

# Innovation, Enterprise Development and Impact Investment for a Stronger WA



# Innovation, Enterprise Development and Impact Investment for a Stronger WA

Innovation, job creation and sustainable development are at the heart of the WA State Government's aspirations. In the 2024/25 budget, we urge government to consider three transformative approaches that can amplify our shared goals of equitable growth, job creation, and social and community benefit.

Innovative models of service delivery, commissioning and financing are needed to create a sustainable, equitable and inclusive economy in WA. Our submission focuses on three key areas of innovation within which we have significant experience: social enterprise and social procurement; outcomes-based contracting; and impact investing. The potential of these approaches is immense and untapped. Allocating resources here would create benefits for all Western Australians.

# 1

## Grow WA's Social Enterprise Sector

For inclusive, impact-driven economic diversification & sustainable job growth

### Impact Seed Recommends:

#### Develop a Social Procurement Strategy

Introduce a strategy with public sector purchasing targets for social enterprises.

#### Launch a Social Enterprise Growth Fund

**Social Enterprise Capacity Building** grants to build the capacity and capability of Social Enterprise's

**Social Enterprise Growth Funding** to provide capital to support growth of Social Enterprises

Funding for **Social Enterprise Peak Body** to provide the grant distribution, expertise, research and support to the sector.

# 2

## Build Capability and Readiness for Payment by Outcomes

For enhanced outcomes focused community services

### Impact Seed Recommends:

#### Establish a Social Impact Outcomes Fund

Dedicated funding to pay for social outcomes through multiple separate contracts. Open to involvement of Impact Investment and possibility to co-invest with Commonwealth Outcomes Fund.

#### Provide Outcomes-Based Contracting Capacity Building Support

Preparing **Service Providers** and

**Commissioners** of outcomes (Agencies) for designing and delivering outcomes contracts.

# 3

## Leverage Private Impact Investment

To increase funding available to address complex social issues

Both the Social Enterprise Growth Fund and Social Impact Outcomes Fund provide opportunities to leverage private investment for social purpose organisations.



Social innovation



Efficient & leveraged Investment



Sustainable job growth

Since 2015, Perth-based Impact Seed has been WA's only dedicated capacity builder for the social enterprise, impact investment and social innovation ecosystem; And the first WA organisation with dual certification with both Social Traders, and B-Lab as a B-Corp.





# 1 | Grow WA's Social Enterprise Sector

*For inclusive, impact-driven economic diversification and sustainable job growth.*

There are an estimated 12,000 social enterprises trading across Australia, contributing \$21.3 billion to the economy and generating 206,000 jobs<sup>1</sup>.

A social enterprise is a business, for good. They trade like any other business but exist specifically to make the world a better place.

A social enterprise prioritises profit at the same level as its purpose to positively impact social and environmental outcomes. It must do three things:

1. Have a defined primary social, cultural, or environmental purpose consistent with a public or community benefit.
2. Derive a substantial portion of their income from trade.
3. Invest efforts and resources into their purpose such that public benefit outweighs private benefit.

Social enterprises can work with Government to tackle WA's most pressing and enduring problems, including high inequality, entrenched disadvantage, and systemic workforce exclusion. These challenges are not unique to WA, and they are rarely solved by Government alone which is why the Victorian, Queensland and NSW Governments have forged ahead over the past decade with policies and funding to support the growth of the social enterprise sector.

This has recently been complemented by a \$12M Federal Government Social Enterprise Development Initiative (SEDI), which is required to be delivered in collaboration with the States. The Commonwealth Initiative will provide grants, education and mentoring for social enterprises to build capability to access capital and support improved social outcomes. **Without the State Government co-investing into the sector as outlined in this document, there is a risk of WA receiving a limited share of this Federal funding.**

The WA Government is committed to achieving – and continuously improving – Environmental, Social and Governance (ESG) outcomes. Social enterprises can be a valuable actor in these ambitions by promoting decent work and inclusive economic growth, as well as growing resilient regional economies, ethical supply chains, and high-quality human services.

Through the provision of local, high-quality goods and services, WA's social enterprise sector is estimated to employ 17,000 people and contribute almost \$2 billion to the economy<sup>2</sup>.

For further detail on the benefits of social enterprises in WA and examples, please refer to the WA Social Enterprise Council WA Social Enterprise Council (WASEC) Pre-Budget Submission, noting that WASEC was established and is currently auspiced by Impact Seed.

Despite immense potential, social enterprise capability remains severely constrained in WA compared to other jurisdictions where State Governments have supported the sector. The sector's challenges are two-fold:

- WA's social enterprise sector is fragmented and underserved, capping the growth, sustainability, and success of social enterprises.
- As social enterprise sits between traditional business and charity, many fall through gaps in the support infrastructure which exist for the two sectors. They do the job of both, without the enablers of either.

More support is needed for social enterprise in WA underpinned by a strong partnership between the sector and Government, and a shared commitment to deliver social, economic, and environmental impact where it's needed most. This partnership could create the enabling environment needed to enable market maturity and growth with the goal being to create a strong and viable sector – not a subsidised one.

Together, we can build inclusive, regenerative, and local economies that benefit all Western Australians, today and in the decades to come.

# Recommendations

## 1. Develop Social Procurement Strategy

*Impact Seed recommends that the WA Government introduce a social procurement strategy that includes a two per cent public sector purchasing target for social enterprises.*

Last year the WA Government spent \$27 billion on procuring goods, services and works. Shifting a fraction of this spend towards social enterprise could shape an inclusive, sustainable, and fair economy which all Western Australians can benefit from. Social procurement can create jobs for marginalised job seekers to enter the workforce and fill much needed roles (without exacerbating the housing crisis in the way encouraging interstate and overseas migration does).

A deeper, explicit commitment to social enterprise and social value is needed and must be embedded across WA's supply chain and purchasing to support the growth of inclusive workforces.

### Example:

#### *Victoria's Social Procurement Framework<sup>3</sup>*

Since introduction in 2018, over \$156 million has been spent with social enterprises. According to Social Traders, that has created \$87 million in savings to society through:

- 901 jobs and 207,000 hours of training for the most marginalised
- \$6.3 million in community services and \$1.6 million in charitable donations

WA has shown leadership and demonstrated success in supporting Indigenous Business (IB) through the Aboriginal Procurement Policy (AAP), with nearly \$254 million of WA Government contracts awarded to IBs in 2022. The turnkey for this was purchasing targets for agencies and departments.

Social enterprises face the same barriers to procurement as IBs but there are no explicit measures in WA's social procurement framework to direct purchasing towards job creation or training for other cohorts with barriers to employment.

Every \$100,000 spent with a social enterprise creates 0.76 jobs<sup>4</sup>; a 2% purchasing target would generate an estimated 4,000 jobs in WA, mainly for people who are locked out of the workforce.

Along with the 2% target, Impact Seed recommend the WA Government ask its suppliers to deliver social or environmental outcomes as part of the procurement process, and measure and report on the social procurement targets and commitments.



Loop Enterprises

# Recommendations

## 2. Fund and launch a WA Social Enterprise Growth Fund

Based on national best-practice, notably in Queensland and Victoria, Impact Seed recommends the WA Government introduce a Social Enterprise Growth Fund (\$4 million per year for 3 years) to create an enabling environment for social enterprises, and to provide much needed capacity building support and early-stage capital to help social enterprises to enter the market and grow.

This funding would include:

- a. **Social Enterprise Capacity Building Grants** to build the capacity and capability of social enterprises and fast-track high-impact business models (Impact Seed recommend \$1 million per year for \$30-\$100k grants).

To achieve maturity, social enterprises require both broad and specialised skill sets, blending specific areas of social impact and general commercial know-how. However, many in WA are lacking the business development skills needed to engage the market, and there is a vacuum of specialised legal, finance, business, and governance expertise. This can be improved by targeted capability building programs provided by specialist, for-purpose intermediaries.

### Example:

#### *Victoria, NSW and Queensland Social Enterprise Capacity Building Grants*

From 2017–2021, Victoria ran the Social Enterprise Capability Voucher Stream<sup>5</sup>. The vouchers enabled social enterprises to access the expertise they needed to compete in the market, innovate, or become contract and finance ready.

In 2022–23, the Queensland Government provided Sector Development Grants to support the development and growth of the social enterprise ecosystem in Queensland<sup>6</sup>.

The NSW Office of Social Impact Investment (OSII) announced in September 2023 its Social Enterprise Capability Building Program was open for women-focused social enterprises.

- b. **Social Enterprise Growth Funding** to provide capital so more social enterprises can enter the market, begin their impact journey and grow (Impact Seed recommend \$2.4 million per year for \$100–250k grants).

Like any business, social enterprises require different forms of finance depending on their lifecycle stage and growth ambitions. WA has grant programs to boost traditional “innovation and tech” start-ups and

SMEs, as well as Indigenous businesses. Yet, no such support is available for social entrepreneurs who seek to deliver on Government priorities and tackle our state’s greatest challenges. As with other local businesses, early-stage, specific funding for social enterprise is necessary for market entry and growth.

Social enterprises accessing the growth fund could also leverage this Government grant by blending it with other funding e.g., repayable loans from impact investors or mainstream finance, and/or philanthropic grants, depending on their business lifecycle stage, risk appetite and growth ambition (refer to Section 3 for more information on blended finance).

The return on social enterprise grants has been proven in WA. Over a decade ago, Dismantle received start-up funding as part of the State Government’s Social Enterprise Fund<sup>7</sup>. Owing to that grant, Dismantle now supports over 400 at-risk young people each year, enhancing their economic, social and mental wellbeing through a variety of youth development and employment programs.

### Example:

#### *DISMANTLE – WA social enterprise with a proven track record of supporting at-risk young people to overcome barriers*

- 400+ young people engaged in employment and support programs
  - 57 jobs created for at-risk youth – 80% being their first job
  - In-house case management and support to transition to further employment
  - **71% of revenue generated through trade:** property maintenance and bike repairs
- c. Funding for a **Social Enterprise Peak Body** to support the sector towards maturity and sustainability, and provide grant distribution and promotion support, expertise, research and support for sector connection and collaboration (Impact Seed recommends \$450k per year for the continued operation of WA Social Enterprise Council (WASEC) as Industry peak plus \$150k per year for sector impact data and reporting).



WASEC's core focus is to represent, support and grow the social enterprise sector in WA – however it has been largely volunteer run since inception in 2019, while other states have established funding with government support. Without support from a peak body, the sectors ability to collaborate, plan and learn together (with one another, investors, Government and advisors), in order to innovate and improve overall performance is limited.

Like east coast counterparts, WASEC is well-placed to help build a connected social enterprise sector in WA while creating opportunities for social enterprises to learn, share and scale their impact.

**Example:**  
*Social Enterprise peak bodies in Queensland and Victoria*

Both the Queensland Social Enterprise Strategy and the Victorian Social Enterprise Strategy incorporate core funding for an industry peak, in recognition of the valuable role they play in supporting the maturity of the sector, and connecting social entrepreneurs to peers, potential customers, and investment opportunities, across metropolitan and regional areas. They also commissioned sector mapping to determine focus areas for sector development<sup>8,9</sup>.



## 2 | Build Capability and Readiness for Payment by Outcomes

For enhanced outcomes focused community services.

Traditional social service contracting tends to link payments to the inputs or activities of the service. However, social services exist to achieve tangible outcomes with service users – that is, changes which positively impact their life experience.

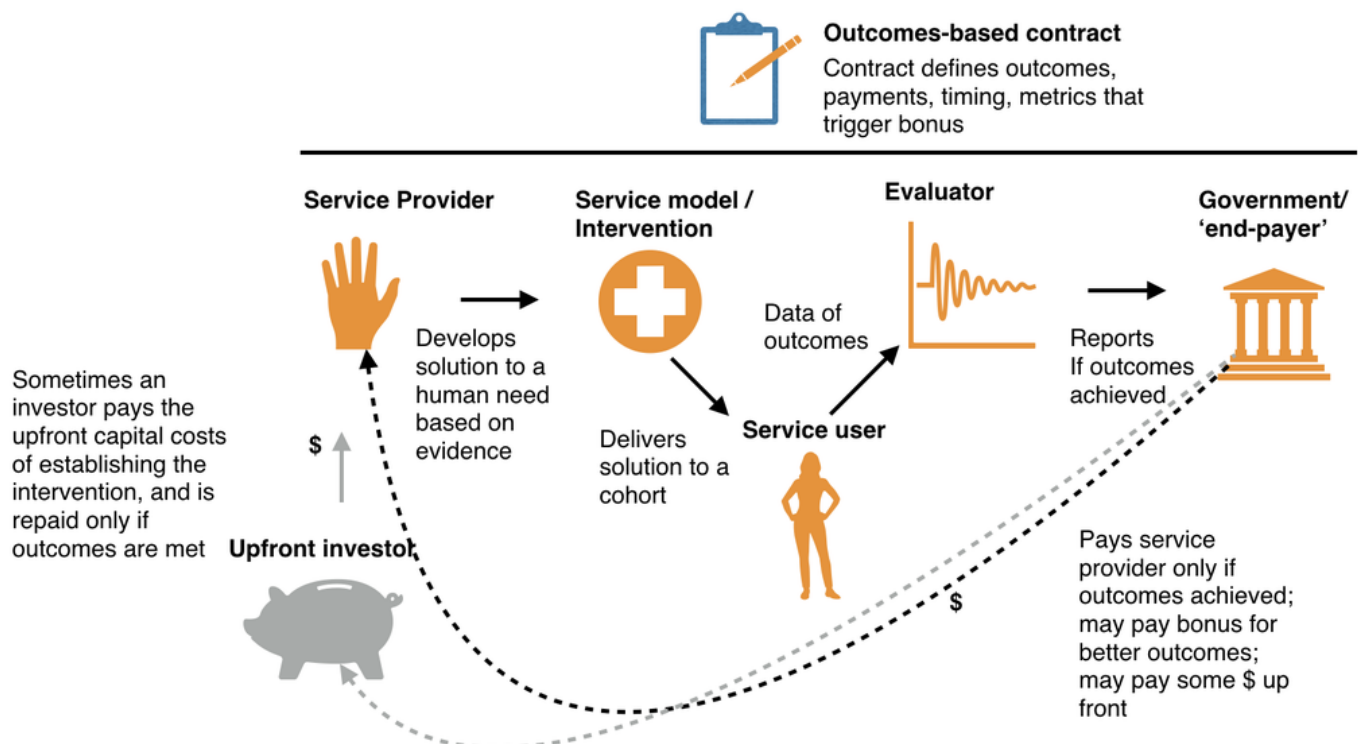
There are a range of ways in which an outcomes orientation can be incorporated into public services, in order to focus on the overall improvements in the life of service users, rather than participation in individual services. Payment by outcomes (also referred to as outcomes-based contracting) is one way of achieving this, by linking payments directly to the achievement of outcomes with service users<sup>10</sup>.

There are significant benefits of outcomes-based contracts for Government:

- **Incentivising desired behaviour** – parties to outcomes-based contracts are incentivised to behave in a more positive manner. Contracting organisations will allow providers to be more flexible, providers will adopt a more innovative
- **Managing risks** – as payment for a service is only made upon the achievement of outcomes, the risk of not delivering outcomes is transferred away from public sector contracting organisations to service providers and/or investors (contracts can be structured so this risk is shared).
- **Reducing costs/increasing effectiveness** – the costs of public services are reduced through increased competition, freedom in service design, and private sector terms and conditions. Effectiveness is simultaneously improved by a focus on evidence-based interventions.
- **Maximising impact** – outcomes-based contracting promotes collaboration, learning and adaptive management with a constant focus on maximising impact, incentivised by the link between outcomes and payments.

### Diagram 1: How an Outcomes-based contract works<sup>11</sup>

Credit: Latitude: Outcomes-based contracting infographic





WA's first State Commissioning Strategy for community services was launched in August 2022 with a focus on long-term outcomes for individuals and the community. Government intends to utilise commissioning as a strategic approach that will enable a fundamental shift in the system of managing the delivery of services to deliver better outcomes to WA.

Outcomes-based payments will likely be a key tool to deliver on the State Commissioning Strategy. The efficacy of the model has been recognised by the national Social Impact Investing Taskforce<sup>12</sup>, as well as the Commonwealth, New South Wales, Victorian, South Australia, and Queensland governments. Yet, this contracting tool remains underutilised in Western Australia.

To improve outcomes focused commissioning and increase payment by results contracts, an investment is needed in data and outcomes, and capability and capacity. These are two of the four enablers to the State Commissioning Strategy listed in the Implementation Plan (along with Agency Commissioning Plans and Governance, Accountability and Processes).

Imperative to the success of the strategy is further development and implementation of the State's Outcomes Measurement Framework (OMF)<sup>1</sup> for community services (which Impact Seed developed with WACOSS in 2017) which will provide important data to State Government agencies about which services are effectively improving quality of life for the most vulnerable members of our community. The collation of data-based evidence will take time, commitment, and investment.

Community service organisations will need support to build capacity to understand and measure the

impact of their services (in alignment with the OMF) and to understand and participate in outcomes-based contracting. Government agencies will also need support to commission based on outcomes.

A \$100 million Commonwealth Outcomes Fund<sup>13</sup> was announced in this year's Federal budget. The Outcomes Fund will make payments to service delivery organisations according to the measurable outcomes they achieve, while enabling them to attract additional private capital to tackle entrenched disadvantage. The Fund will enter outcomes-based contracts, with non-profits and social enterprises who have a deep understanding of local disadvantage and proven track records in addressing it.

Other States are further progressed than WA with respect to outcomes-based contracting and impact investing. Without demonstrating capability, interest and a track record, there is a risk that WA will miss out on the opportunity to access the Commonwealth Outcomes Fund and the potential to leverage further private investment through it.

**Example:**

*Five social enterprises funded under Payment-By-Results contracts to support women facing disadvantage<sup>14</sup>*

In September 2023 the Office of Social Impact Investment (NSW Treasury) announced payment-by-outcomes contracts with five job-focused social enterprises to advance the economic wellbeing of women who face increased barriers to economic security, independence and workforce participation. These contracts are expected to support around 650 women over the next 2-4 years.

**Example:**

*Aboriginal Community Controlled Organisations (ACCOs) engaging with outcomes-based contracting<sup>15</sup>*

The NSW Government has tested the use of an outcomes-based contract with an innovative, ACCO-run program called Momentum. It uses a strengths based model, designed in collaboration with Aboriginal communities, to remove barriers (e.g. birth certificate, drivers licence, employment services) for First Nations people to sustain employment and advance their economic wellbeing. Outcome payments are made for sustained employment, with the long term benefits resulting in cost savings for NSW government through reduced service usage over lifetimes.

The NSW Government is in the process of engaging a number of ACCOs in outcomes-based contracts that focus on education outcomes for First Nations girls.

The aim of this opportunity is to:

- 1 Advance education outcomes for First Nations girls through an outcomes-based approach
- 2 Trial an outcomes-based approach to support Aboriginal Community Controlled Organisation (ACCO) sector
- 3 Empower First Nations organisations to design programs that have the greatest impact for their community, recognising the right to self determination

<sup>1</sup> It has not yet been determined whether WA will continue to use the OMF or the Federal Governments Measuring What Matters framework (released in July 2023). Regardless of the framework, capacity building support will be required for commissioners and service providers.



# Recommendations

## 3. Establish Social Impact Outcomes Fund

*Impact Seed recommends the WA Government establish a Social Impact Outcomes Fund dedicated to funding to pay for social outcomes through multiple separate contracts. (Impact Seed recommend \$20 million over three years).*

Outcomes funds are a proven way for Governments to trial and scale the use of outcomes contracts.

A Social Impact Outcomes Fund could be used to fund multiple separate outcomes contracts with social impact providers (not-for-profit organisations and social enterprises). These contracts could be purely between Government and providers but could also be open to the involvement of impact investment. It could recycle funds as loans are paid back by providers.

The exact cost of the Fund will depend on the outcomes of a co-design process.

The WA Social Impact Outcomes Fund could co-invest with the Commonwealth Outcomes Fund into outcomes contracts with WA service providers and would position WA to take advantage of the \$100m available.

### Examples from other jurisdictions:

**NSW \$30m Social Impact Outcomes Fund (SIOF)<sup>16</sup>** – announced in 2021-2022 NSW budget by the Office of Social Impact Investing (OSII) to pilot a range of social impact investments. The SIOF will see the NSW Government partnering with multiple social impact providers (including social enterprises) to deliver high impact programs, initially focusing on advancing the social and economic wellbeing of women facing disadvantage and improving educational and job readiness outcomes for Indigenous youth.

**UK Commissioning Better Outcomes Fund (£40m)<sup>17</sup>** – an ecosystem building outcomes funds aiming to incentivise new stakeholders to use outcomes-based contracting to address a range of complex social issues. They often co-fund outcomes payments alongside other government bodies. They sometimes require the involvement of third-party investors. 22 investments have been made to date.

The State Government may also consider co-investment with the Resources Community Investment Initiative<sup>18</sup> either into the Fund as a whole or for individual programs/contracts.



*Caption: In July 2022 DSS and White Box Enterprises launched a 3 year, \$3.8m Payment By Outcomes (PBO) trial – the first of its kind for jobs-focused social enterprise. Two Western Australian social enterprises, Dismantle and Good Sammys Enterprises are part of the trial*

# Recommendations

## 4. Provide Outcomes-Based Contracting Capacity Building Support

*Impact Seed recommends the WA Government provide outcomes-based contracting capacity building support to prepare **Service Providers** and **Commissioners** of outcomes (Agencies) for designing and delivering outcome-based-contracts.*

As already identified through the State Commissioning Strategy Implementation Plan investment is needed in data and outcomes, and capability and capacity.

Impact Seed recommends that WA Government commit budget towards supports that covers:

1. Provision of training sessions for service providers and commissioners of outcomes that covers the design and management of outcomes-based contracting using the WA Outcomes Measurement Framework and/or the Commonwealth Measuring what Matters framework. We would recommend these sessions also cover Impact Investing with a view to increasing the involvement of private investors in outcomes-based contracts.
2. Funding to cover grants for service providers to engage specialist consulting support to assist in establishing impact management frameworks for their organisations or programs and designing outcomes-based contracts.

### Example:

#### *South Australia's Social Impact Bond Workshops<sup>19</sup>*

Back in 2014, South Australia was exploring Social Impact Bonds, SIBs (one type of outcomes-based contracting that also leverages private investment). They engaged a specialist intermediary to deliver a series of Laying the Foundations workshops that allowed participants to gain a comprehensive understanding of the context, purpose and practicalities behind SIBs and Payment by Results contracts, and to consider whether the model would be suitable for their own work. This helped to ensure that NGOs in South Australia understand all the details of SIBs, so that they could make an informed decision about participating in a trial. South Australia went on to establish three SIBs following these workshops.



*Impact Seed's Co-founding Director Kylie Hansen, talking to participants attending the Curtin University Switch Program on measuring social innovation in government in 2020.*



### 3 | Leverage Private Impact Investment

*To increase funding available to address complex social issues.*

Impact investment is a rapidly growing market powered by investors who are determined to generate social and environmental impact as well as financial returns (impact investment in Australia doubled in 2022 to \$59 billion<sup>20</sup>). This is taking place all over the world, and across asset classes. In WA, impact investing is still in its early stages, presenting a huge opportunity for growth to support the expanding social enterprise sector. This may include 'real asset' social project and infrastructure development (e.g. carbon assets and social housing), place-based impact investment (directing private impact capital into underinvested places as a way to raise living standards, provide economic opportunity, and build thriving, inclusive communities) and enable outcomes-based contracting through financial instruments such as social impact bonds.

Why is it important as an enabler:

- Impact investment is inextricably linked to the case for growth in the social enterprise sector. Social enterprises have shown that they can create jobs and employment in places which have been left behind by other forms of business, are pioneering in the green economy from sustainable fashion, recycling and reuse networks to solar powered buses and are contributing to outcomes for public services. Investment is needed to grow the number of social enterprises and speed up the growth of existing social enterprises.
- Where complex social challenges exist that cannot be solved through a single intervention, payment-by-results contracts can incentivise collaboration and innovation. Structures such as social impact bonds can enable outcomes contracting to occur (where the service provider does not have access to the working capital needed to set up and initially run the intervention).

Impact investment could be leveraged in the following ways:

- **Scaling social enterprises** – supplying early stage, catalytic capital to social enterprises to unlock their scaling potential. In particular for job-focused social enterprises growing

employment in places with entrenched disadvantage and for cohorts that experience deep barriers to employment. Impact investment can be leveraged to lift up this cohort and create economic outcomes for both individuals and WA.

- **Funding working capital for outcomes-based contracting** – through structures such as social impact bonds, support social enterprises and not-for-profits to enter outcomes-based contracts by covering working capital costs until outcomes are achieved and paid for by government.
- **Blended finance to crowd in private capital** – investments structured to attract investors with different priorities (risk-return-impact requirements from their capital) into the same transaction. It is often seen as the strategic use of government or philanthropic funding to 'catalyse' private capital into impact investments.

How government can help foster impact investing:

- **Supply development** – incentivising a supply of capital, particularly from private sector sources, to generate impact. This includes blended finance, outcome commissioning and venture capital funds. The WA Impact Loan Fund, managed by Impact Seed, will catalyse \$2m into early stage ventures, but critically, requires leverage and matching from other funders. The State Government can play a role in unlocking this and further private capital through its commitment to the WA Social Enterprise Growth Fund (Recommendation 2)
- **Directing capital** – helping to focus the flow of capital towards particular impact targets such as underserved communities. This is supported through intermediaries that understand local needs and how to funnel capital towards investment opportunities.
- **Demand development** – social procurement as well as helping to ensure investment targets have access to opportunities to develop their capacities and become 'investment ready'.

### Example:

#### *NSW Impact Investment Policy*<sup>21</sup>

NSW Government launched its first Social Impact Investment Policy in 2015 and the Office of Social Impact Investment was established to implement it. The Social Impact Investment Policy 2.0 was launched in 2022 with three key priorities: 1) Strengthen and streamline our approach to deliver more social impact investments; 2) Enhance sector capability to embed principles of social impact investment; 3) Build a broader and more diverse impact investment ecosystem.

The NSW policy is underpinned by four core principles:

1. **Outcomes:** designing for, measuring, and rewarding delivery of outcomes
2. **Innovation:** testing innovative services and building an evidence base to embed what works
3. **Prevention:** shifting the focus from high-cost acute services to prevention
4. **Partnerships:** leveraging the strengths of

different sectors and sharing risks and rewards

From policy to action – examples of the NSW Impact Investment Policy in action:

- **Enhance sector capability:** 2022–23 NSW Budget announced NSW Government would commit \$1.29m to deliver tailored capability building support to social enterprises that improve economic opportunities for women facing disadvantage. Two intermediaries have been engaged to deliver the program.
- **Strengthen and streamline approach to deliver more social impact investments:** NSW Government is partnering with 5 social enterprises to advance the economic wellbeing of women. The Payment-By-Results contracts were awarded through an open and competitive process.

### Example:

#### *UK Government approach to impact investment*<sup>22</sup>

The UK has been at the forefront of the impact investment movement and is often looked to for policy based on evidence and lessons learnt. A few approaches adopted by the UK government over the past 10 years include:

1. **Support capacity for enterprises to take on finance:** Investment and Contract Readiness Fund and Social Incubator Fund to help enterprises grow and build skills.
2. **Support investors to provide finance:** find ways to make it easier to be a social investor including tax relief and new models such as blended finance investment that enables government to leverage investment from private investors.
3. **Intermediaries to connect enterprises with investors:** UK set up Big Society Capital as a wholesale social investment bank to grow the social intermediary market.
4. **Support social enterprises to sell products into public or commercial markets:** helped introduce Social Value Act to promote social procurement.
5. **Working capital to enable smaller social organisations to compete for payment-by-results contracts:** develop pipeline for social impact bonds through Outcomes Funds that supports payment-by-results contracting.



# About Impact Seed

Founded in 2015, Perth based Impact Seed catalyses finance and entrepreneurship, integrating social, cultural, and environmental impact as key outcomes alongside financial metric for startup ventures and organisations, and to support ventures and investment. Impact Seed has significant credentials in the innovation and impact landscape in WA, supporting over 100 innovative pilots, emerging enterprises, and investment-ready entrepreneurial projects with a mission of delivering inclusive and sustainable long-term jobs and economic value creation.

Impact Seed is the only WA organisation with dual B-Corp and Social Traders social enterprise certification. We work with corporates, not-for-profits, foundations, entrepreneurs, and investors, supporting strategic design of impact and ESG outcomes, commercialisation and growth of enterprises founded upon these outcomes, and unlocking investment for them.

As a proudly West Australian based advisory our focus is on place-based projects that aspire to create deep-impact here in WA, leveraging our state's greatest strengths: natural and geographical advantages, resource rich public and private investment sectors, entrepreneurial and innovation talent, and deep traditional Aboriginal knowledge of how to care for Country on which we all depend.

## The Team

Impact Seed's core team and broader network of expert advisors have the combined skills, knowledge, and experience to deliver compelling, credible, and actionable impact investment education and advice. Please see further information [here](#).

## Our Experience

Our Western Australian based team has been at the forefront of developing the impact investment and social enterprise market in WA over the past 8 years. Some of our key relevant work has included:

- Establishment of WA's first impact accelerator program (2018) and a \$1.3m entrepreneur capacity building program (2021). Over the past 18 months:
- Supported 100+ social enterprise founders through mentoring and practical support.
- Supported 15+ social enterprises to develop and grow, with 4 social enterprises successfully becoming investment ready and raising over \$2M capital.
- Founding and auspicing the WA Social Enterprise Council (WASEC) and Impact Investment WA Alliance (IIWA) to support the growth of the sector and asset classes in WA, including building the network and community of impact investors in WA.
- Development and co-management of Australia's first place-based impact investment fund and impact framework – the \$20M WA Impact Fund (2019-2022).
- Establishment and management of a concessionary WA focused impact loan fund targeting \$50K-\$300K investments (2023).
- Development of Cerberus Frontier's \$100M Emerging Markets Fund ESG (I) Strategy including inclusion of regenerative ventures in WA into the mandate.
- Development of impact investment strategies and indicators for corporate community investment funds totalling \$100+M.
- WA Whole-of-sector/Government Outcomes Measurement Framework consisting of a hierarchy of outcomes and associated indicators, providing the architecture for whole-of-sector/whole-of-government approach to service delivery across agencies and organisations.
- Development of parts of Rio Tinto's Social Investment Framework including the Outcomes Indicator Matrix and Strategic Partnering Principles that will bring together all of the company's social investments under one framework, working towards a common set of social and environmental outcomes.
- Impact Management Strategy for Wide Open Agriculture's Dirty Clean Food (ASX listed social enterprise).



# Kardan Construction

## Key Case Studies – Social Enterprises



Throughout 2020, Impact Seed supported Aboriginal social enterprise Kardan Construction through its Impact 2 Innovate capacity building program, providing practical, wraparound and grant support during a critical early growth stage. We subsequently helped Kardan raise \$500K impact investment. Kardan has created significant impact in job pathways and apprenticeships for young, disadvantaged Aboriginal people.

*“With the major banks rejecting Kardan’s business loan applications in the early years (2019/2020), Impact Seed supported us in developing our impact strategy and framework, securing a capability building grant, and with introductions to Rise, SEFA and WASEC, through to securing impact investment. Without the support of these organisations, Kardan simply would not have achieved the following outcomes from company inception in September 2019 to present day.”*



Team expansion  
(2 employees to 60+)



Flexibility to generate  
several social impact  
pathways



Deliver meaningful  
positive outcomes across  
these impact pathways



Afford key talent to  
sustain explosive  
growth



Industry recognition  
via multiple business  
awards

*From our lived experience, we believe it would only be of benefit to the community if social enterprise and impact investment were supported with funding from state and federal governments. Kardan’s journey to investment was not straight forward, and the various organisations that provide support to impactful businesses like ours are important enablers.”*

– Frank Mitchell, Founder & Director, Kardan Construction



# Loop Enterprises

## Key Case Studies – Social Enterprises



# 84

Job and training opportunities provided

# 34

Tonnes of textile waste saved from landfill

# 27

Companies upcycling with Loop Enterprises

Loop is a trailblazing WA social enterprise founded in 2017, changing the textile waste game by upcycling and reprocessing corporate textile waste into new products, while also creating job opportunities for marginalised individuals. From refugees and migrants to those in the justice system and people with disabilities, Loop's initiatives empower communities while diverting textiles from landfills.

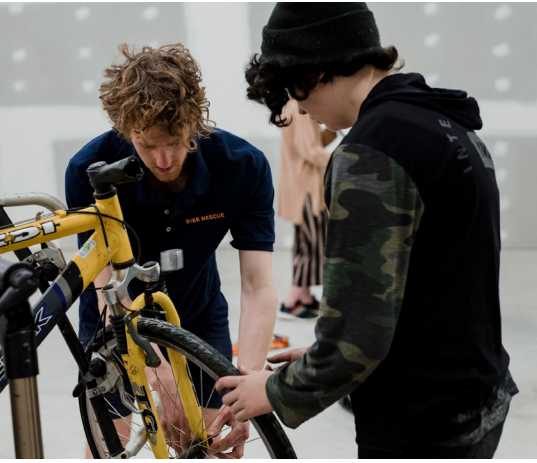
- Existing partnerships include Clough, Fortescue Metals Group and the WA Department of Transport, specifically the Metronet project.
- Loop has provided job pathways and meaningful employment for over 84 people from migrant and refugees in the textile manufacturing industry.

Throughout 2022 and 2023, Impact Seed provided Loop Enterprises (including Loop Upcycling) with practical and financial support through its Impact 2 Innovate capacity program (funded by Paul Ramsay Foundation), embedding business development, governance and strategic management resources with the Loop team.

- Our 2022 support culminated in Loop successfully raising \$70K at the Social Enterprise World Forum pitch event (run by The Funding Network) in Brisbane in September 2022.
- With a marketing strategy and online platform refresh needed, Impact Seed helped Loop access a \$15K Innovative Society grant in early 2023. Throughout his period, we also strengthened Loop's governance as a hybrid entity.
- Supported Loop's founders Dwayne Rowland and Franco Randazzo through WA's Impact Collective initiative with pitch coaching, through a shortlisting and due diligence process for an impact loan.
- This \$250K investment was finalised in mid 2023 through Impact Collective member, Rise – a milestone for impact investment for a for-profit social enterprise startup by the not-for-profit sector. This investment will scale Loop's impact through its corporate partnerships across Australia driving circular economy models and opening doors to employment for underserved communities.

*"We are incredibly grateful for the support of Impact Seed throughout our growth journey, and Rise's investment. This type of investment signifies the shared belief in the potential for positive change through innovative solutions. By collaborating, we are not only advancing the cause of sustainability but also fostering a sense of community and interconnectedness. This alignment is a testament of the transformative power of partnerships that bring together diverse expertise and resources."*

– Franco Randazzo, CEO of Loop Enterprises



### Key impact and outcomes of Impact Seed's partnership with Dismantle



Dismantle recently secured \$250k impact investment in the form of a low-interest loan. This was secured with WA-based stakeholders and marks a significant development in WA's marketplace.



Impact Seed are providing detailed market research to present summaries of the current internal state and external landscape, which will inform strategic planning. This has been delayed for over a year, due to the lack of resources to conduct this kind of study in-house – both due to capacity and capability of internal skills.



Dismantle has undergone a significant change in the governance team. Importantly, the refreshed board are aware of the intricacies of social enterprise, in particular the risk-tolerance that needs to be applied for a social enterprise business model.

Social enterprise is the business path less travelled, and as everyone involved in the social enterprise space knows, 'overnight success' often takes 5-10 years. This is no different for one of WA's social enterprise pioneers, Pat Ryan, CEO of Dismantle. Earlier this year Philanthropy Australia, Spinifex Trust and Impact Seed joined with Dismantle to present an evening of Investing for Impact to an audience of investors and foundations. Last week's announcement that Dismantle has signed contracts for its \$250K impact loan from five WA foundations was the culmination of not only that evening but almost 12 months of solid effort.

*"Impact Seed, through their Impact 2 Innovate capacity building program, engaged with us to provide services in the way of Strategic Planning, market research, governance development and investor engagement. Working alongside the CEO and Chair, Impact Seed have provided insights and advice that has strengthened the foundation of Dismantle, both as a compliant Incorporated Association, as well as an agile and lean social enterprise."*

*"It's no surprise that a key challenge for running a social enterprise is sufficient resources. This is usually represented by cash, with cashflow management and tight margins to remain solvent. At the time, we had over two years of planning to demonstrate that impact investment was the only opportunity to create the vision for growth and development – philanthropy and grants had limitations to enable social enterprise, some being size of funds and alignment with social enterprise objectives."*

- Pat Ryan, CEO of Dismantle



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Impact Seed acknowledge the Traditional Custodians of the lands on which we live, learn and work. We offer our respect to Elders past and present; and to all First Nations people whose sovereignty was never ceded



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