

What's the Big Deal for Disability?

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An overview of *What's next? Opportunities for Social Impact Investing to Deliver Outcomes for People with Disability*, a report prepared for The Achieve Foundation by Social Ventures Australia.

What is Social Impact Investing?

Social Impact Investing (SII) is about generating positive social impact alongside a financial return. By investing in businesses or projects that have the potential to bring about positive change, SII can help tackle entrenched social and environmental challenges.

All SII models include a financial return, as distinct from philanthropy. Returns can be based both on commercial success and how well projects deliver on agreed social outcomes.

There is an urgent need to improve outcomes for people with disability,

whose life outcomes continue to lag behind Australians without disability.

The opportunities for SII to contribute to outcomes for people with disability have yet to be fully explored. The Achieve Foundation has partnered with Social Ventures Australia (SVA) to grow this field, with a focus on the areas of housing, employment and enabling technologies.

In 2020, the Global Impact Investing Network put the global SII market value near \$1 trillion. SII can provide the resourcing needed for innovation, particularly where there are barriers to accessing other sources of capital.



Health

Adults with disability are six times as likely as those without disability to assess their health as “poor” or “fair”.



Social Inclusion

More than one in six people with disability experience social isolation compared with one in twelve people without disability.



Violence

47 per cent of adults with disability have experienced violence after the age of 15, compared with 36 per cent of people without disability.

Lessons for success

For any SII to be successful and sustainable, it must deliver both social and financial returns. There are six key factors which can further underpin success in disability-focused SII.

Global evidence on SII

There is a growing body of evidence that impact investing works.

The most recent evidence can be found in a report from Big Society Capital in the UK, which is considered a pioneer and global leader with more than 80 projects over the last decade.

Big Society Capital's report on Social Impact Bonds (SIBs) states that the benefit-to-cost ratio in the UK is 10.20, implying that every £1 spent by the UK government generated £10.20 of public value.

Key SII Factor

Needed in SII Disability Context

Availability of effective intermediaries

New brokers for an innovative model

Effective 'catalytic' intermediaries are key to driving innovation because they connect investors, investees, agencies and all the below key SII factors. This will facilitate knowledge, capacity and confidence in what is currently an under-developed area.

Catalytic intermediaries link needs, solutions, and investment, and can also develop the innovative financial mechanisms needed.

Leadership from lived experience

User experts

People with disability should be viewed as experts rather than 'beneficiaries'. Their expertise – and that of their supporters – ensure SII products and services are fit for purpose.

Quality outcomes data and proven models

Clear measures for success and return-on-investment criteria

These provide the 'rules' of SII investment, testing new approaches, driving positive outcomes and returns. Data and models need to avoid the 'activity' and 'outputs' focus that has plagued the sector.

Investment readiness among investee organisations

A choice of quality products and the ability to deliver them

Evidence-based opportunities offered by credible entities give investors confidence and make the SII model sustainable.

Availability of interested and aligned investors

Capital

Motivated investors interested in helping to drive positive social impacts.

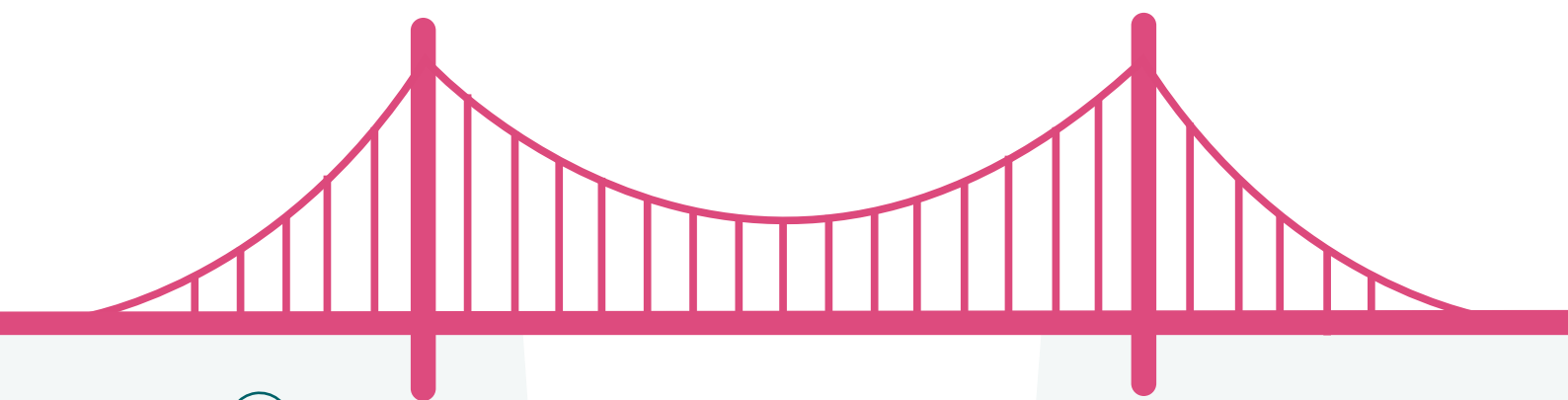
Government-market facilitation

Connections with Government silos

The bulk of social-service resources and policy sits with the public sector. Funding and policy settings need to understand, encourage, and facilitate SII.

The Way Forward

Now is the time to take advantage of rapid growth in SII, with significant opportunities for disability. SII can provide new and different forms of capital investment that can enable innovation.

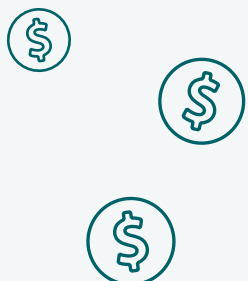


US\$715 billion

Size of the global impact investing market estimated by the Global Impact Investing Network.

\$29 billion

Size of the Australian impact investing market.



Catalytic role of intermediary/ies

A) Establish proven models

- Develop solutions
- Aggregate knowledge and insights

B) Investment readiness

- Build connections
- Educate investors and investees



People with disability need access to capital that will drive outcomes as prioritised in Australia's Disability Strategy (2021-2031)

- Employment and Financial Security – Inclusive Homes and Communities
- Safety, Rights and Justice
- Personal and Community Support
- Education and Learning
- Health and Wellbeing
- Community Attitudes

Housing

Housing and ‘feeling at home’ are essential for everyone.

SII is helping to build accommodation for people with disability who qualify for SDA. This is crucial and often life-changing. However, it is also very specific: the NDIS supports ten per cent of people with disability, and only six per cent of that ten per cent qualify for SDA.



There is major interest from investors and the government sector, and a lot of room for SII growth in the disability area.

Growth in SII was triggered in 2016 when the NDIS introduced specialist disability accommodation (SDA) as a category of support.

The resulting above-market SDA rental returns encouraged private investors.

People with disability come from all walks of life, have a wide variety of needs and wants and live in all sorts of housing.

SII can help unlock accessible housing choice for thousands of people with disability and release the potential to provide long-term stable returns to investors by providing products that people with disability want.

Potential Housing SII Opportunities

SII can be a key to developing strategies that ensure accessible homes are about rethinking inclusion, not just about retrofitting with ‘ramps’ and ‘rails’.

Increasing accessible social housing for people with disability

Almost 30 per cent of people with disability rent their accommodation, and they are far more likely than people without disability to be in social housing. There is huge potential for impact – given the size of waitlists and shortages of supply.

When housing providers work with people with disability, disability advocates, and service providers, housing can be designed in a way that is appropriate and accessible for people with disability.

SII can be used to unlock investment in social housing, to increase the number and variety of accessible social housing options for people with disability.

The viability of SII in social housing will depend on supportive government policies and funding mechanisms.

Improve transitional housing and support for people with disability

Transitional housing includes temporary accommodation and a range of supports to assist a person with disability to move from an institutional setting to life in the community. This might include from a healthcare facility, a correctional facility, or out-of-home care. The nature and intensity of support needs vary based on individual circumstances.

There are opportunities for outcomes-based contracting within transitional housing, for which Social Impact Bonds could provide necessary upfront capital and risk-sharing.

Support expanded supported-living options

People with disability may receive in-home supports to help with daily tasks. While people should have access to options that suit their needs and preferences, supports have been limited to the funding models available under the NDIS.

There is a call for more options to be made available. Independent Living Options (ILO) is an alternative to SIL and is an individually designed offering which 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. SII investment in accessible housing would increase the availability of alternative housing options and therefore increase the potential for people to use ILO to transition from group homes.

National Housing Accord opportunities

The Government recently announced the National Housing Accord, a landmark agreement to address the supply and affordability of housing.

The National Housing Accord promises a million new homes, and aims to help shape sustainable, long-term housing and affordability plans by aligning all levels of government, institutional investors and the construction sector.

People with disability are exponentially challenged in finding appropriate

housing because their needs have been neglected for decades.

The imperative and the opportunity is to consider people with disability as consumers while we consider these one million new homes. Envision, design and build the new homes as accessible by default – Australia’s ‘new normal’ home can add significant value to the housing system and remove retrofitting burdens. It can also add an undeniable but more difficult to quantify benefit: you feel ‘at home’ when your home is built for you.



Employment

People with disability experience unemployment at more than twice the rate of those without disability and are likely to be unemployed for longer periods.

People with disability have high levels of self-employment, enabling greater control over when and where a person works and providing creative opportunities and rewards. However, this should not become an employment silo for people with a disability, who should have access to all employment opportunities that contribute to both a person's sense of wellbeing and independence, as well as economic security.

Potential Employment SII Opportunities

Start-up accelerators and incubators are becoming more and more widespread in Australia, although they typically do not effectively cater to the needs of people with disability. Certain elements may not be accessible, including facilities, transport, and the business and networking environment more generally.

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 is one example of a program that aimed to play this role as a funder. Upscaler works with social enterprises to build their capability to compete for for-purpose contracts, access flexible capital, and grow their businesses and positive social impact.

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 **Smart Job**

US-based 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.

Its work is enabled by a partnership with ImpactAssets, the world's leading facilitator of direct-impact investing within donor-advised funds.

Financing is provided through various mechanisms, including grants, seed-stage equity, revenue-based financing, loans and venture capital. This financing is supported by SmartJob's entrepreneurship and business-development training programs, which help to build the capacity of entrepreneurs. The potential role for a model similar to SmartJob to be implemented in Australia is worth further exploration.

Touching on **Technology**

There is wide acceptance of tech-enabled solutions within the disability community, which broadens the scope to invest in customer-centric and efficient technology solutions.

Technology is likely to also be an umbrella opportunity because of the SII-wide need for quality outcomes data.

Technology prompts

- People with disability and their supporters connect with entrepreneurs and start-ups to co-design and develop new technologies
- Innovative pricing models
- Flexibility for financial intermediaries to create partnerships
- Upgrade dated back-office systems, which will drive demand and the ability to pay for innovative solutions

Challenges

Development cost can be high because of the limited capacity of service providers to meet purchase or licensing costs. Innovative business models can be developed that address these costing issues, including developing partnerships.

What's next?

This table summarises the report's key recommendations and identifies the stakeholders to further develop SII. Given the range of stakeholders and motivations involved in SII, intermediaries can play an important role in facilitating effective partnerships that drive positive outcomes for all.

Factor	Key Recommendations	People with disability	Government	Disability service providers	Investors / Private sector	Philanthropy
		Key stakeholders to drive this work forward				
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 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 on benchmarks for data and evidence on social impact.	✓	✓			

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