

9:30am – 2pm

Friday Oct 19th, 2018

[Rotorua Lakes Council, 1061 Haupapa Street, Rotorua](#)

Purpose of today

- To learn about **the proposal of a regional impact investment fund** from Enterprise Angels Bay of Plenty
- To consider the **role of local and central government to enable** impact investment for social and environmental outcomes
- To think outside of the box when it comes to solving some of our complex social and environmental challenges.

Impact Investment 101

Bill Murphy, Executive Director for [Enterprise Angels](#) gave a presentation on Enterprise Angels, impact investment and the proposal for a regional impact investment fund in the Bay of Plenty. [Access Bill's presentation here](#)

Q: Trusts and granting: how much energy goes into groups applying to this current process? How do we measure this? Often the admin for community groups takes away time from doing the 'mahi/work'.

A: SocialLink have recently mapped the Social Sector in the Western BOP and although not quantified in hours, it is well known that community, NFP groups spend a large part of their time applying for funding. [The Collective in Tauranga](#) is trying to reduce this by creating a hub for social services to share 'back-end' services. EA have a compliance team of 6 that would look through potential impact investments before putting these to the investors.

Q: People still have to go through applications to get funding for social and environmental project though. How will working with the commercial sector/impact investment fund be any different? Often there are huge costs involved in a group getting an application for funding together, especially if there is a robust business case needed - consultants are benefitting from this.

A: There are efficiencies to pass on by working with the commercial sector. A successful business model always looks for efficiencies to increase effectiveness, it is a different way of working. Through impact investment, the case is looked at by investors who are used to viewing and developing business cases.

Q: How does the commercial sector get the rate of return it needs (to warrant investment)? Does this mean an end to grant funding?

A: Impact investors already have what they need - they are not concerned with just the \$\$, they are wanting to make a difference. E.g. Angel Investors need around \$5m behind them to get involved in the first place. They are not looking for a 'just another buck', they are wanting to make difference because they can. A 5-7% return is enough to be viable because it is not just 'investing' it is 'impact (to make a difference)' investing. This does not mean an end to grant funding. Rather than reducing grant funding (this is still necessary), impact investment will bring an increase to the amount that can be grant funded and ROI means that Trusts will be able to do more as commercial investments put money back into the cycle (re-invest).

Q: What are the next steps after today?

A: Enterprise Angels continue to work with Investors, Trusts and the commercial community for commitment to the fund. The goal is to open in the first quarter of 2019. Bill is in the United States next week at SOCAP impact investment conference and returns to NZ mid-November. Any government agency that would like to participate in the fund can contact [Kristen Joiner, Impact Investment Director](#).

Discussion groups

The forum broke into discussion groups to:

1. Look at **successful impact investment case studies** involving local and central government
2. Explore the **roles of local and central government** in enabling impact investment, and
3. Discuss **support for and give feedback on the Enterprise Angels proposal** for a regional impact investment fund
4. Look at the **Melbourne Model of cross-sector collaboration** and discuss its relevance to COBOP



Group feedback:

1. Look at successful impact investment case studies involving local and central government

Access the Case Studies here:

[Newpin Social Benefit Bond](#)

[Social Venture Fund Australia](#)

[Waipa Catchment Project](#)

Q: What do you think were the **key drivers for local and central govt to get involved** in these projects?

- Meeting a gap for government
- NGO's were doing work that government were not succeeding at (social impact fund), in that the indicators for social improvement were not shifting;
- Meeting government priorities with lots of social issues (complex issues with no one agency solution)
- Looking for better outcomes with constrained resources = look for another way to make it happen; Govt organisations have a different appetite for risk especially around innovation;
- They were looking for sustainability in funding
- Community outcomes - the 4 well-beings
- Constrained resources
- Perceptions of public
- Risk for appetite different in each case study

Q: What role/s did local and/or central government play in the case studies and what may have been **some of the challenges and opportunities** for them? (reference to which case studies in brackets)

Roles played	Challenges and Opportunities
<p>Govt shift from treatment to prevention</p> <p>Proactive thinking, rather than reactive</p> <p>Funding partner at central govt level (regional govt in Australia, Newpin case study)</p> <p>Seed funder (social impact fund case study)</p> <p>Catalytic funding (social impact fund) -</p> <p>Enabler - feasibility study funder, due diligence funder</p>	<p>Being able to measure outcomes is both a challenge and an opportunity - (all)</p> <p>Challenges are metrics and green standards in NZ - we don't have them (Waipa)</p> <p>Social metrics for pay backs a challenge, but an opportunity to create agreed metrics (Newpin)</p> <p>Shifting the 'paying point' is an opportunity to save money (Newpin)</p> <p>Co-investment shifts the risk - opportunity, challenge = risk taking is not the norm for the public sector (all)</p> <p>Use of rating systems to return</p> <p>Time for results - is this affected by the political cycle (3-year election), both opportunity and a challenge</p> <p>Shared thinking and capability (all)</p> <p>Opportunities to work on the solutions together - sometimes a several-way-street needed and good guidance through the partnership is necessary (all)</p> <p>Opportunity to increase trust (amongst partners, cross-sector) (all)</p> <p>Opportunity to increase outcomes (scale), expand a successful program (all)</p> <p>Partnership funding involves working with NGO as partners rather than 'recipients' - change of mindset by govt needed (Newpin case study)</p> <p>Movement toward sustainable projects (all)</p>

Q: After reading and discussing the case studies, **what sort of impact investments would make a difference here** in the Bay of Plenty?

- Bringing commercial guidance to projects (is a gain)
- Investment in **Iwi land use** (sustainable and benefitting the Iwi/hapu)
- **Employment and training** projects, wide range of issues affecting the work-force including **housing and transport**
- **Engagement in education, training and employment** - fuelling our key industries with local talent = local people having jobs and increasing their income and opportunities
- Making local aspirations (outlined in the Long-Term Plans) commercially viable and a reality. (Aspirations can turn into frustration if they aren't realised) - **achieving local aspirations**
- **Improving the quality of rental stock** here in the BOP (to healthy homes standards) in a sustainable way
- **Housing solutions** (region wide, Tauranga and Western BOP growth but also Eastern BOP housing quality and quantity)
- Land use changes to increase **water quality**
- More **green spaces**
- Carbon **emissions reduction** projects - ?? (different for each TLA)
- **Zero waste** projects, recycling innovation (currently solid waste is transported to Hampton Downs)
- Investment in a wide range of social issues including **obesity, family violence, organised crime and poverty**

Q: General table question: Give your **thoughts and feedback on the Enterprise Angels proposal** for a regional impact investment fund

- Need to understand this further, not sure what the opportunities are as unsure that would be attractive to an investor - ??
- Welcome your thoughts and expertise in partnership thinking, co-investment thinking and commercial guidance to projects for sustainability - (help us to think outside of the square)
- Can we make our local aspirations commercially viable? - meet with local councils to look at connections to LTP, meet with Iwi to discuss aspirations outlined in many Iwi strategies
- Will need to learn more about what types of projects may suit impact investment funding
- It's a great idea but more work needed in bringing the sectors together - not easy for public sector as its public money and must be accounted for.
- Developing relationships between sectors key - some agencies may have more appetite for risk??
- (we need to) understand co-investment for return
- Would elected members agree to local govt working with investors? Each TLA would be different.
- Need for discussion with Ministers of key govt agencies - appetite for risk/commercial connections
- Public/private sector relationships need to be built over time --- start small, prove success

Q: General table question: Give your thoughts and feedback on the "[Melbourne Model](#)" (cross sector partnerships for solutions) - is this **something that COBOP could consider moving forward as a network?** How would you see it working?

- This looks like an urban/city model - would it work in rural parts of the BOP (districts)?
- Not sure if it would work as a regional model for COBOP but it would work for a city
- Have been working with NGO's and govt organisations. Experience from this is that it requires strong leadership and high trust - not quite there yet (Rotorua)
- We are well intended but don't always have a mandate (to work across sectors?)
- A common agenda is required - high trust needed
- Each district/city could learn something from this model, however implement it in different ways at a local level, on a different scale
- Urban challenges quite different to rural challenges, although potential for cross sector if commercial/industry/business sector is strong enough in a location

COBOP General business

- COBOP 2019 due for a review - survey link out to the network before the end of the year. Please take time to fill this out as it will inform our discussions for direction early 2019.
- [Overview of focus areas COBOP has been working on/with and progress so far - here](#). A more detailed written overview is due out in November, for the Mayors Triennial meeting. Please circulate this throughout your organisation, to elected members, MP's etc as COBOP needs your help to make internal linkages. Some staff across organisations are still not aware of COBOP and their organisations involvement in it. Also, please contact Jo to add staff or elected members to our monthly e-news.
- 12:30pm Meeting close, followed by a networking lunch

PRESENT TODAY:

ORGANISATION	CONTACT NAME	CONTACT DETAILS
Bay of Plenty District Health Board	Sarah Stevenson	Sarah.Stevenson@bopdhb.govt.nz
Bay of Plenty Regional Council	Stephen Lamb	Stephen.Lamb@boprc.govt.nz
Department of Internal Affairs	Craig Whibley	Craig.Whibley@dia.govt.nz
Housing New Zealand	Teresa Pou	Teresa.Pou@hnzc.co.nz
Kawerau District Council	Russell George*	russell.george@kaweraudc.govt.nz
Ministry of Education	Jon Dimock	Jon.Dimock@minedu.govt.nz
Ministry of Social Development	Dominic Lepa	Dominic.Lepa001@msd.govt.nz
New Zealand Police	Anaru Pewhairangi	Anaru.Pewhairangi@police.govt.nz
Opotiki District Council	Aileen Lawrie	AileenL@odc.govt.nz
Rotorua Lakes Council	Geoff Williams*	Geoff.Williams@rdc.govt.nz
Tauranga City Council	Robyn Skelton	Robyn.Skelton@tauranga.govt.nz
Toi Te Ora Public Health	Janet Hanvey* Dr Jim Miller	Janet.Hanvey@bopdhb.govt.nz Jim.Miller@bopdhb.govt.nz
Western BOP District Council	Gillian Payne	Gillian.Payne@westernbay.govt.nz
Enterprise Angels	Bill Murphy	bill@enterpriseangels.co.nz

Apologies:

Namouta Poutasi (BOPRC), Kim Smith (Corrections), Brendon Gardner (MBIE), Greg Simmonds (BOPTI/Priority One), Clinton Naude (EMBOP), Dean Latus (FENZ), Lionel Crawley (NZTE), Shaneen Simpson-Almond (TPK), Miriam Taris (WBOPDC), Cole O'Keefe (NZTA), Roimata Timutimu (BOPDHB).