

COMMONWEALTH OUTCOMES FUND CONSULTATION – WEBINAR TRANSCRIPT

Tiffany Deamer

Good afternoon and welcome to the Commonwealth Outcomes Fund Webinar.

Today I am joining you from Ngunnawal land, and I would like to acknowledge the Ngunnawal people as traditional custodians of the ACT and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region. I extend that respect to any Aboriginal and Torres Strait Islander peoples joining us today.

I would also like to acknowledge the traditional custodians of the lands from which you are joining from today.

I'd like to thank you very much for taking the time to tune in to today's Webinar on the Outcomes Fund.

My name is Tiffany Deamer and I lead the Outcomes-Based Funding Unit in the Targeting Entrenched Disadvantage Taskforce, which has been established within the Commonwealth Treasury. Joining me today is Marg Thomas, who leads the Targeting Entrenched Disadvantage Taskforce. With support from Department of Social Service's Social Impact Investing Policy Team, we are leading the co-design process for the Commonwealth Outcomes Fund.

Today's webinar will provide you with a high-level overview of the Outcomes Fund co-design process and next steps from here.

We are going to start by exploring the scope and objectives of the Outcomes Fund.

I'll then outline our progress to date, including the consultations we've held with the states and territories, service providers, intermediaries, the philanthropic sector, academics and international counterparts, so far.

We are interested in your views on the design of the Outcomes Fund and Social Impact Investing more broadly, which is why we are also launching a survey today which you'll be able to access from our website – a link will also be displayed at the end of this webinar.

Please note that this webinar will be recorded and posted alongside the survey shortly after today's webinar, so you will be able to watch at a time that suits you if you have other commitments today. As we are recording, we won't be taking live questions or comments today but you can provide your feedback through the online survey.

I'll now hand to Marg Thomas who will take you through the background to the Targeting Entrenched Disadvantage package and make some opening remarks.

Thanks Marg.

Marg Thomas

Hi everyone, I'm Marg Thomas, and I lead the Targeting Entrenched Disadvantage Taskforce in the Commonwealth Treasury. I'd like to echo Tiff's welcome and thank you for tuning into the Webinar today. We are pleased to be sharing with you an update on the Outcomes Fund co-design process.

The Outcomes Fund is one of 6 initiatives that was announced in the 2023-24 Budget as part of the Targeting Entrenched Disadvantage package. A total of \$199.8 million has been allocated to this work, and Treasury is partnering with the Department of Social Services to deliver it.

Many of you will be familiar with the Budget announcement, but briefly to recap, the package includes:

Extending the existing Stronger Places, Stronger People initiative, to provide certainty for place-based partnerships in 10 communities.

Partnering with philanthropic organisations through the Investment Dialogue for Australia's Children, to better coordinate our efforts to support child and family wellbeing.

Supporting social impact investing through the Social Enterprise Development Initiative, which is being led by DSS to provide help to eligible organisations, such as social enterprises, to build their capacity to access finance.

Establishing a \$100 million Outcomes Fund.

Funding for the Australian Bureau of Statistics to implement the Life Course Data initiative to capture integrated data insights to inform long-term policy responses.

Developing a whole-of-government framework to address disadvantage to help us to achieve better outcomes for communities, improve the quality of investments, and increase our understanding of what works.

More recently, as outlined in the Employment White Paper, the Government will also investigate opportunities to work with social enterprises to address persistent labour market disadvantage, focusing on the role they could play in employment services and in creating jobs and career pathways.

I'll now hand back to Tiff to take you through the Outcomes Fund and the rest of today's webinar.

Tiffany Deamer

Thank you Marg.

Let's begin by taking a closer look at what the Outcomes Fund is.

The Outcomes Fund is a pool of funding, \$100 million in total, that will be used to make contractual payments to states, territories and service providers based on delivering agreed, measurable outcomes through specific projects.

The Outcomes Fund was announced in the 2023-24 Budget, with funding provisioned in the Contingency Reserve pending the outcome of a co-design process with stakeholders, including states and territories.

Importantly, following co-design with stakeholders, the Government will consider and approve the design of the Outcomes Fund through the 2024-25 Budget development process.

Following this, the Outcomes Fund is expected to be established in 2024-25.

In terms of the overall objectives of the Outcomes Fund, the Outcomes Fund aims to fund projects that reduce entrenched disadvantage through outcomes-based contracting, improve the evidence

base for social policy interventions, improve collaboration and capability sharing, promote social impact investment in Australia.

Some of you may not be familiar with Social Impact Investing and may be wondering what I am referring to.

Social Impact Investing is a relatively new concept that does not have a universally agreed definition. However, most definitions share three key characteristics. Firstly, an intention to generate positive social impact, secondly to make an expected financial return, thirdly it usually involves the measurement of both impact and financial return.

As outlined in the Social Impact Investing Taskforce's Report on Social Impact Investing in Australia, which you can find a link to on our website, Social Impact Investing sits on a spectrum of financing approaches—from grants and philanthropy focused only on the impact created with no financial return, to mainstream investing that focuses primarily on financial returns with little regard to measuring impact.

With the design of the Outcomes Fund being subject to a decision of Government, you might be wondering whether there are any known parameters at this point, and the answer is Yes.

Firstly, the projects that will be funded through the Outcomes Fund must target entrenched disadvantage. That is where disadvantage is persistent and/or multigenerational, and is often the result of complex, compounding and intergenerational factors.

Projects should demonstrate clear results which will require an ability to track outcomes using metrics.

Projects must use outcomes-based contracting. Social Ventures Australia describes outcomes-based contracting as an approach that governments use to commission a program for a clearly defined target cohort, with clearly defined outcomes. Typically, the performance of the program is measured relative to a baseline or counterfactual and payments are linked to the program's performance as measured by the agreed outcome metrics.

International and state counterparts who have used these methods of contracting have indicated that key benefits of this type of contracting are improving the evidence base of what works by building outcome measurement into contracts. It can also address problems where existing policies and services are not achieving the desired outcomes and it complements rather than replaces existing services and so shifts the focus from inputs to outcomes.

There are a range of Outcomes Fund features being considered through co-design, including governance, financial arrangements and project selection, legal aspects, commissioning process, fund timeframes and duration and data measurement and evaluation.

We commenced the co-design process for the Outcomes Fund, focusing on these key areas in August 2023.

The early phases of co-design have focused on engagements with States and Territories, as a key partner for the Outcomes Fund projects. Many of the States and Territories are experienced in outcomes-based contracting.

To date we have completed bilateral meetings with all states and territories and convened a co-design working group with representatives from each jurisdiction.

We have also met with service providers with experience in Outcomes-based contracting, intermediaries, philanthropists, investors, academics and international experts in the field.

You may also be aware that the Treasurer held an Investor Roundtable session on social impact investing in December 2023.

During the Investor Roundtable, leading investors, including some of the nation's biggest banks, superannuation funds, venture capital firms and asset managers, joined other experts and government to examine ways to grow impact investing in Australia.

The next three slides summarise some of the key themes around process, challenges and opportunities for the Outcomes Fund that have been raised with us so far.

We've heard from a range of stakeholders so far, that the Outcomes Fund processes should consider how to avoid open-ended expressions of interest, retain flexibility of financing arrangements, embed evaluation from the start to allow providers to adapt service delivery over the life of the project and the importance of consulting with communities to inform project success.

So far, stakeholders have raised some challenges for the Outcomes Fund, including the 5-year timeframe is expected to be challenging for tackling complex forms of disadvantage. The capacity of service providers given data requirements, ongoing administration and upfront costs of setting up project.

The fact that there are differing levels of experience across jurisdictions with outcomes-based contracting, so capability uplift may be required.

And that data is critical to developing outcome metrics but not always available. This means not all projects will be suited to Outcomes Based contracting.

The main opportunities for the Outcomes Fund that have been highlighted by stakeholders so far include the opportunity to target complex forms of disadvantage, support projects to deliver results and measurable outcomes, adopt strong continuous improvement and evaluation practices and scale programs that work and where there is evidence base.

On the screen now you can see a visual representation of the timelines and next steps for the Outcomes Fund co-design process.

Following the co-design process which we aim to complete in February 2024, Treasury and Department of Social Services will present design options for the Outcomes Fund to Government, for consideration and approval as part of the 2024-25 Budget process.

As you can see, the most immediate next step in the process is phase 3 of the Stakeholder Consultation.

We are commencing phase 3 of the stakeholder consultation today with the launch of a short online survey to capture your views on the Outcomes Fund and Social Impact Investing more broadly.

You can find the details of the webpage on-screen now, and we will also email the link to registered attendees today.

We would greatly appreciate your feedback through the online survey. If you have any problems accessing the link, please contact my team at tedtaskforce@treasury.gov.au.

Once again, thank you very much for your time today and we hope to hear from you through the online survey.