

Innovation Industry Consortium

Impact Seed Limited - Discussion Points – 14 November 2017

Background - Key facts

1. Australia has 2% global GDP but 9% of single family offices, with WA over-represented on an economic basis. Family offices are important investment partners for social innovation and social impact investment
1. There are 3,000 Not For Profits in WA (excluding religious and recreational charities). These NFP's:
 - Employ 120,000 Western Australians (+ 142,000 volunteers)
 - Contribute ~\$14 Billion to the WA economy
 - Represent approximately \$700M of cash reserves sitting on often 'lazy' balance sheets
2. WA Government procurement stands at approximately \$14B pa.
3. There are approximately 20,000 social enterprises operating in Australia with over 30% having commenced trading in the past 5 years. WA is under-represented with approximately 100 enterprises, largely due to lack of infrastructure and state govt policy support. Victoria is over-represented due to state govt policy support (see note 4 below)
4. The Victorian Govt 10 years ago funded an intermediary – Social Traders – to develop Victoria's social procurement and enterprise ecosystem. Through firm social procurement targets and intermediary support, Vic's outstanding measurable success has created Australia's largest social enterprise sector employing over 75,000 people to 2017. In Feb 2017 the Andrews govt committed \$5M to expansion support for the sector.
5. On 14 November 2017 at Australia's Impact Investment Summit, Federal Treasurer Scott Morrison announced details of an emerging markets impact investment fund as part of its \$10M budget commitment to social impact investment focusing job creation, economic and social/environmental impact at once
6. The NSW govt has committed to social innovation through the mechanism of social impact bonds.

Question 1: What are the best opportunities for 'Innovation' to deliver jobs in WA

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- WA has a unique untapped opportunity to leverage its \$14B pa procurement spend – through improved social procurement – to re-enforce local/circular economies, which keep money and jobs in Western Australia, leveraging the social services and environment sector to deliver more jobs for Western Australians, particularly those in disadvantaged and regional communities.. thereby also lessening the public cost of direct support and welfare assistance.
 - Social Innovation is an oft-neglected but critical aspect of the WA innovation conversation
 - Social procurement through social enterprise is one of the greatest untapped tools for positive social innovation in WA. The Victorian example has created employment for 75,000 people.
 - Developing Government intermediary support would assist in facilitating ecosystem change with the potential to drive positive outcomes similar to the Victorian model.

- WA Govt support of intermediaries would facilitate development of both supply and demand sides of the market.
- Focusing social innovation through social procurement infrastructure does not mean de-focusing tech innovation, it is an important policy lever as part of an innovation ecosystem development response

Question 2: What role should Government play?

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- WA's Government's current procurement initiatives (eg the Aboriginal Business and Disability Enterprise Initiative) are not target oriented, but instead focus thresholds below which depts. may choose to procure from Aboriginal and Disability enterprises. A more pro-active engagement and innovation-driver approach is needed.
- Social Innovation requires a whole of govt approach – communities don't live within departments. As the chief innovation driver in Government, the Department of Jobs, Tourism, Science and Innovation has unique potential to drive, or at least lead-by-signal, a whole of government social innovation policy that delivers not only jobs, but a raft of other positive social outcomes

Question 3: Who else should Government be working with?

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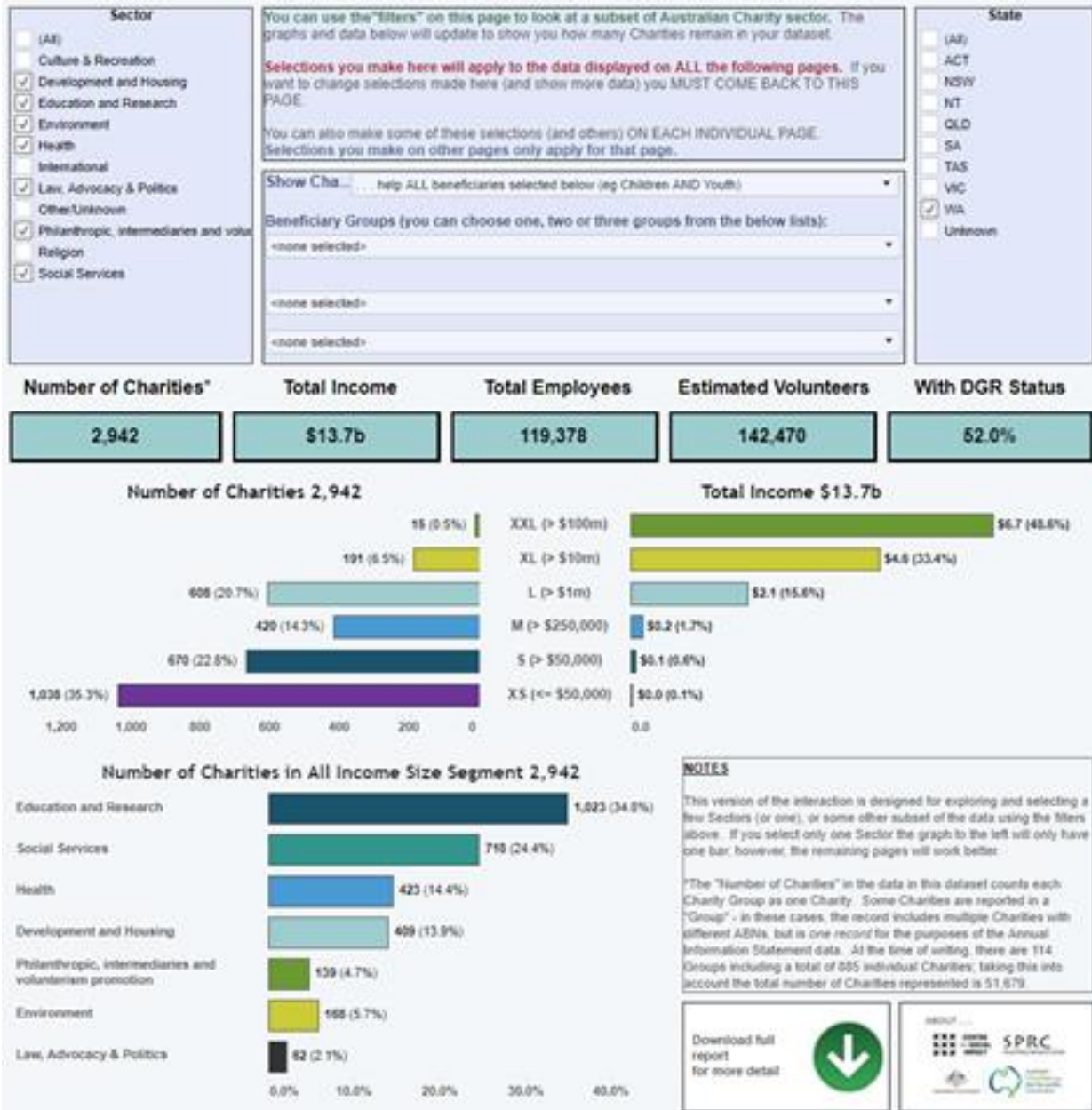
- WA Government social innovation and procurement policy would unlock significant private equity co-investment as it de-risks venture capital for social enterprise. Therefore, facilitating and supporting intermediary collaboration with social-innovation-aligned private equity funders would leverage the Government's own social innovation initiatives outlined here.
- The WA Not for Profit sector contributes \$14B to the state economy, employs over 120,000 people and has cash reserves amounting to an estimated \$700M. NFP co-investment would also be unlocked through Government policy support (or even encouragement of) of social procurement, enabling NFP Innovation of service delivery models, with the following flow-on benefits:
 - Improved social sector financial sustainability
 - Development of innovative enterprise and jobs
 - Tech innovation enablement
 - Aside from enabling innovation and job creation in the social services sector, WA govt policy support would ease pressure on primary funders to the social sector

Question 4: What are some recommended next actions?

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- Develop a small, strategic social innovation working group incorporating key private equity (impact investment), NFP and social impact intermediary stakeholders as outlined in the response to Question 3
- Recommended next steps are design, pilot funding and execution of the social innovation initiatives outlined here – led by the working group

Key Source Data



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Sector

- (All)
- Culture & Recreation
- Development and Housing
- Education and Research
- Environment
- Health
- International
- Law, Advocacy & Politics
- Other/Unknown
- Philanthropic, intermediaries and volunteerism promotion
- Religion
- Social Services

You can use the "filters" on this page to look at a subset of Australian Charity sector. The graphs and data below will update to show you how many Charities remain in your dataset.

Selections you make here will apply to the data displayed on ALL the following pages. If you want to change selections made here (and show more data) you MUST COME BACK TO THIS PAGE.

You can also make some of these selections (and others) ON EACH INDIVIDUAL PAGE. Selections you make on other pages only apply for that page.

Show Ch... help ALL beneficiaries selected below (eg Children AND Youth)

Beneficiary Groups (you can choose one, two or three groups from the below lists):

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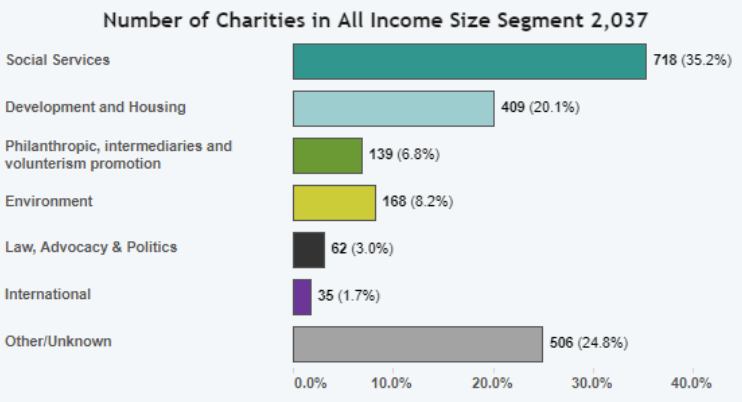
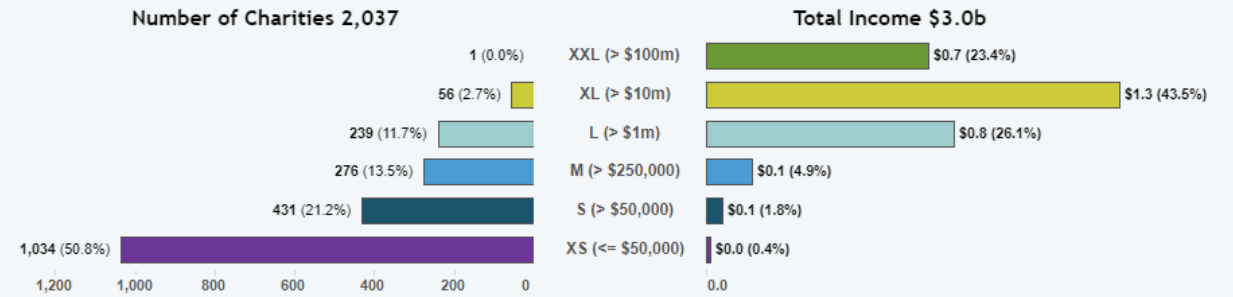
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State

- (All)
- ACT
- NSW
- NT
- QLD
- SA
- TAS
- VIC
- WA
- Unknown

Number of Charities*	Total Income	Total Employees	Estimated Volunteers	With DGR Status
2,037	\$3.0b	29,995	86,759	50.6%




NOTES

This version of the interaction is designed for exploring and selecting a few Sectors (or one), or some other subset of the data using the filters above. If you select only one Sector the graph to the left will only have one bar, however, the remaining pages will work better.

*The "Number of Charities" in the data in this dataset counts each Charity Group as one Charity. Some Charities are reported in a "Group" - in these cases, the record includes multiple Charities with different ABNs, but is one record for the purposes of the Annual Information Statement data. At the time of writing, there are 114 Groups including a total of 885 individual Charities; taking this into account the total number of Charities represented is 51,679.

Download full report for more detail



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