

Market Briefing Wrap-Up:

Aboriginal economic development

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The following provides a summary of the questions asked at the session, and the answers provided.

What metrics dictate payment?

The RFP documentation notes that proposals should focus on achieving primary outcomes that enable economic development. Potential payment metrics are also provided but the co-development process will be used to determine the most appropriate payment metrics. Payment metrics for our previous investments follow the principle that payment metrics should be simple, timely, reliable, objective, thoughtful and collectible. See our tools and resources including our online modules and the technical guide to outcomes measurement for further information on choosing outcomes and metrics. See information on our existing investments for examples of payment metrics used.

What is the difference between social impact investment and social public investment?

Social impact investments (SII) differ to traditional public investment in the social sector as the investments are made with the intention of generating measurable social outcomes in addition to a financial return. SII is an innovative method of financing services to address complex social problems. SII progresses from the regular bloc funding model towards a performance based contract where payments are made based on achieving agreed social outcomes rather than on inputs or activities.

This also differs from traditional Corporate Social Responsibility and Environmental, Social and Governance concepts that integrate social and environmental factors within investment. SII goes further by generating social and/or environmental impact alongside financial return, with returns paid to investors determined by the performance of the SII.

What level of expertise is provided during the co-development stage?

During the co-development stage, we will make our Expert Advisory Exchange (EAX) members available to the service provider to fill any gaps in their capacity to deliver a SII. This can include expertise such as legal, strategy, finance, communication and other professional services.

The service provider may also want to consider partnering with an intermediary when developing the proposal, for the co-development phase and for the ongoing implementation of the SII.

Can others join the list of intermediaries or EAX?

Yes, organisations can contact OSII to be included on the list of intermediaries or EAX partners. It is important to note that OSII does not match service providers and intermediaries/EAX on a one to one basis, nor does the NSW Government endorse or recommend any of these organisations as intermediaries, but can provide the list of available organisations and are able to provide a connection for service providers. We can also create opportunities to enable face-to-face connections for



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proponents and interested EAX partners. Proponents are not limited to EAX and intermediaries OSII has connected with, proponents are free to engage advisors they consider appropriate, at their expense.

Who makes the final decision of a proposal being successful or not?

The government has the final signoff of successful proposals. When final proposals are submitted, OSII will convene a cross-agency evaluation panel as well as the SII Steering Committee for approval to proceed to implementation. However, we want robust evidence that the community supports the proposed services. This will form part of the submission and evaluation process where applicants must provide detail of their engagement with community.

Who invites the investors?

Where investment is sought, the proponent will invite investors. OSII can provide a contact point to financial intermediaries via our published list of intermediaries. You also do not need to have secured an investor at this stage of the process. This can be explored and finalised during the co-development phase or later.

Can individuals submit a proposal or does it have to be an organisation?

Proposals must be submitted by an organisation. The NSW Government will only enter into an agreement with an entity that has an Australian Business Number (ABN) and is registered for GST. Individuals could form part of a joint proposal or consortia.

How is the financial return generated – is it purely financial or does it include social return?

Financial return is generated when successful outcomes are achieved. Government will pay for successful outcomes based on the expected savings to the state. These savings could result from avoided services, for example, when children are safely restored to their families.

Can only Aboriginal organisations apply for the Aboriginal economic development RFP?

The RFP is open to all organisations. An important aspect of the submission process is the cultural capability component and the ability for the organisations to demonstrate their capacity to deliver the proposed service and outcomes in a culturally respectful and appropriate manner.

Is the aim to save government money?

SII provides both government savings and financial returns to investors, but most importantly it is about making meaningful change for vulnerable people in this state. It benefits all three parties – government, investors and service providers.