

# Newpin SA Social Impact Bond

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Annual Investor Report  
Issued May 2022



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# Foreword

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Dear Investor,

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

Since the Newpin Program commenced in July 2021, Uniting Communities has opened Newpin centres in northern and western Adelaide. A site for the third centre in southern Adelaide has been secured and is expected to commence operations this July.

The number of families enrolled in the Program is in line with plan, with referrals underpinned by the strong partnership between Uniting Communities and the Department for Child Protection. Pleasingly, the Program has achieved early success, including 12 of the 31 children enrolled to date already being reunified with their families. Formal assessment of reunification success occurs 18 months after a child's enrolment in the Program, so no formal outcome data is available at this point.

The Program has leveraged its proximity to other services delivered by Uniting Communities, including drug and alcohol counselling, by referring Newpin families to these services where appropriate. Over three quarters of Newpin parents commenced Newpin with a history of alcohol and/or drug misuse, which has highlighted the importance of integrating other support on the path to reunification for many Newpin families.

This report provides an insight into the Newpin Program's establishment in South Australia and the families that Newpin supports. We thank you for your investment in a program that we believe will deliver lasting change for vulnerable children and families in South Australia.



**Elyse Sainty**  
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

The Newpin Program in South Australia leverages the experience, learnings and evidence base built by the [Newpin SBB in NSW](#) and the [Newpin Qld SBB](#), and has extended the Program into a new geography.

It is anticipated that around 224 families will 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.

## 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 Trust<sup>1</sup>, which in turn raised capital from investors through the issue of the Newpin SA SIB notes.

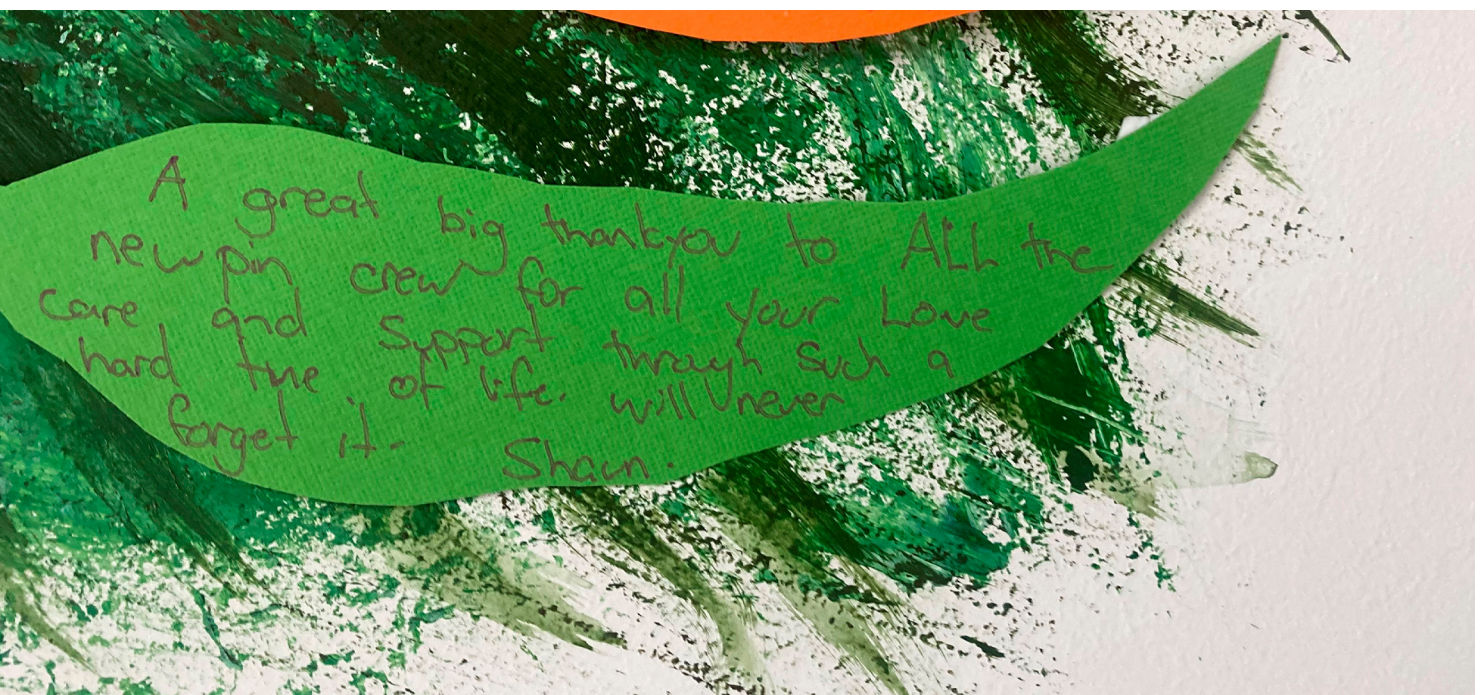
## Investor returns

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 (**Information Memorandum**), investor returns vary with the level of Program performance as illustrated in Table 1.

**Table 1 Newpin SA SIB Noteholder returns under initial assumptions**

Scenario	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%

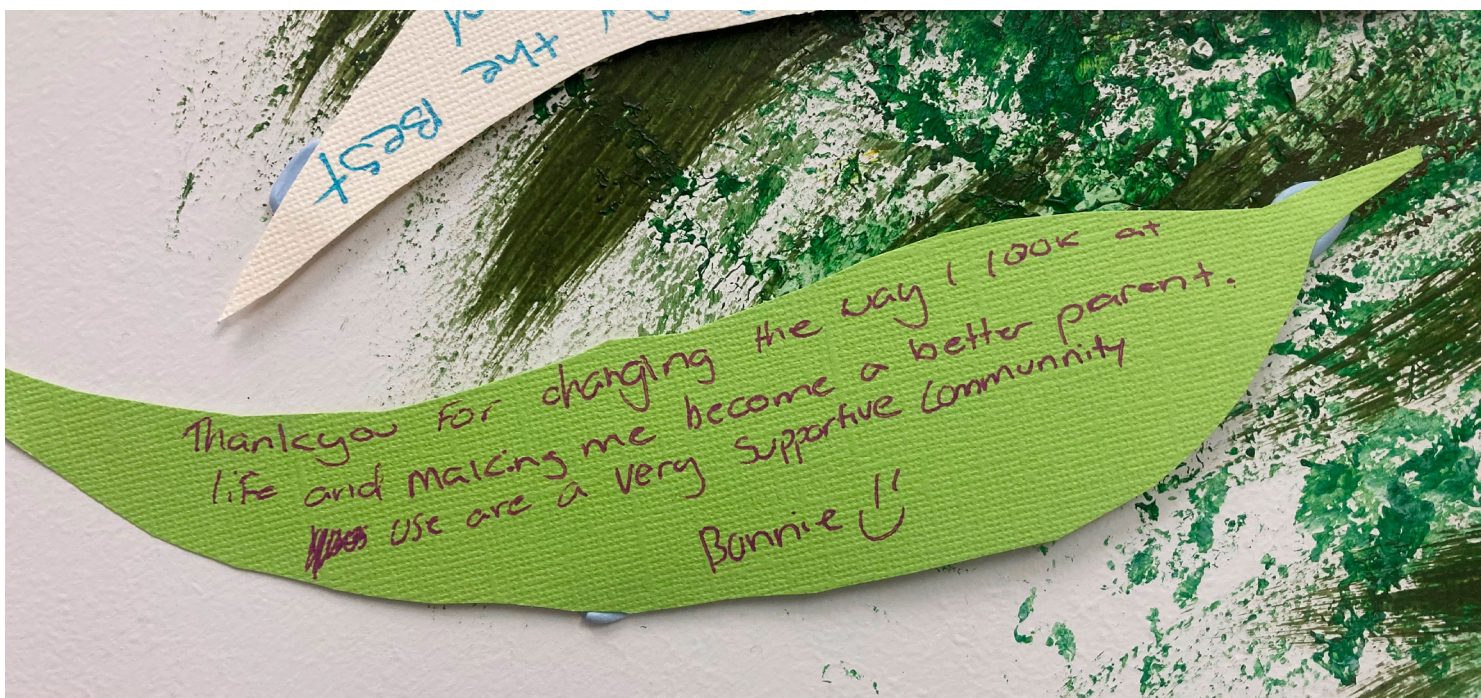
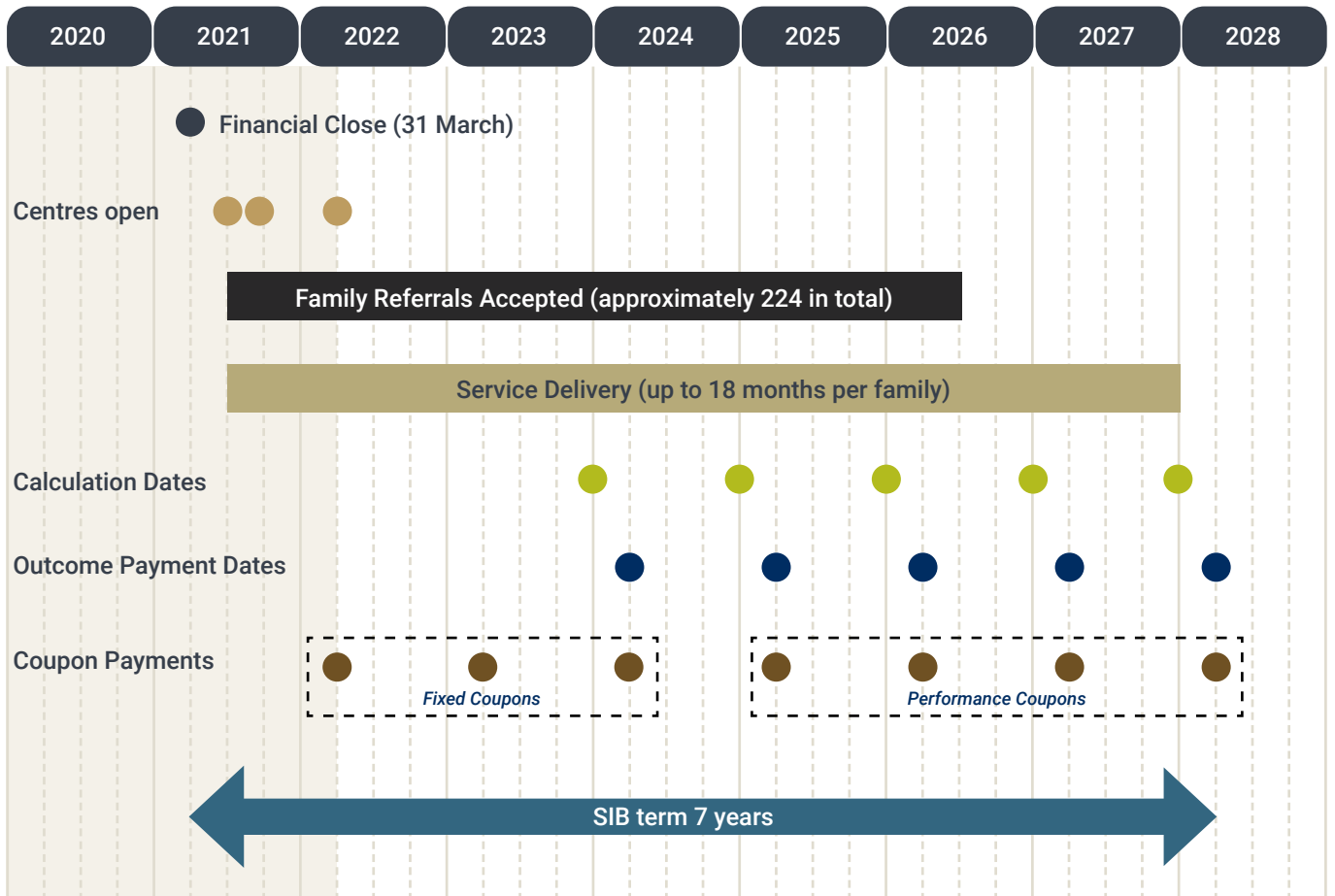


1. The Newpin SA SIB Trust is the issuer of the Newpin SA SIB, and is managed by Social Ventures Australia Limited.



# Timeline

Figure 2 Newpin SA SIB planned timeline



# Program Update

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## Centre establishment

Two of the three planned Newpin centres are now open, and the site of the third has been confirmed. The commencement of services at both the second and third centres is around three months behind the original plan due to delays in securing suitable properties in a competitive real estate market.

### Centre 1: Smithfield

The Smithfield centre in northern metropolitan Adelaide has been operational since July 2021, in line with plan. A warm and homely environment has been created, with a spacious playroom, individual and group therapy rooms and an outdoor play area. The centre is co-located with a range of services at one of Uniting Communities' Hub sites. These services also provide support to Newpin families, including therapeutic counselling, domestic violence counselling, drug and alcohol counselling, financial counselling and cultural support. The Smithfield centre services families from a large geographical area and is located close to a main public transport depot. The team is fully staffed, including a Senior Coordinator, Family Therapist, Men's Family Worker, Attachment Coach and Support Officer.

### Centre 2: Port Adelaide

In January 2022, Uniting Communities opened the second centre in Port Adelaide, which is in western metropolitan Adelaide. The centre is located in a commercial building, which is being converted into a space that other Uniting Communities services can utilise to provide outreach services to the Newpin centre. The centre has a strong focus on supporting First Nations families interacting with the child protection system. There will be a continued emphasis on building connections with Elders, key cultural community members and Aboriginal specific organisations. The team is close to fully staffed, with one remaining role in the process of recruitment. There are currently two First Nations staff in the Newpin team.

### Centre 3: Morphett Vale

The third centre in Morphett Vale is expected to be operational in July 2022. Located in southern metropolitan Adelaide, the centre will operate out of a residential property recently purchased by an investor, who is also a Newpin SA SIB investor. Uniting Communities will have a secure long-term lease to enable them to deliver the Newpin Program, and are in the process of obtaining the necessary council approvals. The next two months will focus on setting up the site and recruitment of the team.





# Enrolments and Exclusions

## Referrals

Uniting Communities and the Department have built a strong relationship and a collaborative approach to educating Department staff about the Newpin Program, which has assisted with building awareness and understanding of the Program and identifying suitable referrals. Regular meetings, presentations, promotional material and visits to Newpin centres and Department offices have also assisted in referrals being made to the Program. While referrals to the Smithfield site have been strong, with the centre now operating at capacity, referrals have been slightly slower to ramp up at Port Adelaide. The challenges associated with the Covid-19 outbreak in the early months of 2022 hindered the ability of Department staff to proactively develop the Newpin referral pipeline.

## Enrolments

A total of **33 children from 22 families** were enrolled in the Intervention Group over the 10 months following the commencement of service delivery, which is in line with plan.

Some families have older children (ages 7 and above) who do not meet the eligibility criteria and therefore are not enrolled in the Intervention Group. The Program has supported six older siblings to date, two of which have been reunified with their parents.

## Exclusions

Two children from two families have subsequently been excluded<sup>2</sup> from the Program, and will not be included in the determination of the Incremental Reunification Rate. There were thus a total of 31 children in the Intervention Group at the end of April 2022.

# Reunifications

Each child's outcome will be assessed 18 months after their entry to the Newpin Program, and hence performance data in relation to the Incremental Reunification Rate will not be available until the 2023 Investor Report. Uniting Communities has reported that 12 children have already been reunified with their families, which is 39% of the Intervention Group.

A significant challenge for some reunified families has been securing additional income to adequately support their children. Many families require support with claiming parenting-related payments from Services Australia, and for some families this can take a few months to receive. The single rate of the JobSeeker payment alone is insufficient to support a family, so while parenting payment claims are being lodged and processed, the Department and Newpin provide financial support to families where possible in the form of vouchers and other types of emergency relief, white goods and furniture grants, and children's clothing and bedding. The Australian Government has been working with Newpin and the Department to improve the application process for parenting-related payments for families in similar circumstances.

# Unsuccessful exits

The Program has had two unsuccessful exits. Both unsuccessful exits were teen mothers experiencing homelessness, domestic violence and mental ill health. The mothers disengaged within the first six weeks of commencing Newpin, despite multiple attempts by the Newpin team to re-engage with them. The Newpin Program is now working closely with [Hannah Place](#), which provides specialist support and accommodation to young mothers, to provide additional support to teen mothers.

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2. Children will be removed from the Intervention Group in circumstances where the family's continued participation in the Newpin Program is not possible.



## Profile of Newpin families

Families entering the Newpin Program present with varied and complex backgrounds including alcohol and drug usage, mental ill health, intergenerational trauma and difficulty accessing stable accommodation and employment.

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

### 39% of children identify as Aboriginal and/or Torres Strait Islander



These proportions are broadly consistent with the representation of First Nations children in South Australian children living away from their parents in out-of-home care (34% in 2019).<sup>3</sup>

Newpin will continue to place an emphasis on developing staff cultural competency and providing culturally appropriate practice through the dedicated Cultural Practice Lead. An Elders Steering Committee was established in June to provide guidance on culturally appropriate practice. Newpin also seeks input from community leaders and other key stakeholders.

### 35% of parents are fathers, and 13% are single fathers



The early prevalence of fathers in the Program led to discussions with the Aboriginal Elders Committee about how men's behaviour change and men's business needed to be addressed by a male Newpin worker in order to achieve cultural safety and culturally appropriate practice. As a result, the Newpin staffing model was reviewed and the Men's Family Worker role was created.

Newpin now runs one session per week with mothers and fathers separately to ensure cultural safety. This also creates a safe space for women who have experienced, or are currently in, abusive relationships to speak openly about their experience and the impact this has on their children and parenting capacity.

### 84% of parents have misuse of alcohol and/or drugs (AOD) as a primary child protection concern



Parents are at different stages of recovery upon commencing Newpin, including abstinent, reducing use, requiring detox and AOD counselling, and not yet at a stage of addressing their AOD misuse.

Newpin has referred 14 parents to [New ROADS](#) (Uniting Communities' drug and alcohol service) and [Aboriginal Community Connect](#). Newpin has also worked closely with other AOD services that parents were already engaging with prior to commencing Newpin. Families have developed relapse prevention plans and undertaken counselling, which is incorporated into the Newpin group work. Group discussion about AOD misuse helps parents understand the impact of their AOD misuse on their capacity to parent.

In addition, 32% of parents report having a diagnosed mental health illness.

### 65% of parents report being homeless or in unstable accommodation at enrolment



Social housing shortages and increasing rental prices have resulted in many parents couch surfing or accessing short-term accommodation options. In some cases, unstable accommodation, in conjunction with other child protection concerns, is a significant barrier to a child's reunification with their parent.

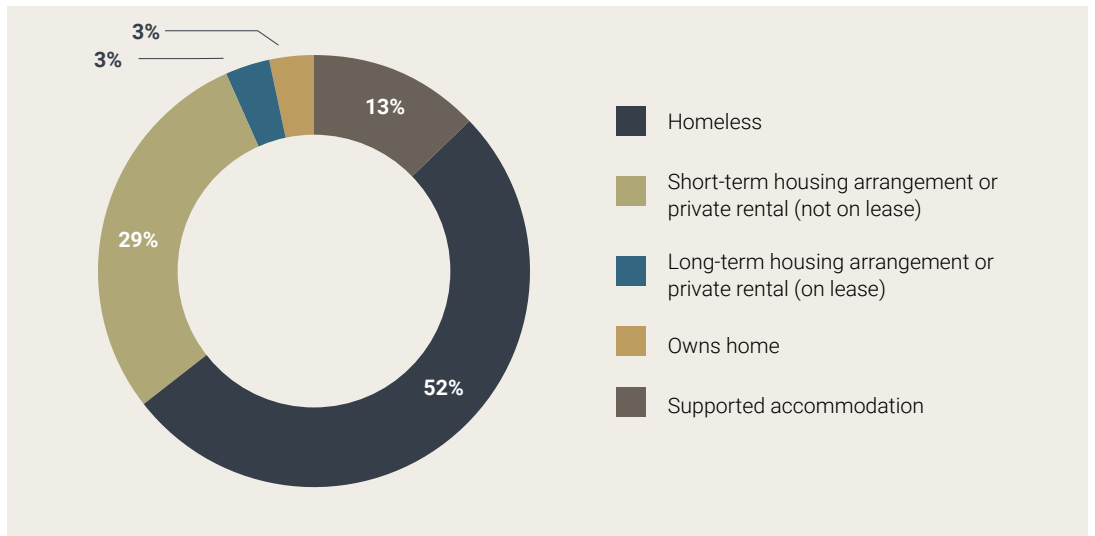
Newpin has provided letters of support to housing services and authorities to assist with housing families.

*At the Smithfield centre, 61% of parents are now in stable housing<sup>4</sup> compared to 39% at enrolment.*

3. [Newpin SA SIB Information Memorandum](#), Figure 4.

4. Private rental, long-term housing arrangement or owns home

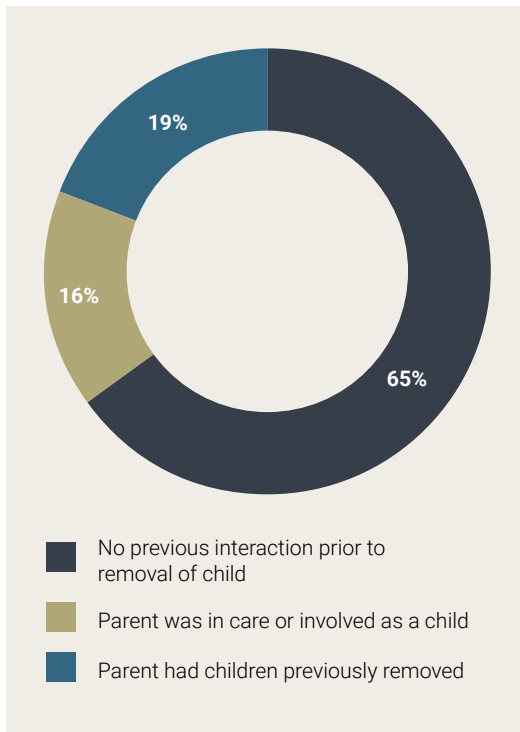
**Figure 3 Parents' housing status at enrolment**



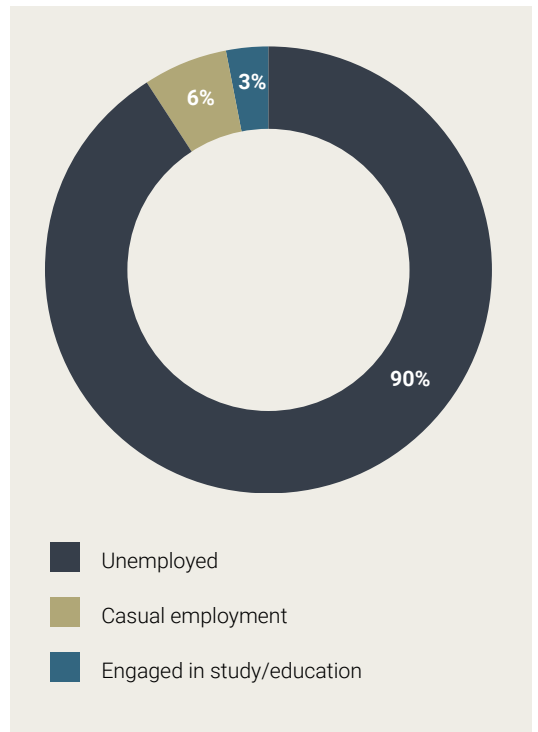
Newpin has also referred families to financial counselling services to help address debts (including rental arrears and fines) and provide budgeting support. Newpin is working closely with the Aspire Program in instances where a parent enrolled in that program is receiving intensive case management support and priority access to housing.

The charts below illustrate other characteristics of Newpin families on entry to the Program.

**Figure 4 Parents' previous interactions with child protection system**



**Figure 5 Parents' employment status at enrolment**



*At the Smithfield centre, 30% of parents are now either employed, self-employed, volunteering or engaged in education compared to 9% at enrolment.*





### ***Lily and Jack's Story<sup>5</sup>***

Lily and Jack have five children between them, including Timmy (1 year old), Jack's daughter Penny (5 years old), Jack's two older children and Lily's daughter. The family was accepted into the Newpin Program in July 2021 following the removal of Timmy from their care. The other four children were also in out-of-home care.

A number of significant issues led to Timmy's removal, including his parents' use of methamphetamines, mental ill-health, transient housing and domestic violence. Jack also had a number of outstanding criminal matters.

During initial group work sessions at Newpin, Lily and Jack presented with heightened anxiety. With gentle guidance from Newpin staff they were slowly able to relax, make friends and become valued members of group discussions. Both Lily and Jack were active in their commitment to making changes in their lives. They moved into a friend's house, distanced themselves from old friends and undertook a withdrawal together. They often focused on the removal of Timmy being a changing point in their lives to make positive and necessary change.

Lily and Jack embraced support offered by the Department to formally diagnose mental health conditions. Both parents sought support from Newpin to better understand how to manage their mental health and how it impacts their parenting. Newpin also helped Lily and Jack learn about healthy relationships, types of violence and the impact of violence on children.

In August, Jack's daughter Penny was returned to Jack and Lily's care. Lily found it difficult to commence being Penny's step-parent whilst feeling the pain of her own son not being in her care. With the support of Newpin and her peers, Lily was able to overcome this and provide Penny with a loving and affectionate relationship as a stepmother. Timmy was returned to Jack and Lily's care in December.

While the family engaged with Newpin, Jack acquired a landscaping job and has now created his own business. Jack and Lily have now secured housing in a private rental property. They live in their house with Penny and Timmy, and are able to regularly see their older children. Jack and Lily proudly saved up for a beach holiday for their family. Lily is working towards getting her driver's licence and having her daughter in her care permanently. Jack has been able to re-connect with old friends he dissociated from during his substance use, and pursue hobbies such as motorbike riding and kayaking.

In April 2022, the Lily and Jack successfully graduated from the Newpin Program. The family will continue to keep in touch with the Newpin team and meet with other families to share their positive experience at Newpin.

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

# 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 1, **n** is equal to 1 and **y** is equal to 0.4<sup>5</sup>.
- **A** is the aggregate of the Interest Payments made in respect of all previous Interest Payment Dates.
- **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.<sup>7</sup>

Accordingly, the Interest Payment from Uniting Communities in respect of Interest Payment Date 1 was \$52,000<sup>8</sup>, which equates to **0.80% of the principal**.

## Coupon payment

Investor coupon payments 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.

The coupon payment in respect of Interest Payment 1 was paid on or about 31 March 2022.

## Early termination payment

If the Newpin SA SIB were to terminate for any reason during the year ending 31 December 2022, under the terms of the Loan Agreement investors would be repaid 100% of their principal.

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

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

7.  $\$6,500,000 \times 2\% \times 0.4 - 0$



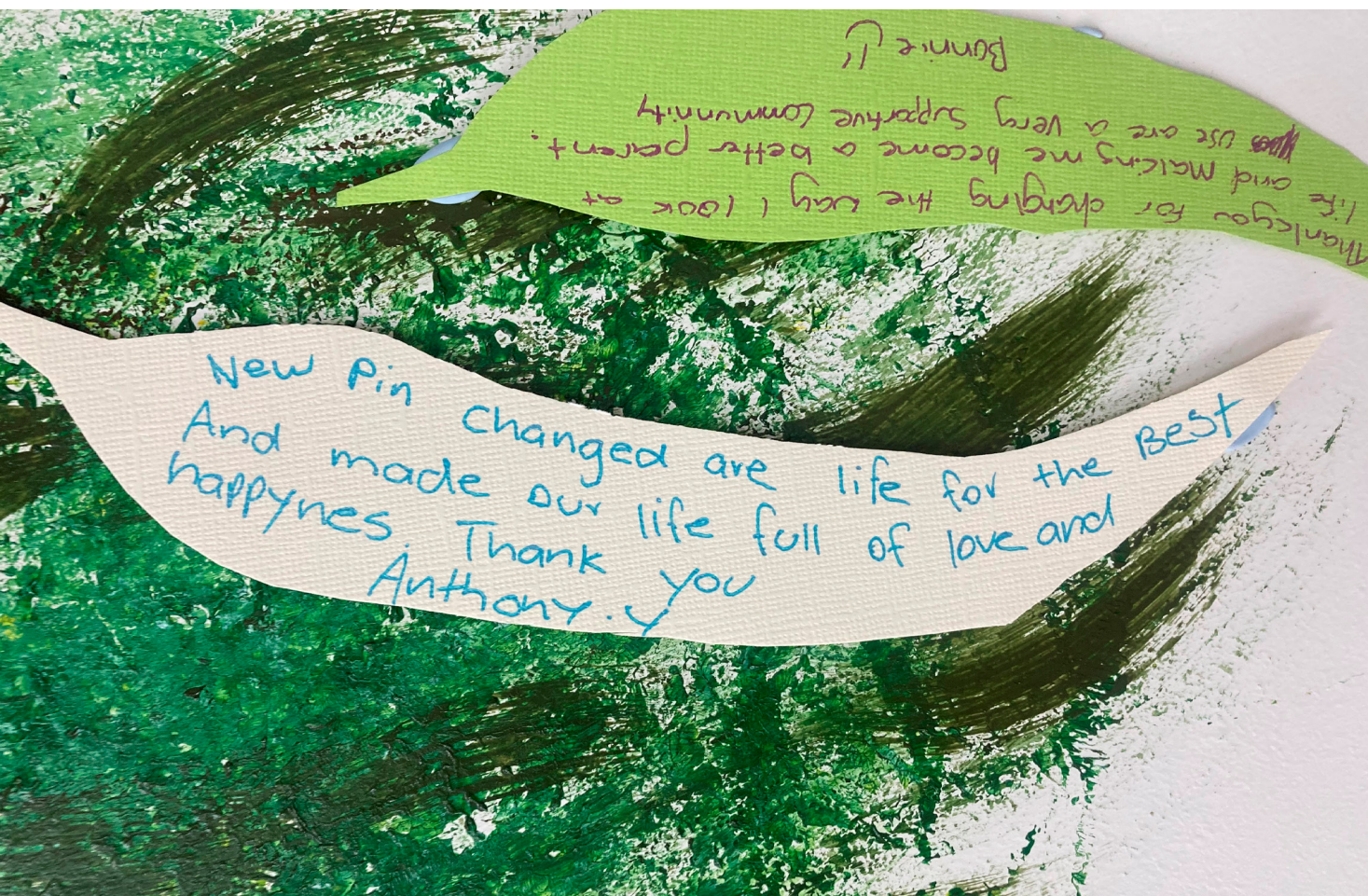
# Disclaimer and confidentiality

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 Information Memorandum and the SIB Deed Poll and Purchase Deed for the Newpin SA Social Impact Bond dated 22 December 2020 for information on structure and terms. The information contained herein should be considered as indicative 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:**

Cover: *The Newpin Program's reunification tree*



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