

Newpin SA Social Impact Bond

Annual Investor Report
Period ending 31 December 2023
Issued April 2024



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Foreword

Dear Investor,

Social Ventures Australia is pleased to present the third Newpin SA Social Impact Bond (**Newpin SA SIB**) Investor Report.

This year was the first year with all three Newpin centres operating across metropolitan Adelaide. Since its inception, the Newpin Program (**Newpin or the Program**) has supported 60 families with 80 eligible children. The Program has also supported twelve families and 33 children that do not meet the Program's eligibility criteria and are therefore not included in the determination of outcomes.

The number of eligible children enrolled in Newpin is lower than planned (55% of plan). Referrals to the Program have been lower than planned due to various factors, including delays with establishing the second and third Newpin centres, the time taken to build awareness with referring Department offices about a new program, staffing issues at referring Department offices, and other reunification services operating besides Newpin. The Department and Uniting Communities are working closely together to monitor and improve referral numbers, with changes to the referral process under development and Newpin staff co-locating with Department staff to support relationship building.

31 December 2023 marked the first Calculation Date and the early results indicate that almost three quarters of children that reached their assessment point have been reunified with their families, compared to just 22% assumed to be reunified in the absence of the Program (the counterfactual). This represents an **Incremental Reunification Rate of 49.5%**. While this shows a promising start to the Program, the data covers a small number of children so the results should be interpreted with caution and is subject to change.

This report provides an overview of the profile of the families enrolled in the Newpin Program to date and an insight into the early outcomes achieved. We thank you for your investment in an important program that is delivering positive outcomes and change for families working towards reunification.

Kind regards,



A handwritten signature in black ink, appearing to read 'K. Armstrong'.

Kirsten Armstrong

Director, Impact Investing,
Social Ventures Australia



A handwritten signature in black ink, appearing to read 'P. Bollen'.

Patrick Bollen

Associate Director, Impact Investing,
Social Ventures Australia

Newpin SA SIB Overview

The Newpin SA SIB funds the delivery of the Newpin Program in South Australia, which is delivered by Uniting Communities in partnership with the South Australian Department for Child Protection (**the Department**). The Newpin SA SIB has a term of 7 years and utilises \$6.5 million of investor capital.

Newpin Program

Newpin is an evidence-based intensive therapeutic program for families with young children aged six years or under who are on a temporary care order where reunification has been identified as an appropriate goal.

The Program is an 18 month centre-based program that is designed to strengthen family engagement to enable children to return to and live safely with their families. Parents are supported to work with their strengths to improve parent-child relationships and learn from their peers. Children also have a safe environment in which to play, learn and socialise.

Figure 1 Newpin Program modules

| | |
|------------------------------|--|
| Parenting modules | Parents attend education modules where they develop their knowledge of parenthood, learn about strategies to keep children free from harm and neglect, and develop a deeper understanding of their child's needs |
| Therapeutic group meetings | Parents attend weekly group therapy sessions where they reflect on their own childhood experiences and how they impact their parenting |
| Child development activities | Children participate in structured and unstructured play sessions that aim to improve the child's social, emotional, language and communication skills |
| A supporting environment | The Centre itself is a safe, supportive and stable environment for parents and children alike. Participants are mentored and supported by previous Newpin members |

It was initially planned that around 224 families would be referred to the Newpin Program over a five-year period. Each of these families will have at least one child who is below school age and in out-of-home care, with an expected average of 1.4 enrolled children per family.

All three Newpin centres are now operating, with each centre offering a slightly different experience for families.

SIB overview

The Newpin SA SIB is underpinned by an outcomes-based contract between the Department and Uniting Communities. Payments will be made to Uniting Communities by the Department based on the proportion of eligible children enrolled in the Program (**Intervention Group**) who are reunified with their families relative to a counterfactual or baseline (**Incremental Reunification Rate**).

To fund Program delivery prior to the receipt of the outcome-linked payments, Uniting Communities borrowed \$6.5 million under a Loan Agreement with the Newpin SA SIB Trust¹, which in turn raised capital from investors through the issue of the Newpin SA SIB notes.

Investor returns

Noteholders will receive a 2% per annum fixed Coupon Payment over the first 3 years of the bond, and variable Coupon Payments over the final 4 years that are determined by the Incremental Reunification Rate. The proportion of principal repaid on maturity is also linked to the Incremental Reunification Rate.

Under the assumptions set out in the [Newpin SA SIB Information Memorandum](#) dated 21 December 2020, investor returns vary with the level of Program performance as illustrated in Table 1.

Table 1 Newpin SA SIB Noteholder returns under initial assumptions

| | No Impact | Under-perform | Well Below Target | Below Target | Target | Above Target | Well Above Target | Out-perform |
|---------------------------------------|-----------|---------------|-------------------|--------------|-------------|--------------|-------------------|-------------|
| Incremental Reunification Rate | 0% | 10% | 15% | 20% | 25% | 30% | 35% | 40% |
| IRR (% per annum) | -9.5% | -4.6% | 0.0% | 3.5% | 5.8% | 7.5% | 9.0% | 9.9% |
| Performance Interest Rate | 0.0% | 0.0% | 0.0% | 3.5% | 6.0% | 7.75% | 9.5% | 10.5% |
| Principal Returned | 50% | 70% | 95% | 100% | 100% | 100% | 100% | 100% |

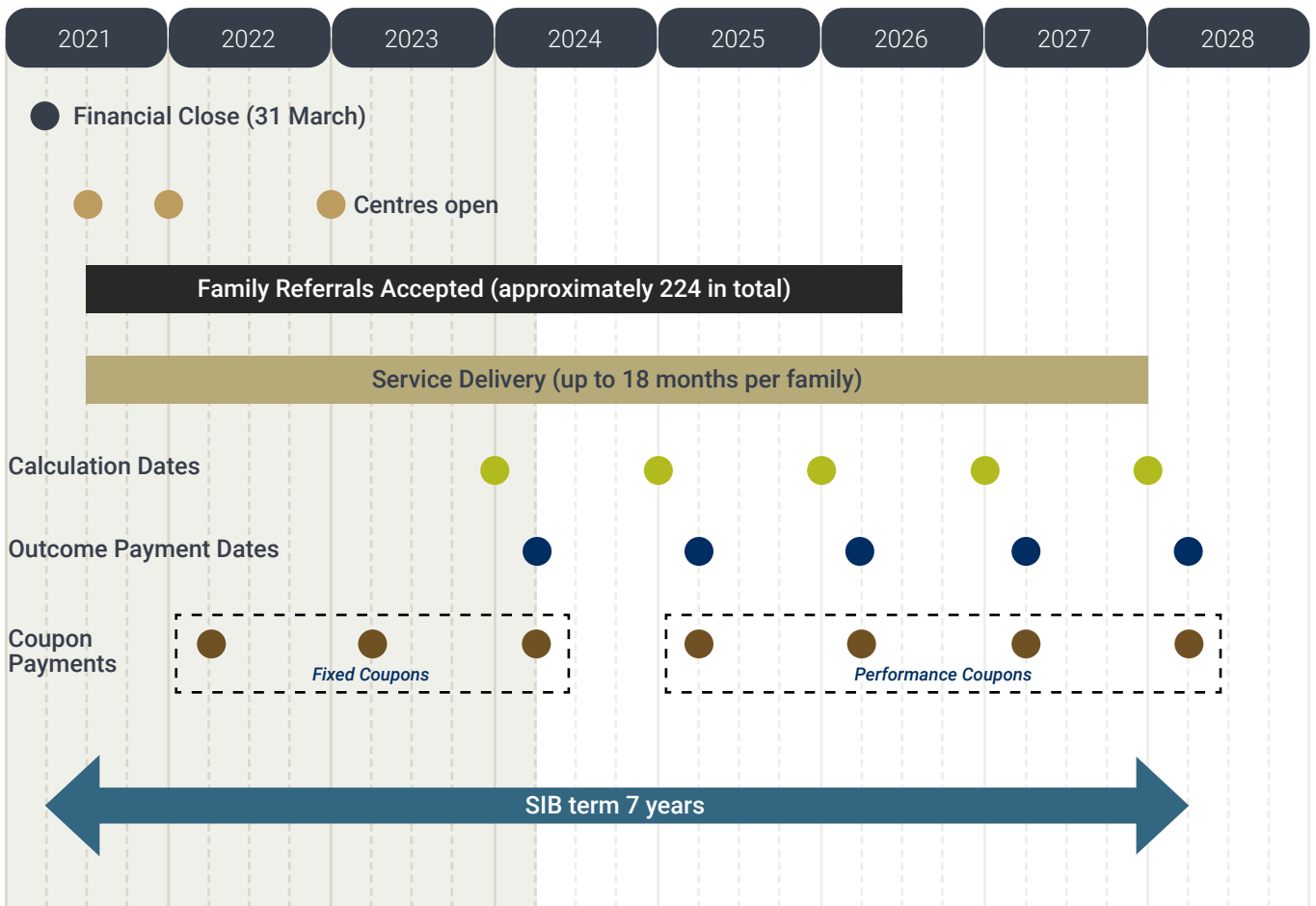


The nursery at the Port Adelaide centre

1. The Newpin SA SIB Trust (being SVA Nominees Pty Ltd as the trustee of the Newpin SA SIB Trust) is the issuer of the Newpin SA SIB, and is managed by Social Ventures Australia Limited.

Timeline

Figure 2 Newpin SA SIB planned timeline



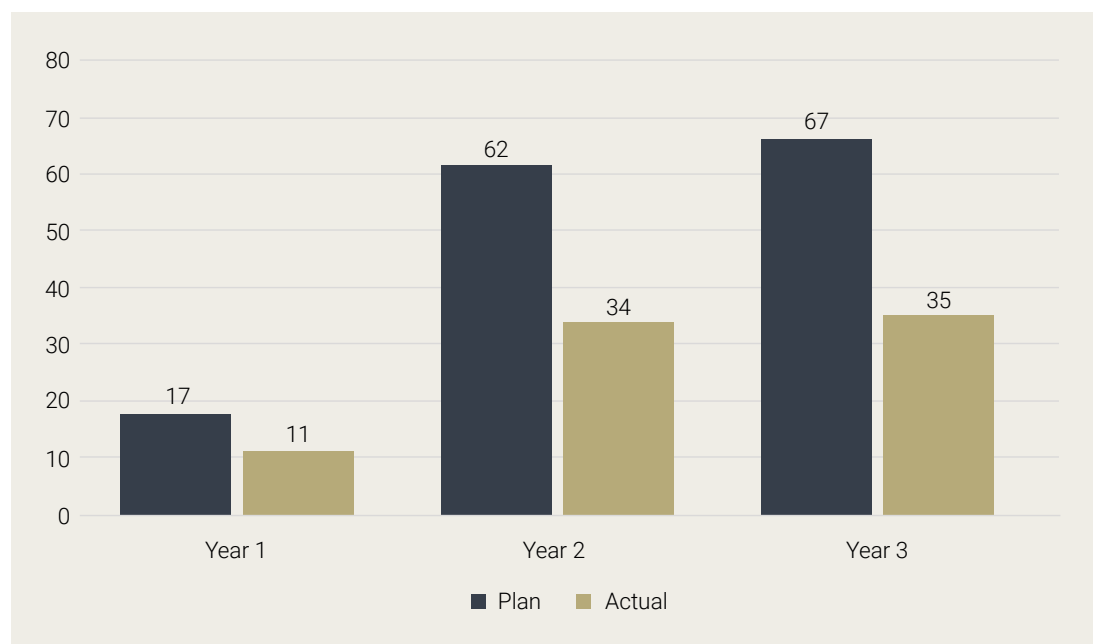
Program Update

Referrals and enrolments

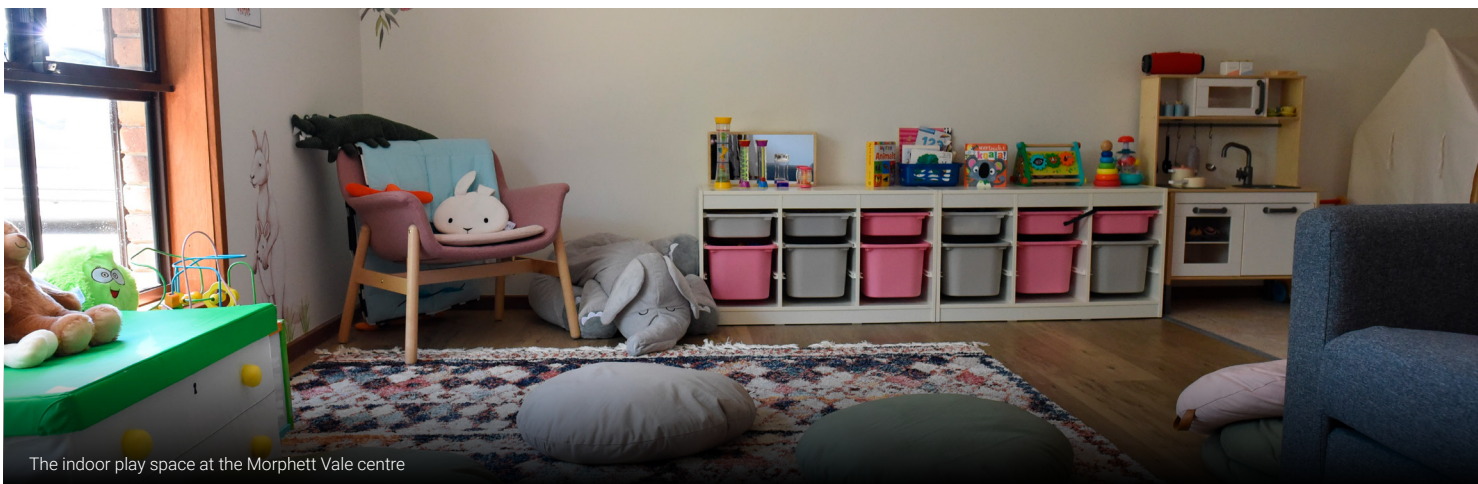
At 31 December 2023 a total of **60 families with 80 eligible children** had been referred by the Department and enrolled into Newpin, which is 55% of the planned number of children to be enrolled in the Program at this point in time (146). This includes 10 children that were born while their families were already being supported by the Newpin Program.²

The current enrolment figures indicate that there are 1.3 active children per family, a figure slightly below the anticipated target of 1.4.

Figure 3 Eligible children enrolled by year



Newpin has also supported an additional 12 families and 33 children that do not meet the Program's eligibility criteria as the children are either older siblings (above the age of six) or not in out-of-home care on a temporary order.



2. The JWG made a decision last year to include children born while their families are supported by Newpin on the basis that it is likely those children may have been removed from the care of their parents at birth if not for the families' participation in Newpin.

As outlined in Table 2, enrolments have been slightly higher at the Smithfield centre, which was established first in June 2021, compared to the Port Adelaide and Morphett Vale centres (established in January 2022 and January 2023 respectively).

Table 2 Number of enrolled children by centre³

| | Actual | Planned | Actual as a % of Planned |
|----------------------|-----------|------------|--------------------------|
| Smithfield | 42 | 56 | 75% |
| Port Adelaide | 19 | 50 | 38% |
| Morphett Vale | 19 | 39 | 48% |
| Total | 80 | 146 | 55% |

Referrals and enrolments are closely monitored by the Newpin SA SIB Joint Working Group (**JWG**), which is the governance committee which oversees the performance of Newpin. It consists of representatives from Uniting Communities, the Department, Social Ventures Australia and the Department of Treasury and Finance. The JWG has continued to explore the drivers of lower than planned enrolments, with the key drivers of low enrolments including:

- Delays in the establishment of the second and third Newpin centres
- Staffing issues at referring Department offices
- Children and families who are eligible for Newpin being referred to other reunification services, meaning greater competition for referrals

Uniting Communities and the Department are in the process of implementing changes to increase referral and enrolment numbers. This includes making changes to the referral process to enable greater oversight of referrals and monitoring of referral numbers against targets, and co-location of Newpin Program staff within Department offices to continue building relationships and improve awareness of the Newpin Program.

Exits

27 families with 40 eligible children have completed the Program (or 50% of the Intervention Group) as at 31 December 2023. This is lower than expected at this point in the Program, in large part due to the lower than planned enrolments.

Of these families that had completed the Program:

- 17 families had successfully reunified with 26 children (33% of the Intervention Group).
- 10 families with 14 children (18% of the Intervention Group) had exited the Program without a reunification.

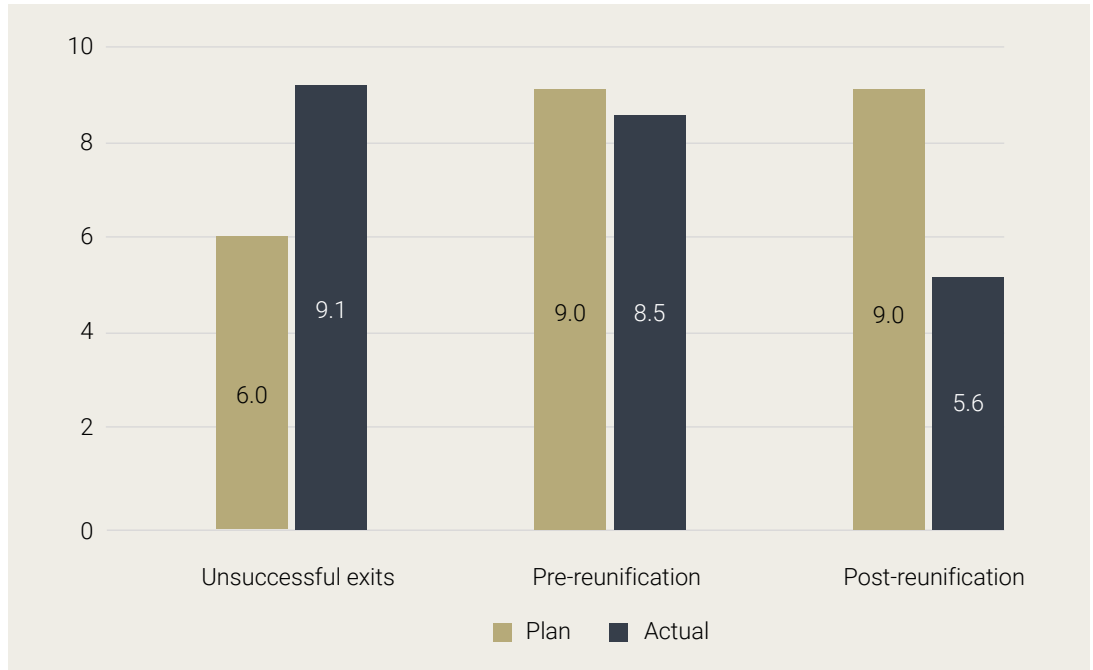
3. Total planned figures may not equal the sum of their parts, due to roundings.

Engagement

Families are achieving a reunification after around nine months in the Program as expected and then remain engaged for a further six months post-reunification. This is shorter than expected because families often transition into an outreach model which supports parents to make their own decisions for their family and connect with support services in their local community.

Unsuccessful families are engaging with the Program for longer than expected (around 9 months), which reflects the extended period that Newpin, in collaboration with the Department, has provided families presenting with a range of complexities to achieve reunification or establish sustainable changes in the life of the family that may support future reunification.

Figure 4 Average number of months that families engaged with Newpin from enrolment⁴



Sadie and Hope's Story⁵

Daniel, Sadie and their one-year old child, Hope, were referred to Newpin in December 2022. Sadie's first two children were removed from her care and Daniel and Sadie had a further two children together, who were also removed from their care at birth. After giving birth to Sadie's fifth child, the family chose to call their last child Hope, in the hope that this was their one last chance to be a united family.

Daniel and Sadie had a long-term history of methamphetamine use and their relationship was characterised by significant domestic violence, alongside neglect of their older children. During the family's engagement with Newpin, there was a significant domestic violence incident, where Daniel perpetrated violence towards Sadie in their home. Sadie felt safe and supported by the Newpin team and chose to end the unhealthy relationship and continue to work towards reunification with Hope.

Newpin referred Sadie to a drug and alcohol counsellor, who supported Sadie to develop a relapse prevention plan. Recently Sadie celebrated one year of sobriety with Newpin. Sadie has also engaged positively with different parenting modules offered by Newpin.

In May 2023, Hope was reunified with Sadie. Sadie was able to celebrate Hope's first birthday with a picnic in a local park, together with her family and other Newpin parents and their reunified children.

Sadie is currently working on post reunification goals of employment, study and obtaining her driver's licence. Sadie proudly shared with Newpin that she got her learner's permit and is working towards obtaining her full driver's licence.

4. Only includes enrolled children that have reached their assessment point.

5. The participants' names have been changed to protect their privacy.

Profile of Newpin families

Families entering the Newpin Program present with varied and complex backgrounds including challenges around alcohol and drug usage, mental ill-health, intergenerational trauma, and difficulty accessing stable accommodation and employment. To best support these families with diverse and complex needs, Newpin has established ongoing connections with other Uniting Communities services and external support services.

According to data collected by Uniting Communities from families at enrolment:



88% of families have experienced family and domestic violence

Experiences of family and domestic violence continues to be an issue that families present with to Newpin. Newpin works with Uniting Communities' therapeutic counselling service to access specialised counselling, which seeks to enhance families' understanding of healthy relationships. Newpin also facilitates men's behaviour change programs, which have been highly effective in breaking the cycle of abuse for some families.



88% of families present with alcohol and other drug (AOD) addiction issues

Newpin refers these families to specialist AOD counselling and detox programs to help address the underlying issues that contribute to addiction as well as better understand the impact of their addiction on their parenting. Newpin staff have strong relationships with Uniting Communities' New ROADS and Streetlink programs which provide parents with the tools to support their goals of abstinence or safe reduction in use.



63% of enrolled families present with mental health concerns

Newpin works with these families through a range of psychoeducation programs and identifies where further supports may be required. Newpin continues to work with Uniting Communities' Aboriginal Community Connect (ACC) service which provides social and emotional wellbeing support for First Nation families. Newpin have supported approximately 13% of parents to attend Dialectical Behaviour Therapy and Eye Movement Desensitization and Reprocessing.



35% of families have accessed support for homelessness in the two years prior to enrolment

Many Newpin parents continue to struggle with securing stable housing due to the cost of living and housing crises. Newpin have partnered with a range of financial counselling services to address their financial pressures, such as utility bills, fines and debts. Lack of stable housing can be a barrier in the reunification process so Newpin is working collaboratively with the Department to provide letters of support and advocate for parents in accessing housing where possible.

Figure 5 Proportion of First Nations children

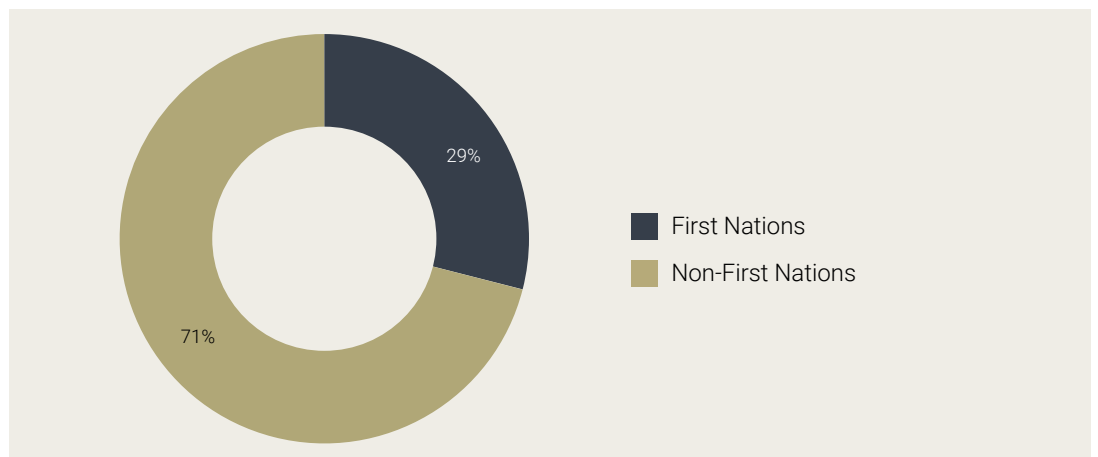


Figure 6 Time in out-of-home care prior to enrolment⁶

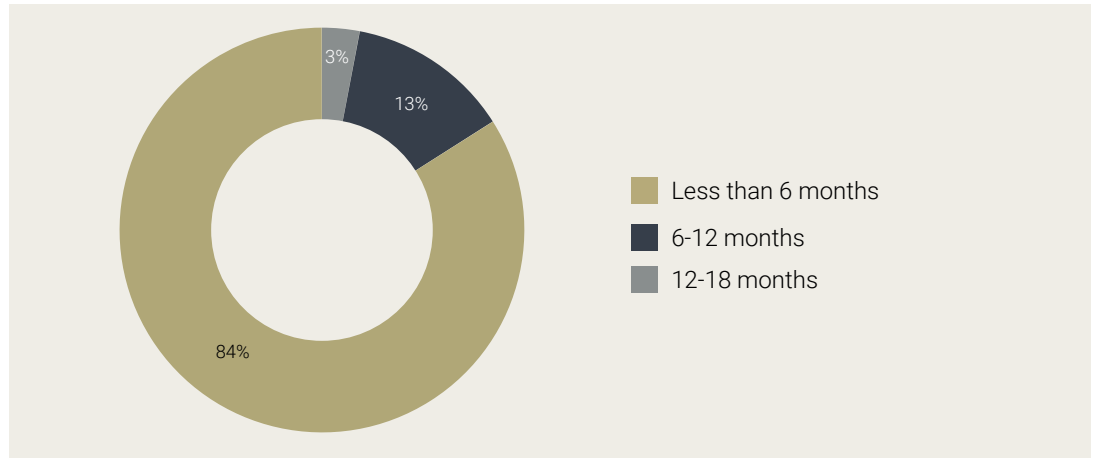
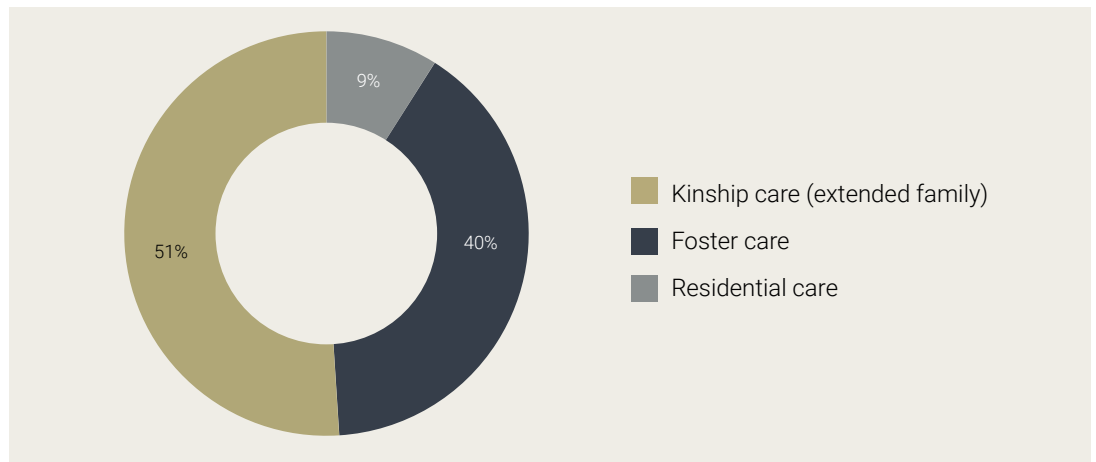


Figure 7 Child's residence prior to enrolment in Newpin



Program operations

Uniting Communities continues to adopt reflective practice within the Newpin Program by bringing staff from all three centres together on a monthly basis. This ensures service delivery is in line with the Newpin model and organisational values, and supports staff development.

Last year Uniting Communities introduced a Senior Practitioner role to support the Newpin team. This role assists the team to continue implementing the Newpin model, whilst adapting it to the South Australian context and responding to the needs and aspirations of Newpin families. This includes developing practice guidance for the Newpin team.

The Newpin team has commenced working in collaboration with Aboriginal Family Support Services (AFSS) and the Department to support family group conferences for First Nations families. These conferences bring families, children and AFSS together to develop culturally aware reunification plans. This partnership has supported the successful reunification of a young First Nations family last year.

6. Only includes enrolled children that have reached their assessment point.

Outcomes

Reunifications

Each child's outcome is assessed 18 months after their entry date to the Newpin Program. At 31 December 2023, 32 children in the Intervention Group had reached their assessment point of which **23 had been reunified with their families (71.9%)**.

Newpin has also supported two children who were not in out-of-home care on a temporary order at the time of their enrolment and seven older siblings to be reunified with their families. These children are not included in the Intervention Group for the purpose of determining the Incremental Reunification Rate.

Lucy and Billie's Story⁷

Lucy is a 24 year-old single mum with a five-year old child, Billie. The family commenced with Newpin in March 2023.

The Department first became involved with Lucy when she was pregnant with Billie. There were concerns around Lucy's mental health, her history of relationships with domestic violence, cannabis use, unstable housing and unsafe family members.

Lucy initially struggled with attending Newpin sessions on time and regulating her emotions in the group. However, the consistent routine and structure with Newpin and her peers being good role models, supported Lucy to develop skills in time management and self-management. Lucy utilised her new skills in the parent groups to support Billie, who needed assistance with managing separation at the end of their contact time.

Lucy celebrated two years of sobriety from her cannabis use. She shared instances where she found herself in social situations with other people using substances. Lucy identified that unhealthy relationships where substance use was present would not support her towards her goal of reunification. Lucy openly shared that she has since ended friendships that do not align with her goals for parenting Billie. Lucy has developed strong peer relationships with other parents at Newpin and now identifies these as her positive supports.

Due to the housing crisis, there were limited options for housing which was identified as a goal for reunification. Newpin, together with specialist housing support services, advocated strongly for Lucy, resulting in securing short-term accommodation for Lucy, before securing a longer-term home.

Billie was successfully reunified with Lucy in October 2023, and Lucy is now working towards her post reunification goals through ongoing engagement with Newpin. Lucy was able to build a positive connection with Billie's foster carer and has maintained this connection as an extended network of positive support for the family. Lucy will be commencing studies in Youth Work and Community Services in March 2024 and is eager to share learnings from her own journey to support others.

7. The participants' names have been changed to protect their privacy.

Counterfactual outcomes

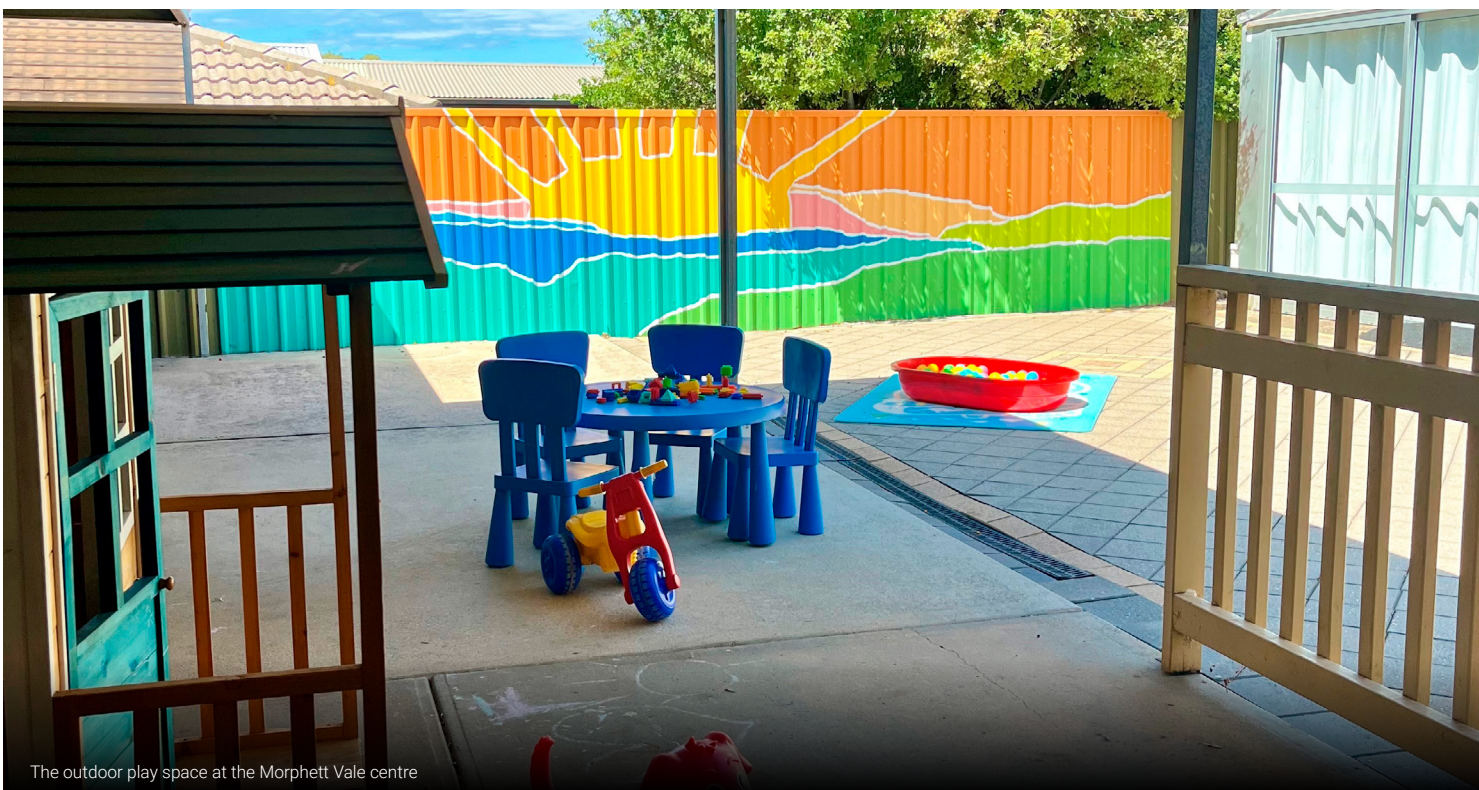
Table 3 below shows the estimated counterfactual reunification rates for different segments of children. For example, for First Nations children who have been in out of home care for less than 6 months, it is assumed that 20% of children would be reunified in the absence of the Newpin Program.

Table 3 Segment-specific counterfactual reunification rates

| Time in OOHC at Enrolment | Aboriginal | Non-Aboriginal |
|---------------------------|------------|----------------|
| Less than 6 months | 20% | 24% |
| 6-12 months | 19% | 23% |
| 12-18 months | 12% | 15% |
| More than 18 months | 7% | 7% |

The Counterfactual Reunifications for the Program are calculated based on the number of children in the Intervention Group that are in each of the segments. A segment-specific approach has been adopted to ensure that the counterfactual flexes with the characteristics and complexity of the children who are enrolled.

Based on this approach, the number of Counterfactual Reunifications (being the number of reunifications expected in the absence of the Newpin Program) for the 32 children in the Intervention Group is 7.16 (22.4%). The 71.9% reunification rate observed to date is significantly better than the counterfactual.



The outdoor play space at the Morphet Vale centre

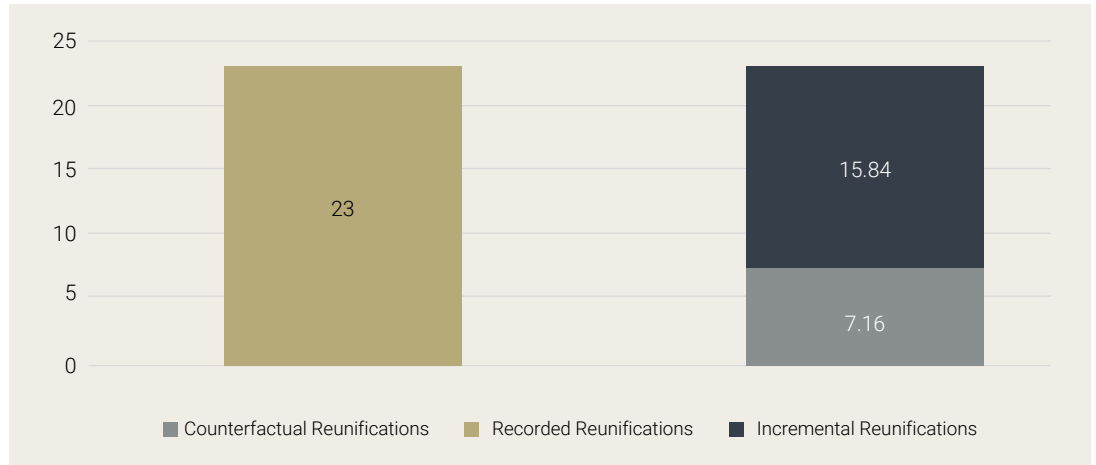
Incremental Reunification Rate

The number of Incremental Reunifications is determined as follows:

$$\text{Incremental Reunifications} = \text{Recorded Reunifications} - \text{Counterfactual Reunifications}$$

Accordingly, the number of **Incremental Reunifications is 15.84**.

Figure 8 Incremental Reunifications



The Incremental Reunification Rate is calculated as follows:

$$\text{Incremental Reunification Rate} = \frac{\text{Incremental Reunifications}}{\text{Number of children in Intervention Group that have reached their assessment point}}$$

Accordingly, the **Incremental Reunification Rate is 49.5%**. This is above the ‘Outperform’ performance scenario as set out in the [Information Memorandum](#). Despite this early success, it must be stressed that they are based upon relatively small numbers which can have a disproportionate impact on the results.

Contractual Reviews

As outlined in the [Information Memorandum](#), the contract between the Department and Uniting Communities allows for reviews to be undertaken if performance is deviating materially from that expected. Potential reviews are as follows:

- **Performance Reviews** examine the underlying reasons, and potential remedies, for the underperformance of the Program. A Performance Review will be triggered after each of the Calculation Dates at the end of 2024-2026 inclusive if the Incremental Reunification Rate is less than 15%.
- **Counterfactual Reviews** seek to ascertain whether the counterfactual measures continue to represent a fair and accurate basis for measuring relative performance. A Counterfactual Review will occur early in 2026, or a year earlier if the Incremental Reunification Rate is greater than 40%.

Financial Report

Interest Payment

Under the terms of the Loan Agreement, Uniting Communities will make 7 Interest Payments to the Newpin SA SIB Trust, on or about 31 March each year from 2022 to 2028. The Interest Payments are calculated as at each Interest Payment Date as follows:

$$\text{Interest Payment} = P \times r \times y - A$$

Where:

- **P** is the total principal under the Loan Agreement (\$6.5 million).
- **y** is the number of years to which the Interest Payment relates, being $(n - 0.6)$, where n is the number of the Interest Payment. For Interest Payment 3, n is equal to 3 and y is equal to 2.4⁸.
- **A** is the aggregate of the Interest Payments made in respect of all previous Interest Payment Dates. For Interest Payment 3, **A** is equal to \$182,000.
- **r** is the Interest Rate, being:
 - for Interest Payments 1 to 3, 2%;
 - for Interest Payments 4 to 7, a rate determined with reference to the Incremental Reunification Rate achieved at the immediately preceding Calculation Date.⁹

Accordingly, the Interest Payment from Uniting Communities in respect of Interest Payment Date 3 was \$130,000¹⁰, or **2% of the Principal**.

Coupon payment

Coupon Payments to Noteholders are made following receipt of the Interest Payment from Uniting Communities. Noteholders receive a Coupon Payment representing their pro-rata share of the Interest Payment received from Uniting Communities (or \$2.00 per Note on issue).¹¹

The Coupon Payment in respect of Interest Payment 3 was paid on or about 2 April 2024.

Early repayment

If the Newpin SA SIB were to terminate for any reason during the year ending 31 December 2024, under the terms of the Loan Agreement investors would be repaid 100% of their principal.

8. This adjustment allows for the drawdown of the loan in two tranches.

9. Refer to the [Newpin SA SIB Information Memorandum](#) for further details.

10. $\$6,500,000 \times 2\% \times 2.4 = \$182,000$

11. $\$130,000 \div 65,000 \text{ Notes on issue} = \2.00 per Note

Disclaimer and confidentiality

This document has been prepared by Social Ventures Australia Limited (ACN 100 487 572) (SVA) as the Manager of the Newpin SA SIB Trust. Please refer to the Newpin SA Social Impact Bond Information Memorandum dated 21 December 2020, SIB Deed Poll and Purchase Deed each dated 22 December 2020 for information on structure and terms. The information contained herein should be considered as indicative only and does not purport to contain all the information that any recipient may desire. SVA does not provide financial advice and recipients should seek independent financial advice. Further, statements in this report are not intended to be tax advice and investors should consult a professional tax adviser, if necessary, for tax advice required in connection with completion of tax returns.

Investors should note that past performance of the Newpin Program should not be treated as an indication of future performance. This document and all the information contained in it must not be disclosed to any person or replicated in any form without the prior written consent of SVA Nominees Pty Ltd (ACN 616 235 753) in its capacity as trustee of the Newpin SA SIB Trust.

Photo captions:

All images supplied by Uniting Communities

Cover image caption: The outdoor play space at the Smithfield centre



The indoor play space at the Smithfield

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