



28<sup>th</sup> September, 2011

## **Senate Economics References Committee Inquiry into Finance for the Not-for-Profit Sector – Submission**

This Inquiry marks an important point in the discussions within Australia about the role of finance in building viability and sustainability of Not-for-Profit organisations (NfPs). It is important that this conversation lead on to broader discussions in Australia about the role social investment can play in helping to build innovative and lasting responses to key social challenges.

I make this submission late in the Inquiry with the hope that some consideration will be given in the recommendations to extending the discussions into this broader social investment agenda through a social investment taskforce. Such a taskforce could further catalyse cross-sector commitment to a social investment agenda in Australia.

Internationally social investment has benefited significantly from two such taskforces (the social investment taskforce in the UK from 2000 to 2010, and the social finance taskforce in Canada in 2010). These precedents have helped to identify and consolidate the importance of cross-sector commitments to social investment in these countries and stimulated the practice and thinking in social investment more broadly.

We have the advantage in Australia of having a long history of an enterprising Not-for-Profit sector and some leading practice in social investment. We can also learn from other countries that have a longer established policy commitment to social investment and utilise their learnings to ‘leap-frog’ the development of such a policy framework here in Australia.

A social investment taskforce could extend the current discussions about how private capital could ADD to public and philanthropic funding for social impact.

A taskforce could drive cross-sector, cross-party commitment and public education and support for:

- social investment that is focussed on bringing new capital to social service delivery (eg. social impact bonds);
- social investment that is focused on building the NfP sector itself; and
- social investment that is focussed on growing and strengthening underserved communities and contributing to community economic development.

All of these forms of investment are important in order that new capital actually delivers the range of impacts that are needed to address persistent disadvantage in Australian communities. While there is currently a great deal of interest in those forms of social



investment that focus on how new capital could be brought to bear on improving social service delivery (eg. social impact bonds), it is very important that the exploration of social investment go beyond this and that we look more broadly at the role of private capital for doing public good.

In particular, it is crucial that a social investment taskforce focus on how we grow and strengthen diverse, vibrant, innovative and sustainable NfP organisations. I am particularly concerned for how we can ensure a diverse NfP sector into the future, with strong small to medium sized NfPs in addition to larger organisations.

Further, it is important that the agenda for a taskforce also include how private capital could contribute to community economic development and addressing entrenched place-based disadvantage in Australia.

In order for the taskforce to catalyse cross-sector commitment for social investment it would be important for government to provide a mandate for the taskforce, but for the taskforce to be led from outside government. Further, if social investment is to help us to truly ADD private capital to the mix of government and philanthropic funding, I would suggest that it is important that such a taskforce include high level involvement from leaders in the private sector (and not only the corporate social responsibility or philanthropic parts of the private sector). Of course such a taskforce should include leaders from all sectors – not-for-profits, social enterprise, the growing community investment and social finance sector, government, business, finance, investment, philanthropy and academia.

It is important for such a taskforce to have an agenda of action – to provide a framework for catalysing social investment; identifying and addressing any barriers; building a broad, non-partisan commitment; and creating robust public debate and support around the need and role of social investment and a social capital market.

Thank you again for the opportunity to contribute to this important Inquiry.

Yours faithfully,

Ingrid Burkett  
Managing Director  
Knode