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Profile of Australia's Certified Social Enterprises

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Foreword

Social enterprises are business, for good. They trade like any other business but exist specifically to make the world a better place.

Social Traders is a social enterprise intermediary that's been working to create a thriving social enterprise sector since 2008.

We believe that the social enterprise model – blending business and purpose – is one of the best tools we have to address some of our biggest social and environmental challenges. But it's still a bit of a best kept secret.

For five years we've collected data on social enterprises through our certification process. In 2022 we're making it public for the first time through Pace (the profile of Australia's certified social enterprises).

Pace is the largest and richest dataset on social enterprises that we've ever had in Australia. It includes the economic and impact contribution of 460 social enterprises nationally, collected between 2018-2022. It complements the report from Social Enterprise Australia that estimates the size and economic contribution of the whole social enterprise sector across Australia.

We're excited about Pace because it gives us another opportunity to talk in one voice about why the social enterprise sector is so exciting. And it puts a spotlight on the incredible impact of the social enterprise model, at a time when businesses across the country are being challenged to deliver purpose beyond profit.

We hope Pace will become a tool that the whole social enterprise sector can use to promote, advocate and support social enterprises in Australia. Because as Pace shows, the social enterprise sector is too impactful to remain a best kept secret.

We're calling on government, philanthropy and business to back social enterprise. Join us by sharing the Pace findings far and wide.

Tara Anderson



Chief Executive Officer
Social Traders



INSIGHTS



460 certified
social enterprises
included in the Pace dataset

Data gathered from

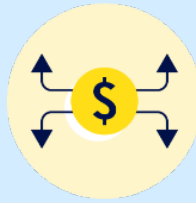
1300+

Certifications over five years of collection
(2018-2022)



26K

People employed by certified
social enterprises including
12K beneficiary employees.



\$1.8B

combined annual revenue
of certified social enterprises.



\$513M

invested directly into creating
impact. **29%** of total revenue is
re-invested into creating impact.



39% of certified social enterprises generate
100% of their revenue from trade.

>this means the impact they generate is entirely self-funded.



35% of certified social
enterprises **employ 20-199**
people.

Nationally 6% of businesses employ
20-199 people

\$96M spent annually by
certified social enterprises supporting
people with a disability.

Including \$32m on wages and \$61m on additional
support costs.



79% of certified social
enterprises **increased** their
revenue between certification
periods.



66% of certified social
enterprises were established
in the last 10 years.

“Social Enterprise Australia commissioned research into the size and economic contribution of social enterprise in Australia. It estimates the total number of social enterprises in Australia and their shared contribution to jobs and the economy.

Pace complements this, providing rich data for certified social enterprises. Both build on the work of others - particularly the Centre for Social Impact Swinburne - to provide a clearer picture of social enterprise in Australia in 2022.

-Jess Moore
Chief Executive Officer
Social Enterprise Australia



Key insights

Social enterprises generate most of their revenue from trade

Across all certified social enterprises, 71% of revenue is generated from trade. This figure is higher than the Map for Impact research¹ which found social enterprises derived 55% of income from trade.

More than half (56%) of social enterprises generate over 90% of their revenue from trade. More than one-third (39%) generate 100% of their revenue from trade.

Refer to metric 13 for full commentary.

Social enterprises spend \$513m every year on delivering impact

Nearly a third (29%) of all social enterprise revenue is directed into delivering impact. The 400 certified social enterprises which submitted social costs to Social Traders spend \$513m annually on delivering their impact (metric 18).

Given that most social enterprise revenue is generated through trade, this shows that trade revenue can generate social, cultural, and environmental impacts.

Most of the impact costs - \$96 million - went to people with a disability. Impact expenses for people with a disability include \$31.6m in wages paid directly to the individuals and \$60.6m in wrap-around support.

Refer to metric 15 for full commentary.

Social enterprises are young, but resilient and growing

Two thirds (66%) of certified social enterprises were established in the last 10 years. Previous studies (Map for Impact¹ and FASES^{2,3}) also found the majority of social enterprises to be under 10 years old (53% and 62% respectively). Pace reaffirms that the social enterprise sector is emerging and growing.

Certified social enterprises are also growing their financial footprint - 79% increased their overall revenue between certifications and 83% increased their trading revenue.

Social enterprises are resilient. While 4.4% of certified social enterprises closed in FY21/22, this is lower than the Australian Bureau of Statistics exit rate for employing businesses of 7.7%⁴ over the same period.

The fastest growing state is NSW, with an average annual growth rate of 9.8% in social enterprises founded over the period 2020-22. This is the highest growth rate of any of the states or territories and higher than the national average of 7.8% over the same period.

Social enterprises are bigger than the average Australian business

The most common size of employing businesses in Australia is 'micro'⁴. 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 dataset⁵ (July 2020), however still skews towards larger organisations.

Employing	ABS		ACNC		Certified social enterprises	
1–4 (micro)	720,336	71.06%	11,593	47.27%	99	22.30%
5–19 (small)	231,255	22.81%	6,648	27.11%	160	36.04%
20–199 (med)	57,673	5.69%	5,212	21.25%	154	34.68%
200+ (large)	4,450	0.44%	1,072	4.37%	31	6.98%

Figure 1: comparison to other datasets with organisation size

The difference is likely because 58% 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.

Policy is a driver for social enterprise growth

It's no surprise that most certified social enterprises (244 of 460) are based in Victoria, given the Victorian Government's support of the sector. In 2017 the Victorian Government was the first to release a Social Enterprise Strategy⁶. This showed leadership and intent to grow the sector with targeted investment and development opportunities for social enterprises.

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 2019 the rate of social enterprises choosing a for-profit structure increased dramatically in Victoria. Metric 4 shows 32% of all certified social enterprises are 'for-profit'. This proportion is trending up, sparked by a range of external factors.

From 2014-19 the proportion of new social enterprises incorporating as 'for-profit' was 40% in Victoria. Since 2019, 63% of new social enterprises are designated for-profit (23% increase). More moderate increases have also occurred nationally; 47% prior to 2019 and 54% after (7% increase).

The demand driven by the Victorian Social Procurement Framework is a key rationale for this increase in for-profit social enterprises in Victoria. When a key buyer such as government identifies social benefit as a key consideration in buying decisions, the market responds.

References

1. Castellás, E., Barraket, J., Hiruy, K., & Suchowerska, R. (2017). Map for impact: the Victorian social enterprise mapping project. Centre for Social Impact Swinburne.
2. Barraket, J., Collyer, N., O'Connor, M., & Anderson, H. (2010). Finding Australia's social enterprise sector. Australian Centre for Philanthropy and Nonprofit Studies and Social Traders.
3. Barraket, J., Mason, C., & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Centre for Social Impact Swinburne and Social Traders.
4. Australian Bureau of Statistics. (2018). Quarterly Counts of Australian Businesses, Entries and Exits, Experimental estimates, June 2020 – June 2022. Retrieved September 2022 from <https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/latest-release>
5. Australian Charities and Not-for-profits Commission (ACNC) (2020). ACNC 2020 Annual Information Statement (AIS) Data. Retrieved September 2022 from <https://data.gov.au/data/dataset/acnc-2020-annual-information-statement-data>
6. Department of Jobs, Precincts and Regions. (2021). Victorian Social Enterprise Strategy 2021-2025. https://djpr.vic.gov.au/_data/assets/pdf_file/0018/2036205/DJPR-Victorian-Social-Enterprise-Strategy.pdf

Acknowledgements

Research partner

Social Traders thanks the Centre for Social Impact at Swinburne University (CSI Swinburne) for providing support on this project. Social Traders consulted CSI Swinburne on the best use of this dataset, the analysis, parameters of the data, and presentation of the findings.



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 (R&D Lead, Associate Professor, the Yunus Centre Griffiths University)
- 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 five years.



Sector partners

Social Traders thanks our sector partners who have endorsed and promoted certification across the social enterprise sector.



About this research

Social Traders is Australia's certifier of social enterprises. The data in Pace is collected through the Social Traders certification process.

This Pace snapshot in this report was taken in September 2022, using data from 1,300 certifications completed between 2018-2022.

How the data is collected - Social Traders certification

Social Traders certification framework is world-leading in its depth and adaptability. 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.

The certification process is rigorous but flexible. It 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 in 2018, the certification framework 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 perspective on complex applications and emerging social enterprise models. The certification framework was strengthened through a review conducted with EY in 2021.

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 (FAS^{ES}²) research, and operationalised by Social Traders to ensure they were relevant to all social enterprise models and stages of development.

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>

² Barraket, J., Mason, C., & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Centre for Social Impact Swinburne and Social Traders.

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.

Since Social Traders introduced certification in 2018 the length of time between a social enterprise forming and undergoing certification has reduced significantly. In 2019, the average time between a social enterprise beginning trading activities and undergoing certification was 16 years. Today that average is now 6 years.

When is certification data collected and assessed?

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 and limitations of the dataset

Social Traders certification framework is inclusive of all legal models, all stages of development, and all impact types. The certification process includes rigorous data validation and there is consistency in the approach to the data captured by having a dedicated certification team.

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

Key considerations:

- The sample size across the entire dataset is 460, 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
- This dataset contains 35 metrics collected through a rigorous validation process. The metrics collected are those needed 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 most 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.

Comparison to other datasets

Other key social enterprise datasets include:

- The landmark national study Finding Australia's Social Enterprise Sector (FASES) 2010 ³ & 2016 ⁴
- The Victorian Map for Impact 2017⁵
- Business for Good, Social Enterprise Australia, 2022⁶

FASES research

The FASES research was commissioned by Social Traders to define social enterprise and map the sector in Australia - its scope, variety of forms, reasons for trading, financial dimensions, and the individuals and community's social enterprises aim to benefit. It surveyed 365 social enterprises. Based on survey results and pre-existing research, FASES estimated there were 20,000 social enterprises in Australia.

Map for Impact

Map for Impact was commissioned by the Victorian Government in 2017 as part of its first Social Enterprise Strategy. The aim was to understand the role of social enterprises across Victoria - their size, characteristics and impacts. This research method was a desktop review of Victorian social enterprises with information from data partners, and also surveyed 360 social enterprises. Map for Impact includes data from sectors like opportunity shops, schools, housing cooperatives,

³ Barraket, J., Collyer, N., O'Connor, M., & Anderson, H. (2010). Finding Australia's social enterprise sector. Australian Centre for Philanthropy and Non-profit Studies and Social Traders.

⁴ Barraket, J., Mason, C., & Blain, B. (2016). Finding Australia's social enterprise sector 2016: final report. Centre for Social Impact Swinburne and Social Traders.

⁵ Castellás, E., Barraket, J., Hiruy, K., & Suchowska, R. (2017). Map for impact: the Victorian social enterprise mapping project. Centre for Social Impact Swinburne.

⁶ Gales, B., Khalil, J. (2022). Business for good: The size and economic contribution of social enterprise in Australia.

community childcare centers and community radio stations. In many cases these social enterprises are not represented within Social Traders certification because they don't self-identify as a social enterprise.

Business for Good: Economic Contribution of Social Enterprises

Social Enterprise Australia have published their estimate on the size and economic contribution of the Australian social enterprise sector. The research estimates there are 12,033 social enterprises operating in Australia. These social enterprises have a combined \$21B in economic output or 1% of GDP. The estimate also includes \$13.1B in Gross Value Added (GVA), and 206,278 people employed by the sector.

Business for Good is research that estimates the size and economic impact of social enterprise in Australia. This includes the number of social enterprises, jobs and economic impact broken down by state and territory. It is new research built on existing data and research.

Pace is a deep dive into certified social enterprises. It includes detailed impact information and is able to explore specific aspects of the financial and impact data of the enterprises.

Key areas of alignment and difference between other datasets and certification

- FASES and Map for Impact captured secondary and self-declared data via surveys. Pace only includes data that has been verified by Social Traders.
- FASES and Map for Impact collected data via surveys of 365 and 360 social enterprises respectively. Pace holds multi-year data on 460 social enterprises.
- Across all datasets there is a skew towards Victorian social enterprises. This is most likely because many social enterprise initiatives have been centered in Victoria.
- FASES, Map for Impact and Business for Good include a more diverse range of social enterprises given the broad nature of the studies. The Pace data is skewed to social enterprises that self-identify as a social enterprise.

What makes Pace unique

Pace is Australia's largest dataset of verified social enterprises, growing at an average of 29% year on year.

It's the only dataset in Australia that:

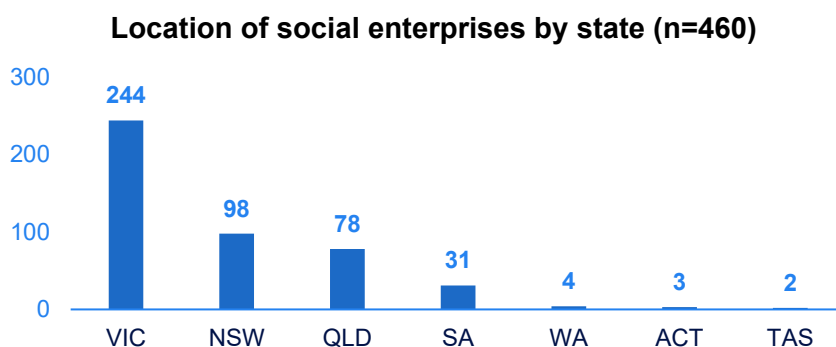
- Includes individually verified data on social enterprises.
- Has validated that all social enterprises in the dataset are genuine (meet the three criteria for a social enterprise).
- Is a live dataset that's continually refreshed (daily as certifications are processed).
- Is based on a framework co-designed with Minter Ellison and EY and evolving with oversight and input from an independent expert advisory group.

METRICS

Metrics

1 Location of social enterprises by state

State	Number of CSEs
VIC	244
NSW	98
QLD	78
SA	31
WA	4
ACT	3
TAS	2
Total	460



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.

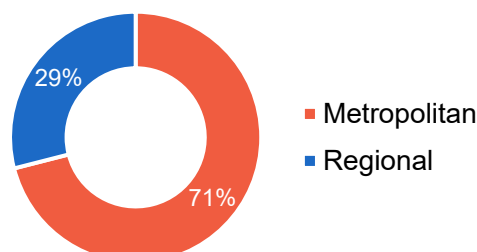
It's important to recognise the government and policy drivers that contribute to the higher number of social enterprises in Victoria, NSW and Queensland:

- 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	327
Regional	133
Total	460

Location of social enterprises by region type (metro/regional) (N = 460)



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)	195
Proprietary companies limited by shares (Pty Ltd)	131
Incorporated association	99
Discretionary Trust	7
Cooperative	7
Unit Trust	6
Indigenous Corporation	4
Partnership	3
Public Company limited by shares (Ltd)	2
State Government Entity and Statutory Authority operating independently of Ministers	2
Sole Trader	2
Charitable Trust	1
Total	459

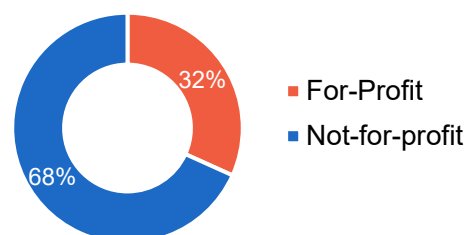
The certification framework was expanded in 2020 to allow for applications from sole traders and partnerships. This was a significant step for Social Traders to ensure that the framework was inclusive of the diversity of social enterprises operating in the Australian sector. For a sole trader or partnership 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	146
Not-for-profit	314
Total	460

Social enterprises by form of incorporation
(n = 460)



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	2
1910 - 1919	1
1920 - 1929	3
1950 - 1959	15
1960 - 1969	15
1970 - 1979	16
1980 - 1989	33
1990 - 1999	26
2000 - 2009	42
2010 - 2019	235
2020 - 2029	60
Total	449

'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 their ABN was registered.

6 Total headcount of certified social enterprises

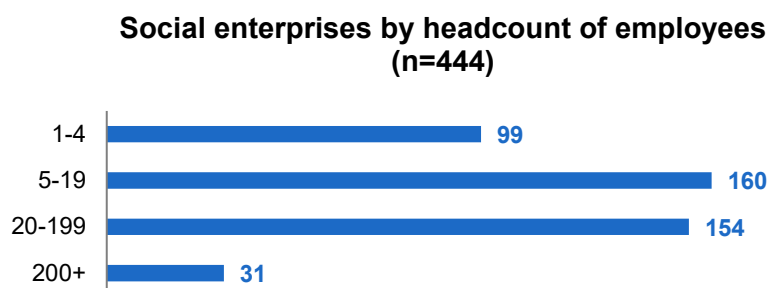
Total employee headcount	Number of CSEs
26,762	444

Generally, this 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	99
5-19	160
20-199	154
200+	31
Total	444



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	11%	33%	49%
5-19	34%	42%	30%
20-199	45%	21%	19%
200+	9%	4%	2%

For full discussion on impact model refer to metric 14.

9 Total revenue

Total annual revenue	Number of CSEs
\$ 1,756,787,106	400

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

Total trading revenue	Number of CSEs
\$ 1,262,335,805	400

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.

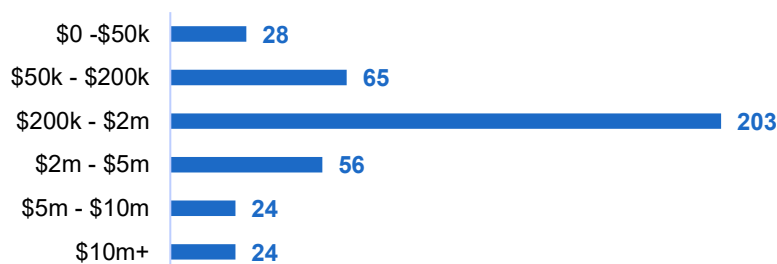
While the NDIS is government funded, funding is allocated to individual people who then have full freedom to choose providers for relevant disability supports, goods and services. Due to this, the NDIS market can be considered a competitive marketplace and is considered revenue from trade for the purposes 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

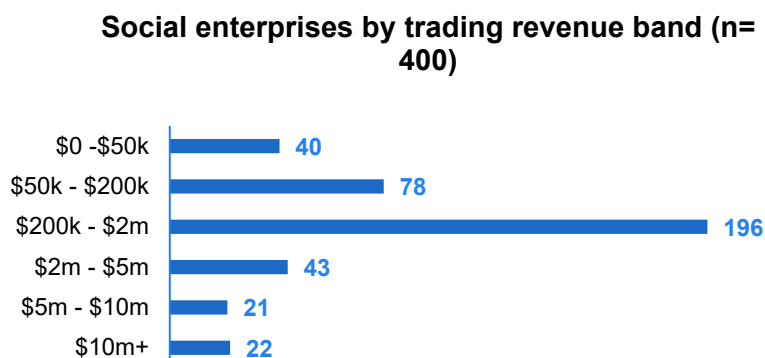
Revenue band	Number of CSEs
\$0 - \$50k	28
\$50k - \$200k	65
\$200k - \$2m	203
\$2m - \$5m	56
\$5m - \$10m	24
\$10m+	24
Total	400

Social enterprises by revenue band (n = 400)



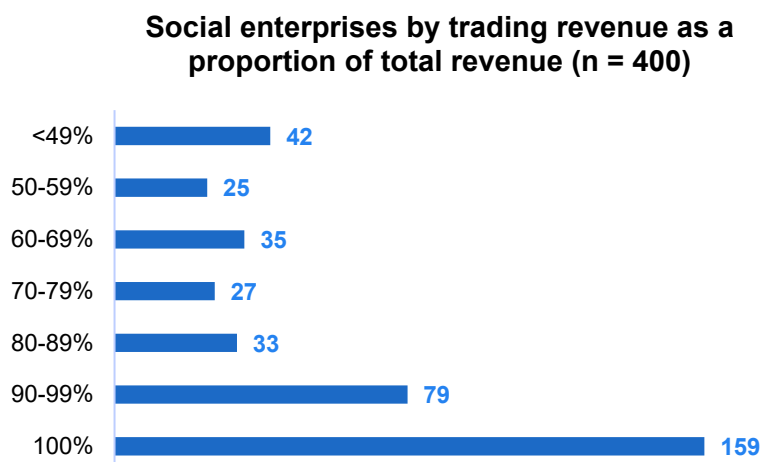
12 Social enterprises by trading revenue band

Trading revenue band	Number of CSEs
\$0 - \$50k	40
\$50k - \$200k	78
\$200k - \$2m	196
\$2m - \$5m	43
\$5m - \$10m	21
\$10m+	22
Total	400

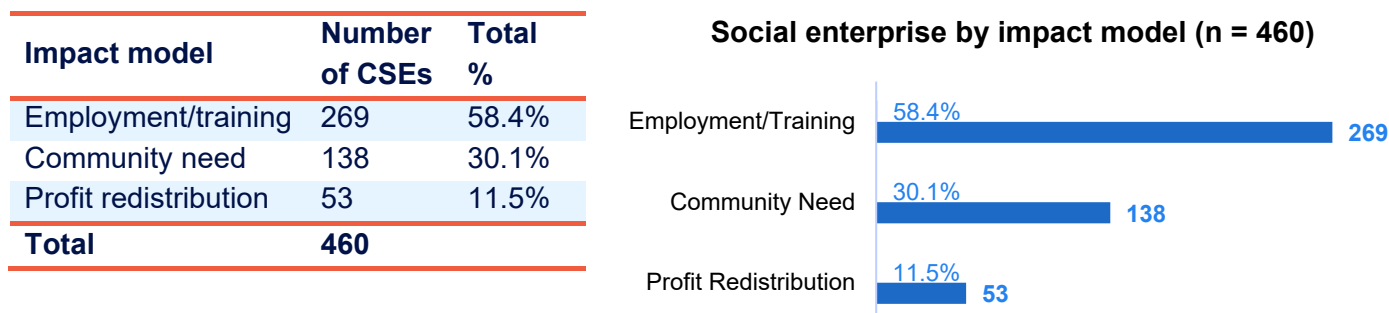


13 Social enterprises by trading revenue as a proportion of total revenue

Trading revenue as a proportion of total revenue band	Number of CSEs
<49%	42
50%-59%	25
60%-69%	35
70-79%	27
80-89%	33
90-99%	79
100%	159
Total	400



14 Social enterprises by primary impact model



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
\$ 513,592,593	390

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, e.g. 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	\$ 205,519,150	217
Community need	\$ 280,465,098	130
Profit redistribution	\$ 27,608,345	43
Total	\$ 513,592,593	390

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	126
New Migrants & Refugee Communities	46
A charitable or not for profit organisation	44
Environmental Sustainability	32
Marginalised Youth	32
Aboriginal and Torres Strait Islanders	29
Long Term Unemployed People	19
Other disadvantaged people	17
Marginalised Women	16
People experiencing & at risk of homelessness	14
Other	14
Families, children or students	13
A particular geographic community	13
A particular industry	9
Prisoners and ex-offenders	9
People with mental illness	8
People in a particular vocation or profession	7
People in developing countries	7
Animals	2
Older people	2
A spiritual or religious community	1
Total	460

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	\$ 95,818,026	97
A charitable or not for profit organisation	\$ 22,330,555	39
New Migrants & Refugee Communities	\$ 14,215,857	39
Environmental Sustainability	\$ 27,587,387	28
Marginalised Youth	\$ 15,026,333	28
Aboriginal and Torres Strait Islanders	\$ 11,889,145	26
Long Term Unemployed People	\$ 22,141,144	16
Marginalised Women	\$ 3,471,034	14
Other disadvantaged people	\$ 14,899,187	13
People experiencing & at risk of homelessness	\$ 23,326,924	12
Families, children or students	\$ 7,204,870	12
A particular geographic community	\$ 10,001,116	12
Other	\$245,681,015	54

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:

- A particular industry
- 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	
A charitable or not for profit organisation	6	22	16	44
A particular geographic community		8	5	13
A particular industry	1	8		9
A spiritual or religious community			1	1
Aboriginal and Torres Strait Islanders	17	10	2	29
Animals			2	2
Environmental Sustainability	4	24	4	32
Families, children or students	2	9	2	13
Long Term Unemployed People	17	2		19
Marginalised Women	7	5	4	16
Marginalised Youth	26	1	5	32
New Migrants & Refugee Communities	37	7	2	46
Older people	1	1		2
Other	3	10	1	14
Other disadvantaged people	7	9	1	17
People experiencing & at risk of homelessness	7	4	3	14
People in a particular vocation or profession	2	5		7
People in developing countries		5	2	7
People with disabilities	119	6	1	126
People with mental illness	5	2	1	8
Prisoners and ex-offenders	8		1	9
Total	269	138	53	460

Social Traders has a list of 20 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
12,175	208

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, each of which supports 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
\$110,035,260	212

This term refers to the funds invested by the 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
\$102,450,490	192

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	1.35	75
All other	0.62	94

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 1.35.

The median sits at 0.62 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
9,967,199	197

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
1,199,352	117

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

Outcome area	Number of CSEs
Waste	27
Access to professional services	26
Community inclusion/building	22
Inequality & poverty alleviation	16
Education	14
Mental Health & Wellbeing	10
Physical health	9
Other environmental services	8
Cultural diversity & inclusion	7
Arts & heritage	5
Food security	4
Employability skills	3
Jobs	3
Conservation	3
International development	3
Clean energy & emission reduction	3
Supportive relationships	1

Housing	1
Community service organisations	1
Total	162

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.

27 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
\$ 282,511,600	149

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.

28 Total annual tonnes of waste diverted from landfill

Total annual tonnes of waste diverted from landfill	Number of CSEs
73,178	26

29 Total annual funds donated to a charitable purpose

Total annual amount donated to charity	Number of CSEs
\$ 23,680,661	50

30 Total costs associated with profit redistribution impact model

Total cost of profit redistribution impact model	Number of CSEs
\$ 347,064	50

In addition to the amount distributed to charity/impact 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.

31 Social enterprises by ANZSIC division code

ANZSIC division code	Number of CSEs
Administrative and Support Services	110
Accommodation and Food Services	55
Professional, Scientific and Technical Services	50
Education and Training	38
Retail Trade	36
Manufacturing	25
Health Care and Social Assistance	22
Electricity, Gas, Water and Waste Services	20
Construction	6
Transport, Postal and Warehousing	3
Rental, Hiring and Real Estate Services	3
Public Administration and Safety	2
Arts and Recreation Services	1

32 Social enterprises by ANZSIC subdivision code

ANZSIC Subdivision Code	Number of CSEs
Building Cleaning, Pest Control and Other Support Services	69
Food and Beverage Services	54

Professional, Scientific and Technical Services (Except Computer System Design and Related Services)	41
Administrative Services	39
Adult, Community and Other Education	38
Waste Collection, Treatment and Disposal Services	20
Social Assistance Services	16
Computer System Design and Related Services	6
Printing (including the Reproduction of Recorded Media)	5
Furniture and Other Manufacturing	5
Construction Services	5
Medical and Other Health Care Services	4
Property Operators and Real Estate Services	3
Road Transport	2
Public Order, Safety and Regulatory Services	2
Textile, Leather, Clothing and Footwear Manufacturing	1
Transport Equipment Manufacturing	1
Machinery and Equipment Manufacturing	1

33 Social enterprises by products/services offered

Product/service	Number of CSEs
Community & Social Services	88
Training & Education Services	82
Catering & Hospitality	56
Human resource services & recruitment	47
Business & Administrative Services	46
Horticulture & arboriculture	43
Gifts or rewards	39
Cleaning Services & Equipment & Supplies	37
Building Trade, Repairs & Maintenance	36
Waste Management & Landfill	36
Marketing and Communications	31
Food & Beverage Products	28
Office supplies & services	23
Industrial Production & manufacture	22
Venue Hire	22
Clothing & Safety Equipment	18
Printing and Distribution Services	16

Merchandise and Personal Products	16
Advertising & media	16
Furniture & Furnishings	15
IT & Telecoms	15
Healthcare Services	14
Transport, Freight & Logistics	12
Travel & Tourism	11
Architecture, Planning & Design	11
Engineer, Research, Tech services	9
Building products & materials	8
Real Estate & property Services	6
Sport & Rec Equipment & Services	5
Fleet servicing & accessories	5
Personal & Domestic Services	5
Signs & Barriers	5
Security Services & Equipment	4
Renewable Energy	4
Music & Games & Toys & Arts & Crafts & Educational	3
Financial and Insurance Services	3
Legal Services	3
Parking & Traffic Services & Equipment	2
Mining, Oil and Gas	1
Mechanical Services	1
Library Services	1

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

34 Social enterprises by service location

Service location	Number of CSEs
Melbourne	264
VIC Regional	248
Sydney	201
Brisbane	197
NSW Regional	185
QLD Regional	178
Adelaide	176
Gold Coast	172
SA Regional	163
Perth	158

WA Regional	153
Hobart	153
TAS Regional	151
Darwin	150
ACT	149
NT Regional	149

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

33% of social enterprises service every state. 53% of social enterprises operate in a single state only.

35 Location of social enterprises by region (LGA)

State	LGA	Number of CSEs
VIC	Melbourne	40
VIC	Yarra	18
VIC	Merri-bek*	11
VIC	Darebin	11
VIC	Port Phillip	10
VIC	Greater Geelong	9
VIC	Maribyrnong	9
VIC	Warrnambool	8
VIC	Kingston	8
VIC	Greater Bendigo	7
VIC	Monash	7
VIC	Whitehorse	6
VIC	Knox	5
VIC	Greater Dandenong	5
VIC	Greater Shepparton	5
VIC	Ballarat	5
VIC	Mildura	5
VIC	Boroondara	4
VIC	Wellington	4
VIC	Bayside	4
VIC	Banyule	4
VIC	Whittlesea	4
VIC	Indigo	3
VIC	Baw Baw	3
VIC	Stonnington	3
VIC	Glen Eira	3
VIC	Wyndham	3
VIC	Brimbank	3
VIC	Hepburn	3
VIC	Horsham	3
VIC	Hume	3
VIC	Moonee Valley	2
VIC	Casey	2
VIC	Wodonga	2
VIC	Mount Alexander	2
VIC	Frankston	2
VIC	Yarra Ranges	2
VIC	Wangaratta	1
VIC	Manningham	1
VIC	Cardinia	1
VIC	Maroondah	1
VIC	Benalla	1
VIC	South Gippsland	1
VIC	Campaspe	1
VIC	Southern Grampians	1
VIC	Colac-Otway	1
VIC	Mornington Peninsula	1
VIC	Surf Coast	1
VIC	Nillumbik	1
VIC	Swan Hill	1
VIC	Latrobe	1
VIC	Macedon Ranges	1
NSW	Sydney	23
NSW	Northern Beaches	10

NSW	Inner West	8	NSW	Ballina	1
NSW	Parramatta	4	NSW	Fairfield	1
NSW	North Sydney	4	QLD	Brisbane	50
NSW	Hornsby	4	QLD	Moreton Bay	7
NSW	Newcastle	4	QLD	Toowoomba	4
NSW	Penrith	3	QLD	Cairns	4
NSW	Bega Valley	3	QLD	Gold Coast	3
NSW	Bayside	2	QLD	Cloncurry	2
NSW	Coffs Harbour	2	QLD	Logan	2
NSW	Eurobodalla	2	QLD	Rockhampton	1
NSW	Mid-Coast	2	QLD	Fraser Coast	1
NSW	Randwick	2	QLD	Sunshine Coast	1
NSW	Cumberland	2	QLD	Douglas	1
NSW	Dubbo Regional	2	QLD	Mackay	1
NSW	Lane Cove	2	QLD	Livingstone	1
NSW	Sutherland Shire	1	SA	Adelaide	8
NSW	Port Stephens	1	SA	Holdfast Bay	8
NSW	Armidale Regional	1	SA	Charles Sturt	6
NSW	Lake Macquarie	1	SA	Adelaide Hills	2
NSW	Ryde	1	SA	Onkaparinga	1
NSW	Blacktown	1	SA	Port Adelaide Enfield	1
NSW	Waverley	1	SA	Playford	1
NSW	Liverpool	1	SA	Burnside	1
NSW	Forbes	1	SA	Unley	1
NSW	Maitland	1	SA	Mount Barker	1
NSW	Hills Shire	1	SA	Kimba	1
NSW	Blue Mountains	1	WA	Victoria Park	1
NSW	Shoalhaven	1	WA	Perth	1
NSW	Burwood	1	WA	Busselton	1
NSW	Central Coast	1	WA	Fremantle	1
NSW	Canterbury-Bankstown	1	ACT		3
NSW	Wollongong	1	TAS	Hobart	2

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.

Conclusion

Social Traders vision is a thriving social enterprise sector that significantly contributes to a more equitable and inclusive Australia.

This dataset continues to grow daily and will be an ongoing asset for the social enterprise sector.

How you can use Pace

Interested in a specific cut of the Pace data for a government jurisdiction or a specific project? Talk to us about what we could customise for you.

A social enterprise but not yet certified? Get certified to add your data to Pace!

Interested in supporting Pace to become a live, real-time digital platform? We'd love to hear from you.

Suggested reference:

Social Traders. 2022. Pace22: Profile of Australia's Certified Social Enterprises
<http://bit.ly/3H5BWIo>

ENQUIRIES

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