What’s next? Opportunities for Social Impact Investing to Deliver Outcomes for People with Disability

FINAL REPORT

September 2022

SVA acknowledges and pays respect to the past, present and future traditional custodians and elders of this country on which we work. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

Contents

Executive summary

This report explores the opportunity for social impact investing (SII) to enable better outcomes for people with disability. While the disability community is Australia is broad and rich in diversity, it remains the case that people with disability experience systemic disadvantage [1]. To shift outcomes for people with disability, there is a need to drive innovation not only within the disability sector but also at the intersection between people with disability and mainstream services and systems. To do this, we need both more resources and the flexibility to invest in new ways to achieve the most impact. SII can provide new and different forms of capital investment that can enable innovation.

Now is an opportune time to take advantage of rapid growth in SII, with major interest from both investors [2] and government entities [3, 4, 5, 6, 7] and strong evidence of success within Australia and overseas [8] [9]. Specialist disability accommodation (SDA) has already attracted huge volumes of SII capital, with potential to become one of Australia's biggest SII opportunity areas [10]. However, there is a shortage of other investable opportunities in which to direct impact capital [11]. There is potential for SII to play a further role in unlocking opportunities to enable better outcomes for people with disability.

For SII to be successful, it must deliver both social and financial returns. There are six key factors which underpin the success of SII with respect to disability: **Leadership from lived experience; Quality outcomes data and proven models; Investment readiness among investee organisations; Availability of effective intermediaries; Availability of interested and aligned investors; and Government market facilitation** where required.

These factors are present to varying degrees in priority domains for people with disability. Critically, multiple actors play a role, not limited to investors and investees, but also including intermediaries (both financial and impact), advisors and government – and most importantly, people with disabilities themselves.

This report explores the potential to expand SII across the domains of housing (beyond SDA), employment, and technology for service provision. This opportunity analysis gives rise to a set of proposed actions to drive change in those areas (see Section 6: Summary of actions). Looking across multiple domains, the report has identified a set of 11 recommendations that are issue agnostic and linked to the six factors described above. Implementing these recommendations will go a long way to build the impact investing market for disability; they can be found in the table below.

Given the relative immaturity of SII in disability (beyond SDA), we note the imperative to create a network of impact intermediaries. Impact intermediaries include a 'the range of roles and organisations that intermediate solutions, capital and connect, aggregate, advise on, measure and evaluate them.' [12] Multiple reviews of the Australian impact investing market have highlighted the shortage of effective impact intermediaries. The role of impact intermediaries is particularly important for disability, where the market is relatively underdeveloped, demand is often latent and existing institutions lack the knowledge or capacity to invest effectively.

Impact intermediaries are needed to support the full cycle of impact investment: identifying need, convening partners, building investable products, nurturing capacity and generating evidence. In the absence of a convening entity (or entities) to drive innovation across disability, investment is likely to remain ad hoc. Disability will lag behind other social issues as a site of investment and innovation. The catalytic function of the intermediary drives progress across other factors – particularly investment readiness and proven models. While there are a small number of existing impact intermediaries in Australia, there is an opportunity for additional focus on the unique context facing people with disability and the sector more broadly. This could look like expansion of existing intermediaries and/or the establishment of additional intermediaries.

To advance SII in disability, the report makes the following key recommendations:

Factor	Key Recommendations	Key stakeholders to drive this work forward				
		People with Disability	Government	Disability service providers	Investors / Private sector	Philanthropy
Leadership from lived experience	1. Engage people with disability in co-design when creating and funding investment products.	✓	✓	✓	✓	✓
	2. Ensure people with disability are embedded in governance structures across organisations and/or within specific deals or partnerships (e.g., Boards, Advisory Panels, etc.).	✓	✓	✓	✓	✓
Quality outcomes data and proven models	3. Establish benchmarks for social impact measurement in disability.	✓	✓	✓		✓
	4. Create a centralised repository of the products and services that deliver improved outcomes for people with disability.	✓	✓	✓		✓
Investment readiness	5. Ensure access to funding, capacity building and market validation to bridge the gap between the supply of and demand for impact investment opportunities.	✓	✓		✓	✓
	6. Structure a blend of philanthropy and investment capital to scale social enterprises in a range of sectors.	✓			✓	✓
Effective intermediaries	7. Expand and create impact intermediaries that work with people with disability to define opportunities for investment to generate social impact; test, trial and scale evidence-based models; build capability; and convene dialogues between investors and investees within and across sectors.	✓	✓		✓	✓
Interested and aligned investors	8. Fund innovative outcomes-based models supported by early evaluation to build the market by showcasing social and financial performance	✓				✓

Government facilitation	9. Build an outcomes-based funding program for disability and related sectors	✓	✓			
	10. Incentivise early-stage funding of social investors to build the market	✓	✓	✓		✓
	11. Create forums to agree benchmarks for data and evidence on social impact	✓	✓			

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Section 1: Introduction

Disability is part of the human experience. Yet people with disability in Australia still experience systemic disadvantage. Social impact investing is an important tool that can help to drive innovation and create meaningful change for people with disability. This report examines the key factors that enable successful SII in disability and analyses specific opportunities for social impact investing in the areas of housing, employment and enabling technologies for service providers.

Disability in Australia

Disability is highly prevalent in Australia, with one in six Australians living with disability and one-third of those, or about 1.4 million, requiring high levels of support [1]. Yet many people with disability still experience systemic disadvantage, preventing them from accessing the same opportunities for a fulfilling and productive life as people without disability.

> *"If I lived in a society where being in a wheelchair was no more remarkable than wearing glasses, and if the community was completely accepting and accessible, my disability would be an inconvenience and not much more than that. It is society which handicaps me, far more seriously and completely than the fact that I have Spina Bifida."- Shut Out: The experiences of people with disability and their families in Australia [13]*

While some outcomes have improved over time – for instance, educational attainment – people with disability continue to face challenges to active participation in society. For example, only 53% take part in the labour force and around 38% live on low incomes (51% of people with severe and profound disabilities) [1]. A substantially lower proportion of people with disability report feeling satisfied with their life, compared to people without disability (51 and 69% respectively) – and this is lower again for those with more complex needs (36%) [1].

We have made much progress in disability over the past decades, however not all have benefitted equally. In 2010, Australia adopted its first ten-year National Disability Strategy, which guided a range of reforms aimed to improve the lives of people with disability [14]. Most significantly, this included the establishment of the National Disability Insurance Scheme (NDIS), which was introduced in 2013 and progressively implemented across the country until becoming fully operational in 2020. While this was a significant achievement, the NDIS has not achieved all its original aims, particularly around building the capacity of people with disability.

> *"As long as government thinks about hours as the primary unit of payment, you've got a problem. Because then you're focussed on service delivery and not outcomes creation." – John Walsh AO [15]*

In addition, most people with disability are not eligible for the scheme. Of the 4.4 million people with disability, only about 519,000 people with disability are active NDIS participants with an approved plan [16]. While people ineligible for NDIS have access to community sector supports including through the Information, Capacity Building and Linkages Investment Strategy, and aged care where relevant, there are claims that people with disability without NDIS eligibility are 'forgotten' by the system [17].

"I need regular physio, not five visits a year [as covered by Medicare] … that's like a band-aid on a raging wound… We should not say there's the worthy disabled and the unworthy disabled" – Lisa Giles, on living with disability without NDIS eligibility (as quoted in ABC News). [17]

There is recognition of the importance of the voices of people with disability being at the centre of every conversation and action around disability [18]. This is clear in the new Australian Disability Strategy 2021-2031, which was developed through intensive consultation and has been described as "truly representative of the voices of people with disability" [19]. However, people with disability are still often excluded from decision making about policies, programs and activities that affect their lives. An NDIS review found that people with disability experience "chronic disempowerment" which can make it difficult to speak up about what they want or feel, especially if they fear losing access to supports [20].

Why social impact investing?

To shift outcomes for people with disability, there is a need to drive further innovation. To do this, we must direct resources in a way that allows organisations and social entrepreneurs the flexibility to pursue new opportunities, grow effective programs, acquire assets, and invest in organisational capacity. Current government funding only goes so far, with its tendency towards fixed programmatic funding and/or low-margin unit costing, which does not leave much left over for innovation. Social impact investing (SII) can provide the resourcing needed for innovation, particularly to provide the requisite upfront capital, including for organisations or issue types for which there are barriers to accessing other sources of capital.

"Imagine a world where organisations who are doing great work in the community could actually say 'This is the team we need and this is what we think we can deliver with and for this community' and be rewarded by the value that they create." – Rosemary Addis, Founding Chair of Impact Investing Australia [21]

There is rapid growth in interest in impact investing, from both specialised and mainstream investors. In its global survey of investors, EY found that 90% of institutional investors are now paying more attention to environmental, social and governance (ESG) outcomes when making investment decisions [2]. Governments are taking an interest in SII, with every state and territory government in Australia now taking part in SII (through their own initiatives and/or participation in the Commonwealth Government's SII project) [3, 4, 5, 6, 7]. There is an opportunity to leverage this growing interest in outcomes-focussed investment to drive real, meaningful change for people with disability.

SII has shown potential for transformational effects for people with disability, under the right conditions. In the last five years, there has been $2.5 billion invested into the development of Specialist Disability Accommodation (SDA), and the market is still growing [8]. These investments will provide mutual benefits for multiple parties. They will help to unlock housing choice for thousands of people with disability, but they also have the potential to provide long-term stable returns to investors (provided they produce a quality product that tenants want).

SII does not work in isolation, rather it can complement and enhance other investments in disability. SII can strengthen organisations' capabilities to deliver on NDIS and other government funded services, as seen in the SDA example. This helps the government deliver on its commitments and makes public expenditure go further. For example, a review in the United Kingdom showed one type of SII, Social Impact Bonds, produced as much as £10.20 of public value with every £1 of public funds invested [9]. SII can also help philanthropic funding to go further than it would on its own, through blended financing models and potential for greater financial sustainability over time [22] [23]. SII can offer more flexible sources of capital, which can unlock more complex and unusual transactions that suit the specific dynamics of the investee or the issue they are attempting to solve.

SII also has the potential to change how funding is distributed, through closer engagement with the communities involved. While there are many and varied approaches to SII, a central theme is the prioritisation of outcomes generation alongside financial returns. Importantly, this incentivises investors to pay close attention to the views of the 'beneficiaries' of the investment. For disability, it requires that the needs and voices of people with disability be at the centre of decision making, because without them, the social outcomes that underpin the investment cannot be achieved.

Given the current experiences of people with disability in Australia, there is an urgent need to stimulate the SII market and unlock the potential for innovation and change.

Purpose and context for this report

The Achieve Foundation commissioned this report to identify opportunities for social impact investing to be used to improve outcomes for people with disability in Australia. The research in this report was guided by the following principles:

- **A focus on additionality:** The report aims to build on existing research on opportunities for Social Impact Investing (SII) in Australia and provide additional context and recommendations on what is required to make SII successful to support better outcomes for people with disability.
- **Understanding what's next:** While there has already been a substantial investigation into the SDA market, this report attempts to understand how to grow SII in disability more broadly, and to identify additional areas (beyond SDA) where this growth might occur.
- **Reflecting the perspectives of people with disability:** While the research consisted primarily of desktop analysis (supported by a few key informant interviews), it draws on existing research and first-hand accounts of the perspectives of people with disability, regarding each of the relevant issue areas.

The report includes a series of opportunity analyses, primarily related to housing and employment for people with disability. These focus areas were chosen for their alignment with the mission of The Achieve Foundation. In addition, in recognition of the potential for disruption and innovation, the report contains a brief exploration of potential or SII to support enabling technologies, such as software or online applications that support service providers to deliver more effective service models. The report assesses the current potential for SII in each opportunity area and identifies key challenges or barriers that would need to be addressed to progress SII.

Besides this introduction section, the report is divided into the following sections:

- Section 2: Social impact investing in disability
- Section 3: Opportunities related to housing for people with disability
- Section 4: Opportunities related to employment for people with disability
- Section 5: Opportunities related to technological enablers for service providers
- Section 6: Summary of actions
- Section 7: Recommendations

Section 2: Social impact investing in disability

Social impact investing refers to investment made intending to generate both social impact and financial returns. Under the right conditions, social impact investing provides a major opportunity to facilitate innovation and improve outcomes in disability.

What is Social Impact Investing?

The idea behind social impact investing (SII) is that it's not just about making money; it's also about doing good. By investing in companies or projects that have the potential to bring about positive change, investors are helping to make the world a better place for all of us. The intention to gain a financial return while doing good differentiates SII from philanthropic or grant funding, in which there is no expectation that funds will be recouped.

There is no universally agreed definition of 'impact investing', rather, it can encompass a spectrum of expected returns and approaches to impact. For this research, we consider impact investing opportunities where they have at least partial capital recovery and an intentional approach to impact (see Figure 1).

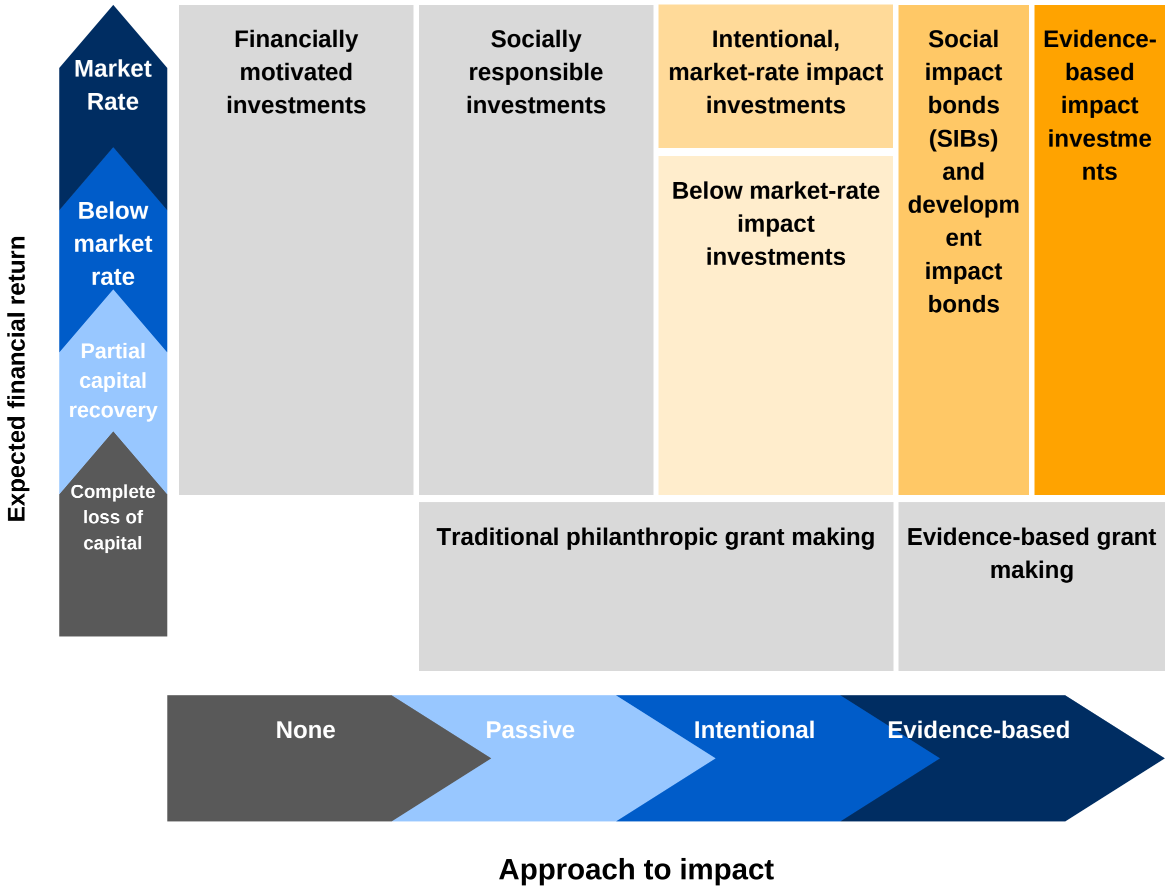

Figure 1 - Characterisation of SII [24]

While they are related, SII differs from socially responsible investments (also called socially conscious investing or sustainable investing). Socially responsible investment encompasses a wider range of investments which seek to avoid negative impacts (e.g., by excluding harmful industries from a fund portfolio), whereas SII goes further by also seeking to create positive impacts. In short, socially responsible investments seek to "do no harm" while SII seeks to "do good" [24].

SII market characteristics in Australia

In 2020, the Global Impact Investing Network (GIIN) estimated the size of the global impact investing market was US$715 billion [26]. The most recent estimates place the Australian impact investing market value at $29 billion in 2020 [27].

Environmentally focussed investments, which represent about 84% of the market [28], currently dominate Australia's impact investing Figure 2 below shows a breakdown of impact investment products by outcome area.

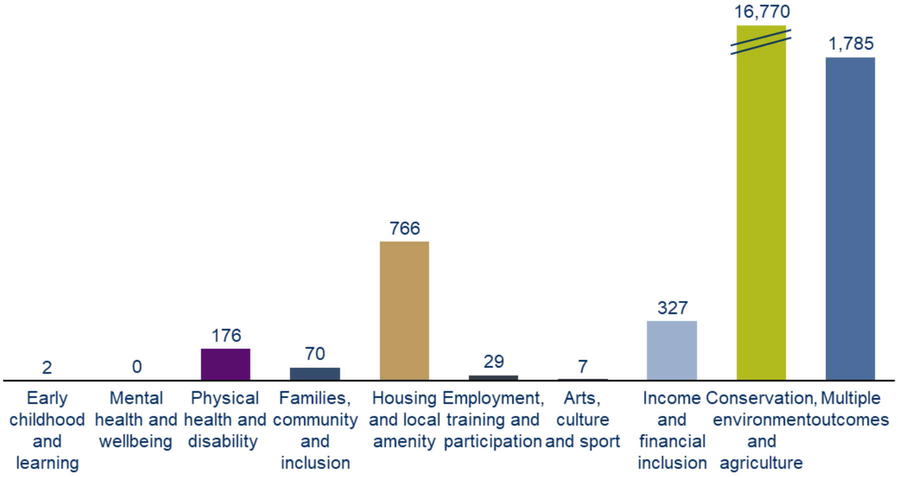

Figure 2 - Value of Impact Investment products in Australia by outcome area ($million, 2019) [28]

Although SII in Australia is relatively new when compared to overseas markets, such as the United States, there is rapid growth occurring, as shown in Figure 3 below. We can expect that SII will continue to grow in Australia, with 90% of investors believing that impact investing will become a more significant part of the investment landscape in the future [28]. The Responsible Investment Association Australasia (RIAA) suggests that demand for impact investment products has the potential to rise to $100 billion by 2025 [28].

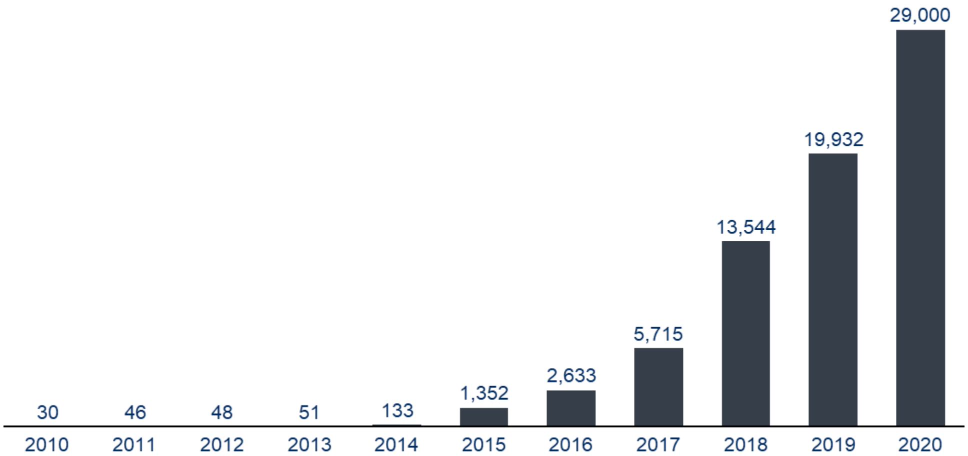

Figure 3 - Total value of impact investment products in Australia, 2010-2020 ($millions) [28] [27].

However, the SII market also faces some challenges. The Social Impact Investing Taskforce, a Commonwealth funded expert advisory panel, notes that while investor demand is high, market growth may be constrained by a shortage of quality impact investment opportunities or 'products' [11]. The Taskforce also calls out the shortage of intermediaries needed to stimulate market growth [11].

Current SII activity in disability

Impact investing in disability has seen rapid growth in recent years, particularly in relation to specialist disability accommodation (SDA). This investment was triggered by introducing SDA as a category of NDIS supports in 2016, which provides an above-market rental return and encourages private investors to enter the SDA market.

It is estimated that around $2.5 billion has been invested in SDA since its introduction in 2016 [29], with a potential total market value between $5 and 12 billion, which would make it one of the largest impact investment opportunities in the country [10]. The SDA market has attracted a range of investor types, including major institutional investors [30]. For example, the Synergis Fund brought together both impact investors and institutional investors including the Paul Ramsay Foundation, HESTA, Portcullis House, Suncorp Group and Goldman Sachs [31].

Critical factors needed for the growth of SII in disability

SII is a rapidly growing market, that presents major opportunities for disability. For it to be successful at generating both financial and social outcomes, the following factors are essential: sector expertise, access to quality outcomes data, investment-readiness among investees, access to effective financial intermediaries, sufficient supply of interested and aligned investors and effective government facilitation of the market. We describe these factors in Figure 4 below.

These factors are present to varying degrees in different aspects of SII in disability. Impact intermediaries can play a role in addressing gaps, often by facilitating connections and linkages between different players.

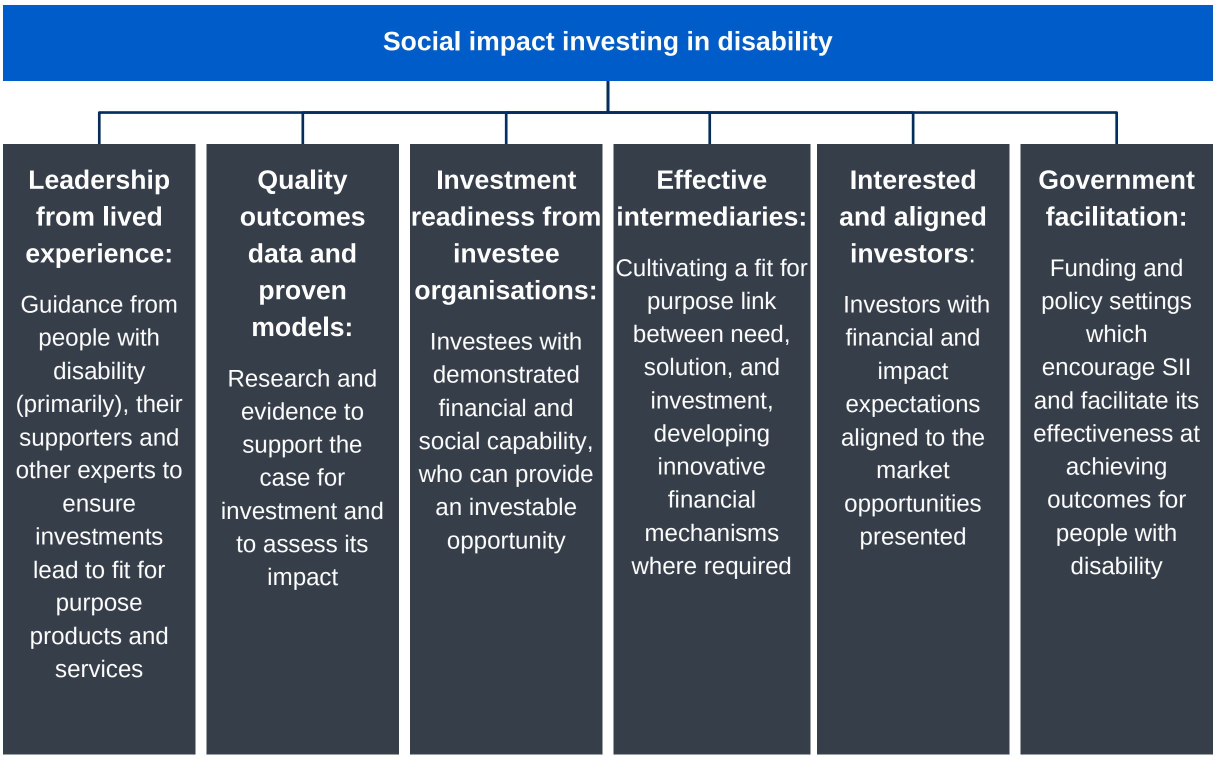

Figure 4 - Critical factors for growth of impact investing in disability

Leadership from lived experience

The range of products and services available to people with disability continue to bear the hallmarks of ableist attitudes in which people with disability were ‘beneficiaries’, rather than active players involved in co-creating products and services. The call to scale up innovation with SII demands a new ethical approach that recognises the expertise of people with disability in both understanding the barriers to inclusion and creating solutions. SII can create change, however there is a risk that if people with disability are not engaged in the process, the products and services will not be fit for purpose, leading to suboptimal social and financial outcomes. Investors and financial intermediaries can mitigate this risk by engaging partners and advisors to help co-design, test and refine solutions.

People with disability and related organisations and networks have engagement skillsets and networks that investors and financial intermediaries do not. They can reach into the disability community to understand felt problems and test ideas. These have enormous potential value for SII, to help generate better engagement and social outcomes.

Leadership from lived experience is a concept that's gaining traction in the world of business. It refers to the idea that people with disabilities can provide valuable guidance and leadership when it comes to making investments that will lead to products and services that are fit for purpose. This is important because people with disabilities know what works for them and what doesn't. They can provide guidance based on real-world experience which is critical for investments that intend to deliver the best outcomes for people with disabilities

While co-design at the level of investment products is critical, there are various other mechanisms available to ensure people with disability are involved in decision making, including sitting on established boards, separate advisory bodies, and as independent expert advisors. A range of different mechanisms is likely to be needed across the impact investment ecosystem, and an impact intermediary may be able to facilitate and assist in determining the appropriate mechanism/s for each context and sharing good practice.

Importance of measuring outcomes

Intentionality is a core characteristic of SII, however expectations and approaches to measuring outcomes and impact performance vary. In the disability context, it is important to include a clear focus on outcomes generation, to avoid the activity and outputs focus that has too long plagued the sector.

Within the SII market, the approach to measuring impact can vary substantially based on the capacity of those involved, and objectives of the investment. Some impact investments can be characterised as ‘intentional’, whereby the investment is based on instinct or intuition rather than evidence of impact, (either because evidence is unavailable, or not a priority for investors), but best practice is ‘evidence-based’ investment, in which there is clear evidence to support the transaction, and defined metrics used to assess impact performance [25].

Some level of impact performance reporting is crucial to ensure transparency and accountability and to inform future practice [32]. However, impact measurement can be costly and challenging to undertake, especially for smaller or emerging organisations. This can make it difficult for some organisations to take part in some types of SII, particularly social impact bonds, which rely on evidence of outcomes to trigger payment terms. As described above, governments can play an important role in providing information and data that makes it possible to measure and assess impact. Various intermediaries and advisors can also provide support to design and carry out impact measurement.

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Investment readiness of disability organisations

As noted by the Social Impact Investing Taskforce, there is a shortage of impact investing opportunities or ‘products’ which are ready for impact investing [11]. While this can be affected by multiple factors, including market conditions and government policy, another factor is readiness of organisations to take part in SII.

SII readiness requires demonstrated financial performance and measurable social outcomes [22]. There are several factors that can be considered, but the following are often cited as influencing investors’ considerations of investment readiness [33], [34]:

- Evidence of social impact: Clear evidence of both the issue and the potential for the organisation or programs to contribute to improved outcomes.
- Financially sustainable business model: Evidence that the investment can be repaid, and financial return generated. Some investors will look to see evidence of improved financial sustainability over time (as opposed to grant and donation dependency).
- Organisational capacity and management credibility: A properly structured legal entity with a credible management and delivery teams and strong track record in a relevant field.

To increase the potential for social impact investing in disability, there is a need to grow the pipeline of investment-ready opportunities and to increase the capacity of disability organisations to engage in social impact investing. It can be both costly and challenging for organisations to undertake the suite of activities needed to build their readiness (e.g., establishing and documenting financial models, legal structures, evidence of outcomes, etc), and compile information needed for potential investors. Intermediary organisations often provide support for such activities, while philanthropy can play a role in funding and resourcing (e.g., Impact Investing Australia’s Growth Grants) [31].

There are a range of SII products available and not all are appropriate for every organisation or social intervention. SII should start with a view of the desired social impacts and the capacity of the organisation, and the appropriate financing model should be chosen to suit. Sometimes, SII capital may not be appropriate as it may create an unsustainable burden for investees. Philanthropy and other more innovative funding mechanisms can play a role in such cases

Common SII investment products

The bulk of Australian impact investments are in green, social, climate and sustainability bonds (GSS), however, other products have also seen substantial growth over past years [27]. Outside of GSS bonds, the most popular investment products including private equity, real assets, pay-for-performance instruments (e.g. social impact bonds), public equity and private debt [32]. Within these investment types, there can be a range of different instruments and structures. There can also be layered investments featuring multiple types of financing, with or without philanthropy. Layering can increase access to capital and can sometimes de-risk the overall investment. Figure 5 below shows the breakdown of different impact investment products in the Australian impact investing market.

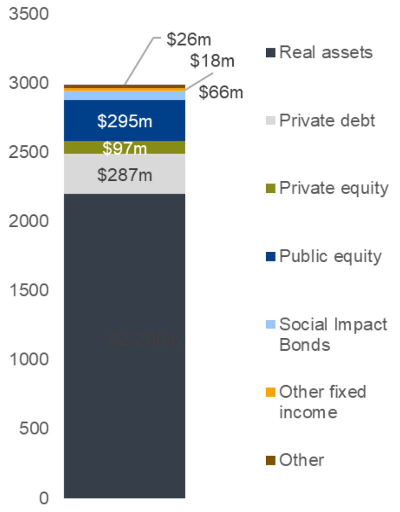

Figure 5 - Value of Australian impact investment products by asset class (2019) (excluding GSS bonds) (adapted from Responsible Investment Association Australasia, 2020)

Social Impact Bonds

A social impact bond (SIB) is a well-known type of evidence-based SII (also referred to as social benefit bonds and pay-for-outcomes financing).

Under a SIB, the government enters an outcomes-based contract with a service provider, with a payment structure that varies based on the outcomes achieved (as determined by an agreed approach to measurement and evaluation). Outcomes are often defined around future government savings (e.g. reduced hospitalisations). Investors provide upfront capital to the service provider (via a SIB manager) and get a share of the returns if the target outcomes are achieved [121]. (A related concept is a development impact bond, where returns are paid by a third party rather than government.)

A major appeal of SIBs is their focus on outcomes as opposed to activities or outputs. This can help to incentivise innovations in service delivery and generate lessons for broader service commissioning. This outcome-based structuring comes with greater complexity and higher administrative costs than other SII types. However, they can be well worth the added challenge in the right circumstances – in the UK, a 2022 review found that SIBs generated £10.20 of public value for every £1 of public funds invested [9].

SIBs' complexity limits their broad application as an SII type – they currently make up less than one per cent of the impact investing market in Australia [28]. However, the lessons they generate can have a far-reaching impact.

Role of intermediaries and advisors

Given the range of players and motivations involved in SII, intermediaries can play an important role in facilitating effective partnerships and supporting all parties to align on expectations around both financial performance and impact performance [32]. Intermediaries are critical for SII to achieve outcomes for people with disabilities, as the market is relatively underdeveloped, demand is often latent, and investors may lack the knowledge or capacity to invest effectively.

The Social Impact Investing Taskforce has noted the shortage of intermediaries as one of the key constraints affecting the growth of the SII market overall. Thus, the growth of SII in the disability context will require the emergence of additional intermediaries with the skills and capacity to support viable investments which achieve meaningful outcomes for people with disability.

SII intermediaries come in many forms, with some playing a direct role in investments, and others operating in more of an advisory capacity. Within this report, we refer to these two roles as impact intermediaries and financial intermediaries (acknowledging that there is often crossover between these two groups).

Financial intermediaries

Financial intermediaries include roles such as fund managers, who work with both investors and investees to pool capital, structure deals, and manage end-to-end execution of the fund. A more specialised role is a SIB manager, which acts as a financial intermediary between investors and investees, but also takes on additional roles which may include support to define outcomes metrics and payment structures, negotiate with government, navigate legal arrangements, and oversee ongoing performance reporting and financial management.

Examples of financial intermediaries include Conscious Investment Management, Giant Leap, First Australian Capital, SEFA, White Box, Australian Impact Investments, Inspire Impact, Minderoo, and Social Ventures Australia [35].

Impact intermediaries

Impact intermediary is a loosely defined concept, but incorporates a range of roles that can help to develop solutions, build connections, advise, aggregate knowledge and insights, and plan for growth and scale [12]. Impact intermediaries can provide education and advice to both investors and investees, for example, helping to educate investors on key market conditions and criteria for success and helping to inform investees of different investment options and players.

They may also carry out a range of other activities, such as advocacy and thought leadership in policy change, convening panels and collaborative forums to bring together stakeholders from different government agencies or sectors to discuss solutions and partnerships, and sharing 'open sourced' information about potential investment structures and delivery models. These roles depend on the key issues present within any specific opportunity area.

Examples of impact intermediaries include Impact Generation Partners, Social Impact Hub, Social Outcomes, and Scaling Impact [36].

Additional advisory roles

Accelerators and incubators are another type of specialised advisor which can help to grow early-stage businesses like start-ups and scale-ups through providing non-financial supports such as coaching, mentoring, and capacity building supports (in addition to sometimes also providing impact capital).

A range of other organisations may be involved to support organisations, especially early-stage businesses, to build the capacity needed to take part in SII. This may include support to improve outcomes measurement capabilities, refine business models, or strengthen management practices. This may be through direct advisory services (e.g. consulting), industry activities (e.g. webinars or training sessions), or production of low or no cost resources (e.g. online guides, tools, templates).

Independent researchers and evaluators are also crucial for the growth of SII, given the importance of measuring and assessing outcomes achieved.

Current and potential investor considerations

There is substantial and growing interest in impact investing in Australia, with availability of opportunities being more of a constraint than investor interest [11]. In past years, SII was dominated by investors whose primary focus was outcomes generation, however, the field of investors has since broadened. As described above, the SDA market represents a substantial increase in the number of institutional investors now involved in SII the disability context.

To continue to attract a broader range of investors, competitive rates of return will be necessary in most cases, however not all investors have the same expectations regarding return on investment. A 2020 global survey found that two-thirds of impact investors seek competitive market rate returns, adjusted for risk, while 18% sought returns close to (but potentially below) market rate and 15% sought minimal return [26]. Institutional investors, such as banks and superannuation funds, are more likely to require market rate returns.

On a global scale, impact investing has delivered well against investor expectations. The Global Impact Investing Network (GIIN) found that 88% of investors met or exceeded their expectations in terms of rates of return [32]. Both results and investor expectations can vary widely, but typical returns are slightly below comparable non-SII funds. According to the report, the median impact fund had an internal rate of return (IRR) of 6.4%, compared to 7.4% for the median "impact agnostic" fund [32]. Average returns for debt funds ranged from eight to 11%, while assets varied widely depending on the type of investment and time horizons, with reported returns ranging from eight to 23% [32].

A study by the GIIN identified six key criteria that can influence impact investors decision making, which include: financial return objectives, impact objectives, financial risk tolerance, impact risk tolerance, resource capacity (i.e. the requisite skills, funds and capacity to provide for all the costs associated with the investment) and liquidity constraints (i.e. the extent of time after which the investor needs the investment to be readily convertible to cash) [32].

Role of government in facilitating future growth

The future of SII in disability relies on governments (federal and state) taking an active role in growing and stewarding the market. In return, increased private capital can be mobilised toward achieving improved outcomes for people with disability, freeing up public funds to be used more effectively.

Governments have already taken steps to build and take part in the SII market. While the level of activity varies by state, most have either developed an SII strategy, taken action to support social enterprises, or trialled social impact bonds (SIBs) [11]. The Commonwealth government has also established the Social Impact Investing Taskforce and participates in SII in various forms, including the SDA market [11].

In the future, governments can play several roles in stimulating, facilitating, regulating and direct investing in SII for disability. Government funding decisions can play a huge role in attracting SII capital to address key issues affecting people with disability, as seen in the SDA example. Government can also be a direct participant in SII, for example, through SIBs or other outcome-based commissioning arrangements. Governments can facilitate efficient and effective markets by providing information and data that helps to inform investors and makes it possible to measure and assess social outcomes. Finally, quality regulation can play an essential role in ensuring the outcomes sought are actually delivered (e.g., through effective building standards, etc).

The rest of the report looks at particular areas within disability– housing, employment, and technology – and considers the readiness and opportunities to stimulate further growth in impact investing aligned with these key factors.

Section 3: Housing for people with disability

Access to appropriate housing and supports is crucial to a number of outcomes for people with disability. While there is currently substantial activity in the specialist disability accommodation (SDA) space, there is potential for social impact capital to play additional roles. This includes providing the capital needed to acquire additional accessible social and affordable housing stock which would increase secure housing for people with disability with limited income. There are also opportunities for outcomes-based contracting within transitional housing, for which Social Impact Bonds (SIBs) could provide necessary upfront capital and risk-sharing. Government engagement and investment will be crucial to enable and complement SII.

Overview of the need

People with disability come from all walks of life, have a wide variety of needs and wants, and as a result live in all sorts of housing. This includes privately owned homes, private rentals, family homes, interim or transitional housing arrangements, and social and affordable housing[1], as well as specifically designed housing for people with disability including supported accommodation (including group homes) and specialist disability accommodation (SDA). While SDA has captured a significant amount attention from investors, only 6% of NDIS participants are eligible for SDA [37].

Around 29% of people with a disability rent, and those that do are far more likely than people without disability to be in social housing (16% vs 4% in government-run public housing and 6% vs 1% in private affordable housing) [1]. Only approximately 0.1% of private rentals are considered affordable for those on the Disability Support Pension [38]. People with disability are typically given priority for social housing, however there is a chronic shortage of housing nationally. As of October 2020, there were approximately 430,000 people on waiting lists for social housing [39]. In addition, it is estimated that up to 55,000 NDIS participants will not have their housing needs met in the first decade of the scheme [40].

> *"I needed to find suitable accommodation. There's no such thing as private rentals for people in wheelchairs. You just won't find it. A lot of rentals I looked at didn't have the doorways and accessibility that I needed." - Bianca (person with disability) [41]*

In addition to affordability, many people with disability face other difficulties accessing suitable housing including due to discrimination and lack of accessible housing stock. As a result, they find themselves in inappropriate or unsustainable housing situations – for example, living in hospitals or aged care facilities, or at home with ageing parents or relatives who struggle to support them. This includes 3,436 young people currently in residential aged care, of whom 2,735 people have an approved NDIS plan [42].

[1] Note: The term social housing is used to refer to arrangements where rent is set as a proportion of income, and includes public housing (owned and managed by government), community housing (owned and managed by community housing providers) and both State owned Indigenous housing and Indigenous community housing. The term affordable housing is used to refer to a range of sources of housing available at below market rate (typically 75-80% of market rate), but not based on income/ability to pay. Despite being branded as 'affordable', this type of housing is still out of reach for many people on very low incomes. Other housing alternatives also include housing co-ops and housing provided by community or church groups, for which rental rates and terms can vary.

"I wouldn't be able to live in a home that was not accessible. I'd have to live in some kind of supported accommodation. So, accessibility in the home means that I can live with my family in my house and be independent. That's the main impact." Rachel, cited in *'Living with disability in inaccessible housing: health and economic impacts'* [43]

"The first apartment I was in wasn't built for disability. It was a standard apartment, and they made a few minor mods to the bathroom. I didn't realise how unhappy I was there and how I wasn't managing properly until I moved [to appropriate housing]." - Bianca *(person with disability) [41]*

Inappropriate housing has a variety of negative outcomes and impedes on a person's right to make decisions about their own lives. People with intellectual disability are especially vulnerable to exclusion from suitable housing [1]. Almost 50% of people with disability report feeling unsafe where they live [44], and on average people with disability in residential care die at least 25 years earlier than the general population [40] [45].

"We found out the carer was sleeping on the floor in [sister with intellectual disability]'s room… I could go on and on it was just horrendous and the day we drove away and left her there we just felt sick, because we just didn't think it was right." - Sarah[2] *(sister of person with intellectual disability) [46]*

People with disability report feeling like they are being imprisoned, cut-off from the world, and trapped in hospitals while they wait on slow bureaucratic processes related to housing and NDIS funding, and this has a negative impact on their ability to transition back to community life [45].

"Because I have a limited energy envelope, and because I'm expending energy from the climbing of stairs and lifting and so forth, that means I have less energy to do everything else." – Rowena, cited in *'Living with disability in inaccessible housing: health and economic impacts* [43]

The Young People in Nursing Homes National Alliance (YPINH) has collated a number of stories of young people who were told they had no other option but institutional living and experienced loss of

[2] Pseudonym

agency, disconnection from family and community, and even loss of functional capacity as a result [48]. In addition, a survey of people with disability found that 47.9% of survey respondents with low support needs, and 62.5% of those with high support needs, living in inaccessible homes (partly or not modified) reported their homes were ‘limiting’ their ability to have paid employment [43], and similar results were found with regards to their ability to study and volunteer.

Around 17,000 people with disability find accommodation through shared living arrangements with on-site supports, however the Disability Royal Commission heard instances of abuse, neglect and overuse of restraints in many group home settings [49]. In its submission to the Commission, People With Disability Australia (PWDA) called for group homes[3] to be phased out and recommended that new housing programs in cities and regional centres be given a significant funding boost, while also ensuring that social housing be made fully accessible [50].

The Achieve Foundation’s recent report *A review of inclusive housing models* emphasised the importance of suitable housing as an enabler of socioeconomic participation. The review identified key factors that affect satisfaction with, and outcomes associated with, different types of housing. These were: family and social support, access to socio-community amenities, accessible features outside the home to enable visiting friends and neighbours, location of homes. Different types of housing were shown to have trade-offs in terms of outcomes – while independent living provides greater control and privacy it can also increase potential for loneliness [51].

Overview of current funding

Housing in Australia is a complex ecosystem, including ownership, private rental, and social and affordable housing. For the purposes of this report, this section provides an overview of the social and affordable housing market, which is of particular importance for people with disability, as noted above.

Affordable housing is available to those on low to moderate incomes who struggle to afford basic living costs. It can include essential workers whose household income is not high enough to pay market rent in the area in which they live or work. Affordable housing is funded through a mix of sources including state and/or Commonwealth government grant or land contributions, planning incentives, philanthropy, Community Housing Providers (CHP) equity contributions and finance secured against assets owned by CHPs. Rent is paid by tenant, which is typically set at 75-80% of market rent.

Social housing includes all rental housing owned and managed by government or not-for-profit community organisations, which can be let to eligible households. Social housing programs across Australia include public housing (also referred to as 'public rental housing'), community housing, state owned and managed Indigenous housing, and Indigenous community housing. Social housing is funded and delivered under the National Housing and Homelessness Agreement (NHHA) and related Partnership Agreements between the Australian Government and State and Territory governments.

Rent for social housing is set at a proportion of income (usually 25%), as well as an income supplement available to eligible people in the form of Commonwealth Rent Assistance (CRA). As of 28 June 2019, almost 1.29 million households received CRA, with real expenditure of $4.4 billion in FY19, dropping from a peak of $4.6 billion in FY16 [52]. In addition, some households receive Private Rent Assistance (PRA) from state and territory governments. This is usually provided as a one-off form of support such as bond loans and rental grants but can also include ongoing rental subsidies and payment of relocation expenses. The type and quantum of PRA differs by state/territory[4].

The quantum of capital funding available to support social and affordable housing varies by region and program, and they are often considered together as part of larger developments. Examples include the

[3] Group homes typically refer to those with 4 or more residents.
[4] Productivity commission (2021) Report on Government Services 2021: 18 Social Housing

New South Wales Social and Affordable Housing Fund of $1.1 billion to deliver 3,000 social and affordable homes, and the Victorian Big Housing Build, of $5.3 billion to deliver 12,000 new or upgraded dwellings. Overall, State and Territory government net recurrent expenditure on social housing was $4.3 billion in 2019-20, up from $4.1 billion in 2018-19[5]. This includes $3.2 billion for public housing and $205.9 million for state-owned and managed Indigenous housing. Additional financing support is available including from National Housing Finance and Investment Corporation (NHFIC).

Under the NDIS, approved participants can use their funding to modify their own homes if required or to access supported accommodation, and to engage with NDIS Supported Independent Living services (SIL) or Independent Living Options (ILO) providers to receive the supports required while living in a home of their choice. A subset of people (approximately 6% of people registered under the NDIS) are eligible for Specialist Disability Accommodation, which is specially designed accommodation built for people with high needs [37]. While introduction of the NDIS increased housing choice and control for many people with disability, challenges with the broader Australian housing market in terms of both affordability and accessibility mean that not all have been able to fully exercise this choice.

"I want to do some further things in the bathroom. The landlord said 'yep, go to town.' You just apply through NDIS and NDIS will pay for modifications. The unit is designed for someone with disability, you're allowed to add modifications." – Bianca (person with disability) [41]

Potential role for SII in improving housing outcomes for people with disability

SII could play a role in addressing housing challenges for people with disability by providing capital needed to grow the supply of appropriate housing stock and/or by providing capital needed to develop and implement programs to support people experiencing housing challenges. Over the past few years, SII has already played a major role in increasing the supply of SDA, which has become one of the most significant SII markets in Australia [29]. Given the significant body of research and investment material already available on SDA, this report does not include a focus on SDA, rather it considers 'where else' SII could unlock housing opportunities. The report focuses on three additional potential opportunity areas:

- Market opportunity 1: SII into increasing accessible social housing for people with disability
- Market opportunity 2: SII to improve transitional housing and support for people with disability
- Market opportunity 3: SII to support expanded options for supported living

Note the report focuses primarily on opportunities for social housing rather than affordable housing, given the fact that despite being below market-rate, affordable housing can still be out of reach for many people with disability on very low incomes, including those relying on the disability support pension.

[5] NHFIC "State of the Nation's Housing 2021-22", February 2022

Market opportunity 1: SII into increasing accessible social housing for people with disability

There is an opportunity to improve housing outcomes for people with disability by increasing the stock of accessible social housing.

While increased social housing stock would deliver benefits on its own, it is crucial for investors, developers, and community housing providers to work with people with disability, disability advocates, and service providers to ensure that housing is designed in a way that is appropriate and accessible for people with disability.

Market characteristics

As of mid-2020, Australia had more than 175,000 households on waiting lists for social housing – an increase of more than 20,000 from mid-2019. An estimated 30% of those – more than 129,000 – are people with disability. The growth in demand is far outstripping supply – 5.5% annual growth in demand compared to 0.4% annual growth in stock between 2011 and 2020. Occupancy rates are very high among both public and community housing (97% and 96% respectively), especially in major cities and inner regional areas [53].

As noted above, State and Territory governments are primarily responsible for supply of social housing which is funded and delivered under the National Housing and Homelessness Agreement (NHHA) and related partnership agreements between state and federal governments. Additional financing supports are available including from NHFIC. The private sector has historically had minimal involvement in the supply of social housing but recently there has been impact investing activity in some areas (discussed below).

The major barrier to wide scale investment in social housing irrespective of disability status is the 'financing gap' – the difference in rate of return compared to the market rate of return for private developments. A subsidy is required to fill this gap – either by government or other sources.

Potential SII opportunities

SII could play a role in increasing accessible social housing stock by providing the subsidised capital needed to make the investment feasible. This subsidy could take place at multiple points on the investment timeline – from reducing the cost of financing or development by accepting below market returns or favourable terms (see impact investing funds below), reducing or eliminating land costs or land tax (see Community Housing Trusts or 'Build to rent' schemes below), or reducing the cost/increasing the revenue gained from effective operation (see social impact bonds).

Potential opportunities and examples identified through the research include:

- **Housing acquisition through impact investing funds:** Impact investing funds could be used to fund and acquire social and affordable housing stock. There are limited examples of private investment in social and affordable housing stock so far in Australia (see CIM and Housing First case study below), with potential for expansion. In addition, in examples from the US and the UK, impact investment funds have been established, with the support of major catalytic investments to fund the development or purchase of housing stock for affordable housing. In the UK, Big Society Capital established the Cheyne Capital Social Property Impact Fund which purchases properties and leases them to organisations such as housing associations and councils with long lease terms and attractive rates [54]. Other examples include the Living Cities Fund and New York City Acquisition Fund in the US [52]. Within these funds, each deal is typically a bespoke project involving strong coordination between government, private sector players, and community organisations. This can limit the ability for scale and replication, however as the number of deals increases, there will be more lessons and examples to make it easier for subsequent deals.

- **Community Housing Land Trusts (CLT)**: While investigation has been largely academic to date, there has been growing interest in CLTs in Australia. Under a CLT, non-profit organisations with significant land holdings (e.g. religious organisations) could provide surplus land for the construction of new social or affordable land. Splitting out the purchase cost and land tax would help to reduce the financing gap. The landowner would retain ownership and would be paid an agreed rental payment for the land by a CLT. Government incentives and support would need to be provided and investor education may be required given the lack of familiarity with this model.
- **Build to rent developments on government land**: In a build to rent development, the developer builds a block of units with the intention of leasing them out long term instead of selling them. Most social and affordable housing developments are 'build to rent', however commercial build to rent development is relatively new to the Australian market (examples include Mirvac and Local). Recently, both the New South Wales and Victorian governments have announced they will open government-owned land for build to rent developments which include social and affordable housing developments [55, 56]. This will see a consortium selected to develop and manage the properties for a fixed period of time, after which the land returns to the government. Stripping out the purchase cost of the land and the cost of land tax (since the developer does not own the land) helps to address the financing gap, making commercial build to rent development viable despite below market rate rental yields associated with social and affordable housing. CHPs will play an important role in managing the social housing component, while other skillsets may be needed to manage additional commercial long-term rental housing units.
- **Social impact bonds (SIB)**: A SIB is a funding mechanism to enable social service providers to enter into outcomes-based contracts with government. They don't typically fund housing stock itself but provide ancillary funding for ongoing service delivery to housing tenants. SIBs are still relatively new in Australia and can be complex and challenging to implement, however they can help to unlock innovative approaches and generate lessons around seemingly intractable social issues (see callout box on Social Impact Bonds in Section 2). Examples include COMPASS in Victoria, which included both limited capital investment for purchase of housing alongside an outcomes-based contract for service delivery, and Foyer Central in New South Wales, in which St George Community Housing gained private finance for a housing development to enable Uniting to deliver a SIB-funded support program [57][6].
- **Other**: Housing cooperatives are another model which have been shown to have an important role in affordable housing however they are more of a delivery model than an investment model and operate at low scale [54].

Case study: **Conscious Investment Management (CIM) and HousingFirst**

Conscious Investment Management (CIM) and HousingFirst recently announced a $150 million investment to acquire social and affordable housing stock in Melbourne to rent to tenants on Victoria's public housing list. CIM is backed by funding from Paul Ramsey Foundation and Future Super and has partnered with HousingFirst to manage the properties – expected to be up to 307 newly built units, dispersed among large apartment buildings with no more than 20% of units in any building being designated social and affordable housing. Types and locations of units are determined by HousingFirst to match unmet need and provide accessibility to economic and community activity. The CIM-HousingFirst partnership aims to develop and test a model that could be expanded both within Victoria and interstate. Under the scheme, CIM receives head lease rent payments, which are topped up by the Victorian Government under the New Rental Development Program. Three-quarters of the

[6] Note there is some overlap with the opportunity area around transitional housing, discussed in the following section.

units will be leased to social housing tenants and the remaining quarter will be key workers (as 'affordable housing' tenants). While the yield has not been shared publicly, it is expected to be in line with market-rate returns. On the Victorian Government's side, the impact to the state balance sheet is lower than directly acquiring the properties. The development is not specifically targeted towards housing for people with disability, however CIM has a focus on housing which creates positive social and environmental impacts and funds SDA through other investments [58, 59].

Enablers required to grow the market

To grow the market for impact investing into accessible social housing, mechanisms are required to overcome the finance gap for investors, which will most likely come from increased government investment. To ensure this investment leads to positive outcomes for people with disability, there is a need for increased partnerships with people with lived experience and evidence of 'what works'. The current challenges or barriers to market growth are outlined in Table 1 below, framed against the six critical factors for impact investing growth.

Table 1 - Factors affecting growth of the SII market for social housing for people with disability

Factor	Current challenges	Comments and additional requirements
Leadership from lived experience	Partnerships between people with disability, investors and CHPs, disability partners	People with disability, their supporters and advisors will need to work alongside CHPs and investors to ensure housing stock reflects the needs of people with disability through accessible design and other features. CHPs will play a major role as investment and delivery partners, as well as in educating and advising investors to ensure that the needs of tenants are incorporated in key decisions around design, location, access, etc of housing stock. ➢ *Action area 1: Build a coalition of people with lived experience and other advisors to streamline and facilitate partnerships between builders, investors, developers and others to ensure housing meets the diverse needs and aspirations of people with disability*
Quality outcomes data and proven models	Evidence of good practice	Social impact investing requires evidence that the investments made will contribute to positive social outcomes, however there are currently gaps in evidence around housing characteristics that lead to positive outcomes for people with disability, including consideration of different housing needs for those with different support requirements. While there are pockets of evidence of what works in development (e.g. [60]), this is still an emerging area. ➢ *Action area 2: Consolidate research and perspectives of people on 'what good looks like' when it comes to accessible housing and share resources to improve*

		practices across the housing ecosystem.
Investment readiness	N/A – minimal or no barriers	There are a wide range of capable housing developers and a growing number of CHPs with experience with impact investing.
Effective intermediaries	N/A – minimal or no barriers	There is already a small but growing number of intermediaries with the skills and capabilities to manage. Many are already operating housing investments, including SVA, Conscious Investment Management, Inspire Impact, SEFA, and Australian Impact Investing.
Interested and aligned investors	Finance gap; Knowledge of more innovative models	Social and affordable housing has long been on the radar for impact investors and pending government funding to address the finance gap, there is likely to be widespread interest from both impact investors and institutional investors. However, there may be some gaps in investors knowledge of more innovative models such as CLTs, which would require further effort to unlock wider spread investment. The SDA experience has shown that there is a need for clear guidance to ensure investment 'products' are fit for purpose. There is scope for many experienced impact investors currently focussed on SDA to branch out into other forms of housing which support people with disability.
Government facilitation	Increased government investment to address finance gap; Lack of specific focus on people with disability in social and affordable housing investments	Government co-investment will be needed to address the finance gap to make broader impact investing and institutional investing more attractive. This can come in the form of various subsidies, including through provision of land, tax incentives or rent 'top-ups', as well as other incentives such as zoning and mandatory mixed use. To ensure people with disability benefit from investment in social housing, governments will need to make accessibility and availability of suitable housing for people with disability an explicit focus of future investments. There is also a role for increased advocacy and thought leadership around appropriate housing which caters for people with disability, including government commitment to universal housing design. This should aim to influence policy which creates incentives for accessible social and affordable housing, and development practices to ensure accessibility for diverse needs. For example, this might see advocates develop resources for developers and investors to encourage good practice. ➢ *Action area 3: Increased government co-investment in social housing, with a specific focus on social housing*

		that is accessible and appropriate for people with disability. ➢ *Action area 4: Policy development to require or incentivise an increase in accessible housing supply, particularly adoption of the National Construction Code Accessibility Standards in New South Wales, SA and WA, as well as planning regulations which encourage more affordable housing development (e.g. zoning requirements, density allowances, land tax or developer contribution benefits).*

Market opportunity 2: SII to improve transitional housing and support for people with disability

Transitional housing is not one single 'product' rather it can come in multiple forms. It includes temporary accommodation (typically a few months, but this can vary) and a range of supports to assist a person with disability to transition from an institutional setting to life within the community. This might include transition from hospital or another healthcare facility, a correctional facility, or out of home care. The nature and intensity of support needs can vary greatly based on the individual and their circumstances.

For people with disability, access to appropriate transitional housing is critical to avoid poor outcomes such as long stays in an institutional setting or homelessness. For people exiting hospital or another health-care setting, transitional housing is important to enable successful transition to community life and avoid extended stays in a medical facility or placement of young people into residential aged care [61]. For people exiting correctional facilities, insecure housing is often a source of substantial stress and diverts ex-prisoners from addressing other needs, undermining efforts to avoid re-offending – transitional housing can provide crucial relief while they readjust to daily life in community [62]. For people exiting out of home care, housing and homelessness are significant issues – having appropriate housing options is crucial for effective transition planning [63]. These areas of transitional housing are explored in further detail below.

> *"I wish that I'd known that I could move into SDA when leaving hospital. I wish I knew more about my options and SDA in hospital and had applied for that from the beginning." – Bianca (person with disability) [41]*

The costs of transitional housing vary based on the costs of both the accommodation and requisite supports and there is no single source of funding – rather it varies based on the cohort and relevant jurisdiction. Often transitional housing involves the intersection of multiple government departments and agencies, which can complicate service delivery as well as funding. However, there is also a strong incentive for government investment in transitional housing which can deliver a net savings based on avoided costs, for example through reduced days of hospitalisation or incarceration.

Note on MTA

The NDIS recently introduced funding for Medium Term Accommodation (MTA) for people transitioning from hospital or aged care or awaiting SDA. This is one mechanism which can help to address transitional housing shortages, particularly for people with less complex support needs. However, this funding does not support dedicated transitional housing services – rather it provides assistance to cover the cost of accommodation for a limited term, usually up to 90 days, while a person uses other aspects of their plan to cover support needs (e.g. SIL) (NDIS, 2022). Of course, it also does not cover those without approved NDIS plans in place.

A review of MTA found that this funding has been well received but there have been challenges with uptake and quality of housing (Faulkner, et al., 2021). There was also a lack of suitable MTA supply across metropolitan, regional and rural Australia. The stock that was available was highly variable – most were suburban homes, either private or shared, some with provision of 24-hour care and some without. The review highlighted issues with current supply, including around a third of people surveyed saying they felt unsafe in their home. The review found mixed views from providers about whether demand for MTA was increasing, however demand for crisis, short term and community housing demand was agreed to be on the rise. One issue affecting MTA demand was lack of knowledge and familiarity with the funding source. (Faulkner, et al., 2021).

Market characteristics

Transitional housing for people exiting hospital

The Summer Foundation undertook a review of dedicated transitional housing and support options for people with disability exiting hospital in 2020, to gather ideas and examples of options either currently available or provided in the past. At the time the report was written, there were 24 services identified across Australia providing some combination of residential or in-home transitional supports - however, five of these were previously block funded and had either already closed or planned to cease operations following the rollout of NDIS, leaving 19 remaining. Coverage is currently patchy. Moreover, it is largely limited to metropolitan areas which can force people from rural or regional areas to choose between accessing formal support and accessing community and networks of informal support [64].

Transitional housing for people exiting correctional facilities

A large proportion of people in prison have a disability or other complex support needs – around 40% of the prison population have a diagnosed mental health condition, 33% have a cognitive disability, and up to 66% have problematic alcohol or other drug use. It is estimated that that one in seven of the 65,000 people released from prison in 2019 required assistance from a specialist homelessness service (SHS) [62]. There is strong evidence to support the need for greater supply of appropriate housing for people with complex needs who are exiting prison.

Diminished supply of social housing has left those who are exiting prison with complex needs (including diagnosed or undiagnosed disability) with limited supply of available housing. There is state-funded transitional support (e.g. ReStart and ReConnect in Victoria, Community Restorative Centre in New South Wales, Re-Entry in WA) and accommodation services (e.g. Corrections Victoria Housing Program, OARs reintegration accommodation in SA) however supply is far outpaced by the demand.

People leaving prison with complex support needs who receive appropriate housing have better outcomes than those who receive rental assistance alone (around 9% fewer police incidents, 11% less time in custody) resulting in lower overall justice system costs (around $5,000 savings initially and around $2,000 per year) [62]. While this research related to the provision of social housing, it supports the suggestion that providing appropriate housing - including transitional housing - can have a cost savings effect for government. Moreover, given pre-release planning often occurs at the last minute and social and community housing have long waitlists, transitional housing has a crucial role.

There is a potential challenge for SII given that many people with disability leaving prison may not have NDIS funding, due to a range of barriers related to appropriate diagnoses and registration [62]. This would need to be factored into any impact investment which involves NDIS funding.

Transitional housing for people exiting out of home care

Estimates of the number of children and young people with disability in out of home care vary, with some reports suggesting that up to 70% of the total population in care has a disability [65]. Young adults leaving care are often not prepared to live independently, and this can be compounded for those with disability. In a review of around 2,000 people leaving care in Victoria (both people with and without disability), more than half accessed homelessness services and one in three had multiple homelessness experiences [66].

While there are a number of quality transitional programs across the country, there is a shortage of appropriate transitional housing for care leavers with disability, particularly in rural and remote areas [63]. This is compounded by the fact that transition planning is extremely complex for young people with disability and comes at a time that they are also transitioning to adult disability services.

Multiple reviews have found that a lack of interagency coordination has resulted in limited transition planning, with limited understanding of which government departments are responsible for tracking outcomes or progress for care leavers [66] [63]. This blurred responsibility could create challenges for impact investing – for example, in a payment for outcomes type structure, it would first need to be agreed which agency 'pays' for the outcomes.

<u>Potential SII opportunities</u>

There is strong potential for impact investing to play a role in the expansion of transitional housing and support for people with disability, with lessons that can be drawn from impact investing in other sectors.

- **Capital for new accommodation:** Impact investing could potentially be used to generate capital for the development of suitable accommodation for transitional housing, using many of the structures described in the section on social housing above. While in many cases there may not be a need for dedicated transitional housing assets – rather housing may be found within the broader community (e.g., social housing) – for some situations a dedicated facility may be required. Where this is the case, there is likely to be a need for bespoke funding agreements between government entities and private players (e.g., hospitals or insurers), potentially featuring impact investment.
- **Social impact bonds / outcomes-based contracting for service delivery:** SIBs and other outcomes-based contracts could be appropriate in this context to help incentivise increased collaboration and innovation in transition planning and support. SIBs are of particular value for trialling new service delivery models with evidence of success. While the SIB market is still nascent in Australia, there are examples of SIBs being used to support people exiting institutional settings. The Aspire SIB is Australia's first homelessness focussed SIB which focuses on reducing homelessness, and features payments based on reduced hospital bed days (among other outcomes). Some of the people supported through the Aspire SIB are people leaving prison who are at risk of homelessness. Note the Aspire SIB does not fund housing itself, rather it provided the capital needed to establish programs that provide supports that help to keep a person from experiencing future episodes of homelessness. In addition, the Foyer Central SIB provides integrated supports and accommodation to young people who have been in out of home care, to support a path to independence, with payments based on multiple indicators of independence [67].

Enablers required to grow the market

To grow the market for social impact investing into transitional housing, there is a need for substantial coordination between different actors, including the various government entities with overlapping responsibilities. Given the market is still nascent, there is likely to be a period of continued trial and learning, with growth in the range of participating investors, intermediaries and services providers occurring over time. Each new investment will provide lessons and potential efficiencies for the future.

Table 2 - Factors affecting growth of the SII market for transitional housing for people with disability

Factor	Current barriers	Requirements
Leadership from lived experience	Coordination of partners	Strong partnerships are essential. Transitions are inherently complex and for the model to work there is a need for continuous engagement with a range of partners, most importantly centred around people with lived experience and expertise. In addition, there must be strong partnerships between service providers, investment or SIB managers, government entities and other stakeholders – values alignment and strong working relationships are essential to success [11, 68]. ➢ *Action area 5: Consider the potential for a convening entity to create spaces for people with disability and their supporters to connect and engage in codesign processes with developers, housing providers and investors. This may be through existing representative peak bodies such as PWDA and Inclusion Australia, and/or through a separate targeted entity with a particular housing focus.*
Quality outcomes data and proven models	Robust evidence base and models of 'good practice' Access to State and Commonwealth data	SIBs and outcomes-based contracts are driven by potential for cost savings for government. There is a need for robust outcomes measures to enable the development of a 'product' for the market. For example, in the case of the Foyer Central model, the service provider (Uniting) had strong measurable outcomes, data to support a counterfactual and demonstrated evidence of cost savings to government [68]. This type of research and data is an important enabler for future SIBs. As described above, better sharing of State and Commonwealth data can help to enable early-stage foundational analysis that can inform future SIBs. ➢ *Action area 6: Continued consolidation of learnings on effective outcomes-based contracting models and opportunities to streamline processes for service*

		providers and others ➢ *Action area 7**:** Strengthening the understanding and codifying of current models of support, and outcomes indicators / metrics, to support people with disability leaving institutional settings, including opportunities for government cost savings through improved service delivery. Critically, this should include perspectives of people with lived experience and expertise.*
Investment readiness	Limited number of providers with capacity to participate in SIB / evidence based SII Need for more streamlined processes	Service providers with proven service models and strong outcomes measurement capacity are most likely to have the capability to participate in and benefit from evidence-based investments such as SIBs. While a range of organisations have participated in SIBs, there may be more barriers for small scale providers due to the high administrative and setup costs associated with a SIB and declining marginal benefit with smaller participants numbers.
Effective intermediaries	Limited number of intermediaries with relevant skills and experience	In the case of SIBs, skilled intermediaries, especially those with experience from SIBs in adjacent areas, will be crucial to the process of identifying, exploring and assessing the potential for future SIBs and to establishing and managing ongoing investments. While this is still an emerging market in Australia, there are lessons which can be applied from existing SIBs (e.g., Aspire, Foyer Central).
Interested and aligned investors	Complexity of investments Risk tolerance of mainstream investors	There are limited examples of SII in transitional housing and support and the market for such investments, while growing, is still relatively small and understanding among investors is limited. The SIB examples described above were highly bespoke and complex, with relatively high transaction costs. This limits their attractiveness to investors with higher risk tolerance and willingness to prioritise social outcomes over financial return [69], [11]. The situation may change as further SIBs are developed and the market matures.
Government facilitation	Government prioritisation Coordination and 'championing' across multiple agencies Consistent reporting and	An increase in SII in transitional housing requires a central place within government strategies. Transitional housing occurs at the intersection of multiple agencies and jurisdictions. To enable SII, multiple agencies must come together and agree which outcomes to prioritise, how each department should contribute funding, what metrics should be used, how to share required data, who should oversee service delivery, etc. State treasury departments can help to facilitate this. For example, in New South Wales, the Office of Social Impact Investing (OSII) which sits within the

data sharing agreements	New South Wales Treasury, has played this role for multiple SIBs. Dedicated staffing may be needed to champion each social impact bond and structures put in place which can survive changes in government. Governments can also explore ways to better share and enable analysis of State and Commonwealth data, including linked datasets which can be used to explore outcomes within a range of outcomes domains, and provide foundations for future evidence based SII. This is important for establishing baseline experiences of different cohorts and providing a basis against which change can be measured. In addition, it can help to establish the cost of inaction. SII-supported interventions will not replace the need for (and may even rely on) further policy and practice reform, including earlier transition planning support for people with disability exiting institutional settings, and increased support for people leaving institutional settings to obtain accurate diagnoses and access to NDIS, particularly for those leaving prison. ➢ *Action area 8**:** Government prioritisation of transitional housing and support for people with disability exiting institutional settings, including a commitment to cross-jurisdictional collaboration to support SIBs / outcomes-based contracting for new initiatives.* ➢ *Action area 9: State and Commonwealth Governments to explore ways to better coordinate and share access to data which can provide foundations for future evidence based SII.*

Market opportunity 3: SII to support expanded supported living options

People with disability may receive in-home supports to help with daily tasks, personal care or cooking meals either as part of their NDIS package or through a variety of informal supports. While people should have access to a variety of options which suit their needs and preferences, to date formal supports have been limited to the funding models available under the NDIS.

> *"As a middle-aged man living with cerebral palsy, your consultation paper frightens me. Firstly, you rule out … 24 hour or 1:1 support. Yet, throughout the [consultation paper] you keep referring to an ordinary life at home. This rationale begins to fall apart when you consider that if we were enjoying an ordinary life, for starters, we would not be disabled."* – *Adam (person with disability) [70]*

Two main forms of living supports funded under the NDIS include Supported Independent Living (SIL) and Individualised Living Options (ILO). SIL involves paid supports which are typically provided for people living in shared living arrangements. It caters for participants who require high support needs including full-time care. Approximately 26,623 participants have SIL in their plans, totalling $8.5 billion [42].

Historically SIL-type services have been provided by the same providers who run group homes for people with disability. The introduction of the NDIS had a premise to separate accommodation and supports to provide more choice and control for participants, particularly in the context of SDA provision, however this has yet to be fully realised. Many have called for the government to do more to dismantle the current approach to group homes. People with Disability Australia (PWDA) has called for both group homes and other congregate living situations (typically where four or more residents live together) to be phased out altogether [50]. An investigation by a joint committee of the Australian parliament found that group homes are failing thousands of participants in their choice and control. That report exposes a long list of systemic failures and urges the NDIA to speed up the transition away from group homes and towards more independent, choice-driven living options [71].

> *"I was 31 at the time. I knew I did not want to live with someone. I'd been living alone since I was 21. [The NDIS] only gave me a budget that allowed me to move into a group home." – Bianca (person with disability) [41]*

ILO is an alternative to SIL and is an individually designed offering which can cater for a broader range of living options. ILO can support people who are living independently or with housemates or hosts, who may receive a payment or subsidised rent in exchange for providing regular supports [72]. The emphasis on ILO is on informal supports; for example, friends or family may be more comfortable to provide support in an independent living environment, rather than a group home with paid support services or other shared living setting.

While SIL has been around for a long period in Australia, ILO is a relatively new concept, having been piloted in WA and recently rolling out across the country. The WA Department of Communities observed that, in that state, ILOs have been shown to be a cost-effective and flexible alternative for people with disability with low-to-medium support needs. The Department also noted that ILOs provide opportunities for independence in the home and in the community, and that additional supports can typically be provided to individuals in ILO through shared staff costs. [71]. However, the impact of ILO on supporting people to achieve their goals, and its applicability to people with a variety of abilities and needs, is yet to be determined.

Market characteristics

There has been a shift towards ILO since 2020, with the 2020 NDIS Price Guide introducing some new ILO guidelines and line items to assist participants to explore and create their vision for future supports. Further, since April 2022, the NDIS has been progressively rolling out improvements for participants and providers who want to learn more about ILO and investigate their ILO options. There is anticipated growth in the number of NDIS participants who will access ILO in the coming years, as SIL residents or NDIS participants living at home may be ready to consider making a change to their living arrangement [73].

There are two key steps in establishing ILO supports, funded through separate funding streams under a participant's NDIS plan. Firstly the 'Exploration and Design' where registered ILO providers assist the person in reaching a decision about the preferred home and living arrangement and the package of supports required, through the development of a plan. Secondly, the 'Supports' stage, which looks at implementation of the plan. However there has been limited research to determine effective and appropriate models to ensure both the design and delivery stages. While uptake of ILO is increasing, this is still an emerging market with many unknowns in terms of service models and good practice, as well as costs to deliver.

Potential SII opportunities

The primary way that SII could support is through investment in accessible housing, which would increase the availability of alternative housing options and therefore increase the potential for people to use ILO to transition away from group homes. This is described in Market Opportunity 1 above.

There may also be a role for SII to support other enablers of ILO, such as matching software or other back-office technology for providers. Opportunities for SII to support the development and rollout of technologies which assist service providers are explored in Section 5.

Other potential roles of SII are unlikely to be successful under current market conditions, as there is no clear way to generate sufficient financial return. The strict pricing structures of NDIS services and low margins involved mean that providers would likely have limited ability to repay an investment or to generate a competitive risk-adjusted returns, making philanthropy or government grants a more appropriate source of capital.

If the Government decided to take a more active stance towards using ILO to support phasing out group homes and transitioning people to community living, there could be a potential role for SIBs / outcomes-based contracts which facilitate this outcome. However, given the early stage of ILO service provision and lack of robust evidence or understanding of effective models of practice, this would be difficult to structure and could entail high risk of failure.

Enablers required to grow the market

As described above, the main way that SII can support expanded living options for people with disability is through increased accessible social and affordable housing stock. However, for SII to have a more direct role in supporting ILO's expansion the following would need to occur (See *Table 3*).

Table 3 - Factors affecting growth of the SII market for independent living options for people with disability

Factor	Current barriers	Requirements
Leadership from lived experience	Relatively few people / length of time in ILO	The Disability Royal Commission has unearthed an array of perspectives on group homes, particularly negative experiences and lessons on 'what not to do'. Lessons from ILO are still emerging but the voices of those who have experienced it will be important to demonstrate what is possible and flag where things can go right / wrong. ➢ *Action area 10**:** Convening partnerships among people with lived experience, services providers, and government to improve understanding of the range of possible options and identify measures needed to effectively implement and expand the use of ILO.*
Quality outcomes	Limited	ILO was researched and trialled in WA before being rolled out

Factor	Current barriers	Requirements
data and proven models	evidence base and understanding of effective models	across the country, therefore there is an existing evidence base. However, ILO is still a new service in most parts of the country and, as described above, service providers are still developing their understanding of ILO and continually refining their ILO advisory service models. Few will have robust evidence of outcomes within their own contexts. ➢ *Action area 11**:** Further philanthropic and/or government support to support providers to establish ILO advisory services including support for researching and establishing effective models of coordination and support.*
Investment readiness	Immature service models	ILO advisory was only added to the NDIS price guide in July 2020, meaning most providers are relatively new to the service. Service providers are still refining their service models, and Action areas 10 and 11 (above) could also assist to support this progression.
Effective financial intermediaries	Lack of relevant examples / clear models	There are no known current examples of SII in ILO advisory or similar markets, therefore it could be expected that there would be very limited skills or experience among financial intermediaries in structuring suitable deals for such products. A range of social incubators or other capacity building supports could assist ILO advisors, outside of an impact investing context.
Interested and aligned investors	Identifiable sources of revenue / return	Currently, the ILO advisory market does not present a strong revenue generation opportunity which would create a return for investors. Philanthropic investors or governments may be better placed to support the growth of ILO advisory services.
Government facilitation	Uncertainty of government policy / lack of incentives	While the Commonwealth is promoting ILO under the NDIS, it has yet to make any strong commitments about phasing out group homes or provide further guidance on potential ILO models, particularly for those with higher support needs. Without further government incentives, there is unlikely to be a market mechanism which would trigger a role for SII in increasing ILO advisory services. There is an opportunity for government to work with the sector to design ways to make ILO more systematic, rather than it being done at a local level – this may help to streamline and simplify the process for both individuals and providers. Convening partnerships as per Action area 10 above could facilitate this learning and sharing at a state or national level.

Section 4: Employment for people with disability

The NDIS provides a range of support for participants to achieve employment outcomes. There are opportunities for SII to play a complementary role, providing capital to support organisations and businesses that provide jobs for people with disability and/or are run by people with disabilities. Many of these businesses are still early stage or have other capacity limitations. SII capital will be most impactful when combined with other forms of support including capacity development and philanthropic support.

"People with disability are often underestimated. Employers and society and people underestimate them. Nothing could be further from the truth! People with disability achieve incredible things. Absolutely amazing things. Some have a particular gift that needs to be discovered, and it needs to be taken into the employment situation, to benefit not only themselves, their self-esteem, confidence and income, but also the bottom line of that business." – *Anthony (person with disability) [74]*

Overview of need

People with disability experience unemployment at more than twice the rate of those without disability, with approximately 10% of people with disability currently unemployed [1]. For young people with disability, this figure jumps to around 25%. People with disability are also likely to be unemployed for longer periods than people without disability – according to 2020 figures, 22% of unemployment people with disability had been unemployed for at least one year, compared to 14% of people without disability.

"I was with a disability job agency but applied for the job not mentioning my disability. It became difficult to keep a secret as the company continually wanted me to increase my hours even though I couldn't manage. When I told the manager she said if I had of [sic] told her I had a disability when I went for the job she wouldn't have hired me."- Willing to Work report [75]

Discrimination and failures to provide reasonable adjustments are frequently cited as barriers to finding and keeping a job [75]. Other common challenges described by people with disability include ill health or challenges directly related to their disability (45%), lack of necessary skills or education (34%), being considered too old by employers (27%), too many applications applying for the same job (27%) and insufficient job experience (25%).

"I definitely made the correct decision when diagnosed about five years ago to limit the people and work colleagues who knew of my situation to a small number. Once

the full extent of my situation became 'public' to work managers and HR, the barriers began to build. This took the form of well meaning but restrictive measures under the guise of 'duty of care'. Freedom of movement including no longer being allowed to drive a work vehicle meant the loss of a portion of my independence, even though there were no restrictions on my driving outside of work. The psychological impact was that for the first time I started to feel like a disabled person rather than a person with a disability. Believe me, they are two very different feelings." - Shut Out: The experiences of people with disability and their families in Australia [13]

"...as soon as you tick that [disability] box, it works against you. People pigeon-hole people, and people discriminate." – Anthony (person with disability) [74]

"As a disabled job seeker, I don't usually disclose my disability up-front, unless 'lived experience with disability' is listed in the job criteria. I've been to too many interviews where 'no' is written all over the employers face as soon as I enter the room. Intentionally or not, I know my disability is often a factor in failing to get a job. If employers want to know which candidates are disabled, they'll need to assure us that disclosing our disability won't end our chances of getting the job."- National Disability Employment Strategy submission [76]

Importantly, however, people with disability have higher levels of self-employment (13.1%) than the non-disabled population (9.2%). Self-employment enables greater control over when and where a person works, who they work with, the ability to pursue a passion or creative interest, as well as greater potential for financial independence. While there are also challenges associated with self-employment, many people with disability find it to be a way to achieve economic security and job satisfaction.

In addition to income, employment also contributes significantly to a person's sense of wellbeing and independence [1]. Thus, improving access to employment for people with disability is a significant opportunity for SII to drive better outcomes for people with disability across a range of different outcomes.

"My son, Mathew, has been looking for work for 6 years i.e. an apprenticeship in either an electrical field or locksmith industry with no one willing to take him on. …He's been to 2 job interviews since January, with no luck and no feedback from the company who he had the interview with. My son wants to work but no one will give him a go!! My concern is what happens when I die as I am a single parent. Everyone deserves a purpose in life and a job!"- Shut Out: The experiences of people with disability and their families in Australia [77]

Overview of funding

There are some supports available in the mainstream employment market, but there are often significant barriers for people with disability in accessing these supports [78].

Eligible participants can access funding for support from Disability Employment Service (DES) providers to help them to find and maintain work. DES providers are paid based on employment outcomes achieved. The amount of funding participants will attract for their provider depends on which service (Disability Management Service or Employment Support Service) they are in, and barriers they face in accessing employment [79].

In addition, the NDIS provides a range of supports for participants to achieve employment outcomes. Typically, these supports are greater than those available through DES and the mainstream employment market. Supports are provided directly to participants (not through providers) and can include services such as on-the-job training and intermittent support with work and direct supervision [80].

Potential role of SII in improving employment outcomes for people with disability

There are opportunities for SII to play a complementary role to NDIS funded employment supports, providing capital for businesses that are either run by people with disability and/or provide jobs for people with disability. While capital can be one issue affecting growth of such businesses, there are other needs including non-financial supports and capacity building. Thus for SII to be most impactful, it often needs to be combined with other supports or market enablers. These issues are discussed in the following sections.

The key employment related SII opportunities explored in this report are:

- Market opportunity 4: SII to support entrepreneurs with disability
- Market opportunity 5: SII to support expansion of WISEs

Market opportunity 4: SII to support entrepreneurs with disability

This opportunity focuses on providing the enabling capital or other needs (e.g. accessible workspace or inclusive capacity building opportunities) to support entrepreneurs with disability (including start-ups and existing businesses).

The high proportion of people with disability who are entrepreneurs and/or self-employed may be explained by a combination of ‘pull’ and ‘push’ factors [78]. Pull factors relate to the possibility of higher income, flexibility in the workplace in terms of hours and location, and reasonable recognition of support needs, as well as the ability to bring about social change, and the likelihood of increased work satisfaction. From a ‘push’ perspective, a lack of satisfactory opportunities to engage with the economy as employees is a large driver, as well as difficulty in getting meaningful work as a result of employer discrimination.

Market characteristics

There is a distinct lack of business start-up support programs designed to be inclusive. Although start-up accelerators and incubators are becoming more and more widespread in Australia, they typically do not effectively cater to the needs of people with disability – for example, certain elements of the program may not be accessible, such as accessibility to facilities, transport and the business environment more generally, including a lack of access to business networking, and networking with other entrepreneurs with disability [78].

In order to address these challenges, organisations such as Remarkable and Settlement Services International have developed programs to support start-up founders who have a disability, with the early stages of setting up a business. Remarkable operates an accelerator which provides equity funding, mentoring support and a structured program to help build early-stage start-ups aimed at using technology to enhance the lives of people with disability. While the accelerator doesn't focus only on entrepreneurs with disability, many participants in the program either have disability themselves or have family or friends with disabilities. Settlement Services International's pilot program 'IgniteAbility' provides targeted individual business support specifically for people with disability who are passionate about establishing a small business or expanding an existing one.

In addition to the operational and business support challenges noted above, many entrepreneurs with disability also experience challenges in accessing start-up funding or loans. This can be attributed to a combination of factors, such as limited personal financial resources (which, in turn, are partly due to the concentration of disabled employees in low-paid occupations), poor credit ratings after long-term benefit receipt; disinterest/discrimination on the part of banks; and a lack of accessible information on sources of grants and loans [81].

> *"Yeah, well, they wouldn't really give me a bank loan. I've got a mortgage, but because I'm not actually working at the moment because I've been sick, I can't get a loan. So, I'm on Centrelink for Newstart, but I'm not eligible for a pension even though I'm full-time in a wheelchair. So, credit card was our only option." –Pamela, PM, cited in 'Australia's Disability Entrepreneurial Ecosystem' [78]*

Potential SII opportunities

Currently, impact investment plays a limited role in supporting entrepreneurs with disability directly. The accelerator programs mentioned above have been historically grant funded, with the accelerators themselves typically then receiving equity in the start-ups they support, and/or generating returns on debt capital that is invested into start-ups [82].

Potential future roles for impact investment include:

- **Funding existing accelerators:** This might involve scaling accelerators to achieve a larger scale and reach. Alternatively, funding could be directed towards enabling them to branch into new areas, for example developing programs targeted towards more advanced start-ups – this might present less risk for investors.
- **Finding and scoping the role of new accelerators or incubators:** This could involve funding more organisations working in the disability tech space, or finding new niches outside of disability tech. This exploration itself would likely take the form of grant funding which would not generate a return. SVA's 'Upscaler' was one example of a program that aimed to play this role as a funder.
- **Directly funding start-up founders:** Although this may incur more risk and effort on the part of investors, funding could be directly targeted towards individual start-ups which are at a more mature stage and ready to 'scale-up'.

Case study – SmartJob

A US-based company focusing on disability, SmartJob supports people with disability in various ways, including investment in up-skilling and re-skilling, supporting accelerators and incubators to fund disability-led employment solutions, and through investment in work-related innovations created by and for people with disability. This is achieved through a partnership with ImpactAssets, the leading facilitator of direct impact investing within donor advised funds in the world. Financing is provided through various mechanisms, including via grants, seed stage equity, revenue-based financing, loans, venture capital and other investment structures. This financing is supported by SmartJob's entrepreneurship and business development training programs which helps to build capacity of entrepreneurs. [83]. The potential role for a model similar to SmartJob to be implemented in Australia is worth further exploration.

Enablers required to grow the market

To grow the market for impact investing into entrepreneurs with disability, the following major factors will need to be addressed.

Table 4: Factors affecting growth of the SII market for entrepreneurs with disability

Factor	Current barriers	Requirements
Leadership from lived experience	Further engagement with people with disability	Many enterprises which focus on the needs of people with disability are not led by people with disability. Cultivating businesses led by people with disability should be a priority. Businesses working 'for disability' need to continually engage with lived experience and expertise to identify the most pressing problems and solutions to deliver outcomes.
Quality outcomes data and proven models	Evidence of good practice	Social impact investing requires evidence that the investments made will contribute to positive social outcomes, however there are currently gaps in evidence around how entrepreneurship for people with disability can lead to positive outcomes, primarily because of the small scale at which this currently takes place. ➢ *Action area 12: Research to understand the potential for a program similar to SmartJob in Australia including developing a business case and identifying potential funds that could be partnered with.*
Investment readiness	Lack of investment - ready ventures Partnerships	It has been identified that there is a narrow pipeline of start-ups that are currently suitable for impact investment – e.g. they are too nascent and need further development [82] Capacity building plays a vital role to support founders to

	between investors, incubators and accelerators and other capacity builders	develop skills and expertise. Non-financial intermediaries such as incubators and accelerators can provide these supports. ➢ *Action area 13: Acquiring philanthropic or government investment to enable very early-stage organisations and ideas to get off the ground, building the pipeline of investment-ready organisations.*
Effective intermediaries	Identification of appropriate sources of capital	In some cases, financial intermediaries may play a smaller role in the employment space as investments are smaller and more targeted towards individual ventures, and therefore transactions are less complicated to execute. However there is a role for financial and other impact intermediaries to support emerging entrepreneurs to identify and source appropriate forms of capital, including those with higher tolerance for risk and/or willingness to accept terms that will suit emerging businesses. ➢ *Action area 14: Intermediaries to support linkages between more start-ups to new sources of capital and support (from investors with a higher risk tolerance).*
Interested and aligned investors	N/A – minimal or no barriers (although currently only a few existing funders)	There is capital ready to be deployed by impact investors to ventures which have a sound business model, although there is not a strong presence in Australia of specific funds that focus on investing in entrepreneurs with disability.
Government facilitation	Disability support pension compliance obligations Fragmented support landscape	There are onerous compliance obligations that people with disability who access the disability support pension (DSP) may face whilst being involved in start-up programs. Policy change could be implemented to improve ease of accessing these programs, for example, being able to maintain access to the DSP as a safety while exploring business opportunities. For those eligible for the NDIS, while this can be advantageous in accessing supports, there is currently fragmentation around service provision in the NDIS operating landscape, and government policies may hinder entrepreneurial activity for people with disability, as the effort required in dealing with bureaucratic processes can defeat the entrepreneurial spirit, passion and drive for some people with disability and innovative support models, reducing the pipeline of investment-ready start-ups.

Market opportunity 5: SII to support establishment and/or expansion of Work Integration Social Enterprises (WISEs)

Work Integration Social Enterprises (WISEs) are a model for increasing employment opportunities for people with disability facing barriers to employment. WISEs are social enterprises that directly support vulnerable community members who are facing exclusion from the labour market including people with disability. WISEs involve these individuals in the process of producing and selling goods or services, most often through paid employment, with the objective of supporting their integration into the work environment and society. WISEs generally have one of two long-term goals: providing individuals with secure, stable employment within the organisation itself, or supporting a future transition to the labour market [84]. The hiring criteria and conditions of employment are often much different to mainstream employment.

> "*I'm really appreciative that Vanguard [Laundry] can take me on, on half shifts twice a week, because I haven't had that opportunity presented to me previously and it makes a huge different to the amenability I have with the tasks here. That makes it very easy for me to get back into work, because of course, I haven't worked for 20-30 years and I've got to get myself up to speed again with physical labour and so forth". – Employee of Vanguard Laundry, a WISE based Queensland* [85]

Similar to WISEs are Australian Disability Enterprises (ADEs). ADEs typically engage individuals with higher support needs, and wages are often lower than market [22]. While ADEs are intended to provide a steppingstone into mainstream employment, they have been criticised by the Australian Human Rights Commission and others for failing this objective and instead creating segregation and sub-standard employment conditions [86]. Thus the opportunity of focus in this report is specifically on WISEs.

Market characteristics

In social enterprises generally, people with disabilities were the most cited target beneficiaries [87]. Employment is also a large focus of social enterprises – of the estimated 20,000 social enterprises in Australia, 7,000 focus on creating meaningful employment for disadvantaged Australians. Some of the key industries in which WISE operate include cleaning (e.g. CleanForce), property and facility maintenance (e.g. Marriott Support Services), and commercial nurseries (e.g. Yarra View Nursery).

Overall, the market opportunity is large and growing, with strong policy shifts resulting in increased momentum, including through an emphasis on social procurement in government contracts. This is a relatively recent trend, as organisations are identifying the creation of real business value as a result of undertaking social procurement [88]. Ultimately, this trend towards social procurement across government and the private sector will result in social enterprises having a guaranteed minimum amount of revenue, making the prospect of investment less risky for investors.

Although there is strong activity, sector readiness for impact investment is currently limited, with only a few social enterprises operating at a large scale. This can be attributed to a few factors. Firstly, the high costs that must be incurred put a barrier on scaling. Secondly, the place-based nature of many social enterprises places natural limits on the number of people who can be brought into employment in any given area [22].

Despite the above challenges, WISEs are gaining substantial attention from impact investors who recognise their potential for scalable impact. SVA's Upscaler program is one example which has provided funding and support to help social enterprises scale to increase capacity to take on larger social procurement contracts [89].

Potential SII opportunities

There are multiple opportunities for SII to support expansion of WISEs, including:

- **Capital to support growth and maturity:** The experience of SVA's Upscaler program has generated strong lessons for expansion of and investment in WISEs (see SVA Upscaler webpage for more details). Interviews with the Upscaler team suggest that impact investing is an important enabler for the establishment of new WISEs, as well as the expansion and capacity building of existing WISEs. This includes opportunities to support additional cohorts or to be able to expand their impact through taking on larger social procurement contracts [22]. SII can provide the capital needed to support the continued growth and maturity of WISEs which in turn enables them to offer a 'de-risked' investment in the future – i.e. an investment that is more appealing to a broad range of investors.
- **Accelerator model (capacity building combined with investment):** One method of de-risking is through pairing investment with capacity building (as per the Upscaler model). This could involve developing organisational capacity to undertake the deal process effectively, to enable investment readiness (i.e. getting to a stage where the organisation can achieve market returns), and/or developing capacity at the post-investment stage, to help organisations understand how to best use funding once it has been received [22].
- **Impact investing funds featuring favourable financing terms:** Additionally, SII funds can offer financing terms that are more favourable to WISEs, through various mechanisms. Examples include 'patient financing', which involves long term investments (e.g. 10-15yrs), with the investor having no expectation of a return until the end of the investment period; 'concessional financing', which involves investors receiving below market returns at principal recovery; and 'blended finance' which involves using philanthropic funds to underpin investments for investors, resulting in an investment pool of philanthropic and non-philanthropic capital, with each party having different expectations of the returns they would receive [22].
- **Outcomes based contracts including social impact bonds:** There has been emerging activity in the form of outcomes-based contracting, with Australia's first WISE outcomes-based contract being piloted at White Box [90]. With such activity, governments will play a key role in making payments for the achievement of outcomes.

Case study – White Box

White Box enterprises works with social enterprises, government, investors and philanthropists to build, replicate and grow social enterprises that employ overlooked or underserved cohorts. They focus on enterprises with the ability to provide jobs at scale.

The federal government has entered into an outcomes-based contract with White Box – Australia's first payment by outcomes contract in the WISE space [90]. The initiative will be trialled as a pilot within White Box. In this model, the government pays White Box based on employment outcomes, with a payment structure that incentives long term employment. The outcomes payment helps to cover the additional employment costs that WISEs incur through training and wrap-around supports for employees and recognises the cost savings generated for government through increased tax revenue and decreased services expenditure.

There is reportedly a limited amount of SII capital supporting the current outcomes-based contract trial. The contract also acts as an enabler to accessing further impact capital, with the service provider being able to flexibly use outcomes payments to raise new capital. White Box is advocating for broader use of payment by outcomes principles across Australia.

See https://whiteboxenterprises.com.au/advocacy/case-study-payment-by-outcome-mechanisms/

Enabling and complementary opportunities

As described above, there is substantial interest in WISEs among impact investors, but a shortage of investment-ready businesses. Philanthropic investment will be key to increasing sector readiness for SII. Organisations such as Impact Investing Australia play a key role in the sector, having recently provided Growth Grants to for-purpose organisations to fund capacity building services from external intermediaries that are directly related to their investment readiness and securing of capital. Learnings from the grants identified significant gaps in earlier stage support and around contract readiness for social procurement. There is a role for further research and engagement with the sector to better understand how WISEs can best use impact capital.

As described in Section 2, SII readiness includes evidence of impact, a financially sustainable business model, and organisational capacity to deliver [33]. In addition, in the WISEs context, the following factors may also be important [34]:

- **Innovation:** Social enterprises are solving social problems in new and innovative ways. Impact investors can be expected to echo philanthropy's appetite to fund social enterprises that adopt these innovative practices.
- **Existence of a proof of concept:** Developing a proof of concept reduces the uncertainty associated with the business and marks the achievement of an important milestone, as it indicates that both financial and social objectives can be aligned, and long-term impact can be achieved.

To support growing WISEs, SII can often be complemented by blended philanthropic and capacity building supports [22]. This should include:

- **Collaborative financing approach:** In the provision of capital, philanthropic funding can de-risk investments for other impact investors.
- **Pairing investments with capacity building:** This will enable social enterprises to operate with the requisite degree of commercial rigour.

Enablers required to grow the market

To grow the market for impact investing into WISEs, the main barriers to overcome are related to the maturity of the WISEs to be at a sufficient stage whereby they are able to attract investment. The current challenges or barriers to market growth are outlined in Table 5 below, framed against the six critical factors for impact investing growth.

Table 5: Factors affecting growth of the SII market for WISEs

Factor	Current barriers	Requirements
Leadership from lived experience	Continual engagement with people	There is a need for continual input from people with lived experience, in particular around defining what good looks like and providing direction for outcomes measurement.

	with disability	
Quality outcomes data and proven models	Evidence of good practice, building from initial investments in WISEs	Currently, only around two thirds of all Australian social enterprises measure their social impact. This can be difficult for social enterprises to achieve due to limited resources (particularly in smaller organisations) and the need to meet requirements of various stakeholders, as well as the ability to work with government data sets. [87]. There is a need to invest in measurement to ensure investment is going into programs that have impact for people with disability – this will necessarily require input from people with lived experience. Philanthropic investment could assist with this, as could government policy and funding settings.
Investment readiness	Lack of investment - ready businesses	There is a limited pipeline of WISEs that are suitable for impact investment – i.e. they are too nascent and need further development. That development could be achieved through capacity building support and working with incubator/accelerator programs to achieve the requisite scale. Impact intermediaries can provide these supports ➢ *Action area 15**:** Increased philanthropic funding in sector readiness, including funding for intermediaries, in order to help build WISEs readiness to scale and take up the demand for social procurement and to de-risk SII. This may include direct funding and/or blended finance models with investors.*
Effective intermediaries	N/A – minimal or no barriers	Among existing financial intermediaries, WISEs are a strong focus area. There are a range of skilled intermediaries with experience supporting WISEs including White Box, Social Impact Hub and SEFA.
Interested and aligned investors	Scale of WISE operations Role of philanthropy	There is capital ready to be deployed by impact investors to ventures which have a sound business model, although there is not a strong presence in Australia of many WISEs that are operating at the requisite scale to benefit from impact investment. Additionally, in order to attract investors, philanthropy has a role in providing financing to de-risk investments – such as through a blended finance model mentioned above.
Government facilitation	Substantial social procurement focus, but limited opportunities	There is growing momentum in the social enterprise space, with significant government investment in social enterprises through social procurement policies, at both the state and federal levels. Governments have implemented relevant policies, for example the Victorian Government Social Procurement Framework (Social procurement - Victorian

for outcomes based contracting	Government approach, 2021). This guides how much they spend directly on procurement through social enterprises, as well as they can indirectly support social enterprises through using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians. In addition to the social procurement focus, there is opportunity for government to explore future opportunities for outcomes-based contracting for WISEs, including investigating the role of SII in providing capital for program development and risk sharing. This could build on the White Box pilot. ➢ *Action area 16: Building on the White Box pilot, scope future opportunities for outcomes-based contracting opportunities in the WISE space, and investigate role of SII in providing capital for program development*

Section 5: Technological enablers for service providers

Advances in technology can enable customer-centric and efficient operations for disability service providers, however the cost of development can be prohibitively high given the limited capacity of service providers to pay high purchase or licensing fees. SII may have a role in supporting the expansion of technology-enabled solutions, especially where innovative business models can be developed that address these costing issues.

Overview of need

There is increasing demand for technological solutions that can support service providers to provide efficient and customer-centric supports to people with disability. This comes off the back of substantial change in the ways services and supports are bought and delivered. In recent years, disability organisations have seen substantial disruption with the transition from block funding to NDIS's fee-for-service-based funding, as well as the entry of newer service providers to the market such as Hireup which allow people with disability to connect directly with support workers [91]. As services continue to evolve, there is an ongoing challenge for traditional service providers to provide more flexible and customer centric supports and to provide greater coordination and access to resources. Outdated back-office technologies such as those used for rostering, scheduling and sourcing resources can make this difficult.

This report considers the opportunities for SII to play a role in supporting the expansion of technologies that enable advances in service provision, particularly for services providers in the housing and employment sectors.

Overview of funding

Funding for technological enablers can come from a range of sources, including:

- Seed funding and non-financial support from accelerators/incubators – (e.g., Remarkable)
- Philanthropic and non-philanthropic grant funding – this is often provided in parallel to, or as a pre-curser to, impact investing, to support early-stage ventures or de-risk other types of investments
- Impact investment funds – there are limited examples of impact investment funds investing in back-office technology for disability providers, with a notable example being SVA's Diversified Impact Investment Fund's (DIIF) investment in the aged and disability care app *Hayylo*
- Re-invested profit generated from sales of technology to service providers
- Private capital – for example, following a range of philanthropic and SII funding rounds, the online platform Hireup secured $40 million in funding via a partnership with SEEK Investments

Market opportunity 6: SII to fund technology which enables more customer centric and efficient operations

The analysis undertaken for this report suggests there is an opportunity for SII to provide capital to enable the development and rollout of technologies which assist service providers to improve operations and provide better quality of supports to people with disability, including funding for the development of software which supports back-office functions. However, the limited pipeline of opportunities makes it difficult to make generalised assessments of this market.

<u>Market characteristics</u>

Among people with disability, there is broad user acceptance of technology and tech-enabled solutions. They and families are now, more than ever, familiar and accepting of technology-based solutions informing them. With over 70% - 80% of people with disability or family contacts being familiar with telephone, SMS and/ or app-based technology, there is a large opportunity for software solutions to take over time intensive administrative activities, which could open vast amounts of time for the staff of disability service providers [92].

> *"I think smart phone modification is such a big thing now. It makes life easy. It's little things like being able to open the balcony door from my phone for when my dog wants to go out. I can jump on my couch and watch a movie and not have to worry about letting my dog out. I can turn lights on and off from my phone. I can put blinds up and down. I can turn air conditioners on. It's on one app."* – *Bianca (person with disability) [41]*

Introducing the NDIS required many providers to upgrade a variety of back-office systems to cater for new functions such as appointment booking, claims processing and payments. New technology solutions have emerged to support these transactions, some of which have attracted the backing of Australia's major banks. For example, LanternPay is an Australian company that has worked with the NDIS since its inception and processed the first NDIS payment in 2016. In 2022 it was acquired by NAB for an unknown sum [93]. Similarly, Australian company Whitecoat, which provides both terminal and in-app appointment booking and payment solutions, was acquired by the Commonwealth Bank in 2021 an undisclosed amount [94] and another company, Medipass, was acquired by Tyro Payments in 2021 for over $22 million [95].

Other emerging technologies have been more disruptive, for example, the introduction of Hireup, which allows people with disability to connect with support workers directly, bringing the peer-to-peer economy to the disability sector. Hireup has seen rapid and exponential growth since its inception [96] and recently attracted $40 million in funding from Seek Investments [97], and credits its success to early funding from the Myer Foundation and support from advisors at Impact Generation Partners (Hireup, 2021).

There is ongoing pressure on service providers to modernise and adapt their services, with a need for supportive technologies than can enable this evolution. With escalating workforce shortages in the sector, and the ongoing implications of reforms such as those sparked by the Disability Royal Commission, there may be a future focus on technologies that enabling smarter rostering solutions, ensure compliance with safeguards, and reduce the workloads for staff.

However, service providers' demand for tech enablers may be limited by their capacity to pay for something which may not be deemed essential for the day-to-day operations of the business – especially considering the many competing pressures. This is especially relevant to the slim margins under the NDIS, where since 2016, the proportion of service providers reporting that their service made a loss in the past financial year has been increasing [98].

Potential SII opportunities

Currently, there is both SII and mainstream investment activity in this space, particularly around investment in rostering and back-office functions, as noted above.

Potential future roles for impact investment include:

- Further investment directly in service providers with technology products, to streamline and improve service provision (e.g., similar to Hayylo)

- Further investment in accelerators/incubators (e.g., similar to Remarkable) which focus on building tech products to improve the lives of people with disability

SII may have a particular role in supporting earlier stage or higher risk investments, which have strong potential for social outcomes, as these may be less likely to generate attention from mainstream investors.

Enablers required to grow the market

The major barrier identified in the growth of SII support for innovative technologies is the challenging operating environment. As described above, service providers have limited capacity to pay licensing fees or purchase costs, and this impacts on the potential for tech companies and investors to recoup costs to develop and manage new technology solutions, or to generate a return on investment.

Table 6 - Factors affecting growth of the SII market for technology

Factor	Current barriers	Requirements
Leadership from lived experience	Need for ongoing collaboration	As with all investments in disability, there is a need for deep ongoing engagement with people with disability, their supporters, including providers to understand the greatest needs and opportunities, and develop solutions that provide the best outcomes. ➢ *Action area 17: Consider the potential for a program or convening entity similar to Remarkable to create spaces for people with disability and their supporters to connect with other entrepreneurs and start-ups to codesign and develop new technologies and approaches to then pilot, test, and scale.*
Quality outcomes data and proven models	*Project dependent*	Given the potential of technology to deliver for people with disability, this is largely project dependent, with some areas having a stronger evidence base (e.g., accelerators supporting people with disability as entrepreneurs), while others may require additional investment to develop the research and evidence base to guide and/or justify the investment or change for providers and people with disability themselves. ➢ *Action area 18**:** Building on Action area 17 (above), the coalition could work to identify priority sector technology needs and research to identify cost savings opportunities presented by improved technologies. This could be accompanied by research to explore innovative pricing models which would enable service providers to pay as well as investors to generate a return on the investment*.
Investment readiness	Limited pipeline	While there are a handful of case studies, there is a limited pipeline of innovative technology solutions to support improved NDIS service delivery. Action area 16 (above) could also assist

	Difficult operating environment	in developing this pipeline. This slow pace of innovation is potentially related to the low-margin operating conditions of NDIS service delivery, which can make it difficult to make innovative business models work [23]. These low margins could also make it difficult for tech-developers to establish viable pricing structures.
Effective intermediaries	N/A – minimal or no barriers	There are several existing intermediaries who support emerging ventures to identify sources of capital and develop a strategy for growth funding. Impact Investing Australia's Growth Grants program can be a crucial means for ventures to gain access to advisory supports, as in the case in the Hireup example [97]. ➢ *Action area 19: Consider the potential for financial intermediaries to create partnerships or other informal collaborations with philanthropists to provide blended capital as well as access to advisory supports to support development and scale.*
Interested and aligned investors	Ability to generate a return	There is capital ready to be deployed by impact investors to ventures, which have a sound business model. Investor interest will naturally depend on the projected returns and level of risk involved in the investment. Depending on the technology, the limited purchasing ability of service providers may impact on projected returns and therefore investor interest.
Government facilitation	NDIS pricing leaves little surplus for technology purchase	Strict NDIS pricing structures, which are set by the Commonwealth Government through the NDIA largely generated the abovementioned operating challenges. To support change, further government funding may be needed to support providers to upgrade outdated systems, driving the demand for fit-for-purpose innovative solutions. ➢ *Action area 20: Increased government or philanthropic funding for service providers to upgrade dated back-office systems, thereby driving demand and ability to pay for innovative and fit-for-purpose solutions*

Section 6: Summary of actions

To grow SII in disability, and ensure that it leads to meaningful, lasting change for people with disability, multiple actors will need to play a part. Government has a particularly critical role in facilitating the market and embedding an outcomes focus, but investors, philanthropists, intermediaries and sector organisations will also play important roles. This section provides a summary of the actions for key opportunities discussed in this report.

SII can play a unique role in supporting outcomes for people with disability in Australia, by addressing current market failures, incentivising innovation, and providing creative financing solutions that suit the needs of change-makers. This report has outlined several potential opportunities for SII to play such roles and suggests actions needed to enable SII growth within each specific area.

The report's authors explore specific opportunities for SII within the fields of housing, employment and enabling technologies for service providers. The analyses undertaken through this report provide useful lessons both on current opportunities as well as considerations for broader application of SII. The findings of the opportunity analyses are summarised in the table below.

Table 7- Summary of actions

Opportunity analysed	Potential impact and challenges	Potential actions to grow SII
1. Increasing accessible social housing supply – addressing current market failure to produce adequate supply	**Huge potential for impact** – given size of waitlists and critical shortages of supply [52] **Challenge in obtaining requisite government investment –** government funding need to address the 'financing gap' making investment viable [99]	1) Building a coalition of advisors to guide investors, developers, etc 2) Consolidating research and sharing resources on 'what good looks like' 3) Increased government investment in social housing, with a focus on accessibility 4) Policy settings to incentivise affordability and mandate accessibility
2. Transitional housing services for people leaving institutional settings – supporting improved service delivery and coordination	**Potential to support innovation and service improvement –** for example, through models such as SIBs or other evidence based SII **Government commitment is a key challenge –** requires coordination of funding and support coordination between agencies	5) Convening entity to facilitate co-design of future products and services 6) Continued consolidation of learnings from existing evidence based SII 7) Codifying current models of support and outcomes indicators / metrics of success 8) Government prioritisation of transitional housing and support, with commitment to support outcomes-based contracts 9) Research to strengthen understandings of baseline experiences of different cohorts as well as cost of inaction
3. Expanded supported living options – including funding for expansion of ILO advisory supports	**Potential for SII to fund service innovation in the future –** including new models of support such as ILO **Challenge is identifying financial return opportunities –** within current cost and payment structures, the potential to generate a financial return is unclear	10) Convening partnerships to improve awareness and identify measures to expand ILO 11) Philanthropic and/or government support for providers to establish ILO advisory
4. Supporting entrepreneurs with disability – including directly funding	**Potential to leverage the existing appeal of entrepreneurship for people with disability** [78] **–** providing seed and growth funding to	12) Research to understand the potential for programs similar to SmartJob in Australia 13) Philanthropic or government investment to

entrepreneurs and supporting accelerators	enable more to take part **Challenge is limited pipeline of scalable ventures –** currently, too few suitable and ready for SII	enable very early-stage organisations, building the pipeline of investment-ready organisations 14) Intermediary support to link emerging start-ups to suitable sources of capital
5. Support growth of WISEs – funding for growth and expansion	**Potential to support WISEs to increase employment outcomes –** by investing in new or scaling WISEs. **Challenge is limited pipeline of investment-ready WISEs operating at scale –** limited at-scale examples	15) Increased philanthropic funding in sector readiness, including for intermediaries 16) Scoping of opportunities for further outcomes-based contracting
6. Innovation in technology enablers for service providers – seed and growth capital	**SII could support additional technological innovations which could have far reaching impact** **Challenge is limited pipeline, potentially challenging revenue models –** limited ability for service providers to pay licensing / purchase fees	17) Convening entity to connect technology providers to people with disability to co-design, test and scale new products 18) Research to confirm priority sector needs and cost savings opportunities presented by improved technology 19) Intermediaries support to identify collaborations and supports needed to support development and scale 20) Government and philanthropic funding for fit for purpose technology solutions

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Section 7: Recommendations

To advance SII in disability, the report makes the following key recommendations, and highlights key stakeholders who will be critical to drive this work forward. Importantly, all of these actions should be led and driven by people with disability at the forefront.

Factor	**Key Recommendations**	**Key stakeholders to drive this work forward**				
		People with Disability	**Government**	**Disability service providers**	**Investors / Private Sector**	**Philanthropy**
Leadership from lived experience	1. Engage people with disability in co-design when creating and funding investment products.	✓	✓	✓	✓	✓
	2. Ensure people with disability are embedded in governance structures across organisations and/or within specific deals or partnerships (e.g., Boards, Advisory Panels, etc.).	✓	✓	✓	✓	✓
Quality outcomes data and proven models	3. Establish benchmarks for social impact measurement in disability.	✓	✓	✓		✓
	4. Create a centralised repository of the products and services that deliver improved outcomes for people with disability.	✓	✓	✓		✓
Investment readiness	5. Ensure access to funding, capacity building and market validation to bridge the gap between the supply of and demand for impact investment opportunities.	✓	✓		✓	✓
	6. Structure a blend of philanthropy and investment capital to scale social enterprises in a range of sectors.	✓			✓	✓
Effective intermediaries	7. Expand and create impact intermediaries that work with people with disability to define opportunities for investment to generate social impact; test, trial and scale evidence-based models; build capability; and convene dialogues between investors and investees within and across sectors.	✓	✓		✓	✓

Interested and aligned investors	8. Fund innovative outcomes-based models supported by early evaluation to build the market by showcasing social and financial performance	✓				✓
Government facilitation	9. Build an outcomes-based funding program for disability and related sectors	✓	✓			
	10. Incentivise early-stage funding of social investors to build the market	✓	✓	✓		✓
	11. Create forums to agree benchmarks for data and evidence on social impact	✓	✓			

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