1970 - 1979	12
1980 - 1989	33
1990 - 1999	25
2000 - 2009	51
2010 - 2019	234
2020 - 2029	116
Total	510

'Year founded' is defined by Social Traders as the year the social enterprise started trading activities. This often, but not always, lines up with the year the social enterprises ABN was registered.

6. Total headcount of certified social enterprises

Total employee headcount	Number of CSEs
31,429	511

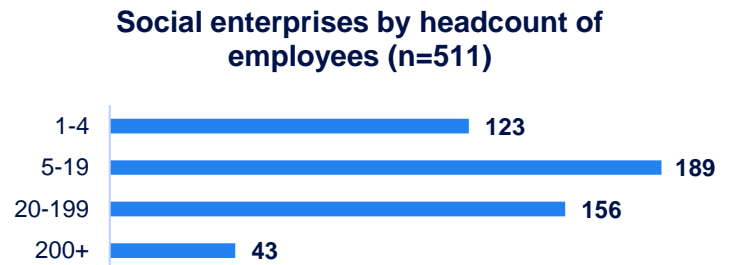
This figure includes only those directly employed by the social enterprises. There are numerous enterprises that employ staff as contractors that are not included in this count.

In addition, for some large training/employment enterprises and group training organisations (GTOs), Social Traders does not capture the amount of people placed into jobs with host employers, even if they are directly employed by the social enterprise. In these cases, this figure is likely to only include the admin/management/support staff. Therefore, this figure is a conservative representation of the total headcount.



7. Social enterprises by employment range

Employment range	Number of CSEs
1-4	123
5-19	189
20-199	156
200+	43
Total	511



This metric aligns to the ABS classifications for micro, small, medium and large enterprises.

8. Social enterprises by employment range and impact model

Employment Range	Employment/ Training	Community need	Profit redistribution
1-4	8%	39%	50%
5-19	35%	42%	30%
20-199	44%	15%	19%
200+	13%	4%	2%

For full discussion on impact model refer to metric 14.

9. Total revenue of social enterprises

Total annual revenue	Number of CSEs
\$ 2,246,762,092	493

Revenue in this metric includes the total income from all activities, including from:

- Operating activities (trading revenue e.g. the sale of goods and/or services)
- Outside operating activities such as interest from shares or other holdings.
- Government and other grants
- Fundraising and donations

10. Total trading revenue of social enterprises

Total trading revenue	Number of CSEs
\$ 1,739,132,760	493

Revenue in this metric includes the total income from:

- Operating activities (trading revenue e.g. the sale of goods and/or services)
- Outside operating activities such as interest from shares or other holdings.



Social enterprises, by definition, derive a substantial portion of revenue from trade. For the purposes of certification, Social Traders utilises the FASES thresholds for substantial portion of revenue from trade, being 50% or more for ventures that are more than five years from start-up, 25% or more for ventures that are three to five years from start-up, and demonstrable intention to trade for ventures that are less than two years from start-up.

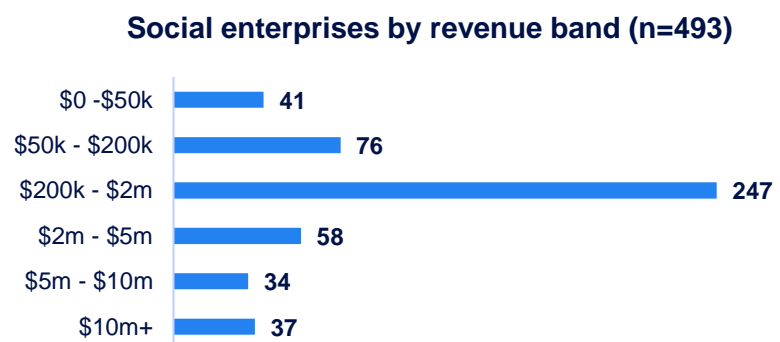
For the purposes of certification assessment, NDIS (National Disability Insurance Scheme) and COVID-related government (Jobkeeper and COVID Cashflow boost) funding have been included as trading revenue.

While the NDIS is government funded, funding is allocated to individual people who then have full freedom to choose providers for relevant disability supports, goods and services. Due to this, the NDIS market can be considered a competitive marketplace and is considered revenue from trade for the purposes of certification when it is alongside at least one other stream of commercial trading revenue.

Jobkeeper was a government initiative to assist individuals and businesses affected by the economic impact of the COVID-19 pandemic. Part of the eligibility for Jobkeeper funding was that businesses needed to have estimated that their turnover would fall by 15%, 30% , 50% or more in a comparable period. The percentage was dependent on turnover and whether the business was registered with the Australian Charities and Not-for-Profits Commission at the time of applying for the funding. Social Traders acknowledges that enterprises receiving Jobkeeper were likely to have had their trading revenue impacted by COVID-19 and made the decision to count the Jobkeeper revenue as trade to remain inclusive for enterprises impacted by COVID. Enterprises still needed to demonstrate continued intention and evidence of trading activity.

11. Social enterprises by revenue band

Revenue band	Number of CSEs
\$0 - \$50k	41
\$50k - \$200k	76
\$200k - \$2m	247
\$2m - \$5m	58
\$5m - \$10m	34
\$10m+	37
Total	493

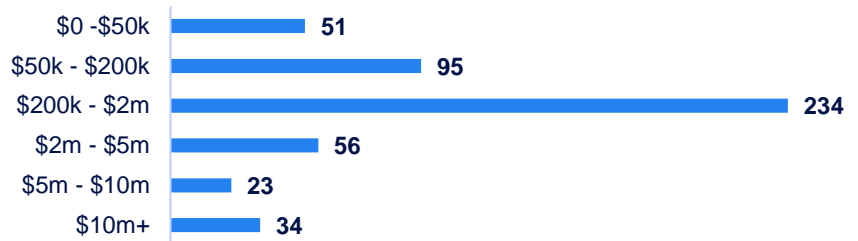




12. Social enterprises by trading revenue band

Trading revenue band	Number of CSEs
\$0 - \$50k	51
\$50k - \$200k	95
\$200k - \$2m	234
\$2m - \$5m	56
\$5m - \$10m	23
\$10m+	34
Total	493

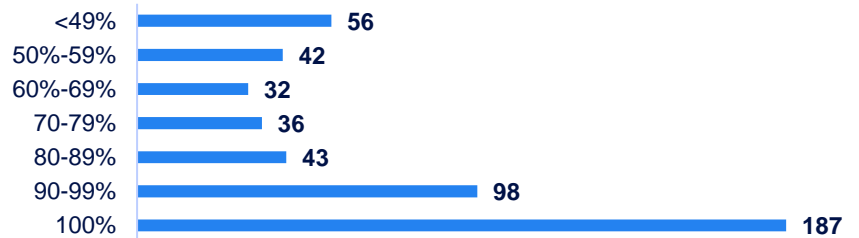
Social enterprises by trading revenue band (n=493)



13. Social enterprises by trading revenue as a proportion of total revenue

Trading revenue as a proportion of total revenue band	Number of CSEs
<49%	56
50%-59%	42
60%-69%	32
70-79%	36
80-89%	43
90-99%	98
100%	187
Total	493

Social enterprises by trading revenue as a proportion of total revenue (n=493)

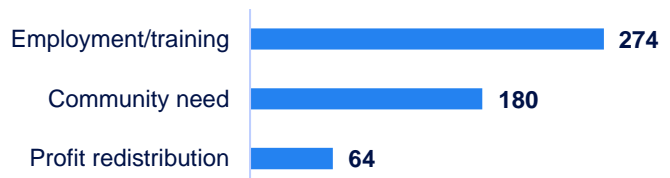


This metric looks at the proportion of revenue a social enterprise derives from trade. For example if a social enterprise derives 100% of their total revenue from trade (i.e. no revenue from grants or donations) they will appear as 100% in this chart.

14. Social enterprises by primary impact model

Impact model	Number of CSEs	Total %
Employment/training	274	52.9%
Community need	179	34.6%
Profit redistribution	65	12.5%
Total	518	

Social enterprises by primary impact model (n=518)





Social enterprises exist to solve a diverse range of social, cultural or environmental problems. Social Traders categorises social enterprises into three impact models.

Impact model 1 – Employment/training: social enterprises that deliver impact by creating employment and/or training opportunities for marginalised people. This may be within their own organisation through direct employment or may be by creating economic opportunity or providing targeted recruitment services for a particular marginalised cohort. Included in this impact model are Work Integrated Social Enterprises (WISEs).

Impact model 2 – Community need: social enterprises that deliver impact by providing products/services/programs that meet a community need, otherwise not met by the mainstream market. Accessibility is inherent to the impact that these enterprises generate, in that their purpose is around ensuring their beneficiaries have access to the products/services/programs that they provide. Social enterprises with an environmental purpose often fall into this impact model.

Impact model 3 – Profit redistribution: social enterprises that deliver impact by distributing 50% or more of profits to a charitable purpose.

There are many social enterprises that deliver impact across two or three of these models simultaneously. However, through the certification process social enterprises will select one of these models as their primary impact model, which guides the certification assessment. Impact is captured across all relevant models for each enterprise.

15. Total direct impact expenses

Total direct impact expenses	Number of CSEs
\$ 690,795,623	518

Total direct impact expenses are defined for the purposes of this report and Social Traders certification framework to be the expenses incurred to deliver the social enterprises impact model. It identifies the direct expenses of impact above and beyond the standard/general business expenses.

Social enterprises submit these expenses for the most recent financial year at the time of certification. Explicitly, it includes:

For employment and training social enterprises,

- all wages (and other payments, eg. commissions) paid to beneficiaries, including super, and
- any direct costs of providing wrap around supports to beneficiaries.

Examples of wrap around supports include wages of staff providing training and additional support to beneficiaries, expenses associated with training, accessibility equipment and transport (for people who don't have access to their own).



For community need social enterprises,

- expenses/costs of delivering products/services/programs that meet community need. Examples of these costs may be, wages of staff delivering services/programs to beneficiary group, travel expenses, in particular when working with remote or regional beneficiary groups, expenses associated with development of technology, in particular when the technology is core to the impact experienced by the beneficiary group, expenses associated with advocacy, research and general outreach activities and many others.

For profit redistribution social enterprises,

- the amount donated to charity/impact partners, and
 - any other direct costs of managing relationships with charity/impact partners.
- For the purposes of this report and for Social Traders certification, a donation is defined as the amount of money that is distributed to a third party/parties with the intent of contributing towards the delivery of social, cultural or environmental impact; and charity/impact partners are any organisation/s that the social enterprise is distributing money to as part of their impact model. In many cases it is a single not-for-profit or registered charity partner. Other times, one social enterprise may have multiple charity partners and there are some profit redistribution enterprises that operate as a business unit of a larger not-for-profit organisation and return profits to their parent organisation.

16. Direct impact expenses by impact model

Impact model	Direct impact expenses	Number of CSEs
Employment/training	\$ 380,599,749	574
Community need	\$ 282,867,583	179
Profit redistribution	\$ 24,328,292	65
Total	\$ 690,795,623	518

Note in this metric, the total direct impact expenses figure is split between the three impact models based on the primary impact model of the social enterprise. This means that for enterprises with direct impact expenses across multiple impact models, the total is attributed to the primary impact model rather than split across the multiple models of the enterprise.

17. Social enterprise by primary beneficiary

Primary beneficiary	Number of CSEs
People with disabilities	128
A charitable or not for profit organisation	55
New Migrants & Refugee Communities	55
Environmental Sustainability	37



Aboriginal and Torres Strait Islanders	33
Marginalised Youth	33
Families, children or students	24
Marginalised Women	24
Other	18
Other disadvantaged people	17
Long Term Unemployed People	16
A particular geographic community	15
People experiencing & at risk of homelessness	13
A particular industry	12
People with mental illness	9
People in a particular vocation or profession	8
Prisoners and ex-offenders	8
People in developing countries	7
Older people	4
A spiritual or religious community	1
Animals	1
Total	518

As with the impact model, many social enterprises deliver impact to multiple beneficiary groups. This metric captures the single beneficiary group identified by the social enterprises as the **primary** group benefitting from their impact. Social Traders does capture secondary beneficiary groups as well, however this information has not been included in this report.

Metric 19 looks at certified social enterprise primary beneficiary groups split by impact model.

18. Direct impact expenses by primary beneficiary

Primary Beneficiary	Total direct impact expenses	Number of CSEs
People with disabilities	\$250,516,341	128
A charitable or not for profit organisation	\$25,105,099	55
New Migrants & Refugee Communities	\$20,047,244	55
Environmental Sustainability	\$23,640,734	37
Marginalised Youth	\$19,152,297	33
Aboriginal and Torres Strait Islanders	\$18,515,306	33
Families, children or students	\$8,683,015	24
Marginalised Women	\$5,095,689	24
Other disadvantaged people	\$14,418,779	17
Long Term Unemployed People	\$25,177,319	16
A particular geographic community	\$7,378,790	15
People experiencing & at risk of homelessness	\$23,661,740	13
A particular industry	\$3,033,120	12
Other	\$246,370,151	56



In order to protect anonymity of individual social enterprises, beneficiary groups with less than 10 social enterprises have been grouped into ‘Other’. Those included in ‘Other’ are:

- Prisoners and ex-offenders
- People with mental illness
- People in a particular vocation or profession
- People in developing countries
- Older people
- Animals
- A spiritual or religious community

19. Primary beneficiaries supported by impact model

Primary beneficiary	Impact model			Total number of CSEs
	Employment/training	Community need	Profit redistribution	
People with disabilities	122	5	1	128
New migrants & refugee communities	40	11	4	55
A charitable or not for profit organisation	6	28	21	55
Environmental sustainability	3	29	5	37
Aboriginal and Torres Strait Islanders	18	13	2	33
Marginalised youth	23	5	5	33
Marginalised women	11	8	5	24
Families, children or students	2	21	1	24
Other	4	13	1	18
Other disadvantaged people	7	8	2	17
Long term unemployed people	15	1		16
A particular geographic community		9	6	15
People experiencing & at risk of homelessness	8	3	2	13
A particular industry	1	10	1	12
People with mental illness	5	2	2	9
Prisoners and ex-offenders	7		1	8
People in a particular vocation or profession	1	7		8
People in developing countries		4	3	7
Older people	1	3		4
Animals			1	1
A spiritual or religious community	121	5	1	1
Total	273	180	64	518

Social Traders has a list of 22 beneficiary groups from which a social enterprise can select their primary beneficiary group. ‘Other’ is an option for enterprises to select if they don’t identify their primary beneficiary group in the list provided. Examples of some beneficiaries represented in this category include veterans and artistic communities.



'A charitable or not for profit organisation' is a beneficiary group selected when the immediate beneficiary of a social enterprise is another for-purpose/charitable/not-for-profit organisation. It is most common in profit redistribution enterprises, where their donations are made to third party organisations which then have their own focus/purpose/beneficiary. For example, a profit redistribution enterprise may distribute funds to a mental health charity. The immediate beneficiary of the social enterprise is the charity that they donate to, and the charity then has their own beneficiary group (people experiencing mental illness/needing mental health resources). In community need social enterprises, it can be similar where the social enterprise exists to provide accessible services to another charity or not for profit organisation, who in turn has their own beneficiary.

20. Headcount of beneficiary employees supported by social enterprises delivering impact via employment and/or training impact model

Total beneficiary employee headcount	Number of CSEs
14,013	244

This does not represent full-time-equivalent, instead is the actual headcount of people supported in employment through the period assessed for certification (often, the most recent full financial year).

In social enterprise, often the goal is not a full-time role, rather the focus is on creating appropriate jobs, training and/or work experience, suited to the needs of the individual person. For example, a social enterprise may provide a paid traineeship for a 3-month period, supporting a total of 4 people across the period assessed for certification.

This metric does not include beneficiaries supported via only unpaid training opportunities (hours represented in metric 25). It only counts the number of individuals provided paid employment by the certified social enterprise throughout the period assessed for certification.

21. Total wrap around support costs incurred by social enterprises delivering impact via employment and/or training impact model

Total wrap around support costs	Number of CSEs
\$195,848,787	274

This term refers to the funds invested by the social enterprise into providing support to their beneficiary employees and/or trainees. This may include a variety of things depending on the support model of the enterprise and the needs of the particular cohort they are supporting.

Examples include:

- wages of staff providing support/supervision
- cost of any additional training provided



- equipment purchased for accessibility needs
- transport provided to employees/trainees that do not have access to their own transport.

22. Total wages paid to beneficiaries by social enterprises delivering impact via employment and/or training impact model

Total wages paid to beneficiaries	Number of CSEs
\$169,410,266	244

Note, this metric includes wages and super paid to beneficiaries directly employed by social enterprises, but also less common employment/payment structures. For example, some social enterprises providing support to artists pay the artists on consignment/commission.

Note that while the above three metrics all relate to the employment/training impact model not all enterprises in this model will have data for all three metrics. For example, enterprises that only provide training (not direct employment) will submit direct support costs, but not wages paid to beneficiaries, or headcount of beneficiary employees. Hence the different sample sizes for each metric.

23. Ratio of direct support costs to wages paid to beneficiaries in employment and/or training impact model

Primary beneficiary group	Median ratio of direct support costs to wages	Number of CSEs
People with disabilities	1.27	108
All other	0.46	135

For certified social enterprises which have selected people with disabilities as their primary beneficiary group, and that declared both wages paid to beneficiaries and wrap-around support costs, the median ratio of direct support costs to wages paid to beneficiaries is 1.27.

The median sits at 0.46 for those certified social enterprises who declared wages paid to beneficiaries and wrap-around support costs for all beneficiary groups other than people with disabilities.

This demonstrates that social enterprises are not only providing employment to marginalised people, but also investing a significant amount towards removing barriers to employment.

Social enterprises providing employment to people with disabilities have been separated out for the purposes of this metric as the ratio differs significantly based on this characteristic. This is due to 2 main factors; firstly social enterprises may provide employment and support to people with high support needs and this requires additional investment in wrap-around supports. Secondly, the Supported Wage System used in many Australian Disability Enterprises means that the wages paid to beneficiaries is lower in comparison to other Awards.



24. Total annual hours of employment provided by social enterprises via employment and/or training impact model to beneficiary employees

Total annual hours of employment	Number of CSEs
13,648,067	244

This figure is restricted to direct paid employment with the social enterprise.

25. Total annual employment training hours provided by social enterprises to beneficiaries

Total annual hours of employment training	Number of CSEs
879,870	110

This figure only includes employability skills training that is provided without the beneficiary earning a wage/being paid. For the purposes of certification, any paid training (including on the job training) is included as work hours in the previous metric.

26. Total annual pathway outcomes provided by social enterprises to beneficiaries

Total annual pathway outcomes	Number of CSEs
11,521	27

This figure is from social enterprises that assist beneficiaries into employment outside of the social enterprise with an external (host) employer or assists beneficiaries to return to study/progress to further study. Also, for enterprises that work in tailored recruitment and placement for a marginalized cohort.

We acknowledge that most employment-focused social enterprises will contribute to an individual's pathway to mainstream employment, in some shape or form.

The pathways outcomes captured through our certification framework are limited to situations where the social enterprise is actively involved with the external (host) employer - and has a dedicated pathway support function. (i.e., not just a natural progression to another role after being employed at the social enterprise.)



27. Percentage of individuals remaining in external employment at 3 month interval (or first periodic check-in)

Percentage of employees remaining in external employment	Number of CSEs
79.01%	20

This figure is collected from the certified social enterprises which assist beneficiaries into external employment. Social enterprises provide the headcount of individuals remaining in employment at a 3 month interval – or the earliest periodic check-in with the individual.

28. Outcome areas covered by social enterprises with a community need impact model

Outcome area	Number of CSEs
Community inclusion/building	29
Access to professional services	26
Waste	19
Education	18
Mental Health & Wellbeing	18
Jobs	16
Employability skills	14
Inequality & poverty alleviation	13
Physical health	10
Cultural diversity & inclusion	9
Arts & heritage	8
Food security	8
Funds generated for charitable purposes	8
Conservation	6
Other environmental services	6
Clean energy & emission reduction	4
Community service organisations	4
International development	2
Supportive relationships	1
Total	219

Note that certified social enterprises can record their environmental impact (tonnes of waste diverted from landfill) separate from their social impact, which explains the high number of social enterprises with waste selected as an outcome area. A number of social enterprises will be represented twice in this metric as they deliver both environmental/waste outcomes and other social/community outcomes.

*Note, social enterprises delivering impact via the community need model can also have jobs as an outcome area, without providing direct employment/training opportunities. One example is a social



enterprise delivering cross-subsidised consulting and research to support increased gender diversity in particular industries.

29. Total cost of delivering product/services that meet community need by social enterprises delivering impact via the community need impact model

Total cost of delivering products/services that meet community need	Number of CSEs
\$ 276,542,909	180

This metric includes a variety of expenses in reflection of the diversity of social enterprises operating under this impact model. Examples include wages of staff delivering services/programs to community, expenses associated with maintaining a physical space for community benefit, travel expenses associated with reaching remote/regional communities and research and development costs associated with designing products that solve a problem for a particular cohort.

Through the certification process, the enterprise is guided to identify what the direct impact expenses are and distinguish from general business expenses. Hence, this total represents the funds invested into impact above and beyond the standard operations of the enterprise.

30. Total annual tonnes of waste diverted from landfill

Total annual tonnes of waste diverted from landfill	Number of CSEs
98,301	26

31. Total annual funds donated to a charitable purpose

Total annual amount donated to charity	Number of CSEs
\$ 19,378,869	65

32. Total costs associated with profit redistribution impact model

Total cost of profit redistribution impact model	Number of CSEs
\$ 396,281	65

In addition to the amount distributed to charity partners, social enterprises delivering impact via profit redistribution will sometimes incur other additional expenses as a direct result of their impact model. These are captured through the certification process as “other direct expenses of managing recipient relationships” whereby the recipient is the charity/impact partner/s of the social enterprise.

Examples of expenses included here are wages of staff working directly with impact partners and/or on measuring and tracking the social enterprises own impact and travel expenses incurred to meet with impact partners.



33. Social enterprises by ANZSIC division code

ANZSIC division code	Number of CSEs
Administrative and Support Services	123
Retail Trade	69
Accommodation and Food Services	66
Professional, Scientific and Technical Services	63
Education and Training	50
Health Care and Social Assistance	44
Manufacturing	28
Electricity, Gas, Water and Waste Services	21
Construction	14
Arts and Recreation Services	13
Other Services	6
Transport, Postal and Warehousing	4
Wholesale Trade	3
Rental, Hiring and Real Estate Services	3
Public Administration and Safety	3
Agriculture, Forestry and Fishing	2
Financial and Insurance Services	1
Total	513

34. Social enterprises by ANZSIC subdivision code

ANZSIC Subdivision Code	Number of CSEs
Community & Social Services	112
Training & Education Services	95
Catering & Hospitality	64
Business & Administrative Services	53
Horticulture & arboriculture	50
Human resource services & recruitment	49
Gifts or rewards	47
Building Trade, Repairs & Maintenance	44
Cleaning Services & Equipment & Supplies	42
Marketing and Communications	38
Waste Management & Landfill	37
Food & Beverage Products	32
Venue Hire	22
Clothing & Safety Equipment	21
Healthcare Services	21
Industrial Production & manufacture	21
Merchandise and Personal Products	20



Office supplies & services	20
Furniture & Furnishings	18
IT & Telecomms	17
Printing and Distribution Services	17
Advertising & media	16
Engineer, Research, Tech services	16
Architecture, Planning & Design	13
Transport, Freight & Logistics	13
Travel & Tourism	13
Building products & materials	10
Signs & Barriers	6
Sport & Rec Equipment & Services	6
Fleet servicing & accessories	5
Music & Games & Toys & Arts & Crafts & Educational	5
Personal & Domestic Services	5
Real Estate & property Services	5
Security Services & Equipment	5
Renewable Energy	4
Financial and Insurance Services	3
Legal Services	3
Parking & Traffic Services & Equipment	2
Library Services	1
Mechanical Services	1
Mining, Oil and Gas	1
Total	513

35. Social enterprises by service location

Service location	Number of CSEs		
Melbourne	308	TAS Regional	176
VIC Regional	278	WA Regional	176
Brisbane	239	ACT	174
Sydney	228	NT Regional	173
QLD Regional	218		
NSW Regional	206		
Gold Coast	204		
Adelaide	200		
SA Regional	187		
Perth	185		
Hobart	178		
Darwin	176		

Social enterprises will often service multiple locations and so will appear multiple times in the above table.

34% of social enterprises will service every state. 53% of social enterprises operate in a single state only.



36. Social enterprises by products/services offered

Product/service	Number of CSEs
Community & Social Services	112
Training & Education Services	95
Catering & Hospitality	64
Business & Administrative Services	53
Horticulture & arboriculture	50
Human resource services & recruitment	49
Gifts or rewards	47
Building Trade, Repairs & Maintenance	44
Cleaning Services & Equipment & Supplies	42
Marketing and Communications	38
Waste Management & Landfill	37
Food & Beverage Products	32
Venue Hire	22
Clothing & Safety Equipment	21
Healthcare Services	21
Industrial Production & manufacture	21
Merchandise and Personal Products	20
Office supplies & services	20
Furniture & Furnishings	18
IT & Telecomms	17
Printing and Distribution Services	17
Advertising & media	16
Engineer, Research, Tech services	16
Architecture, Planning & Design	13
Transport, Freight & Logistics	13
Travel & Tourism	13
Building products & materials	10
Signs & Barriers	6
Sport & Rec Equipment & Services	6
Fleet servicing & accessories	5
Music & Games & Toys & Arts & Crafts & Educational	5
Personal & Domestic Services	5
Real Estate & property Services	5
Security Services & Equipment	5
Renewable Energy	4
Financial and Insurance Services	3



Legal Services	3
Parking & Traffic Services & Equipment	2
Library Services	1
Mechanical Services	1
Mining, Oil and Gas	1

Social enterprises will often provide goods/services across multiple categories and so will appear multiple times in the table.

37 Location of social enterprises by region (LGA)

State	LGA	Number of CSEs
VIC	Mildura	5
NSW	Newcastle	5
WA	Perth	5
VIC	Whitehorse	5
VIC	Whittlesea	5
VIC	Baw Baw	4
VIC	Brimbank	4
TAS	Hobart	4
VIC	Horsham	4
QLD	Logan	4
NSW	North Sydney	4
VIC	Stonnington	4
QLD	Toowoomba	4
VIC	Wyndham	4
QLD	Fraser Coast	3
VIC	Hepburn	3
NSW	Hornsby	3
VIC	Hume	3
VIC	Indigo	3
SA	Mitcham	3
VIC	Moonee Valley	3
NSW	Parramatta	3
QLD	Townsville	3
SA	Adelaide Hills	2
NSW	Bayside	2
SA	Burnside	2
VIC	Casey	2
VIC	Colac-Otway	2
NT	Darwin	2
NSW	Dubbo Regional	2
QLD	Brisbane	64
VIC	Melbourne	40
NSW	Sydney	24
VIC	Yarra	19
VIC	Merri-Bek	13
VIC	Port Phillip	12
NSW	Northern Beaches	10
VIC	Darebin	9
NSW	Inner West	9
VIC	Maribyrnong	9
QLD	Moreton Bay	9
SA	Adelaide	8
VIC	Boroondara	8
VIC	Monash	8
VIC	Warrnambool	8
VIC	Greater Bendigo	7
VIC	Greater Dandenong	7
SA	Holdfast Bay	7
VIC	Kingston	7
VIC	Banyule	6
SA	Charles Sturt	6
VIC	Greater Geelong	6
VIC	Ballarat	5
QLD	Cairns	5
VIC	Frankston	5
QLD	Gold Coast	5
VIC	Greater Shepparton	5
VIC	Knox	5



NSW	Eurobodalla	2	NSW	Forbes	1
QLD	Flinders	2	WA	Fremantle	1
VIC	Glen Eira	2	NSW	Georges River	1
NSW	Hills Shire	2	VIC	Hobsons Bay	1
NSW	Lane Cove	2	NSW	Hunters Hill	1
QLD	Mackay	2	SA	Kimba	1
NSW	Mid-Coast	2	NSW	Ku-ring-gai	1
VIC	Mornington Peninsula	2	NSW	Lake Macquarie	1
VIC	Mount Alexander	2	VIC	Latrobe	1
QLD	Noosa	2	NSW	Liverpool	1
NSW	Penrith	2	QLD	Livingstone	1
NSW	Randwick	2	VIC	Macedon Ranges	1
VIC	Wodonga	2	NSW	Maitland	1
VIC	Yarra Ranges	2	VIC	Manningham	1
		1	VIC	Maroondah	1
NSW	Armidale Regional	1	SA	Mount Barker	1
NSW	Ballina	1	VIC	Nillumbik	1
VIC	Bayside	1	SA	Onkaparinga	1
NSW	Blacktown	1	SA	Playford	1
NSW	Blayney	1	SA	Port Adelaide Enfield	1
NSW	Blue Mountains	1	NSW	Port Macquarie- Hastings	1
NSW	Burwood	1	NSW	Port Stephens	1
WA	Busselton	1	QLD	Redland	1
VIC	Campaspe	1	QLD	Rockhampton	1
WA	Canning	1	NSW	Ryde	1
NSW	Canterbury- Bankstown	1	NSW	Shoalhaven	1
VIC	Cardinia	1	VIC	South Gippsland	1
NSW	Central Coast	1	VIC	Southern Grampians	1
QLD	Central Highlands	1	NSW	Strathfield	1
NSW	Coffs Harbour	1	QLD	Sunshine Coast	1
QLD	Cook	1	VIC	Surf Coast	1
NSW	Cumberland	1	VIC	Swan Hill	1
QLD	Douglas	1	SA	Unley	1
VIC	East Gippsland	1	WA	Victoria Park	1
NSW	Fairfield	1	NSW	Wollongong	1

This metric reflects the LGA in which the social enterprise head office is located. LGA is aligned to the 2021 census data published by the ABS. *On September 26 2022, the LGA previously known as Moreland formally renamed to Merri-Bek and has been updated on this list.



About Social Traders

Established in 2008, Social Traders has been trailblazing the growth of social enterprise across the country providing consultancy, membership and professional business services, including:

- business and government membership;
- social enterprise certification and membership; and
- government advocacy for social enterprise procurement policy.

We are the only social enterprise certifier and intermediary dedicated to connecting businesses and governments with social enterprises.

In Australia, there are approximately 12,000 social enterprises contributing \$21.3billion to the economy and they are businesses that exist for good. At Social Traders we have 515+ certified social enterprises with 140+ business and government members.

Enquiries

If you have any questions or would like more information about the report, please get in touch.

Key Contact:

Alex Hooke
Executive Director, Advocacy & Engagement
Social Traders
E: alex.hooke@socialtraders.com.au



PAGE23



Social

Traders

Unlocking business for good

Profile of Australia's Certified Social Enterprises

© 2023 Social Traders

socialtraders.com.au

