Mr David Murray, AO
Chair, Financial System Inquiry Panel
c/o Australian Government, The Treasury
Langton Crescent
Parkes ACT 2600
Australia

25 August 2014

Dear Mr Murray,

Impact Investment: an emerging trend of significance for Australia's Financial System

We were delighted that impact investment was included in the Interim Report of the Financial Systems Inquiry. This rapidly developing field has an important contribution to make to the nature of our financial system and its capacity to *meet Australia's evolving needs and support economic growth*.

I have attached our supplementary submission responding to the matters raised in the Interim Report.

As indicated in the attached submission, the Australian contribution to the global launch of the Social Impact Investment Taskforce's report will take place on 16 September in Sydney. *Delivering on Impact: the Australian Advisory Board's Breakthrough Strategy to Catalyse Impact Investment* will also be launched at the event. We will provide copies of these reports to the Inquiry.

Thank you for this further opportunity to contribute to the important work of the Inquiry. Impact Investing Australia and the Australian Advisory Board on Impact Investing would be pleased to assist further where that is useful.

Yours sincerely

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Financial System Inquiry

Supplementary Submission August 2014

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Financial System Inquiry

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Overview

The purpose of this supplementary submission is to respond to the Interim Report of the Inquiry, specifically, the section on *Impact Investment and Social Impact Bonds.*

We welcome recognition of this developing field in the report and encourage the Inquiry to develop the relevance and application of developments in impact investment in its final report. In this Submission, we also respond to the policy options set out for consultation and include some additional considerations that go to the role impact investment could play in meeting Australia's evolving needs and supporting economic growth.

Update on Global Developments

The Social Impact Investment Taskforce established by the G8, in which Australia has participated together with seven of the G8 countries and the European Union, will report publicly on 15 September. The report will be provided to Heads of State, including the Australian Prime Minister, just prior to that. In June 2014, the Taskforce members were joined by over 190 delegates from across the world involved in the Working Groups and National Advisory Boards that have been informing its work. At that meeting, Sir Ronald Cohen, Chair of the Social Impact Investment Taskforce stated:

> *This Taskforce is becoming the international vanguard of the revolution…More than 200 able figures are engaged across the G8, Australia and the EU, focused on establishing impact investment as a powerful force in each country.*

In addition to the report of the Social Impact Investment Taskforce, a number of subject matter reports will be released. These will include reports of the Taskforce Working Groups on: measurement, asset allocation, development investment and mission alignment. There may also be reports on the outcomes of country mapping processes and on the potential to develop retail investment opportunities. Further, each of the National Advisory Boards on Impact Investing will report publicly, most including actions and/or recommendations to catalyse the market in their countries. Copies of the reports will be provided to the Secretariat when they become available.

The Social Impact Investment Taskforce is scheduled to meet again at the end of October. At that meeting, consideration will be given to whether and in what capacity the Taskforce should continue to monitor and have a role in relation to implementation of the recommendations included in the report. Other next steps in relation to the original remit to catalyse a global market for impact investment will also be considered. A focus will be extending the institutional foundations and government engagement for this work beyond the G8 to the G20 and other international leaders' forums.

Since our last submission there have been a number of international developments. The US National Advisory Board on Impact Investing released a report focusing on federal policy – *Private capital, Public Good: How Smart Federal Policy can Galvanise Impact Investing – and why it's Urgent*. The launch was hosted by the White House on 25 June 2014. A number of large foundations and institutions committed allocations totalling US$1.5 billion to impact investment in coming years.

> *This report highlights strategies for how the government can partner with impact investors to unleash new capital, talent and energy for social, economic and environmental good…While each of the members of the [National Advisory Board] brings different priorities and perspectives to this effort, all agree that we are at an inflection point where smart policy can scale smart capital for social benefit.*

Practitioners in countries from Brazil to Norway to India have been mobilising local Taskforces, Advisory Boards or similar leadership initiatives and other countries including Portugal are considering social impact funds. The Global Learning Exchange launched at the G8 Forum on Social Impact Investment in June 2013 has had interested people register from over 120 countries. The Vatican has taken up the call to grow the market for impact investment. His Holiness, Pope Francis I remarked (Investing for the Poor, 16-17 June 2014):

> *It is urgent that governments throughout the world commit themselves to developing an international framework capable of promoting a market of high impact investments and thus to combating an economy which excludes and discards.*

The fourth annual survey of impact investors was published by JP Morgan and the Global Impact Investment Network in May 2014 (Saltuk et al 2014). The survey recorded a 26% increase in participation. The 125 respondents collectively manage a total of US$46 billion in impact investments, 58% of which is proprietary capital and 42% managed on behalf of clients. Those respondents for which there was data last year reported a 10% growth in capital committed between 2012 and 2013 and a 20% growth in number of deals. Over 25% of respondents signalled intention to increase investments into Asia and South East Asia (though not Oceania).

What we see emerging globally reinforces the conclusion from our original submission that expanding the pool of economic and social value is a productivity issue and has important implications for supporting not only Australia's economic growth, but its future prosperity. Impact investing can and should be encouraged as part of the financial system in Australia.

Australian Advisory Board on Impact Investing: Breakthrough Strategy to Catalyse Impact Investing

The Australian Advisory Board on Impact Investing will release its strategy for catalysing impact investment alongside the report of the Social Impact Investment Taskforce. The Australian event, as part of the global launch initiative, is scheduled for 16 September 2014. Both reports will highlight the significance of impact investment to enable more innovative and effective approaches that tackle pressing social issues and create economic opportunity. In that context, they will highlight the important contributions of a range of participants in the financial system from banking institutions to institutional investors including superannuation funds, philanthropy and the critical role of governments and policy. A copy of the reports will be provided to the Secretariat.

Defining Impact Investment

How to define impact investment is often raised as an issue. An accepted international definition is developing with a focus on the intended impact of the investment and includes an element of accountability. The Global Impact Investment Network definition of impact investment is:

> *[I]nvestments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances.*

The working definition being used by the Social Impact Investment Taskforce is:

> *Impact investments intentionally target specific societal objectives along with a financial return and measure the achievement of both (where societal embraces social and environmental)*

These definitions help to reinforce the dual objectives of positive societal and financial returns, with the latter introducing accountability for performance in both areas. It would be helpful for this to be reflected in the Inquiry's Report.

Also, the distinction between value creation and values is important. We caution against framing the field in a way that overly emphasises values, and might be construed as outside the fiduciary and governance requirements of trustees, institutional investors and corporations. We note the reference in the Interim Report to the work of Kylie Charlton, Scott Donald et al on impact investment and the role of fiduciaries and trustees in the Australian context (Charlton et al 2013; Charlton et al 2014). The analysis there concludes that, with care, these groups can develop impact investment strategies within the exiting regulatory frameworks.

The Interim Report also places impact investment in a context that appears limited to finance for social enterprise. While Figure 3.2 is helpful in considering how social enterprises may access finance, the preceding sentences suggest that this also defines the universe of impact investment. The field is much broader. As set out in our earlier submission, impact investment can utilise a range of existing and new financial products (debt, equity and hybrids) as well as generating a range of social, cultural and environmental outcomes and financial returns.

> *Impact investments track many of the existing asset classes in financial markets, including cash, fixed interest, infrastructure and alternative assets…There is also a growing interest in the use of new 'hybrid' mechanisms by government and philanthropy… Impact investments can be flexible. They can also take time to design and negotiate, and may not be suitable in all circumstances* (Australian Department of Employment, 2013).

It is an enabler of enterprise and innovation to benefit society and gives governments tools to increase productivity and address the growing gap between the demand for public services and what they can fund and provide. International experience shows that impact investment does not need to be a trade-off between social and financial return.

Both international definitions and global and local analyses are helpful in placing impact investment in the financial system. Increasingly, investment practices are evolving to reflect the introduction of a third dimension to decision making beyond risk and return, which is impact.

Policy Options for Consultation

Impact investing is emerging as an important contribution to the policy toolbox. We welcome the inclusion of a number of policy options in the Interim Report. In this section we have responded to the specific policy options and questions raised by the Inquiry. The following section includes some additional policy suggestions and considerations.

- *No change to current arrangements.* The no change to current arrangements option is not supported. **There is significant policy opportunity to support further development of this field to the benefit of our society.** Without some action to complement government budgets with private capital, stimulate market mechanisms for public good, and create greater diversification of investment opportunities, Australia's competitiveness in what is rapidly shaping as a global market may be compromised or significantly delayed.
- *Guidance to superannuation and philanthropic trustees.* Guidance to superannuation and philanthropic trustees on impact investing is important. **Done well, it would signal consideration of impact as a valid dimension of investment decision making in addition to risk and return, building confidence and mobilising capital.** The Productivity Commission (2010) and Senate Economics References Committee (2011) both noted the significant benefit to the social sector if even a modest proportion of the billions of dollars held by philanthropic intermediaries could be made available as a source of capital. Australia has a large and growing pool of long term assets managed by fiduciaries in our superannuation funds. Some funds, particularly those whose members work in community and social services already seek to develop investment opportunities that meet prudential requirements, deliver financial results benefit the community. Appropriate guidance has potential to encourage more funds to seek such opportunities and promote more investment strategies that create sustainable value and

take account of longer term impact of investment decisions, including the quality of the society into which members will retire.

At a minimum, such guidance should mitigate uncertainty and supplement existing guidance like the example in the guidance for Public Ancillary Funds on social impact bonds.

- *Treatment of PAFs as sophisticated or professional investors.* Subject to appropriate safeguards regarding decision making, including appropriate information and advice, the proposal to classify Private Ancillary Funds as sophisticated or professional investors is supported.
- *Streamlining disclosure requirements for social impact bonds.* Streamlining disclosure requirements associated with social impact bonds would be helpful and, subject to appropriate safeguards, may also assist in making these investment opportunities available to a broader range of investors.
- *More active role for governments and policy in expanding impact investment.* In our view **it is critical governments take a more active role in expanding impact investment**. Risks of not doing so were outlined in our response to the do nothing option above. We encourage the Inquiry to recommend that governments take a strategic approach to building the market for impact investment in and from Australia.

International evidence and local experience demonstrate the powerful effect of government leadership, and that even relatively modest and targeted initiatives (often re-purposing existing spending) can have a significant positive impact on catalysing market activity. There are a range of ways in which governments can stimulate the market. These include funding and regulation. They also include a broader range of low cost options including leadership signalling the importance of the field, convening dialogue and action to develop the field, developing capability in commissioning for outcomes, sharing practice, data and research.

> *Many policies do not require any additional government spending; those that do often repay their costs over time.* (Public Capital, Private Good US National Advisory Board on Impact Investing 2014).

Governments have a role in providing risk capital and taking other measures to de-risk investments, particularly in the early stages of market development where track record is building. There is significant literature and examples about the importance of catalytic risk capital for impact investment (eg UK Cabinet Office 2013, GIIN Issues Paper #1 2013, ImpactAssets Issues Brief #10 2013). This is particularly important for impact investment where leveraging private capital and encouraging market mechanisms is increasingly providing options to better target scarce government resources, promote better outcomes, better quality of services, and developing means for enabling people and communities to be more self-sufficient in the future.

Not all risk capital needs to come from governments, others can play a role. However, in the early stages of market development it is helpful for government to play a role in selected areas. The Social Enterprise Development and Investment Fund initiative that resulted in the formation of three new funds is an example of this working in the Australian context (Senate Enquiry 2011). In a number of areas this could be done through re-orientation of existing spending and would not take additional investment.

It is important the design of such initiatives be catalytic, create clear incentives for improved social as well as appropriate financial outcomes, and stimulate different parts of the market over time. Particular areas where we have identified opportunities for catalytic capital, each of which would also support the role of intermediaries in the market, include:

- ***Seed funding for one or more community investment funds*** to finance aspirational businesses that generate jobs and economic opportunity in communities where that is needed, such as the priority employment areas as categorised by the Department of Employment (Burkett, *Place Based Impact Investment in Australia* 2012).
- ***Start up funding and development support for community development financial institutions*** building on the experience of jurisdictions including the UK and US that policy and financial support can enliven a sector equipped to combat financial exclusion and support development of specialised financial services appropriate to the needs of not for profit and other social purpose organisations (Productivity Commission 2010).
- ***An outcomes fund to encourage commissioning for outcomes and promote capacity for approaches*** that encourage instruments such as social impact bonds to improve quality and results in key areas of social need.
- ***Funding to provide early stage risk capital*** to promote and develop start-up ventures and enterprises, particularly where they improve social outcomes and support economic development (for example, see the US Living Cities Catalyst Fund and Global Development Innovation Ventures initiatives).
- ***Better alignment of incentives and removal of barriers to social infrastructure investment*** to provide improved quality of services to a broader spectrum of society including in early childhood development, aged care, affordable housing and housing for people with disabilities.

It is also important to note that not all catalytic action by government will involve direct funding. Also, the extent of direct catalytic investment required to stimulate the market should be expected to reduce over time. See, for example the staging of policy responses based on market maturity suggested by Social Enterprise Finance Australia in their submission.

Appropriately designed and targeted mechanisms such as guarantees and tax incentives can also play a catalytic role. Lessons from other jurisdictions should be drawn as part of design processes. Examples include the recent UK tax incentives for social investment, US experience of guarantees and catalytic investment through the Small Business Administration, and in the international investment context organisations such as the Overseas Private Investment Corporation. **We agree that the role and introduction of tax incentives should be considered as part of the Tax White Paper process**.

Social investment funds and banks are an important part of the infrastructure not only for impact investment but also for a financial system that encourages financial and social innovation and provides access to capital for social purpose organisations on appropriate terms (e.g. See Productivity

Commission draft report in Childcare and Early Childhood Learning 2014, Box 8.9). **We support development of a social investment fund and/or bank for Australia designed to provide a long-term committed platform that:**

- **Efficiently consolidates and directs capital;**
- **Encourages diverse investor participation, including from institutional investors over time;**
- **Provides a broad suite of investment products; and**
- **Promotes scale and efficiency.**

In our view such funds or banks will be an important addition to the financial system in Australia. However, the independence of early entrants is important and such a fund or bank should not be government owned or controlled. Consideration should be given to utilisation of funds such as unclaimed assets that could deliver value for public funds, as has been done in the UK and is under consideration in Japan, although we note the circumstances of current treatment of such assets in Australia differs from those other jurisdictions. Other lessons from the international experience, for example Big Society Capital in the UK, the US Community Development and Financial Institutions (CDFI) fund, and funds administered by the European Commission, could be brought into frame and adapted for the Australian context. Such initiatives are a priority, and under active consideration by the Australian Advisory Board on Impact Investing.

Additional Policy Considerations & Recommendations

Beyond the areas raised for consideration in the Interim Report, we refer the Inquiry to the suggestions in our earlier submission, set out in Appendix 1. We have also summarised there the suggestions from practitioners and stakeholders identified through a sector consultation process we led since that submission was lodged.

Policy Objectives

In addition to setting policy options, in our view it would be helpful for the Inquiry to provide guidance in its report on the objectives of policy action by governments. These could include:

- Encourage and give confidence to participate in fields within the financial system that promote financial inclusion and access to finance for organisations and communities that traditionally have more difficulty securing access to capital to support;
- Contribute to development of market infrastructure that will provide the frameworks and systems that encourage creation of long term value for society;

- Use catalytic capital and other policy levers to encourage private capital in targeted policy areas to extend reach and quality of services and improve outcomes.

Recommendation: *The Inquiry include in its report an overview of the objectives of policy action to stimulate and expand impact investment*.

Attention Across Market Elements

The barriers to impact investment set out in the Interim Report primarily focus on the supply of capital. While capital supply is a significant aspect of market development, other areas of the market also need to be addressed for the field to move beyond ad hoc innovations to a more cohesive practice. As our and other submissions identified, attention to different aspects of the market is required. As Social Enterprise Finance Australia have indicated in their submission, policy options to stimulate market development will vary with the stage of maturity of the market.

At a high level, areas for action include promoting the development of investable propositions through enterprise development and development of market infrastructure; including data that can assist in assessing the performance of impact investment products (risk, return, and impact). Intermediation, including education, and development of advisers, brokers, funds and other participants, who can develop viable approaches to improve social outcomes, as well as connect stakeholders to capital supply, are also vital to a well-functioning system. The Productivity Commission gave particular weight to the development of community development financial institutions in its report on the contribution of the non-profit sector (2010).

Recommendation: *Provide stimulus for demand and intermediation, particularly supporting advisory roles for social purpose enterprises and organisations akin to the UK Investment and Contract Readiness Fund and support for incubators and accelerators.*

Recommendation: *Provide stimulus for and promote intermediation, including community development financial institutions****.***

Stimulating Catalytic Action from Sources other than Government

A feature of a number of impact investments is productive collaboration among different types of capital. In some cases this involves modest amounts of grant funding or other risk-taking capital being utilised to attract private investment. Often this capital is sourced from government and, as outlined above, we consider that an important feature in developing the market. However, catalytic capital can also come from other sources.

There is particular scope for philanthropy to play a powerful catalytic role in risk management and attracting other sources of investment capital. However, under current regulations, a large number of foundations and all Private Ancillary Funds are constrained.

- Grant making is limited by the requirement these funds give only to organisations with Deductible Gift Recipient status. In the case of Private Ancillary Funds, the requirement is Deductible Gift Recipient category 1. This does not allow for grant based catalytic funding to structures or organisations that do not qualify, which most investment fund structures would not. Also, a range of organisations such as incubators and other intermediaries designed to build the market and opportunities are unlikely to qualify for Deductible Gift Recipient status, but require catalytic funding in the early stages of a market.

- Giving a security over or in relation to an asset of the fund is currently prohibited, even where that relates to facilitating finance or other benefits to organisations with Deductible Gift Recipient status. This limits utilisation of the corpus of philanthropic funds to leverage additional capital for social benefit. We agree with the submission of Philanthropy Australia that this this restriction should be relaxed. Appropriate safeguards for related party dealings or at test relating to the purpose of the security could provide a safeguard against misuse. Also, capacity to expressly weight social considerations aligned with mission or program related investments, at least as a proportion of corpus investment, can mobilise the significant capital currently within the corpus of philanthropic trusts and foundations. The current regulatory environment leaves this capacity uncertain at best for those trusts and foundations, without express capacity in their trust deeds (Charlton et al 2014). Introducing that facility would, in our view, promote the philanthropic purpose of many trusts and foundations and better value for money from the favourable tax treatment afforded to these structures.

Recommendation: *Consideration be given to introducing greater flexibility for PAFs to give to structures that do not have Deductible Gift Recipient status to promote the extension of the philanthropic investments**.***

Recommendation: *Consideration to be given to appropriately designed express and universal capacity for* ***mission and program related investment*** *by philanthropic trusts and foundations including Public and Private Ancillary Funds.*

Recommendation: *That PAFs be permitted to provide guarantees and other security to facilitate access to capital by organisations to which they would otherwise be permitted to make grant funding available**.***

Angel investment also has a role to play. There is precedent for tax and other incentives to encourage investment in innovative ventures, such as the Early Stage Limited Partnership Tax incentive and other aspects of the *entrepreneurial ecosystem* element of the Australian Budget 2014-15.

Recommendation: *Consideration be given to extending access to elements of the entrepreneurial ecosystem package to social purpose initiatives and organisations and investment in them.*

Role of Government in Market Development

The role of the financial system to catalyse new markets, enterprise and innovation, meet the capital needs of organisations of different sizes and stages of development, and operate in different sectors, was highlighted in our original submission. This role for the financial system is vital for impact investment, and has application well beyond. OECD surveys on enterprise and early stage finance reinforce the role of governments in building sector capacity and encouraging the development of innovative solutions, enterprise and intermediaries.

> *Government intervention can play a catalytic role both in facilitating the functioning of the ecosystem and targeting actions to trigger its further development. However, these actions should provide incentives for the engagement, not the replacement, of the private sector and should be conducted in a manner conducive of the market* (OECD 2013*).*

In our view, the role of government as market enabler and catalyst is sufficiently important to warrant detailed economic consideration in its own right. The balance to be struck between priming the pump and unhelpful subsidies, and between correcting market failures and promoting new market opportunities, will always be delicate. Systematic consideration of this role for governments in our specific context would provide benefits for impact investment as well as a range of aspects of the financial system.

Recommendation: The Government provide a reference to the Productivity Commission to examine the role of government in market development.

Priorities

In our view, well designed policy can make a significant contribution to unlocking significant capital that can increase the capacity, reach and effectiveness of organisations to address social issues. However, we appreciate that within the context of this Inquiry, there may be a need to make difficult choices and prioritise among the many promising ideas which come forward.

We would be happy to assist the inquiry as may be appropriate with further material from the local and international experience to assess potential and likely impact of funding and policy initiatives for the Australian context.

Among the policy options canvassed in this submission, in our view the most urgent and highest potential within the financial system to promote efficiency, access and economic growth include funding and support for a social impact fund or bank of critical mass, catalytic funding and policy for community development finance and other intermediaries, introduction of mission or program related investment for philanthropic intermediaries, and support for early stage organisations to promote innovation and enterprise.

Conclusion

There is increasing focus in Australia on the range of ways in which more capital can be directed to social issues and organisations seeking to address them more effectively, on appropriate terms. It is important this potential be developed as part of our financial system within a well-functioning and resilient market to promote growth and prosperity.

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ATTACHMENT 1: POLICY RECOMMENDATIONS

Impact Investing Australia Submission April 2014

We refer the Inquiry to Impact Investing Australia's submission from April 2014 and the policy recommendations included there as follows:

Some quick wins would include:

- Appointment of experienced officers within government to provide a designated point of connection for people and organisations from across sectors, and encourage a more coherent approach among departments and tiers of government and collaboration among other actors.
- Clarification of fiduciary duties for trustees and fiduciaries to allow that once an investment case showing an expected rate of return commensurate with risk can be established, investors can consider social impact.
- Provide risk capital to attract investment for one or more funds to provide appropriate investment for small and medium size enterprises in communities where there is a need for jobs and economic regeneration (e.g. across what were known as the Priority Employment Areas adjusted as appropriate for those communities where major manufacturing is due to close)
- Adaptation of a UK style Contract and Investment Readiness Fund to support enterprise and not for profit sector development
- Re-design of the National Rental Affordability Scheme in consultation with the housing sector and financial market to enable greater institutional investment on appropriate terms.

Other short term initiatives that would require design or exploration as a first step include:

- Explore options to better utilise the corpus of philanthropic trusts and foundations, including adaptation for Australia of mission and program related investment regimes in other jurisdictions.
- Explore options to provide short to medium term catalytic incentives to encourage and develop appropriate intermediation, including community development financial institutions.
- Consider options to support development of a robust and sustainable market for debt products appropriate to the needs of the not for profit sector.
- Explore development of a federal outcomes and innovation fund, which could adapt international models and proposals to take development of social impact bonds and related models to market more quickly and at scale.
- Explore ways in which data held by governments regarding social issues and outcomes can be shared more broadly to encourage more effective measurement and targeting of social issues.

Impact Investing Australia Sector Consultation

The consultation processes we have conducted since April 2014 involving practitioners and stakeholders active or interested in the field (see http://impactinvestingaustralia.com/sector-consultation/) also brought forward a number of policy suggestions, including the following:

- Establishment of a social investment fund or bank to provide a long term committed platform to catalyse and support financial innovation for social benefit and efficiently consolidate a pool of risk capital. For example, this could be modelled on accelerating and aggregating institutions like Big Society Bank.
- Funding for development of capacity and advisory services (modelled on successful initiatives such as the UK Contract and Investment Readiness Fund) to enable social purpose organisations to secure new sources of investment and be effective in securing government contracts.
- Develop data and platforms that can assist in streamlining due diligence and serve as a clearing house for investment opportunities
- Other initiatives to promote enterprise development and innovation including social enterprise loan guarantees, incentives to business like mentoring support tax relief for entrepreneurs and business people to join boards and provide advice.
- Clear guidance for trustees of foundations and trustees regarding legitimate investments and tax treatments
- Provide level of whole-of-government coordination and provide clear public contact points to better enable social sector and social purpose organisations, potential investors and intermediaries to take propositions and question to government. Allow unsolicited proposals for social initiatives similar to infrastructure.
- Share data and develop measures that provide greater transparency on cost of services and potential savings across the whole of government, which would open up new possibilities for payment by outcomes and SIBs
- Develop capability and coordination across government departments and levels of government to utilise financial instruments in areas of social policy.

ATTACHMENT 2: ABOUT IMPACT INVESTING AUSTRALIA

Impact Investing Australia is a non-profit entity established in response to the market-identified need to provide leadership and attention, develop infrastructure, and demonstrate the potential of impact investment in concrete terms, to enable a range of actors to participate and build critical mass for the field.

The vision is for a dynamic market for investment that delivers measurably improved outcomes for society, as well as financial return, and one that operates in and from Australia with a diversity of actors and products. The mission is to enable that market by contributing platforms, prototypes, insights and partnerships designed to remove barriers and encourage diversity, innovation and growth.

Impact Investing Australia Ltd was established in response to two key drivers:

- The need for a platform for ***Australia's participation in the Social Impact Investment Taskforce*** set up by the G8; and
- An ***industry-identified need*** to provide leadership, demonstrate demand and remove barriers to market and product development

Impact investment is not as developed in Australia as some other markets. While Australian transactions have been innovative and thought leadership high quality, incremental ***take up of impact investing has been relatively slow, and policy has lagged behind*** other counties. There has not been clear leadership from either governments or the market. ***Australia could be a great contributor*** with its leading asset management and financial services, and dynamic social sector. We are approaching a tipping point, where Australia can be competitive globally in this promising market, or miss a window of opportunity - to the detriment of our communities and our economy.

There is ***an industry-identified need for a mechanism to bring prominence, leadership and attention*** to developing the market. The ***opportunity to act now*** is linked to global activity, specifically work of the Social Impact Investment Taskforce. This has enabled a high profile Australian Advisory Board on Impact Investing to be convened to provide leadership in catalyzing the market in and from Australia.

For more information see: www.impactinvestingaustralia.com