



7 May 2019

Productivity Commission  
Inquiry into Mental Health  
4 National Circuit  
Barton ACT 2600  
Australia

Submitted Online

Dear Sir/Madam,

**Productivity Commission Inquiry into Mental Health**

The Centre for Social Impact Swinburne (CSI-S) welcomes the opportunity to make this submission to this Inquiry, in response to the Issues Paper released on 21 January 2019.

CSI-S is a multi-disciplinary research centre established in 2014, and is a part of the national CSI Network. Our research strives toward positive social change through improving the systemic and organisational conditions that shapes communities.

CSI-S has particular expertise in the area of social enterprise. Given that the Inquiry's terms of reference include examining how sectors beyond health can contribute to improving mental health, economic participation and productivity, we have made this submission to share our perspective on the role currently being played by social enterprise in this regard. Our submission includes policy options which can further enhance the contribution which social enterprise can make to improving mental health, economic participation and productivity.

If the Committee wishes to discuss the submission further, please do not hesitate to contact Krystian Seibert, Industry Fellow,

Yours sincerely

Professor Jo Barraket  
Director, Centre for Social Impact Swinburne

# Submission – Inquiry into Mental Health

## Defining Social Enterprise

Although there is no agreed definition of social enterprise in Australia, the definition which CSI-S uses is set out in the 'Finding Australia's Social Enterprise Sector: Final Report 2016' ('FASES report' – Barraket et al. 2016).

Based on this definition, social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide access to employment and training, or help the environment.

They have a number of key characteristics which distinguish them from other entities:

- They are led by an economic, social, cultural or environmental mission consistent with a public or community benefit
- They trade to fulfil their mission
- They derive a substantial portion of their income from trade
- They reinvest the majority of their profit/surplus in the fulfilment of their mission

The FASES report found that in 2016, there were approximately 20,000 social enterprises in Australia. The report is attached to this submission, as it provides a useful background on the social enterprise sector in Australia.

## Work Integration Social Enterprise

Particularly relevant to this Inquiry is the role of 'work integration social enterprise' ('WISE'). A WISE is a social enterprise with a particular focus on providing employment opportunities to those who experience disadvantage or barriers in accessing employment. This includes people experiencing mental illness.

Recent research conducted by CSI-S for the Victorian Government found strong representation of women in leadership, and workers with disability relative to other business types (Castellas et al. 2017).

There is a growing body of international research that suggests that WISEs impact positively on the health and wellbeing of people experiencing diverse forms of exclusion by providing employment (Ho & Chan 2010; Mason et al. 2015; Roy, McHugh & Hill O'Connor 2014), increasing peoples' income and living standards (Gilbert et al. 2013; Macaulay et al. 2017; Morrow et al. 2009), and providing opportunities for social connection (Barraket 2013; Chan 2015; Macaulay et al. 2018) and improved mental health and emotional wellbeing (Ferguson 2017; Munoz et al. 2015).

It is important to note, though, that not all WISE are equally beneficial to their targeted beneficiaries, with international research observing that WISE can recreate or amplify conditions that lead to poor health and wellbeing where they offer low-quality, high risk and/or insecure employment options (Cooney 2011; Williams et al. 2016). Across the many empirical projects that CSI-S conducts with WISE, participants – including targeted beneficiaries, staff, managers, and intermediaries – emphasise the importance of meaningful work

(or work-readiness activities, depending on people's level of exclusion) as the basis for realising positive outcomes for individuals.

It should also be noted that, to date, there has been very limited research on the health and wellbeing effects of WISE on non-target workers, including those in management. The available evaluation evidence does suggest dangers of burnout for management and support staff who undertake a high level of emotional labour in often resource-constrained environments (Kibler et al. 2018), which needs to be considered in effective design and implementation of WISE models.

There has also been limited research or evaluation conducted to date that unpacks just how WISE produce health and wellbeing outcomes, with recent literature noting a lack of analysis of the organisational mechanisms through which WISE do what they do (Agafonow 2018; Roy et al. 2018).

In broad terms, evaluation literature and CSI-S' own research experience suggests that the social conditions for work in WISE – including case management and wrap around support, as well as the opportunity to develop new relationships in a supported environment – are particularly important to people's subjective experience of health and wellbeing arising from their involvement with WISE.

Research led by Swinburne University of Technology's Professor Jane Farmer also indicates that spatial dimensions of WISE – including the way in which work areas are set out, and the accessibility of social or recreational spaces – can affect targeted beneficiaries' experiences of wellbeing (Farmer et al. 2016).

### **Word Integration Social Enterprise and Mental Health – An Australian Case Study**

CSI-S is partnering with Vanguard Laundry Services (VLS) to undertake an evaluation partnership. The work is being conducted as an industry-based PhD.

VLS is a commercial laundry social enterprise based in Toowoomba, Queensland. It is a WISE providing transitional jobs and employment pathways for people with a lived experience of mental illness who have been long-term unemployed (their target staff).

VLS employs a mix of staff with 60-70% lived experience of mental illness and 30-40% without lived experience of mental illness. Target staff are supported to build their skills and confidence through work experience pathways or award-waged employment with VLS.

When target staff are ready to transition into other employment, VLS' in-house career development team supports them to obtain work with other local employers in the community.

VLS was initially developed through a local mental health support service, the Toowoomba Clubhouse. Luke Terry, the then CEO of the Toowoomba Clubhouse, identified that many Clubhouse participants were expressing a desire to work, but were experiencing barriers in gaining employment.

Mr Terry canvassed local community organisations and businesses asking what product or service the local community needed, and St Vincent's Health

Australia identified the need for a local commercial laundry service with a 'barrier-wall system' to provide the hygiene standard required for laundering hospital linens.

St Vincent's Private Hospital Toowoomba agreed to provide VLS with a nine-year 'anchor contract' if start-up funding could be found to set up and operate the laundry. The Australian Government invested \$1 million dollars, with additional funds and support provided by several corporate and private philanthropic organisations and other entities.

VLS commenced operations in December 2016, and was opened by former Prime Minister Malcolm Turnbull in January 2017.

CSI-S evaluation work with VLS has thus far showed some very promising findings (Elmes & Vanguard Laundry Services 2017).

The flexible and supportive work environment of a WISE is particularly helpful in enabling staff to maintain both their health and their employment over time. VLS staff identified that supportive colleagues, flexibility with hours, tasks or stations, access to time off when needed, and job security were all particularly valued features of the WISE work environment at VLS.

Social isolation can occur as both a symptom of mental ill-health or self-stigma (social withdrawal), and as a result of social exclusion by others due to stigma against people with mental illness (Corrigan, Larson & Rüsç 2009; Saunders 2015). Employment at VLS has reduced social isolation by providing staff with a reason to leave the house, opportunities for social contact, and a renewed sense of their own capability and self-worth – findings that reflect other research on WISEs and mental health (Akingbola, Phaetthayanan & Brown 2015; Wilton & Evans 2016).

Staff without lived experience of mental illness expressed a view that working alongside people with lived experience had enabled them to see their commonalities and let go of fears or preconceptions they had previously held. These improvements in trust and social cohesion are supported by research on the impact of social contact on mental health stigma (Evans-Lacko et al. 2012).

Multiple staff members with a range of mental health diagnoses such as schizophrenia, depression or post-traumatic stress disorder have spoken of the benefits of work in providing a daily routine, a sense of purpose and hope, and a distraction from the symptoms they experienced. The first year of the VLS evaluation found that while approximately half (52%) of VLS's target staff experienced high levels of psychological distress, the vast majority (96%) still reported being motivated to work, and 100% sustained their employment for at least six months or more.

Notably, these rates of sustained employment are much higher than those currently being achieved through the Disability Employment Services system, where less than a third of people with psychiatric disability obtain employment, and less than a third of those who are employed sustain this for 26 weeks or more (Labour Market Information Portal 2017).

While there has been no comparative research on the relative costs and value of WISE and other forms of employment services, evaluation research and predictive modelling suggests that the model is 'high cost and high value', with relatively deep investment up front supporting future public savings.

In terms of cost, CSI-S' national and state-based research finds that social enterprises as a group are 'mixed resource' organisations, drawing on a combination of trading income, private finance from philanthropy and owner sources, and government grants and contracts.

The FASES report found that social enterprises were earning approximately 81% of their income through trade (including approximately 17% from competitively secured government contracts), with a further 12% of financial resources obtained through philanthropic grants or requests. Comparative case study research conducted by CSI-S staff in Queensland, Victoria and Tasmania finds that rural social enterprises have less access to philanthropy and corporate partnerships than urban counterparts (Barraket et al. 2018).

In terms of the value of WISE, predictive cost benefit analysis conducted on a WISE working with people experiencing long-term unemployment suggests that at the most conservative estimate, for every single dollar invested, four dollars of savings in government services were likely to accrue (Mestan & Scutella 2007). With regard to WISE working with people with a lived experience of mental illness and long-term unemployment, CSI-S' longitudinal evaluation of VLS indicates that savings accrue through primarily through reduced use of Centrelink payments and health services.

The evaluation has so far found that between December 2016 and June 2018, there were savings of \$153,451 in Centrelink payments due to participants' increased earnings through work, and \$231,767 in Queensland Health costs, through reductions in presentations to emergency and overnight hospital stays amongst VLS' target staff (Elmes and Vanguard Laundry Services 2018).

In addition to the potential economic benefits to both social enterprise employees and the broader community, there is emerging evidence of benefits to wellbeing, with VLS laundry staff describing positive impacts on their wellbeing through work, and scoring higher on health and functioning scales than normative scores for Australians with a current psychological condition such as depression.

Other research on the social and economic factors that influence wellbeing for people with disability or chronic illness indicates that increased access to financial resources and relationships can positively impact wellbeing, and reduce avoidable psychological distress resulting from social inequities (Emerson et al. 2012; Frier et al. 2018). As WISEs provide opportunities for economic participation and social inclusion, the evidence suggests they are well-positioned to meet some of the core unmet needs of Australians with lived experience of mental illness.

CSI-S also refers the Commission to the submission made by VLS to this Inquiry for further information about the VLS model.

## **Policy Options to Support Work Integration Social Enterprise**

The experience of VLS highlights a number of challenges which social enterprise face in Australia, including WISE.

There are policy options available to address these challenges, which would thereby assist with supporting WISE and enabling them to contribute to increasing economic participation amongst people with mental illness.

The first challenge is access to start-up capital. VLS received funding from multiple sources, including government and corporates and philanthropy, however the task of securing this funding was very challenging.

Consideration could be given to policy options such as:

- A pool of dedicated government funded start-up grants for WISE
- Tax incentives for private investment in WISE

In relation to tax incentives, WISE (including VLS) are generally registered charities with deductible gift recipient status. Therefore, an incentive exists for the provision of philanthropic support. However, no incentives exist for the provision of non-philanthropic support through debt finance (or equity finance in the case of for-profit social enterprises). In this regard, it is noted that the United Kingdom has introduced 'Social investment tax relief' in order to encourage individuals to support social enterprises and help them access new sources of finance.

Individuals making an eligible investment can deduct 30% of the cost of their investment from their income tax liability, either for the tax year in which the investment is made or the previous tax year. The investment must be held for a minimum period of 3 years for the relief to be retained.

The second challenge is securing customers for a WISE's outputs. In the case of VLS, a nine-year 'anchor contract' provided a vital customer base for the organisation. Such 'social procurement' is an important policy option available to government to support WISE.

The Victorian Government has established a government-wide social procurement framework which seeks to use the use the government's buying power to deliver social, economic and environmental outcomes that benefit the Victorian community (Victorian Government, 2018).

CSI-S believes that the adoption of a similar framework by the Australian Government would deliver considerable benefits in terms of supporting WISE and their ability to increase economic participation amongst people with mental illness.

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