

| Key Area | Alternative Commission's Recommendation | Applicability for Australia | Comment |
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| Transparency | 2. <i>Explain if and how social value is accounted for within your investments</i> – do you expect investees to demonstrate their impact as a condition of investment? Do you offer lower interest rates based on expected impact? Are you prepared to take bigger risks based on expected impact? (Big Society Capital, SIFs) | Priority | For organisations specialising in social investment this should be doable and helpful for their potential investees. A range of interest rates across investments and information about why some are higher than others could also be very helpful. |
| Social investment is dead | 23. <i>Minimise all forms of social investment hype</i> that might inflate expectations and under no circumstances imply that social investment can fill gaps left by cuts in public spending (Cabinet Office, DWP, MoJ, HMT ministers and officials, Big Society Capital, Big Lottery Fund, NCVO, ACEVO, Social Enterprise UK) | Priority | The repetition of statements like "Best available estimates are that the domestic market could reach A\$32 billion in a decade (IMPACT-Australia 2013)" should be discouraged. Cuts in public spending may be a driver for social investment, but there is no basis for the promise that their effects will be mitigated by social investment. |
| Social investment is dead | 24. <i>Avoid treating the development of the social investment market as an end itself</i> – social investment is a relatively small phenomenon overlapping with but not the same as 'access to finance for social sector organisations' and 'increasing flows of capital to socially useful investment'. These wider goals should be prioritised over a drive to grow the social investment market for its own sake– (Cabinet Office, Big Society Capital) | Priority | All those who are involved in 'building the market' should clarify their efforts in terms of their contribution to these wider goals. Many already do. The second goal may need some rewording. |
| Social investment is dead | 30. <i>Provide opportunities and support for citizens to invest in socially motivated pensions</i> (HM Treasury) | Priority | There exists some opportunity for citizens to invest in socially motivated superannuation, but this could be broadened across more superannuation funds. |
| Long live social investment | 32. <i>Social investors should better reflect and understand the market they are seeking to serve by getting out and about</i> , meeting a broader range of organisations – particularly organisations based outside London – recruiting from the sector and cutting costs that deliver no social value – (SIFs) | Priority | Social investment organisations in Australia may have less of a problem with this than in the UK, but certainly there is little evidence of the financing needs of potential investees in social investment policies and strategies so far |

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| Long live social investment | 36. <i>Don't replicate expensive models from mainstream finance</i> , do explore how to use social models and technology to keep costs down (Big Society Capital, SIFIs) | Priority | There is opportunity to develop a social finance market that is fit-for-purpose, rather than simply transposed from conventional finance |
| Doing it ourselves | 46. <i>Ignore hype about the social investment market</i> – (Umbrella bodies, SSOs) | Priority | The hype is still so pure in Australia that many social sector organisations are repeating it, with very few doubting its validity yet |
| Doing it ourselves | 50. <i>Understand that just being socially owned may not be enough</i> – you don't have to care about impact frameworks but need to recognise that an investor will want to know how you are managing your success at what you claim to do (SSOs) | Priority | Some definition of success and measure of progress may be required- it's worth being aware of this and preparing when approaching investors |
| Long live social investment | 34. <i>Focus on additionality</i> and filling the gaps esp small, patient risky, equity-like – (Big Society Capital, Key Stakeholders, SIFIs) | Priority | Even in our nascent market, these gaps are emerging. |
| Long live social investment | 42. <i>'Crowd in' people who aren't rich</i> – support models of social investment that enable investments from people with moderate incomes and assets, and remove barriers that prevent smaller investors from accessing tax breaks such as SISR (HMT, Cabinet Office, Big Society Capital, SIFIs) | Priority | Currently occurring largely via cooperative models. For other models, reliant on private investment, regulatory change (currently being considered) or full prospectus issuing. Tax breaks are not currently available but may become so. |
| Doing it ourselves | 44. <i>Back yourselves and invest in each other</i> – Social sector organisations should consider cutting out the middleman and developing models where they can invest in each other, where legal and appropriate – (SSOs) | Priority | There are examples of this occurring, but potential for more. Australian social purpose organisations are wealthy by UK standards and there is greater potential for this here. |
| Transparency | 1. <i>Publish information on all social investments across all investors</i> – with investees anonymised if required (Big Society Capital, SIFIs, the Social Investment Forum) | Directly applicable | All self-identifying social investors (institutions, foundations and individuals) could be encouraged to do this. Could also be useful for it to be collated somewhere as a database. Consideration would need to be given for negative consequences. Has begun to a certain degree e.g. SEDIF progress report 2013 http://docs.employment.gov.au/node/32639 and WA Social Enterprise |

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| | | | Fund Grants Program http://www.communities.wa.gov.au/grants/grants/social-enterprise-fund-grants-program/Pages/default.aspx |
| Transparency | 6. <i>Be clear about terminology</i> – what specifically do you mean by, for examples, 'social investment', 'impact investment', 'finance for charities and social enterprise' – and consistent across government departments (Cabinet Office, Big Society Capital, SIFs, Big Lottery Fund, Umbrella Bodies) | Directly applicable | Many people who use these terms currently define them, but it may still be useful to encourage this practice as the Australian market develops |
| Transparency | 7. <i>Clarify how much is in dormant bank accounts</i> – look at other unclaimed assets, insurance, Oyster cards, Premium Bonds, and other products. (Cabinet Office, Big Society Capital) | Directly applicable | Australian governments could research unclaimed public funds that could be put to good use |
| Transparency | 9. <i>Publish details of investments made on your website</i> – to enable Social Sector Organisations to understand the size and type of investments you make (SIFs) | Directly applicable | Organisations, families and individuals that make social investments could be encouraged to do this |
| Transparency | 10. <i>Be transparent about costs</i> – be clear about what fees you charge and why (Big Society Capital, SIFs) | Directly applicable | Some social investors do this already but it could be encouraged generally as good practice |
| Social investment is dead | 25. <i>Consider the 'wider universe' of socially impactful investment</i> including additional research on the £3.7 billion investment in SSOs primarily from mainstream banks (Umbrella bodies, Researchers, Big Society Capital, Mainstream Banks) | Directly applicable | Australia has very little research on socially impactful investment at all, so this is a good consideration as we develop new research projects. |
| Social investment is dead | 26. <i>Consider how SSOs can be better supported to access mainstream finance</i> through guarantees and other subsidies, and through information and awareness-raising (HMTreasury, Cabinet Office, Big Lottery Fund) | Directly applicable | Unsure who might take this on, but good to consider for organisations that want to support social sector organisations. |

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| Social investment is dead | 28. <i>Promote greater focus on socially motivated investment in HMT, BoE, and FCA and BIS – (Politicians, Cabinet Office)</i> | Directly applicable | Key institutions for mainstream investment market should be involved in or at least invited to social investment initiatives. |
| Long live social investment | 31. <i>Work together in equal partnership with the social sector to develop a set of principles for what makes an investment 'social' – (Cabinet Office, Big Society Capital, Big Lottery Fund, SIFs, Umbrella bodies, the Social Investment Forum, SSOs)</i> | Directly applicable | This could be one that Impact Investing Australia could lead. |
| Long live social investment | 37. <i>Explore alternative due diligence models including developing common approaches to due diligence for different types of social investment – (Social Investment Forum, SIFs, Big Society Capital)</i> | Directly applicable | Social investment organisations may have some learning to share - unsure. |
| Long live social investment | 39. <i>Support the development of a distinctively social secondary market for social investments where early stage investors will be able to sell on investments to investors with similar social commitment but less appetite for risk (Cabinet Office, Big Society Capital, Access)</i> | Directly applicable | This does not exist in Australia (although there are instances where it has occurred) - could be a good idea to build/test with our tiny market in anticipation of growth. Not obvious who would take this forward. |
| Doing it ourselves | 45. <i>Large asset-rich social sector organisations should consider supporting smaller organisations to take on property either by buying it for them or helping them to secure it by providing a guarantee facility where legal and appropriate (SSOs)</i> | Directly applicable | This may already occur – seems logical |
| Doing it ourselves | 49. <i>Identify what is 'social' about the investment approach that you are hoping for from investors: are you expecting cheaper money, higher risk appetite, more flexibility, more 'patient' capital, wrap around business support? (SSOs)</i> | Directly applicable | This should help both investees and investors define each deal and subsequently, the market |
| Transparency | 11. <i>Be clear about what is 'social' about you approach to investment – what is it that you are doing that a mainstream finance provider would not do – and why is it useful? Mandatory statement of fact sheet. Report</i> | Possibly applicable | It is not obvious who would make this mandatory or why. But the question is interesting and a standardised 'fact sheet' could help potential investees navigate the investor market. |

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| | on overheads. (Big Society Capital, SIFIs) | | |
| Wholesale changes | 22. <i>More funders should consider their possible role in social investment wholesaling</i> including British Business Bank, Esmee Fairbairn, Unltd, Nesta, Wellcome Trust (Funders) | Possibly applicable | There may be potential for some wholesaling, perhaps by superannuation funds or other large funds with a social investment remit |
| Long live social investment | 33. <i>Employ more social entrepreneurs and others with social sector experience</i> – take on more staff with direct, practical experience of using repayable finance to do social good and enable them to use that experience to inform investment decisions (Big Society Capital, SIFIs) | Possibly applicable | This may be something to keep in mind as employment by social investment organisations increases, as does number of people with repayable finance experience, but might be a bit early and this may not be a problem here |
| Long live social investment | 38. <i>Support the development of Alternative Social Impact Bonds</i> options include: (a) models which enable investors from the local community to invest relatively small amounts of money with lower expected returns making them less expensive in the long-term to the public purse, more attractive and replicable; (b) a waterfall approach that sees X% of performance above a certain level reinvested in the enterprise the community (Cabinet Office, Big Society Capital, SIFIs, SSOs) | Possibly applicable | The paper doesn't expand on these suggestions. (a) is relatively clear and in Australia relies on either regulatory change or small private investments (b) is not expanded on in the report and is thus unclear - may already be happening under a couple of different guises |
| Long live social investment | 43. <i>Create a 'Compare the market'/'trip advisor' tool for social investment</i> – enabling organisations to rate their experiences and comment – (Umbrella bodies and SSOs) | Possibly applicable | While nice in theory, there may not be enough social investors and deals made for this to be meaningful. Could be a good thing to start and build over time |
| Doing it ourselves | 47. <i>Go mainstream</i> – if looking for investment, consider banks and other investors and not just specifically social investment (SSOs) | Possibly applicable | The bulk of financing for social purpose organisations in Australia is mainstream banks and investors |
| Doing it ourselves | 48. <i>Before seeking investment, work out whether you are looking for repayable investment or whether you are looking for a grant</i> – (SSOs) | Possibly applicable | There is no clear evidence that this solves a problem we have in Australia |

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| Transparency | 8. <i>Publish asset management strategies</i> – including details of how endowments are invested in a socially and environmentally responsible manner. (Big Society Capital, SIFIs) | Unsure | Unsure what effect would be in Australia |
| Social investment is dead | 27. <i>Apply an added value test</i> before supporting funds and programmes designed to develop 'the social investment market', be clear about the likely social outcomes that social investment offers that could not be better delivered another way (Cabinet Office, Big Lottery Fund) | Unsure | Very difficult to be clear that social outcomes could not be better delivered in another way and would not like to discourage simultaneous initiatives |
| Social investment is dead | 29. <i>Consider providing guarantees for social investment via crowdfunding platforms</i> based on clear position on what 'social investment' means in this context (Cabinet Office, Access) | Unsure | At the moment Australians cannot invest in Australian organisations via crowdfunding platforms |
| Long live social investment | 35. <i>Consider the risk of the social investment market failing to make a significant number of demonstrably social investments at all</i> alongside the risk of some of those investments being unsuccessful (Big Society Capital, SIFIs) | Unsure | This is very broad and how it might be implemented is unclear |
| Transparency | 3. <i>Explain who Big Society Capital (BSC)- backed market is for</i> – Be clear about how many social sector organisations can realistically expect to receive investment from the BSC backed market (assuming it works). If it's 200, be honest about that (Politicians, Cabinet Office, Big Society Capital) | Not applicable | No Big Society Capital equivalent |
| Transparency | 4. <i>Explain what Big Society Capital (BSC)-backed market is for</i> – Be clear on policy positions on crowding in/crowding out – is the point of BSC to bring mainstream investors in or grow the social investment market to crowd them out? (Cabinet Office, Big Society Capital) | Not applicable | No Big Society Capital equivalent |

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| Transparency | 5. <i>Explain the relationship between Big Society Capital and the Merlin banks – What is the banks role (if any) in governance and strategy? Under what circumstances would they receive dividends? (Cabinet Office, Big Society Capital)</i> | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 12. <i>Reconsider the role of Big Society Capital – prioritise building a sustainable and distinctively social investment market over 'crowding in' institutional finance into a new market doing – (Big Society Capital, Cabinet Office)</i> | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 13. <i>Consider splitting the investment of Unclaimed Assets and Merlin bank funds. Unclaimed Assets, allocated by law to Social Sector Organisations, could be invested on terms that better meet demand than currently, while Merlin bank funds could be invested in a wider group of organisations, with a focus on positive social value – (Big Society Capital, Cabinet Office)</i> | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 14. <i>Consider demarcating the unclaimed assets spending as 'social investment' and the Merlin funds as 'impact investment' – (Cabinet Office, Big Society Capital)</i> | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 15. <i>Particularly consider investing some Merlin funds in CDFIs & credit unions that provide finance for individuals and mainstream businesses in response to social need (Big Society Capital)</i> | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 16. <i>Bear more transactions costs – particularly those costs which are imposed on SIFIs through demands for extensive legal processes (Big Society Capital)</i> | Not applicable | No Big Society Capital equivalent |

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| Wholesale changes | 17. In the event that it becomes profitable, <i>before paying out dividends to shareholders Big Social Capital should allocate 50% of profits into a pot of funding to reduce transaction costs</i> for SIFIs enabling them to reduce the cost of finance for SSOs (Big Society Capital) | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 18. <i>Be more flexible in supporting SSOs to engage with public sector outsourcing and be supported by policymakers to do so</i> learning lessons from the experience of the MoJ Transforming Rehabilitation fund (Big Society Capital) | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 19. <i>Consider democratising Big Society Capital board – Or at least be more open and clear about who has controlling stakes and vetoes within its structure . Consider how to make both board and staff team more representative of the sectors that they serve</i> (Big Society Capital, Cabinet Office) | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 20. <i>Change the name 'Big Society Capital' to something less politically charged –</i> (Big Society Capital, Policymakers) | Not applicable | No Big Society Capital equivalent |
| Wholesale changes | 21. <i>Consider whether all remaining funds in dormant bank accounts need to be invested in Big Society Capital or whether remaining funds could be used in other ways – for example, creating local or regional social investment funds controlled by local people</i> (Cabinet Office) | Not applicable | No Big Society Capital equivalent |
| Long live social investment | 40. <i>Consider the practicality of establishing a simple registration and regulation system for organisations eligible for social investment – as supported by unclaimed assets – with unambiguous criteria for registration of organisations who consider themselves to be 'social' but not use a recognised social corporate structure –</i> (Cabinet Office) | Not applicable | It is not obvious what this registration would enable in Australia as our market currently exists |

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| Long live social investment | 41. <i>Listen to the people</i> – find out what (if anything) citizens in general think about social investment (Cabinet Office, Big Society Capital, SIFs) | Not applicable | Citizens in general may not think about social investment, more than likely they've never heard of it. It is not obvious who would collect this information and what they would do with it |