

## MEDIA RELEASE

### Alliance to design new West Australian investment market launched by Treasurer Wyatt

September 12, 2019

WA Treasurer Hon. Ben Wyatt MLA launched the Impact Investment WA Alliance (IIWA) in front of leaders from the State's government, finance, philanthropic, community and business sectors on September 10 at the UWA University Club.

The Alliance is a world-first attempt at different sectors joining forces to design an effective impact investment market from the ground up.

It has clear objectives and provides a reference group for government, investors and other stakeholders as they develop new initiatives and policies.

"Impact investing is an opportunity for the Government to take a fundamentally different approach to addressing our priorities as a State, while building a new finance market in WA to positively contribute to our community," Mr Wyatt said.

Community Services Minister Hon. Simone McGurk MLA said the services must not just be well-intended, but effective.

"We have a responsibility to deliver outcomes, so I welcome the contribution to how we measure, and of course pay, for services for WA families," Ms McGurk said.

[Impact Seed](#) Co-founder Sven Stenvers said that, with the right support, impact investment had the capacity to address some of WA's most intractable social and environmental challenges through business investment.

"These could range from employment-based social enterprises which can support people suffering disadvantage, such as long-term unemployment and disability, through to regenerative agriculture projects in partnership with Aboriginal corporations, which have the capacity to transform WA's \$8 billion agriculture sector, and our food system into the State's largest carbon drawdown project," Mr Stenvers said.

"Today's launch of the Alliance with the Treasurer and Minister McGurk sees a high leverage point for positive action towards these goals."

[The Centre for Social Impact UWA](#) Director Paul Flatau said the Centre was very pleased to partner with Impact Seed and others in the launch of IIWA as it will "help catalyse the development of impact investment in WA".

"Impact investing funds have the potential to significantly expand the pool of finance that can be used directly to create social impact whether that is investments in Aboriginal businesses, in

housing targeted to those vulnerable in the housing market, to debt and equity finance used to scale up social enterprises supporting employment options for disadvantaged job seekers or social impact bonds that create innovative options to address homelessness,” Professor Flatau said.

[WA Super](#) Chairman Tim Shanahan said the Alliance was about people in WA getting organised around impact investment.

“This is a unique opportunity to make a positive impact in Western Australia, for Western Australians with the intention and willingness to use capital for the greater good,” Mr Shanahan said.

[Noongar Chamber of Commerce and Industry](#) Director Oral McGuire challenged the investors and policymakers in the room to look at finance as a system that works with First Nations people, rather than against people.

“It’s on this land that Noongar people upheld the principal of caring for everything,” Mr McGuire said.

The chief executive of Melbourne-based [Impact Investment Group](#) Chief Executive Officer Daniel Madhavan described the Alliance as a “unique opportunity to place outcomes at the centre of how finance is designed”.

Mr Madhavan recognised that WA can draw on its strengths for the creation of this new market:

- a sense of self that is connected to place and community;
- a unique economic mix; and
- philanthropic institutions and individuals (e.g. Lotterywest) that other States would dream of.

[Social Enterprise Finance Australia](#) Chief Investment Officer Hanna Ebeling said the Alliance allowed funders to work together to provide a clear pathway for organisations seeking finance, avoiding the funding gaps that have arisen in other impact investing markets.

IIWA is an alliance of member organisations, auspiced by Impact Seed. The founding members include Impact Seed, the Centre for Social Impact (UWA), WA Super, the Western Australian Council for Social Service (WACOSS) and Impact Collective.

ENDS

**For media enquiries please contact [info@iiwa.org.au](mailto:info@iiwa.org.au). For more information on this media release click [here](#) to download the full release pack with impact investment market opportunities and WA policy context, or visit [www.iiwa.org.au](http://www.iiwa.org.au) or [www.impactseed.org](http://www.impactseed.org)**

## More about Impact Investment

- Impact Investment sees investors seeking out funding opportunities that are focused on generating actively measured social, cultural and environmental impacts, alongside a sustainable financial return.
- Types of impact investment include early or late stage funding for social enterprises, or equity/debt investment into investable impact projects in areas as diverse as housing, clean energy, regenerative agriculture, agroforestry.
- Impact investment can also be supported through instruments such as social procurement (mandating a target for purchasing through social enterprises) or pay-for-performance contracts such as social impact bonds.

## Additional Information

The Impact Investment Alliance (WA) (IIWA) is Western Australia's key reference group for market development and stewardship of impact investment in WA. The Alliance objectives are to:

- **Improve the accessibility, literacy and definition** of impact investment, ensuring an accurate and complete understanding of the discipline,
- **Develop innovative, compelling policy recommendations** towards a comprehensive central government policy approach to impact investment and social enterprise development in WA.
- **Improve standards for impact measurement**, simplifying and strengthening the investment comparison process for investors,
- Provide a platform for **sharing knowledge and expertise** in the field of impact investment in Western Australia,
- **Advocate and educate** the wider community about the benefits of impact investment for all Western Australians.

## DEFINITIONS

***Impact Investment** sees investors actively seek out funding opportunities that are focused on generating **actively measured** social, cultural and environmental impacts, alongside a sustainable financial return. The result allows investors to sustainability contribute to their communities while meeting their investment objectives. **Types of impact investment** include early or late stage funding for social enterprises, or equity/debt investment into investable impact projects in areas as diverse as housing, clean energy, regenerative agriculture, agroforestry; It can also be supported through instruments such as social procurement (mandating a target for purchasing through social enterprises, or pay for performance contracts such as social impact bonds.*

***A Social Enterprise** is a unique entity that is impact-mission driven, and uses a financially sound business model to create actively-measured social, cultural and environmental impact. It derives most of its income from trade of goods or services (i.e. 50% of less of its income is from grants) and it reinvests a significant proportion of its profit in furthering its mission.*

## Western Australia's Unique Value in Building an Impact Investment Market

WA is an entirely unique market for impact investment. WA's remoteness and vast landmass combined with richness of resources and unique public policy have given rise to numerous structural strengths and ground-breaking opportunities for impact investment partnerships in 2019. These include:

\$300M

Australia's only remaining public owned lottery – Lotterywest – arguably the state's largest potential **early-stage impact investor**, granting almost \$300M pa into over 700 impact annually.

A State government, with **procurement** spend of over \$4 billion pa which has in 2019 signalled intent to develop a social impact investment policy.

\$4B

\$4B

A WA not-for-profit social services sector comprising hundreds of small to medium WA based and headquartered NFP's with revenues over \$10 annually and approximately \$4B in cash reserves.

Australia's richest resource sector valued at \$100 billion annually, largely from remote and regional areas, home to hundreds of Aboriginal communities with untapped potential for **social impact bonds** and direct impact investment through **corporate foundations and impact partnerships**.

\$100B

\$1.3B

Australia's largest native title settlement of \$1.3B covering WA's entire South-West. This has created a once in a generation opportunity for commercialisation partnerships and **Aboriginal impact investment**.

WA's agriculture sector is worth over \$8.6B annually and is largely independent from eastern states supply chains, with over 80% of produce exported internationally. Combined with the potential of **Regenerative Agriculture**, this creates an unprecedented industry transformation opportunity to benefit farmers, communities, environment and the WA economy.

\$8.6B

\$15B

A vast energy grid independent from the eastern state's NEM, 100% government owned through trading enterprises managing assets valued at over \$15 billion. Combined with the world's largest lithium resources this creates Australia's largest **clean energy** 'innovation sandpit' for distributed generation, solar, wind, ocean energies and battery storage to replace gas and diesel generation which currently comprise most of the State's capacity.

## Interplay with State 'Our Priorities'

[Our Priorities](#) represent a 'statement of intent for the State Government of Western Australia', a focus for the capacity of Government to solve the problems that seem unsolvable (Our Priorities, 2019).

As the Premier states in his opening message, we cannot achieve shared prosperity, with all Western Australians sharing in the prosperity of our state, using a 'business as usual approach.'



## Our Priorities

Sharing Prosperity

**Impact investment and social enterprise development represents a fundamentally different approach to business as usual and provides one of the greatest opportunities for the WA State Government to meet, and exceed, Our Priorities.**

Social enterprises supported by effective financing models can effectively address social policy objectives, while limiting impact on the State's financial position and building Western Australia's profile as a hub for a new era of finance markets.

### **A strong economy**

Creating jobs through the development of social enterprise has a dual impact. Social enterprise not only supports the growth of employment opportunities; **but at the same time**, contributes to critical social impact outcomes. Social enterprises also offer meaningful opportunities for **disadvantaged and vulnerable job-seekers**, which provides an additional layer of benefit for Government and the community. Supporting social enterprise development and establishing a social procurement strategy are important for this domain.

Experience in other jurisdictions suggests that pay-for-performance and/or outcomes-based contracting can add value in this priority. The evidence exists and we know supporting the early years pays off, however using this knowledge to leverage impact investment into this area relies heavily on Government's appetite to apply a financial proxy to (and make a payment for) an outcome that is particularly far-away.

### **A bright future**

### **A safer community**

Pay-for-performance contracts (including Social Impact Bonds) have been somewhat successful in reducing recidivism in other jurisdictions. Social enterprise development for drug and alcohol oriented social enterprises would also support this Priority.



## A liveable environment

METRONET provides a significant opportunity for the State Government to adopt a similar strategy to Victoria to major infrastructure projects, enabling the achievement of outcomes here and 'A Strong Economy' domains. **Private capital exists to leverage into this Priority**; enterprises simply need some initial capacity-building support to be able to access it.

Supporting Aboriginal businesses supports Aboriginal people. The Aboriginal Procurement Policy and target is a good first step, and capacity building support for Aboriginal community-controlled organisations and Aboriginal-led social enterprises would support the target to become a reality.



## Aboriginal wellbeing



## Regional prosperity

Supporting **regenerative agriculture and local economic development** through mechanisms such as cooperatives has significant potential to add value for this Priority.