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Mr David Murray, AO  
Chair, Financial System Inquiry Panel  
C/O Australian Government, The Treasury  
Langton Crescent  
Parkes ACT 2600  
Australia

**March 31, 2014**

Dear Mr. Murray,

**Re. Financial System Inquiry Submission**

Please find attached a submission to the Financial Services Inquiry, with specific reference to the relevance, application, and significant potential of impact investing in Australia (targeted investments that generate financial revenues, as well as social and/or environmental impact). This submission responds to the Inquiry's central question of *how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth*.

The enclosed documents include:

1. A complete submission (incorporating supporting documents and appendices), and
2. A report on *IMPACT-Australia: Investment for social and economic benefit*, March 2013 (Appendix 1).

Please do not hesitate to contact us if you have any further queries.

A handwritten signature in blue ink, appearing to read "Rosemary Addis".

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**IMPACT Investing**  
AUSTRALIA

## **Financial System Inquiry**

**Submission March 2014**

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# Financial System Inquiry

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SUBMISSION MARCH 2014

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## Overview

The purpose of this submission is to inform the Inquiry about the relevance and application of developments globally and locally with respect to impact investment, in response to the Inquiry's central question of *how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth*.

The financial system is an enabler of a range of activities and actors in society rather than an end in itself. In addition to being stable and prudentially sound, it has a role in catalysing new markets, enterprise and innovation, meeting the capital needs of organisations of different sizes and stages of development, and operating in different sectors. Developments in impact investing are relevant not only because of the global nature of financial markets, but also because they point to opportunities for the financial system in Australia to maximise value creation and to meet the needs of society.

Increasingly, there is a recognition by economic commentators that future economic growth depends on solving difficult social issues. For example, Professor Michael Porter argues that *"the strongest businesses of the future will be those that align making profit with creating social progress,"* and points out, *"there is nothing soft about the concept of shared value... [it represents] the next stage in our understanding of markets, competition and business management"* (Porter and Kramer, 2011).

In developed nations like Australia, social services are overtaking other industries as growth drivers and require different forms of innovation from those that supported manufacturing and technology in the past. This is occurring in the context of contracting fiscal environments, rising demand for social services and changing citizen expectations of delivery. Leaders internationally are highlighting that this also means we need our financial systems to work effectively and efficiently for the social sector.

*I think societies everywhere will come to the conclusion that an important part of the capitalist system is having a powerful social sector to address social issues, because government doesn't have the resources* (Sir Ronald Cohen, Founder Apax Partners, Chair International Social Impact Investment Taskforce, quoted in *The Telegraph*, 26 June 2010).

The importance of access to capital in building social cohesion, productivity and participation has begun to be understood. For example, the UK Social Investment Task Force had the clear objective to encourage:

*...A move away from a culture of philanthropy, paternalism and dependence towards one of empowerment, entrepreneurship and initiative...(UK Social Investment Taskforce, 2000).*

Impact investing is already catalysing new markets, encouraging entrepreneurship and innovation, resourcing communities, creating jobs, and financing initiatives across aged care, health, social housing, education, clean water and sanitation, microfinance, and sustainable agriculture and development. This finance can be targeted in a range of ways, including to enterprises with a social purpose, to other small and medium-sized enterprises to boost job creation and economic activity for communities, and to social infrastructure and sector development.

Impact investing is gaining momentum and focus globally and is projected to reach between US\$400 billion and \$1 trillion globally in the coming decade (Monitor Institute, 2009; JP Morgan, 2010). The field is developing in Australia. The IMPACT-Australia report (at **Attachment 1**) sets out what has been happening and what can and should happen. A range of actors in the market place, across sectors, are becoming increasingly active and patterns here mirror international developments. Early movers among financial institutions, governments, philanthropy and the not for profit sector, have begun to shift from demonstration initiatives to more strategic engagement with the field. There is significant potential. With the right policies in place, Australia's impact investment market is forecast to grow at around the international benchmark of over 30 per cent. That would see the domestic market reach \$32 billion in the next decade (IMPACT-Australia, 2013).

Australia has a history of cooperatives and local enterprise, and a growing body of activity and interest in new forms of enterprise and activity for social benefit. Australia has a not for profit sector that is economically significant (Productivity Commission, 2010), as well as dynamic small and medium enterprises, which created the largest number of new jobs over the last decade (*Place Based Impact Investment in Australia*, 2012; Senate Economics References Committee, 2010). Australia has a developing social enterprise sector and significant potential for innovation, as well as growing needs to cater for an ageing population, provide affordable housing, and meet growing demand for health services. All of these areas present opportunities for impact investment, particularly in areas where the needs are not being met effectively within the existing system.

Developing the field to reach this potential remains a strategic challenge. It will require leadership and focus from a range of actors, including Governments and policy makers. International evidence and local experience demonstrates not only the powerful effect of Government leadership, but that relatively modest and targeted government and policy initiatives can have a significant positive impact on catalysing market activity. Governments' role includes being a catalyst and aggregator of resources. This can be achieved through re-purposing existing spending in some cases, and targeting new spending to maximise leverage of private capital.

Other actors also have a role, and making impact investing a success will require development of robust investment opportunities, mobilising capital and critical intermediation to bring them together on appropriate terms. Government has an important role as regulator and can take practical steps to ensure that the policy and regulatory settings do not inhibit, and where appropriate, encourages increasing the positive social impact of finance.

Expanding the pool of economic and social value is a productivity issue and has important implications for supporting not only Australia's economic growth, but its future prosperity. Impact investing can and should be encouraged as part of the financial system in Australia.

### What is impact investment?

"Impact investing" describes the practice of investing that is intentionally designed to deliver positive impact for society as well as some measure of financial return. This rapidly developing area generates finance for addressing social, cultural or environmental issues and creating new public value.

Impact investing is emerging as an important policy lever to achieve better outcomes to (even entrenched) social problems and grow the pool of capital available to achieve positive benefit for society. It is an enabler of enterprise and innovation to benefit society and gives governments tools to increase productivity and address the growing gap between the demand for public services and what they can fund and provide. International experience shows that impact investment does not need to be a 'trade-off' between social and financial return.

*The distinguishing feature of impact investing is the intention to achieve both a positive social, cultural and/or environmental benefit and some measure of financial return...Financial return distinguishes impact investing from grant funding; intentional design for positive benefit to society distinguishes it from traditional investments...Impact investing has emerged against a backdrop of longer term global trends. Interest and activity are evident and growing across the world...Fundamentally, this is about expanding the total pool of economic and social value, not redistributing what already exists. Impact investment is already having a positive effect globally in catalysing new markets and encouraging entrepreneurship and innovation for the benefit of society (IMPACT-Australia, 2013).*

Impact investment is emerging from existing institutional contexts, including established capital markets and philanthropic traditions. However, there are limiting factors as to what can be achieved by these established sectors, without a supportive enabling environment. The private market alone does not fully promote, and sometimes may even prevent, investments with social or environmental benefits. However, literature suggests that private markets can be an appropriate tool to address particular social and environmental challenges (Thornley et al, 2011; Eggers and Macmillan, 2013).

Impact investment offers pathways to achieve this. It often involves a mix of investors with different appetites for risk and return, and distinct priorities. It can utilise a range of existing and new financial products (debt, equity and hybrids) and generate a range of social, cultural and environmental outcomes and financial returns.

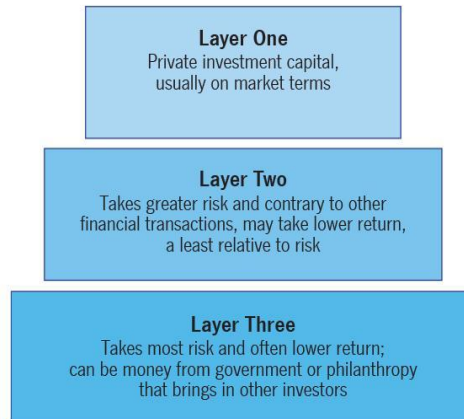
*Impact investments track many of the existing asset classes in financial markets, including cash, fixed interest, infrastructure and alternative assets...There is also a growing interest in the use of new 'hybrid' mechanisms by government and philanthropy... Impact investments can be flexible. They can also take time to design and negotiate, and may not be suitable in all circumstances (Australian Department of Employment, 2013).*

A feature of a number of impact investments is productive collaboration utilising different types of capital. In some cases this involves modest amounts of grant funding or other risk taking capital being utilised effectively to attract private investment. Often this capital is sourced from Government and/or

philanthropy; both can play a powerful catalytic role in risk management and attracting other sources of investment capital.

### Layered Structures for Impact Investing

Figure 7: Layered structures for impact investing



SOURCE: IMPACT-Australia, 2013

In many cases these approaches have delivered not only financial leverage, but also other market impacts including new collaborations and financial innovation. Examples of this approach include the following.

- Over US\$3.7 billion raised through bonds to accelerate delivery of vaccines to children in developing countries; the “vaccine bonds” are backed by long term government pledges and are estimated to have saved over 5.5 million lives.
- Enabled GoodStart Early Learning to finance the purchase of ABC child care centres in Australia in a transaction financed by a major bank, government, private investors, and social sector organisations.
- Delivered US\$16 billion in investment into better outcomes for low income people and the cities in which they live through the Living Cities initiative, representing 30x leverage on the initial risk-taking capital.
- Established three new (small scale) investment funds providing finance to social enterprise in the Australian market capitalised with government grant funding leveraged at greater than 1:1 with private investment capital.

### Why is impact investment relevant for economic growth?

In order for all parts of our economy and society to flourish, they require access to capital on appropriate terms. Economic and competition theory is increasingly recognising: *“that societal needs, not just conventional economic needs, define markets... it is about expanding the total pool of economic and social value”* (Porter and Kramer, 2011).

Impact investments are being used in market segments including: the arts, aged care, community development, education, employment, health, environmental management, sustainable agriculture,

renewable energy, justice, social housing, and international development. The types of social impacts being achieved include the creation of new training opportunities for disadvantaged young people, quality sustainable jobs in regions facing economic change and decline, increased affordable housing stock, improved health and educational outcomes, and new facilities and services that meet community needs.

The World Economic Forum noted that:

*“Impact Investing is a multi-stakeholder issue. It engages governments as impact investments offer opportunities for more efficient delivery of public services. It engages civil society, from the non-profits that design and implement projects to individual recipients of social programmes. And it involves businesses, ranging from entrepreneurs and lawyers to consultants and investors. Clearly, for impact investing to reach its potential, it must be considered from the perspective of all stakeholders”* (World Economic Forum, 2013).

Those different stakeholders benefit in a range of ways from access to impact investment options.

- Socially motivated entrepreneurs and organisations need access to appropriate finance and support in the same way that commercially focussed entrepreneurs and organisations do. Global trends point to greater emphasis on market-based approaches as a means of increasing the long-term sustainability of social-impact programs.
- Mainstream financial market can benefit from access to appropriate finance for initiatives and services that create positive impact in community.
- Communities benefit when they can finance new opportunities to develop services, infrastructure, and generate jobs. Increasing flow of capital into communities experiencing persistent joblessness and disadvantage can shift economic and market circumstances toward more positive cycles of employment and increased spending.
- Small to medium sized enterprises gain access to appropriate investment capital and business support vital in helping them grow their businesses, create jobs and ride out tough times.
- Philanthropists benefit when they can generate greater impact and leverage through their activities. There is particular potential for philanthropic grants to be utilised to reduce risk for other investors in appropriate cases, and to develop potential for philanthropic funds to more effectively deploy capital from their corpus in investments that support their social mission (eg Productivity Commission 2010). International experience is that as philanthropists are often repaid the principal on their loans/grants, this substantially increases the total pool of capital that can be deployed.
- Investors seek choice and new opportunities to put their money to use in ways that make a financial return and also benefit society.
- Institutional investors have more options for acquitting their duties as fiduciaries and achieving diversification and sustained returns.
- Governments achieve greater flexibility to target spending and encourage more private capital into areas where there is need for new solutions.

Several areas where need and opportunity intersect in the context of the Australian financial system warrant further exploration.

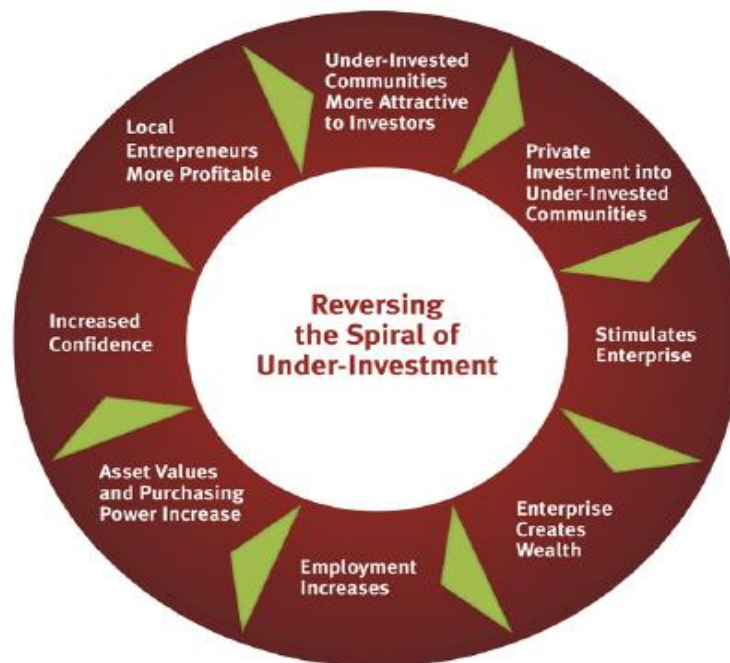
### ***Community Development Finance***

Impact investing could have particular application in tackling cycles of under-investment and economic adaptation for communities. In Australia, disadvantage has a postcode, the hallmark of which is persistent joblessness. Lack of employment leads to a lack of income and purchasing power in the community. This in turn can lead to private investment drying up, creating a vicious cycle of entrenched disadvantage (*Place Based Impact Investment in Australia*, 2012). Many individuals in these communities are also excluded from financial services (National Australia Bank and Centre for Social Impact, 2013).

Other communities are experiencing significant change associated with disruption in the manufacturing and other sectors. Without appropriate responses in innovation, enterprise and investment, they risk entering cycles of decline.

An impact investment approach can contribute to altering this cycle by increasing the flow of capital into communities experiencing chronic under-investment and changing economic and market circumstances.

### **Reversing Under-Investment in Communities**



SOURCE: Burkett, *Place Based Impact Investment in Australia*, 2012

### ***Finance for the not for profit sector***

There is significant scope to develop access to capital for the not for profit or community sector (Productivity Commission 2011; Senate Economics References Committee 2011; National Australia Bank and Foresters Community Finance, 2011). The Productivity Commission identified this as a priority



in its 2010 report. The proportional sources of sector investment identified by the Commission speak powerfully to the issue: 60% from surplus revenue; 15% debt capital. An impact investment approach can increase the capacity for both the demand and supply side to engage with a broader range of appropriate funding and financing options.

The changing fiscal and policy environment is also relevant. Governments everywhere are struggling to meet the challenge of rising citizen demands for better services while also cutting spending. In Australia, it is predicted that gap will reach US\$54 billion by 2025, needing a 0.91% annual lift in efficiency to bridge it (Accenture and Oxford Economics, 2013). At the same time, many social and economic issues continue to defy resolution and there is a real need to boost productivity across all sectors. Changing community expectations of government highlights a need for reform and innovation.

More constrained budgets combined with a need to boost productivity and innovation in service delivery, raise the stakes for developing a more diversified approach to funding and financing the work and delivery of the social services sector. Impact investing is providing a focal point for new collaborations, better outcomes, and greater contestability of ideas and services.

*Whether or not the motivating factor is directly caused by fiscal consolidation, the coincident trend is clear: governments across developed markets are increasingly turning to the impact investment sector for delivery of domestic social services as they cut spending (JPMorgan 2011).*

### ***Institutional Investors***

Large institutional and superannuation investors are tackling challenges of sustained value creation, appropriate diversification of risks and assets, capacity to meet the needs of members over the long term, and the impact of their scale on the operation of the financial system. Commentators globally are focussing on ways in which these challenges of “fiduciary capitalism” can be met. Some commentators considered that the scale of some institutions creates for them “a quasi-public policy interest in the long-term health and wellbeing of the whole society” (Hawley and Williams, 2000).

There is growing interest in the potential of impact investment and a number of Australian funds are actively considering opportunities to invest with impact as an additional lens to their existing strategic asset allocation frameworks. This is driven by two key factors: interest in the potential for impact investment to provide diversification strategies, and genuine interest and intention in long-term impact on issues affecting society and community without compromising appropriate risk-adjusted returns to safeguard member interests. (Charlton, Donald et al, 2013)

*As a fiduciary investor, we are obliged to ensure that we are investing on behalf of our members for their retirement income. Accordingly, it is essential that the impact investing space provides acceptable risk-adjusted returns in investible structures suitable for our portfolio...The ability of impact investments to generate stable, uncorrelated income streams rather than cash flows that are driven by supernormal profits or losses through the economic cycle is something that will be watched closely over coming years. ...In Australia, the discussion on private capital involvement in infrastructure has largely centred around the roads, rails and airports. However, it is becoming increasingly apparent that there are incredible opportunities for private capital to take a more active role in delivering social infrastructure and services that are traditionally provided and funded*

*by the government and non-profit sector alone in areas such as aged care, health, affordable housing, education and indigenous community development. While global private investors have been initiating impact investments, governments in developed countries have also been establishing initiatives to induce private capital into the impact investment market. Government support can help to mitigate some of the uncertainty and risk associated with these types of investments, ensuring that the risk-adjusted return is appropriate (Superfund, May 2012).*

### **What is needed to grow impact investing in Australia?**

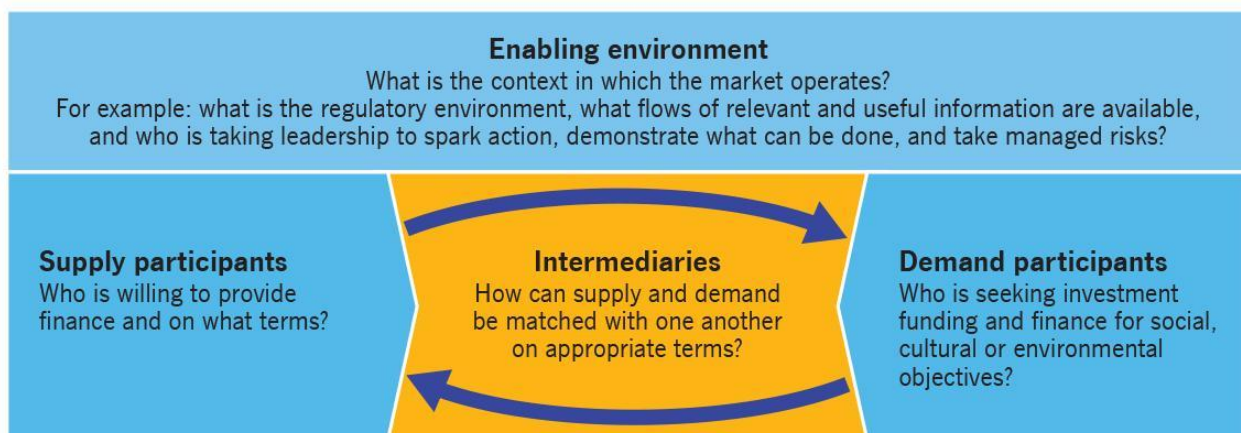
Developing impact investing in and from Australia will require focused action to build practice and create viable investment vehicles.

*Just as traditional investing did not emerge whole-cloth, but rather evolved over numerous decades, impact investing must also be given the time to emerge in a way that is effective, not only for moving money, but for moving smart money into the right opportunities (Jed Emerson, quoted in World Resources Institute, 2012).*

It is important that the financial system allows for this and does not unduly constrain the activities of the range of actors that may seek to contribute, whether from existing capital markets, institutions or more traditional ways of funding social outcomes.

Like other parts of the financial system, impact investing operates within the framework of a marketplace. The marketplace is shaped by those seeking and those supplying capital, but also by the regulatory environment, and the availability of relevant and useful information.

### **Market Dynamic for Impact Investment**



SOURCE: IMPACT-Australia, 2013

Development is required across the market dimensions for impact investing to grow, recognising the interdependence of the different parts of the market.

*Without supply of capital, investments cannot occur. Without robust propositions and organisations in which to invest that actually produce impact and returns, capital will not enter or remain in the field. Without people and structures that facilitate supply and demand coming*

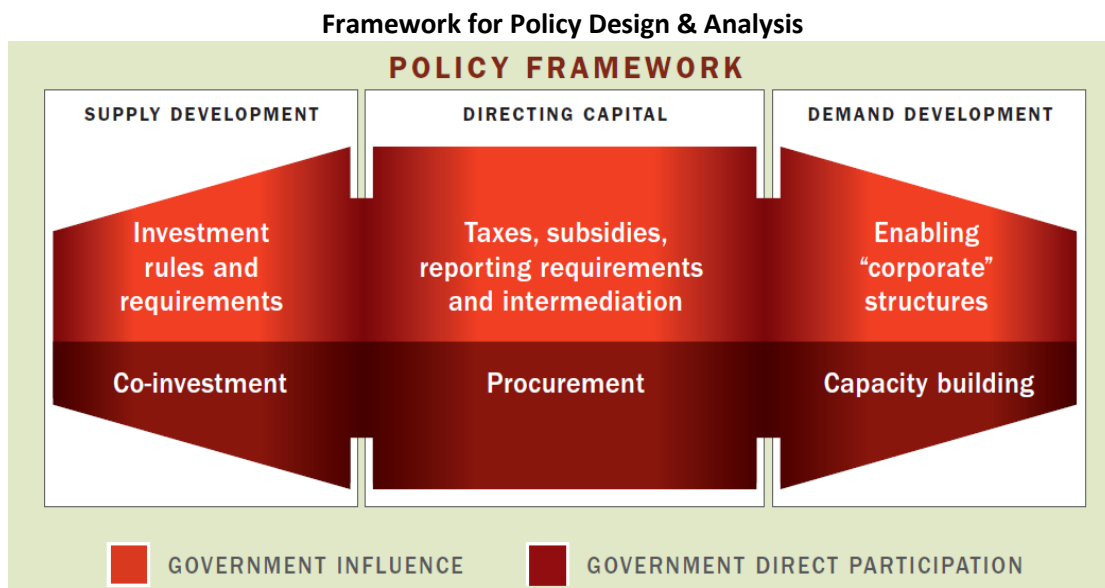
*together within acceptable frameworks for all parties, many impact investments simply will not happen* (IMPACT-Australia, 2013).

In Australia, the intermediary market for social investment is relatively under-developed. This was highlighted as a critical issue by the Senate Economics References Committee (2011) in *Investing for Good*. Specialist intermediation is required to provide appropriate infrastructure to link financial services and products to the needs and capacities of the community, make the connections to employment and enterprise, develop specialist products and services, and focus on outcomes as a result of those capital flows (Burkett, 2013; Productivity Commission, 2010).

In the USA and UK markets, Community Development Financial Institutions have played a major role in increasing access to such services. However, in Australia there are only a handful of institutions that identify as CDFIs and they are providing a limited range of products to a small number of individuals and organisations.

### **Role of Government and Policy**

There is a role for government alongside other actors to encourage flows of capital and enterprise development. Governments' role as regulator and legislator is important; and the suite of policy levers used to shape markets, create disincentives for harm, and influence where capital is directed, all have application in the context of impact investment.



SOURCE: Thornley et al, 2011

Governments have a role as catalyst and aggregator of resources and can be effective as both a market participant and condition setter.

- **Market participant** – identifying opportunities to more effectively target and leverage public spending by attracting private capital; and
- **Facilitator of market development** – stewarding and catalysing the field to encourage the market to grow, enlarging the pool of capital seeking to achieve positive benefit for society.

If policies to leverage capital, enable enterprise and innovation, and boost productivity are to gain traction, targeted initiatives and market development must be twin priorities for government. This has corollaries in existing policy settings for economic policy.

*Government intervention can play a catalytic role both in facilitating the functioning of the ecosystem and targeting actions to trigger its further development. However, these actions should provide incentives for the engagement, not the replacement, of the private sector and should be conducted in a manner conducive of the market (OECD Policies for Seed and Early Stage Finance: Summary of the 2012 OECD Financing Questionnaire, 2013).*

In the short to medium term, some government investment can catalyse the market, reduce risks for new entrants, build track records, and enhance investor confidence. Internationally and in Australia, there is a track record for government action underpinning the emergence of growing and new industries. In Australia this has included venture capital, research and development, green and renewable technology, and business model innovation for structural adjustment. Considerations for policy intervention and design also mirror more conventional economic policy questions: are structural barriers to investment for social purpose; do private markets currently externalise negative effects on society; are information asymmetry and uncertainty constraining market development; and can government action assist in overcoming a short-term lack of track record.

Both the Productivity Commission report (*Contribution of the Not for Profit Sector*, 2010) and the Senate Economics References Committee report (*Investing for good: the development of a capital market for the not-for-profit sector in Australia*, 2011), considered development of the social investment market in Australia and social enterprises. The relevant recommendations are extracted in **Attachment 2**. Both bodies recognised the potential for government funding to play a catalytic role of the social investment market, the role of incentives and importance of developing demand and appropriate intermediation. However, they cautioned against government action which could hinder the long term market development.

There is a clear policy opportunity for governments to develop a strategic approach to building the market for these investments in and from Australia. The international evidence and local experience demonstrates not only the powerful effect of Government leadership and that relatively modest and targeted government and policy initiatives, often re-purposing existing spending, can have a significant positive impact on catalysing market activity. The objective of this should be to:

- Provide leadership that signals interest and legitimacy, giving more actors confidence to participate
- Contribute to development of market infrastructure that will develop the frameworks and systems that encourage and enable more capital for social purpose
- Leverage private capital in targeted policy areas to demonstrate efficacy and improve outcomes.

Clear short term actions can be identified – and designed within Budget rules – to support and develop the market. There is opportunity to reduce barriers and make modest targeted investments in catalysing much greater activity and direction of capital. There is appetite in State Governments,

financial institutions, super funds, corporations, and the community sector to engage in dialogue, and importantly, to find ways to act to develop more investment opportunities. Examples of the type of actions government can take range from regulation (which may include clarification or removal of regulation), mandated disclosure, catalytic funding, indirect incentives, varying forms of public, private partnerships, and utilising its leadership position to bring parties together, education and signal the importance of the area.

Some quick wins would include:

- Appointment of experienced officers within Government to provide a designated point of connection for people and organisations from across sectors, and encourage a more coherent approach among departments and tiers of government and collaboration among other actors.
- Clarification of fiduciary duties for trustees and fiduciaries to allow that once an investment case showing an expected rate of return commensurate with risk can be established, investors can consider social impact.
- Provide risk capital to attract investment for one or more funds to provide appropriate investment for small and medium size enterprises in communities where there is a need for jobs and economic regeneration (e.g. across what were known as the Priority Employment Areas adjusted as appropriate for those communities where major manufacturing is due to close)
- Adaptation of a UK style contract and investment readiness fund to support enterprise and not for profit sector development
- Re-design of the National Rental Affordability Scheme in consultation with the housing sector and financial market to enable greater institutional investment on appropriate terms.

Other short term initiatives that would require design or exploration as a first step include:

- Explore options to better utilise the corpus of philanthropic trusts and foundations, including adaptation for Australia of mission and program related investment regimes in other jurisdictions.
- Explore options to provide short to medium term catalytic incentives to encourage and develop appropriate intermediation, including community development financial institutions.
- Consider options to support development of a robust and sustainable market for debt products appropriate to the needs of the not for profit sector.
- Explore development of a Federal outcomes and innovation fund, which could adapt international models and proposals to take development of social impact bonds and related models to market more quickly and at scale.

Explore ways in which data held by governments regarding social issues and outcomes can be shared more broadly to encourage more effective measurement and targeting of social issues.

### **Recent developments to catalyse the market globally & locally**

Impact investment has been gaining momentum globally.

*The trend lines reveal a confluence of factors: decreasing government expenditure and greater emphasis on evidence based interventions, growing consciousness among investors and a new*

*generation of talented social entrepreneurs who are pushing boundaries and developing disruptive solutions. This points to a window of opportunity that cannot and should not be missed (Schwab Foundation, World Economic Forum et al, 2013).*

Work is underway to accelerate development of impact investment globally. An International Social Impact Investment Taskforce was established by the G8 in 2013, and announced by PM David Cameron at a Forum in London, UK, last June. The Taskforce is Chaired by Sir Ronald Cohen, an international leader in the fields of both impact investment and venture capital. Membership is drawn from G8 countries (excepting Russia) and Australia is the only country outside the G8 and EU currently invited to participate. **Attachment 3** includes a list of members of the International Taskforce and background on its work.

The primary aim of the International Taskforce is to galvanise development of an effective global social impact investment market. The International Taskforce will report in September 2014. That report will be informed by research being undertaken by the OECD and inputs from 4 key working groups on: measurement, asset allocation, development investment, and mission integrity.

An Australian Advisory Board has been established, bringing together leaders from across sectors. The appointment and role of the Advisory Board is aligned with the structures now in place in all participating countries under the governance adopted by the International Taskforce. The intention is to utilise links to the global work to elevate issues and action in a way that builds longer term capability, engagement and momentum locally. This picks up on the key recommendation of the Senate Economics References Committee in 2011, for leadership to provide dedicated focus and attention to the development of the market for impact investment in Australia (see *Investing for Good*, Recommendation 2.1, 2011). **Attachment 4** includes a list of the members of that Advisory Board and a copy of its Terms of Reference.

The primary roles of the Australian Advisory Board has two key planks:

- Provide inputs to the International Taskforce process; and
- Provide leadership in the Australian context for development of the market.

Its work is being informed by a robust process of engagement with practitioners and stakeholders in impact investment in Australia. An objective of the engagement process is to contribute to the development of priorities for action and inform the development of a work plan to contribute to local market development.

Subject to resources, it would be feasible for Governments to utilise this Advisory Board and its Secretariat to carry out some of the exploratory and advisory roles which were recommended by the Productivity Commission (2010) and Senate Economics References Committee (2011), or other matters relating to growing the field of impact investing in Australia.

## **Conclusion**

There is increasing focus in Australia on the range of ways in which more capital can be directed to social issues on appropriate terms. This is being driven by a number of factors, which are only likely to become more important.

- In the context of budget pressures and increasing demand for services, impact investment can open new opportunities to leverage private capital in appropriate areas.
- The significant demands of major areas of social spending such as aged care, health, and education illustrate that addressing complex social issues is a driver of future economic prosperity.
- With the need to boost productivity and innovation in service delivery, impact investing is providing a focal point for new collaborations, better outcomes and greater contestability of ideas and services.
- A range of factors point to structural changes in communities and the social sector, requiring examination of a range of ways in which service delivery can be funded and financed effectively.
- There is opportunity to capitalise and encourage increasing trends to employ market based solutions to address social issues and deliver public goods.
- Developments are linked with ensuring the financial system works for all parts of the economy and community and important trends toward long term value creation and universal ownership
- The developments outlined in this paper, while emergent, are relevant to ensuring Australia's financial system facilitates a well-functioning and resilient market to promote growth and prosperity. A range of factors point to structural changes in communities and in the community or social sector requiring examination of a range of ways in which service delivery can be funded and financed effectively.
- There is opportunity to capitalise and encourage increasing trends to employ market based solutions to address social issues and deliver public goods.
- Developments are linked with ensuring the financial system works for all parts of the economy and community and important trends toward long term value creation and universal ownership

The developments outlined in this paper, while emergent, are relevant to ensuring Australia's financial system facilitates a well-functioning and resilient market to promote growth and prosperity.



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**ATTACHMENTS: 1:IMPACT-Australia: Investment for social *and* economic benefit**  
**2: Recommendations of the Productivity Commission & Senate Economics References Committee 2011**  
**3: International Social Impact Investment Taskforce**  
**4: Membership & Terms of Reference of the Australian Advisory Board**  
**5: About Impact Investing Australia**

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**ATTACHMENT 1: IMPACT – Australia: investment for social *and* economic benefit**

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**This document has been provided separately in PDF Format**

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**ATTACHMENT 2: RECOMMENDATIONS of the PRODUCTIVITY COMMISSION 2010 & SENATE ECONOMICS REFERENCES COMMITTEE 2011**

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**AUSTRALIAN PRODUCTIVITY COMMISSION*****Contribution of the Not for Profit Sector 2010*****Improving arrangements for effective sector development**

*Improving equity and effectiveness of tax concessions for philanthropy*

**Recommendation 7.1**

The Australian Government should adopt a statutory definition of charitable purposes in accordance with the recommendations of the 2001 Inquiry into the Definition of Charities and Related Organisations.

**Recommendation 7.2**

State and territory governments should recognise the tax concession status endorsement of not-for-profit organisations at the Commonwealth level. Given the disparities between eligibility for tax concessions across jurisdictions, state and territory governments should utilise such Commonwealth endorsements in determining eligibility for their jurisdictional concessions, and seek to harmonise tax concessional status definitions or classifications with the Commonwealth over time.

**Recommendation 7.3**

The Australian Government should progressively widen the scope for gift deductibility to include all endorsed charitable institutions and charitable funds. Consistent with the Australian Taxation Office rulings on what constitutes a gift, payments for services should not qualify as a gift.

**Recommendation 7.4**

To encourage cost-effective giving, the Australian Government should explore options to promote and support planned giving, especially payroll giving. Specifically, the Australian Government should provide funding for a national campaign to promote payroll giving and the associated tax benefits. As part of the campaign, governments should encourage the establishment of payroll giving within all their agencies.

*Developing a sustainable market for NFP debt*

**Recommendation 7.5**

Australian governments should assist in the development of a sustainable market for not-for-profit organisations to access debt financing through:

- building business planning skills for not-for-profit organisations, notably social enterprises (recommendations 9.2 and 9.6)
- improving funding certainty for those not-for-profit organisations involved in the delivery of government services to improve loan viability by improving clarity about funding (recommendation 11.1) and the appropriate length of contract (recommendation 12.5)
- exploring options to encourage (for a limited period) community development financial institutions to develop appropriate financial products and services for the sector
- exploring options to make better use of the corpus of philanthropic foundations and trusts to

make loans to deductible gift recipients and endorsed charitable institutions.

The Australian Government should establish an advisory panel, chaired by Treasury, to consider options and assess progress in developing a sustainable market for not-for-profit organisation debt products with the aim of establishing mainstream financial products for investors who are willing to accept a lower risk adjusted financial return for an accompanying social return.

### **Building sector capabilities to improve governance and enhance productivity**

#### **Recommendation 9.1**

Information and communication technology has the potential to enable more cost-effective and higher quality human services. With due considerations to protocols for protecting privacy, in specific service areas, Australian governments should explore the potential for selective sharing of client information between agencies and not-for-profit organisations and other providers, through the utilisation of enhanced information and communication technology.

#### **Recommendation 9.2**

State and territory governments should review their full range of support for sector development to reduce duplication, improve the effectiveness of such measures, and strengthen strategic focus, including on:

- developing the sustainable use of intermediaries providing support services to the sector, including in information technology
- improving knowledge of, and the capacity to meet, the governance requirements for not-for-profit organisations' boards and management
- building skills in evaluation and risk management, with a priority for those not-for-profit organisations engaged in delivery of government funded services.

#### **Recommendation 9.3**

Australian government agencies providing extensive grants to, or using external agencies for, service delivery should establish evaluation programs to assess the effectiveness and actual cost of their programs. Where related to community services, these evaluations should be posted with the Centre for Community Service Effectiveness.

## **SENATE ECONOMICS REFERENCES COMMITTEE**

*Investing for good: the development of a capital market for the not-for-profit sector in Australia, 2011*

### **Recommendations**

Establishing a Social Finance Taskforce

#### **Recommendation 2.1**

2.56 The committee recommends that the government establish a Social Finance Taskforce to assess mechanisms and options in the progress and development of a robust capital market for social economy organisations in Australia. The taskforce should initially report to government by July 2012.

#### **Recommendation 4.3**

4.71 The committee recommends that the proposed Social Finance Taskforce consider the potential for philanthropic trusts and foundations to invest a percentage of their corpus in social investments options, particularly with regard to:

- whether a requirement for philanthropic foundations to invest a percentage of their corpus in mission or program related investments is appropriate in the Australian context;
- how to develop appropriate social investment vehicles for philanthropic intermediaries; and
- any other mechanisms by which the corpus of philanthropic funds could be better utilised to invest in the social economy.

#### **Recommendation 4.4**

4.96 The committee recommends that the proposed Social Finance Taskforce consider the potential for superannuation funds and other institutional investors to invest in emerging social impact investment products, with particular regard to ascertaining:

- what clarification, if any, is necessary regarding the fiduciary duties of superannuation funds and their ability to engage with social impact investment opportunities;
- how social impact investment classes can be used as a portfolio diversification tool by superannuation funds;
- whether incentives may be required in order to attract institutional investment to the sector;
- how social investment funds can be developed to attract institutional investment; and
- what possible mechanisms are available to lower the transaction costs for institutional investors seeking to engage with social investment opportunities.

#### **Recommendation 5.2**

5.98 The committee recommends that the proposed Social Finance Task Force consider possible options to develop Community Development Financial Institutions in Australia, taking into account:

- the findings of the forthcoming study commissioned by the Department of Families, Housing, Community Services and Indigenous Affairs into the current regulatory and legislative environment for Community Development Financial Institutions in Australia;
- whether tax incentives should be established to encourage investment in CDFIs in Australia; and
- any other initiatives that may benefit the development of CDFIs investing in social economy organisations.

*Education, awareness and capacity building*

#### **Recommendation 4.5**

4.104 The committee recommends that professional organisations such as the Australian Institute of Company Directors and investment advisory services develop materials and professional development workshops to inform the corporate sector of investment opportunities in the social economy.

**Recommendation 5.1**

5.28 The committee recommends that philanthropic and financial advisory services promote and encourage opportunities for social investment and engagement with the sector.

**Recommendation 6.1**

6.32 The committee recommends that programs and workshops relating to social impact investment be developed by investment organisations to encourage investors to engage in social investment projects and opportunities.

*Promoting social investment products*

**Recommendation 4.1**

4.69 The committee recommends that the Australian Taxation Office, in consultation with the Australian Charities and Not-for-Profits Commission and other relevant stakeholders, issue explanatory material for Private Ancillary Fund trustees informing them of:

- the ability of these funds to treat any discount to the market returns on social investments as benefit for the purpose of the minimum distribution requirements; and
- the necessity of including a clause regarding social investment classes in their investment strategy documents in order to invest in social investment products.

**Recommendation 4.2**

4.70 The committee recommends that the Commissioner of Taxation, Treasury and the Office for the Not-For-Profit Sector work to create benchmarks and standards for financial returns on social investment classes such as debt products and social bonds, in order to help trustees and fund managers make informed investment decisions in this area.

**Recommendation 6.2**

6.96 The committee recommends that the Departments of Treasury and Finance and Deregulation to examine ways to create incentives to invest in a social bond market in Australia including the feasibility of tax exempt income returns, a government top up on coupons through cash or tax credits and the use of government guarantees.

**Recommendation 6.3**

6.97 The committee recommends that the Office for the Not-for-Profit Sector identify policy areas where social impact bonds could be applied, including intractable problems in indigenous communities. The plausibility of creating social impact bonds in partnership with state governments should also be examined.

6.98 The Office for the Not-for-Profit Sector should work with relevant government departments and agencies and social organisations to implement a social impact bond trial.

*Strengthening Social Enterprise*

**Recommendation 8.1**

8.75 The Office for the Not-for-Profit Sector identify relevant current and future government programs, such as Enterprise Connect and the New Enterprise Incentive Scheme, that could be extended to offer

specialised support for social enterprises. The programs should be extended to include support for cooperatives, employee share ownership plans and employee buyouts.

**Recommendation 8.2**

8.76 The Department of Finance and Deregulation, Treasury and the Office for the Not-for-Profit Sector should jointly conduct a review of the competitive tendering and contracting framework and examine the costs and benefits of:

- social tendering to identify a social purpose business rather than a competitive tendering process; and
- including a community/social benefit criterion in the call for and assessment of competitive tenders.

*Developing a measurement framework*

**Recommendation 7.1**

7.38 The committee recommends that the Department of the Prime Minister and Cabinet identify policy areas where results based funding is already utilised and use any relevant programs as an evidence base towards the development of a robust measurement framework for social economy organisations in Australia.

**Recommendation 7.2**

7.39 The committee recommends the Office for the Not-for-Profit Sector in the Department of the Prime Minister and Cabinet prepare a guide for social economy organisations to assist in evaluation of their performance. The guide should be based on the evaluation framework recommended by the Productivity Commission using inputs, outputs, outcomes and impacts and include Australian case studies and emerging international measurement tools.

7.40 The guide should provide social economy organisations with a number of measurement techniques as options to measure their outcomes and impacts. The committee recommends that the guide be adopted by the Council of Australian Governments and distributed to all government departments and agencies



### ATTACHMENT 3: BACKGROUND ON THE INTERNATIONAL SOCIAL IMPACT INVESTMENT TASKFORCE

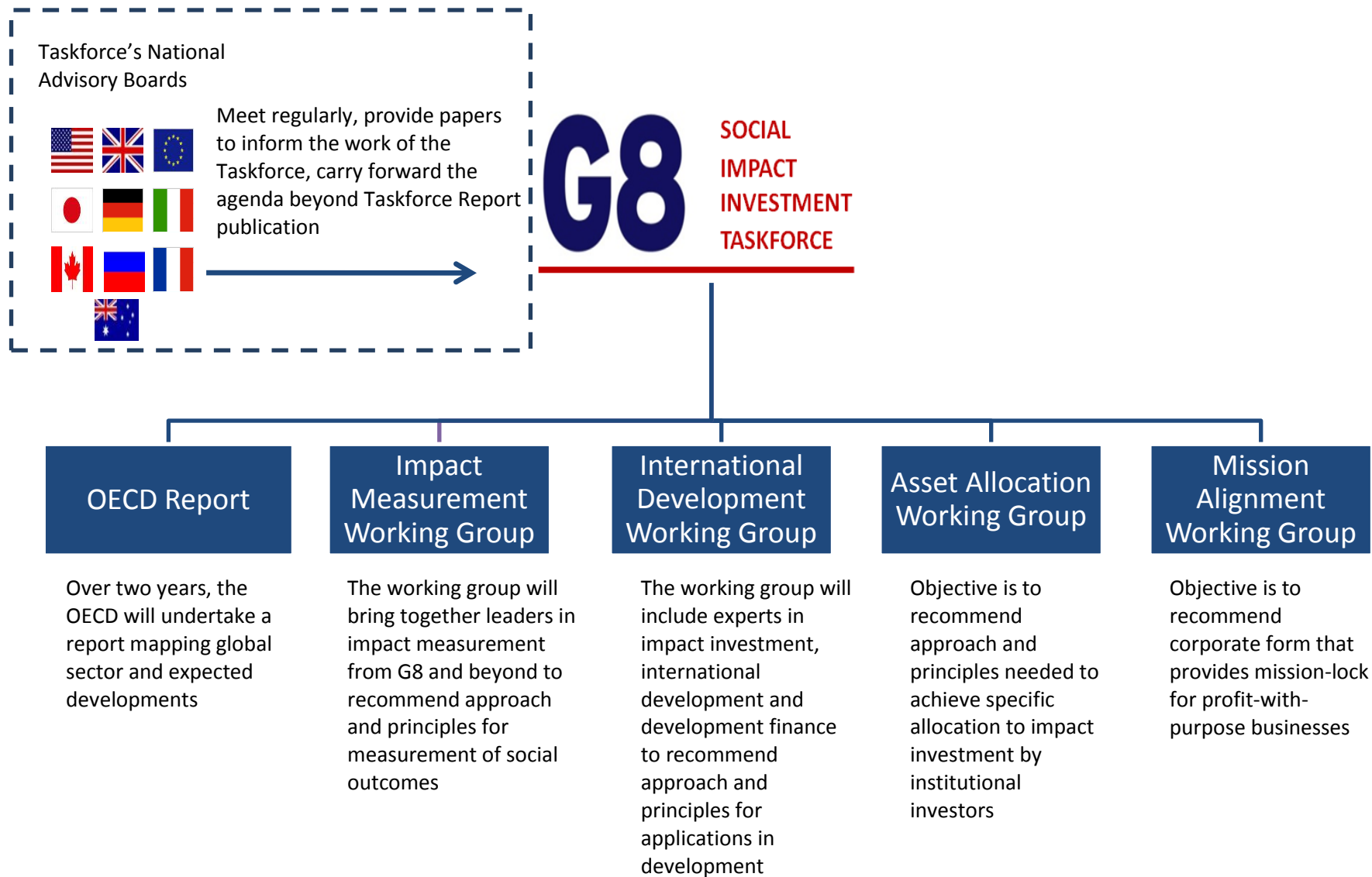
#### MEMBERS OF THE INTERNATIONAL SOCIAL IMPACT INVESTMENT TASKFORCE

SIR RONALD COHEN (UK) (Chair)	Big Society Capital and The Portland Trust
KIERON BOYLE (UK)	Cabinet Office
MATT BANNICK (US)	Omidyar Network
DON GRAVES/JONATHAN GREEMBLATT (US)	US Department of Treasury/White House Office of Social Innovation & Civic Participation
HUGUES SIBILLE (France)	Crédit Coopératif
CLAUDE LEROY-THEMEZE /NADIA VOISIN (as alternates) (France)	Ministry of Economy and Finance/ Ministry of Foreign Affairs
BRIGITTE MOHN (Germany)	Bertelsmann Foundation
SUSANNE DORASIL (Germany)	Ministry for Economic Cooperation and Development
GIOVANNA MELANDRI (Italy)	Uman Foundation
MARIO CALDERINI /MARIO LATORRE La (as alternates) (Italy)	University of Turin Politecnico/ Sapienza University, Rome
JAPAN TBA	
PETER BLOM (EU - OBSERVER)	Triodos Bank
ULF LINDER (EU - OBSERVER)	European Commission
ROSEMARY ADDIS (AUS – OBSERVER)	Impact Strategist; Impact Investing Australia

An International Social Impact Investment Taskforce established by the G8 in 2013. This initiative was announced by PM David Cameron at a Forum in the UK last June. The Taskforce is Chaired by Sir Ronald Cohen, an international leader in the fields of both impact investment and venture capital. The primary aim of the International Taskforce is to galvanise development of an effective global social impact investment market. Each G8 country (except Russia) is represented on the Taskforce by a government official and a senior figure from the world of finance, business, or foundations.

The International Taskforce's work is informed by working groups on impact measurement, asset allocation, development finance and mission integrity, each made up of global leaders in the respective areas, and research by the OECD. The International Taskforce members are supported by a national Advisory Board composed of leaders from the social impact investing field in the jurisdiction. The International Taskforce will report publicly in September 2014.

Australia has been asked to participate for several reasons: the strength of impact investment initiatives undertaken here; and the contribution being made by those involved in establishing Impact Investing Australia Ltd to leading market development locally and globally. Also because it is intended that International Taskforce and initiatives launched at the G8 Forum ought to be the start of greater global engagement, including through the G20 and other international fora. This provides a great opportunity to significantly advance the social impact investment market globally and open up local opportunities forward for what can be achieved in and from Australia.



#### ATTACHMENT 4: MEMBERSHIP & TERMS OF REFERENCE AUSTRALIAN ADVISORY BOARD

##### Members of the Australian Advisory Board

Rosemary Addis (Chair)	Exec Director Impact Strategist; International Taskforce (Observer); Senior Fellow IIPC, Former Social Innovation Strategist Australian Government, former partner Allens-Linklaters
Sandy Blackburn-Wright	Exec Director Impact Strategist; Co-founder Impact Investing Australia; former head of Social Innovation & Community Investment Westpac Banking Corporation
Richard Brandweiner	Chief Investment Officer First State Super, Chair Certified Financial Analysts Australia
David Crosbie	Chief Executive Officer Community Council Australia
Stephen Dunne	Managing Director AMP Capital
Carolyn Hewson AO*	Non-Executive Director including Chair Westpac Foundation, Director Stockland Trust, BHP Billiton, BT Investment Management
<i>*Leave for duration of Financial System Inquiry</i>	
Steve Lambert	Head of Debt Capital Markets, National Australia Bank
Paul Peters	GVP Capital Advisers; formerly partner Deloitte; PWC; former CEO Opportunity International
Carol Schwartz AM	Trawalla Foundation; Chair Our Community; Women's Leadership Institute; Non-executive director including in investment and property
Peter Shergold AC	Chancellor University of Western Sydney; Chair NSW Social Investment Expert Advisory Group, Member Prime Minister's Indigenous Advisory Council
Paul Steele	Donkey Wheel; The Difference Incubator; invited onto Taskforce WG; aged care initiative
Christopher Thorn	Partner Philanthropic Services & Social Investment Evans & Partners (Investment bank); Director Share Gift
Michael Traill AM	Social Ventures Australia

## AUSTRALIAN ADVISORY BOARD TERMS OF REFERENCE

### 1. CONTEXT

#### 1.1 Impact investing

The market for investments that deliver positive benefit for societies as well as a measure of financial return (impact investing) is developing momentum globally. The context and drivers of this new or renewed focus on impact investing are interwoven with broader global trends.

Impact investing has a clear focus on expanding the pool of social and economic value.

*Financial return distinguishes impact investing from grant funding; intentional design for positive benefit to society distinguishes it from traditional investments (IMPACT – Australia)*

Therefore, it has potential as a driver of both productivity and innovation.

Impact Investing is developing in Australia. Australia has a rich history of community enterprise and investment and recent impact investing transactions have demonstrated significant innovation. Further market development builds on the work and contributions of many pioneering leaders and the initiative and achievements of a range of organisations. The Australian experience has drawn from global developments, been contextualised for local conditions and contributed to the international learning and practice. A range of actors from across sectors have been or become active and momentum is growing.

The need to galvanise action and develop practice to develop the field in Australia has been identified by the sector locally (IMPACT – Australia, 2013). The Productivity Commission (2010) and Senate Economics References Committee (2011) have also identified potential for innovation and investment and priorities for action and policy consideration to be explored.

International developments have created an opportunity to establish an Australian Advisory Board to provide leadership and direction for this effort.

#### 1.2 International Social Impact Investment Taskforce

The International Social Impact Investment Taskforce (International Taskforce) was announced by UK Prime Minister David Cameron in June 2013 and is auspiced by the G8. The Taskforce was established formally in September 2013 and is chaired by [Sir Ronald Cohen](#), a recognised global leader in the field.

The primary role of the International Taskforce is to catalyse development of the social impact investment market. A key objective of the International Taskforce's work will be identifying more clearly what the market conditions and developments for impact investing across jurisdictions and what more can be done to grow the global market. The International Taskforce will report publicly in September 2014.

Australia is a participant together with G8 member nations (excepting Russia) and the European Union. Four Working Groups, are contributing work on impact measurement, asset allocation, development

finance and mechanisms for preserving the social mission of impact investing initiatives. The OECD is undertaking research to support the work of the International Taskforce.

Member countries are each establishing local Advisory Boards led by the sector representatives from their respective countries on the International Taskforce.

An overview of the function of these National Advisory Boards set out by the Chair of the International Taskforce is at Attachment A. They are intended to bring together local leaders and practitioners active in the impact investment field and other parts of the system to examine ways of accelerating growth of impact investment in the market. It is anticipated these National Advisory Boards will continue to operate after publication of the International Taskforce report in September 2014.

## **2. ROLE & OBJECTIVES**

### **2.1 Objectives of the Australian Advisory Board**

The purpose of the Australian Advisory Board (AAB) is to bring together leaders from across sectors committed to developing impact investing to develop a clear and dynamic understanding of the Australian eco-system, obstacles to development of the market in Australia, and opportunities to remove these obstacles and for the field of impact investment to develop in and from Australia.

The AAB will work with other actors from across sectors to identify priorities, auspice and scope initiatives, raise awareness and advocate for development of the field and take such other steps as it determines appropriate to drive forward the growth of the impact investment market.

### **2.2 Priority Actions**

The first key objective will be to oversee scoping of the local market conditions and establish priority action areas from the Australian perspective. This process will be critical to applying key trends and issues identified globally to the Australian context and creating practical high value opportunities for policy, product and market development.

### **2.3 Functions of the AAB**

The AAB will work with the Secretariat to agree a work plan AAB, including identifying appropriate parties to undertake:

- Preparation of papers on areas identified as significant to contribute to the work of or otherwise provide an Australian perspective for to the International Taskforce; and
- Other priority actions as identified in consultation with practitioners and stakeholders in the Australian market context.

The AAB will:

- maintain oversight of the voluntary initiatives including through identifying key implementation gaps, ensuring outputs are appropriately challenged;
- building engagement across the market with major foundations, private sector investors, civil society and other international organisations;
- embedding discourse on impact investment in appropriate forums including future government-level discussions; and

- where useful and appropriate to the Australian conditions, advocating consistency in approaches to developing the global architecture across.

### **1.3 Sector Engagement & Advocacy**

Acknowledging, showcasing and removing barriers to sector development is at the central to the ABB role and objectives. Establishing the AAB and IMPACT Investing Australia has been well received by the sector in early consultation. The AAB commits to genuine engagement and collaboration with practitioners and other key stakeholders to inform and implement its work.

Raising awareness and educating a broader range of stakeholders has been identified as a critical element to development of impact investing in Australia and internationally. AAB members agree, to the extent reasonably practicable given the voluntary nature of the role, to assist with communicating what impact investing is, why it matters and advocating for priority actions identified through the work plan.

## **3. MEMBERSHIP**

### **3.1 Membership of AAB**

The AAB will be comprised of highly credible individuals who are leaders in their areas. Membership for the AAB will be drawn from organisations active in the impact investment field and related parts of the system including philanthropic foundations, social enterprises, financial institutions, investment organisations, asset owners, community sector and others who have a commitment to developing the potential and market for impact investment.

The foundation membership of the AAB is listed in Attachment B. Additional membership will be appointed by the Chair in consultation with the AAB membership at the time and the Chair of the International Taskforce while it is in operation.

### **3.2 Commitment**

Members are asked to commit for an initial term of two years to December 2015. Further terms will be considered at the conclusion of that period.

Members of AAB are to declare any perceived, potential or actual conflict of interest before speaking to or taking part in a decision on any agenda item.

## **4. CHAIR, SECRETARIAT & SUPPORT**

### **4.1 Role of Chair**

The role of the Chair will be to:

- Convene and chair regular AAB meetings and ensure accountable and transparent governance, taking into account the nature of the AAB as a voluntary body.
- Maintain effective links with the Chair and membership for the International Taskforce for the duration of its operation and with the Chairs of other National Advisory Boards, as appropriate to inform the work and effectiveness of the AAB.
- Facilitate the AAB setting priorities and a work plan (working alongside the membership and Secretariat).

- Propose future directions and options for implementation of the work plan, including through the establishment of Working Groups if required.

#### **4.2 Secretariat & Support**

The Chair and AAB will be supported by a Secretariat. Impact Investing Australia Ltd will provide and/or coordinate Secretariat support for the AAB for the initial period of its operation in 2014-15, subject to appropriate resources being secured.

It is intended that the Secretariat function will provide support in a manner consistent with the principles set out in Attachment C and which enables the AAB to operate effectively and efficiently in a manner which also satisfies those principles.

The Secretariat may draw upon on additional expertise from a range of sources and sectors as appropriate to supplement the expertise of the AAB and support the AAB to satisfy its objectives and implement its work plan.

#### **4.3 Key Relationships**

AAB's initial work is linked with the role and remit of the International Taskforce. The Secretariat will maintain effective links with the Taskforce Secretariat (provided in 2014 by the UK Cabinet Office).

As the AAB's initial work contributes to a broader international effort involving National Advisory Boards in each country contributing to the International Taskforce, the Secretariat will facilitate collaborative working arrangements with the Secretariat and support for other National Advisory Boards, as appropriate to inform and support the work of the AAB.

#### **4.4 Establishment of working groups**

Working groups may be established from time to time, to support the AAB to fulfil its role. Any working groups will be designed to complement and not duplicate existing functions, add strategic value to the achievement of AAB priorities. Working groups must have a clear and defined purpose, agreed terms of reference and a timeframe for deliverables. Proposed groups should have a clear relationship with the AAB and should have a chair responsible for reporting back through the appropriate reporting line.

### **5 MEETING ARRANGEMENTS**

The Secretariat will work with the Chair and the AAB to propose a calendar of regular meetings. Consideration should be given to the planned meeting dates of other related entities in the sector when scheduling a meeting, including the International Taskforce.

Records of meetings will be distributed by the Secretariat for comment and endorsement at the next AAB meeting.

#### **5.1 Location & Frequency of meetings**

Meetings of AAB will generally alternate location between Melbourne and Sydney, with videoconference and teleconference facilities available wherever possible. Meetings are expected to be held at intervals of approximately weeks or as agreed by the AAB in its work plan.

A plenary session of the International Taskforce, its Working Groups and country National Advisory Boards is scheduled to be held in London in June 2014. Subject to appropriate resources, a delegation of the AAB determined by the AAB will attend.

### **5.2 Decision-making**

Decisions of AAB are made by consensus of the members present at the meeting. It is not intended to be a voting organisation.

### **5.3 Conduct of Meetings**

Meeting agenda items will be discussed under Chatham House Rules to encourage openness and sharing of information.

## **ADDENDUM: ROLE & OBJECTIVES OF NATIONAL ADVISORY BOARDS**

*As proposed by the Chair, International Impact Investment Taskforce October 2013*

The purpose of the national Advisory Boards is to bring together leaders of organisations active in the impact investment field, foundations, social enterprises, investment organisations and others who share a belief in impact investment. The Board needs to be composed of highly credible individuals who are perceived as leaders in their areas.

The objective is to get to an understanding of the eco-system in each country and the obstacles in the way of development of the market in each country and the steps needed to remove these obstacles and provide powerful incentives for capital to flow to impact investment organisations.

It is anticipated that these Groups will continue to meet to push their national agendas forward after delivery of the Taskforce's report in September 2014 and the leader of the group, who is the national non-governmental representative to the Taskforce, should assemble a group that he or she considers to be motivated as well as cohesive for this purpose.

The inaugural meeting of the group should define the key priority action areas for that country and allocate responsibility for preparing papers to be submitted to the Taskforce on each priority action. These areas will depend on the national circumstances and so are likely to vary from country to country. At the same time, they are likely to address issues that are relevant to more than one country. For example, the role of government in commissioning outcome-based securities will be influenced by a relatively common approach to procurement across governments. The Chair of the Taskforce will therefore try to attend each inaugural meeting in person or by video-conference to help set priorities.



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**ATTACHMENT 5: ABOUT IMPACT INVESTING AUSTRALIA LTC**

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Impact Investing Australia Ltd has been established in response to the need to provide leadership and attention, develop infrastructure and demonstrate the potential of impact investment in concrete terms to enable a range of actors to participate and build toward critical mass for the field.

The vision is for a dynamic market for investment that delivers measurably improved outcomes for society, as well as financial return, and one that operates in and from Australia with a diversity of actors and products. The mission is to enable that market by contributing platforms, prototypes, insights and partnerships designed to remove barriers and encourage diversity, innovation and growth.

The particular opportunity is related to the capacity to link with international developments.

- The invitation to participate in the International Social Impact Investment Taskforce and establish an Australian Advisory Board gives focus, attention and legitimacy to the efforts to develop impact investing
- The ability to contribute to the International Social Impact Investment Taskforce and lead the strategy for the Global Learning Exchange enable thought leadership from Impact Investing Australia to be contributed to the global effort in a structured way
- The combined effect is also to contribute to a virtuous cycle of global learning and local practice through application.

The broad goals of Impact Investing Australia Ltd are to:

- provide and enhance leadership and profile for impact investing;
- contribute to infrastructure & coherent practice for a market;
- develop useful resource, evidence & knowledge base to inform action; and
- grow awareness & practice across range of influencers & practitioners

Impact Investing Australia Ltd is the first organisation in the country designed specifically to develop the market, its platforms and practices. Its work will complement the work of a range of organisations active and demonstrating leadership in the field.

The need for a separate body to focus on impact investing has been identified by a range of practitioners and stakeholders and was supported by the federal Senate Economics References Committee in 2011 and the Impact Australia report in 2013.

The opportunity to act now is linked to Australia's participation in the International Impact Investment Taskforce set up by the G8 and playing a role leading the Global Learning Exchange initiative. This will enhance an action oriented agenda with international networks and experience to accelerate local market development. The related initiative to establish an Australian Advisory Board provides a galvanising body to drive the agenda and lead action to develop the potential of the market and overcome the constraints.

For more information, see: [www.impactinvestingaustralia.com](http://www.impactinvestingaustralia.com)