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**Social impact investing discussion paper:  
Letter of support from Big Society Capital, UK for the AAB and IIA submission**

Dear Sir/Madam,

Big Society Capital very much enjoyed the opportunity to meet the Australian Treasurer and his team in London earlier this year to discuss impact investing and investments in affordable housing. This letter is written following up that meeting and in response to the social impact investing discussion paper, launched by Treasury in January 2017. Big Society Capital, an independent institution set up by the Government in the UK, welcomes Treasury's detailed consideration on how to support the growth of the social impact investing market in Australia. Whilst recognising there are differences in context and policy priorities between the UK and Australia, we believe there are lessons that can be learned from our experience that may be helpful in informing Australian policy making in this area.

For your information, Big Society Capital (BSC) was launched in 2012 by the Coalition Government to help build the social impact investing market in the UK. It acts as both a wholesale investor and market champion. BSC has been funded with equity capital, £400m from dormant bank accounts and £200m from high street banks.

With almost 5 years since launch, BSC has committed around £340m to investments which has been matched by over £540m of capital from other external investors. These investors include: charitable foundations; high net worth individuals; corporates; pension funds and government departments. BSC has directly helped develop over 40 new or stronger social investment institutions that have provided a diverse mix of finance and support to charities and social enterprises. Our investments have helped address a range of social issues, from providing affordable housing to building stronger communities to delivering skills and training for the long term unemployed. If of interest, further detail about BSC can be found at <http://www.bigsocietycapital.com>

Big Society Capital believes that a strong, diverse and sustainable social impact investing market is key to both attracting large amounts of private capital to address social causes and, efficiently achieving better social outcomes for people and communities. In the UK, the central Government through the Cabinet Office has played a pivotal role in helping develop

both Big Society Capital and the broader social investment market. This has been achieved through policy reform, support for innovative financing models and building essential market infrastructure. Notwithstanding the differences with the UK, we believe in Australia, the Government could similarly take a leadership position in developing the social impact investing market.

Big Society Capital has played a lynchpin role in helping the UK's social impact investing market reach the scale necessary to attract substantial external capital, and the sophistication necessary to help develop and finance innovative solutions to social challenges.

An independent social impact investment institution, tasked with championing and investing, could also play a valuable and unique role in developing the Australian market. This type of institution is now being implemented in other countries, including Japan and Portugal. Following the recommendation of the G8 Taskforce on Social Impact Investing, many additional countries, some of whom we are advising, are also considering how a similar model could help develop their domestic impact investing markets.

We have been delighted to work with Impact Investing Australia, the Australian Advisory Board and a working group of senior cross-sector leaders on the development of the concept for Impact Capital Australia (ICA). Building on the lessons learned from our experience in the UK, we believe ICA would be a key plank in the development of a robust impact investing market in Australia. We have now worked with Impact Investing Australia for a number of years building the plan for ICA's implementation.

We have shared our experience and case studies and given advice on strategy, investment practice, social impact measurement and market championing. We are encouraged by the highly developed nature of the ICA blueprint tailored for the Australian market and the support for this institution from across the market. We continue to support this initiative and would encourage Treasury to consider how such an institution could help build the Australian impact investing market.

In closing, we would also like to extend our thanks for the outstanding contribution from Australia, led by Rosemary Addis, to the G8 Social Impact Investment Taskforce, now the Global Social Impact Investment Steering Group. We would enthusiastically welcome this continued contribution as a significant part of global leadership.

We would be delighted to have further conversations with Treasury about our development or experience if useful. If further details or information are required, please do not hesitate to contact us.

Yours sincerely,



Cliff Prior  
Chief Executive



Simon Rowell, Senior Director, Strategy and Market Development, on Behalf of Big Society Capital