

# Newpin Queensland Social Benefit Bond

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Investor Report  
October 2018



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# Foreword

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Dear Investor,

Social Ventures Australia is pleased to provide the first Newpin Queensland Social Benefit Bond (Newpin Qld SBB) Investor Report. The Newpin Qld SBB is Queensland's first social impact bond and follows in the footsteps of the NSW Newpin SBB which has continued to deliver strong social and financial returns in its fifth year of operation.

Since the Newpin Qld SBB commenced in June 2017, UnitingCare Queensland has opened the first Newpin Centre in Cairns as planned. The Cairns centre has been delivering therapeutic, trauma-informed support to mothers and children for nine months now, with a primary focus on working with First Australian families.

As discussed in this report, the ramp up rate in the number of families referred to the Cairns centre has been lower than anticipated. A number of initiatives are underway and options are being explored to address the challenges that have arisen.

Under the Newpin Program, parents and children attend the centre for two days per week for up to 18 months, as part of working towards family reunification. Each child's restoration outcome will be assessed 18 months after their entry to the Newpin Program, and hence performance data in relation to Incremental Reunifications will first be available as part of the 2019 Investor Report.

We thank you for your investment in a program that we believe will deliver lasting change for vulnerable children and families in Queensland.

Kind regards,

A handwritten signature in black ink, appearing to read 'Michael Lynch'.

**Michael Lynch**  
Executive Director, Impact Investing  
Social Ventures Australia

A handwritten signature in black ink, appearing to read 'Elyse Sainty'.

**Elyse Sainty**  
Director, Impact Investing  
Social Ventures Australia

# Newpin Qld SBB Overview

The Newpin Qld SBB funds the work of the Newpin Program in Queensland, which is delivered by UnitingCare Queensland (UCQ). The Newpin Qld SBB will operate for 7.25 years, utilising \$6 million of capital from investors.

## Newpin Program

The Newpin Program intervention model is the same as that underpinning the Newpin Social Benefit Bond in NSW, which has now been delivered by Uniting for over five years. Uniting provides support and ongoing quality assurance to UCQ under the Newpin licensing agreement.

Newpin is an 18 month centre-based program that is designed to strengthen family engagement to enable children to 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 to play, learn and socialise.

### Program modules

|                                     |   |
|-------------------------------------|---|
| <b>Parenting modules</b>            | 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. |
| <b>Therapeutic group meetings</b>   | Parents attend weekly group therapy sessions where they reflect on their own childhood experiences and how they impact their parenting.   |
| <b>Child development activities</b> | Children participate in structured and unstructured play sessions that aim to improve the child's social, emotional, language and communication skills.   |
| <b>A supporting environment</b>     | The centres provide a safe, supportive and stable environment for parents and children alike. Many participants are mentored and supported by previous Newpin members.  |

In Queensland, the Newpin Program is focused on working with First Australian families, and will operate in three regions across the State. At inception, it was planned that around 200 families would be referred to the program over a five-year period. Each of these families will have at least one child of pre-school age; the youngest four are formally enrolled in the Intervention Group. It was anticipated that the Intervention Group would comprise a total of 557 children.

## Outcomes

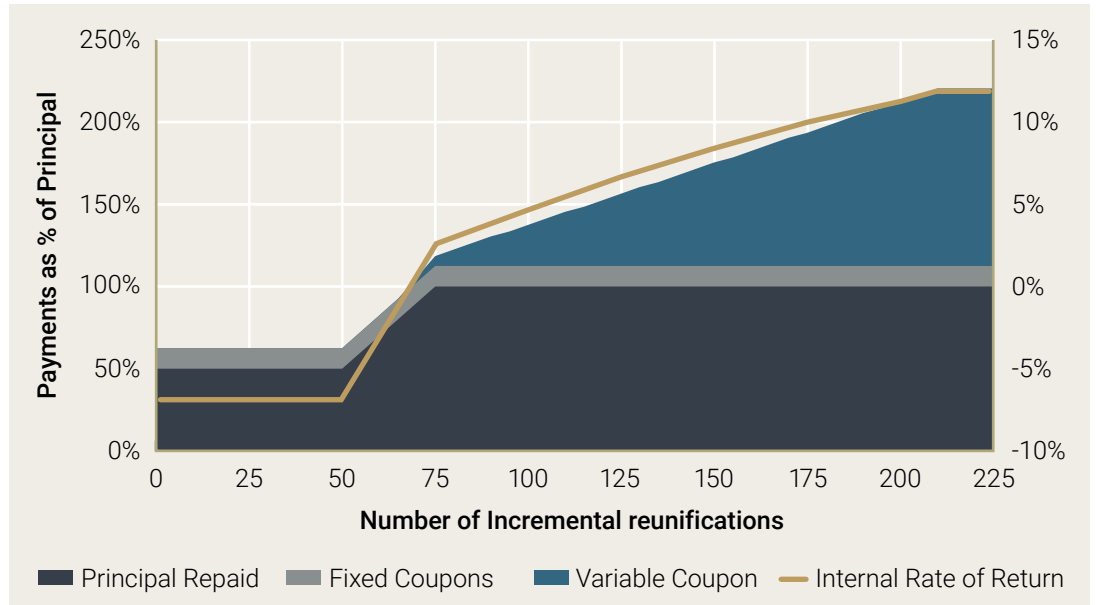
The Newpin Qld SBB is underpinned by an outcomes-based contract between the Queensland Government and UCQ. Payments will be made to UCQ by the Queensland Government based upon the incremental number of children successfully reunited with their families, relative to a counterfactual determined as 16.5% of the number of Intervention Group children. The level of these payments will be reflected in the investment returns generated by the Newpin Qld SBB.

Under the Target performance scenario described in the Newpin Qld SBB Information Memorandum, the expected reunification rate is 41.5% (25% above the counterfactual), and the expected number of Incremental Reunifications over the term of the bond is 139.

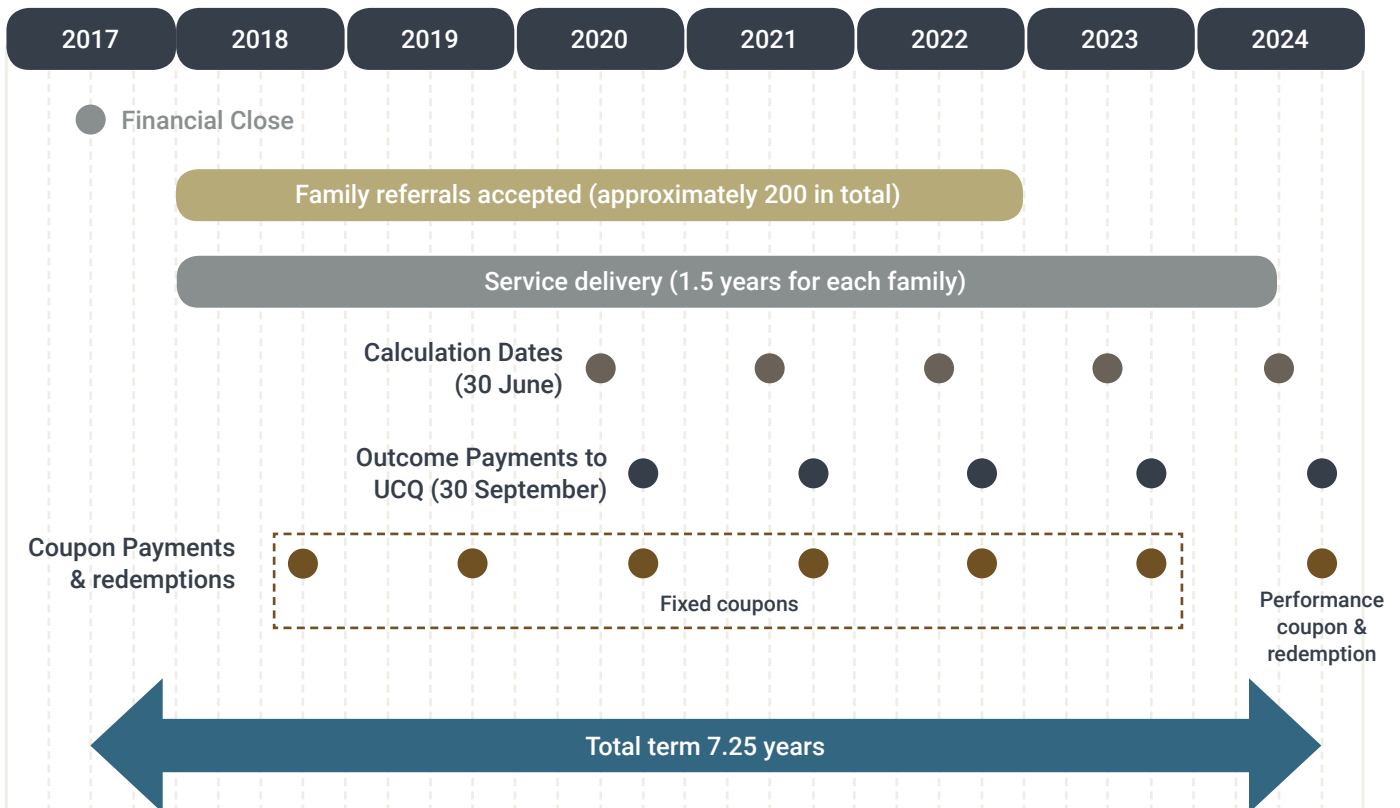
## Investor returns

Investors will receive a 2% per annum Fixed Interest Payment over the first 6.25 years of the bond, and a Performance Interest Payment linked to program performance at maturity. The proportion of principal repaid on maturity is also linked to the total number of Incremental Reunifications.

The chart below illustrates how investor returns vary according to the total number of Incremental Reunifications that are achieved over the life of the bond. The actual number of Incremental Reunifications will be determined by the number of children in the Intervention Group and the reunification rate that is achieved in respect of those children.



Key dates of the Newpin Qld SBB are set out below.



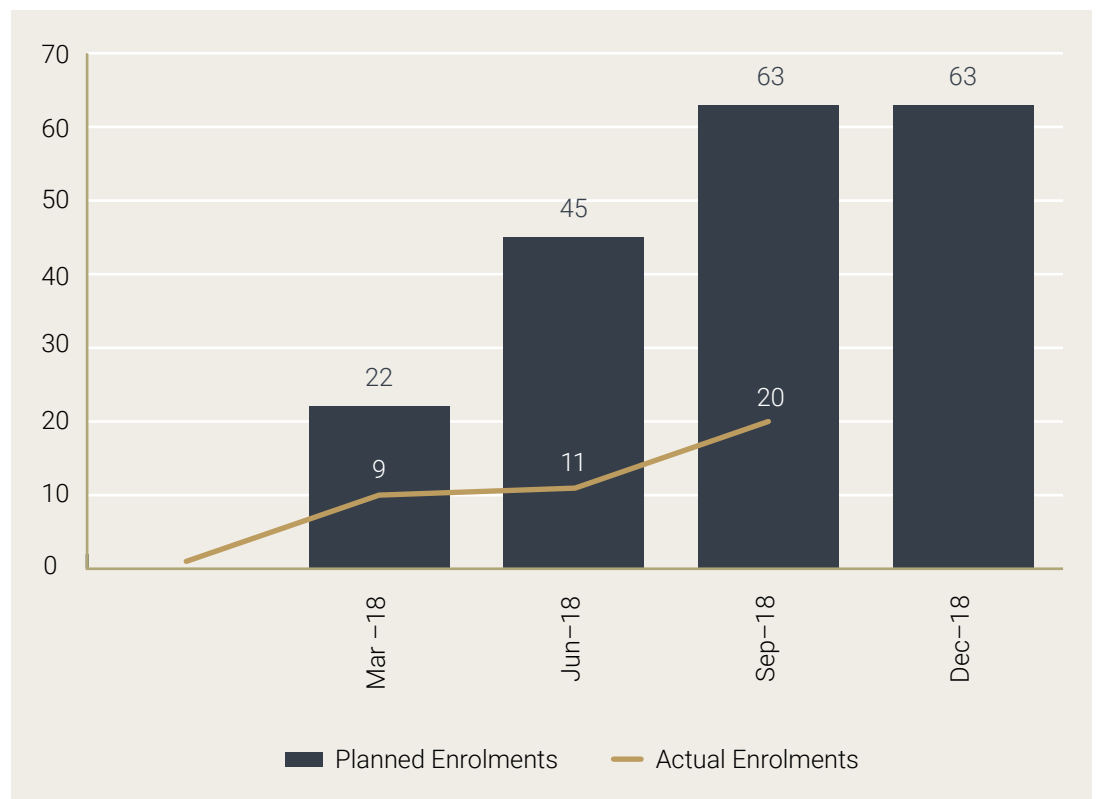
# Program Update

## Referrals

Since services commenced in Cairns in January 2018, 20 children from 12 families have been enrolled into the Intervention Group without being subsequently excluded, of whom 16 (80%) have a parent who is actively engaging with the Newpin Program.

The number of children enrolled is lower than planned, as illustrated in the chart below.

### Cumulative Intervention Group Children



It was initially projected that by the end of September 2018 the Cairns centre would be fully occupied, with 63 children from 22 families enrolled in the program. It was anticipated that 20% of these families would not be actively attending the program. No further enrolments were expected in the December quarter.

## **Number of families**

The ramp up in the number of families referred to the Newpin program has been slower than expected, with 12 successfully referred versus 22 planned. An additional four families were referred but have subsequently been excluded as they were unable to engage with the program for a reason such as incarceration.

UCQ is working closely with the Queensland Department of Child Safety, Youth and Women (the Department) to increase referrals to the Cairns centre. In particular, UCQ and the Department are working collaboratively to understand the challenges of delivering the Newpin Program in a regional context and develop mitigation responses.

UCQ has hosted a number of open days with the Department to inform staff about the Newpin practice framework, respond to questions and to discuss potential referrals. UCQ are currently looking to hold a "Day in the life of Newpin", where staff will be invited to participate in a two-hour session where they will step into the shoes of a Newpin parent. UCQ are also working with the Department to include a Newpin overview session as part of their staff induction process. It is anticipated that these strategies will support an increased level of referrals to the Cairns centre.

The Implementation Agreement between UCQ and the Department includes a provision for Minimum Referrals, being 22 families in the first year a centre is operational and 15 families in each year thereafter. The outcome payment calculation includes a provision for 'deemed' incremental reunifications that acts as a 'make whole' in the instance of actual family referral numbers being below the Minimum Referrals. If the number of referrals made to the Cairns centre over the 2018 year is less than 22 then this provision will apply. Each 'missing' family will be deemed to have 2.8 children in the Intervention Group.

## **Average number of eligible children per family**

The second factor contributing to the lower than anticipated enrolments is the average number of children in each referred family, which is below the expected average. The average enrolled children per family is currently 1.7 (compared to the projected 2.8 children per family). The expected family size was based upon an analysis of children in care undertaken during the development phase.

## **Reunifications**

Each child's outcome will be assessed 18 months after their entry to the Newpin Program, and hence performance data in relation to Incremental Reunifications will not be available until the 2019 Investor Report. As at the end of September 2018 there had been no reunifications recorded for Intervention Group children.

## Centre establishment

### First Centre

UCQ opened the first Newpin Centre as planned in Cairns in January 2018. The refurbished centre features a family room, children's play room, individual and group therapy rooms as well as a playground.



*Family room*



*Children's playroom*

### Second Centre

In light of the lower than planned referrals in Cairns, the Department has undertaken a detailed analysis of the number of eligible families and children in a range of potential catchment areas. It is a priority to ensure that the centre two and three locations have a sufficiently large pool of eligible families to be referred to the Newpin Program.

The Logan area has been identified as the preferred location for the second centre, which is scheduled to open at the start of 2019. The Logan catchment includes the Logan Central, Loganlea, Browns Plains and Beenleigh regions. It had previously been anticipated that Caboolture would be the site of the second centre, but the larger number of eligible families in Logan led to the conclusion it is a more suitable location.

The analysis undertaken indicates that there are currently around 48 families with 106 children in the Logan catchment area that are highly suitable for referral to the Newpin Program. 25% of these children are Aboriginal or Torres Strait Islander. UCQ and the Department will work together to ensure that families that identify as First Australians will be prioritised for referral to the Newpin Program.

Staff recruitment and the search for a suitable property in Logan is currently underway and UCQ is confident the new centre will open as scheduled in January.



### Third Centre

A number of suitable catchment areas have been identified for the third centre location. UCQ and the Department are currently reviewing these locations and considering the possibility of accelerating the opening date (originally scheduled for January 2020) to partially offset the lower than anticipated enrolments to date in Cairns.



Wooden framed photos of Newpin parents and their children taken at the Cairns Centre.

UCQ have appointed Jo Goodwin as the Newpin Qld SBB program lead. Jo is a descendant of the Wonnarua & Kamilaroi peoples and has a strong commitment to progressing reconciliation and exploring the practice of cultural competence in service delivery.

Jo explains that supporting parents to feel safe and create an environment which parents and children know and feel they belong to is an essential component of Newpin.

*“One of the first steps we take with parents is to take photos of them with their children whilst they are at the centre. The photos are then printed*

*and displayed in wooden frames on the coffee table in the group therapy support room. These photos are used with the parents every time they are in attendance to ground them in their time at Newpin and to encourage, motivate and be a visual representation of their goal for participating in Newpin. The parents also choose a strengths-based word of the week at the beginning of every week to reflect on and keep them focused on their behaviours.”*

*“I’m extremely pleased to report that one of our parents who identifies as being from an Aboriginal background secured her own house in August and has progressed to overnight stays with her daughter in their new home this week.”*

Jo Goodwin,  
Newpin Program Manager

## First Australian focus

The Newpin SBB will support many children and families who identify as First Australians, and a key focus of UCQ has been on establishing close working relationships with community organisations and ensuring culturally appropriate practice is embedded in the Newpin Program.

### UCQ's partnership with Wuchopperen

UCQ has developed a strong partnership with Wuchopperen, a community-controlled Aboriginal health service provider who are delivering culturally appropriate therapeutic play sessions in accordance with the Newpin practice framework. Wuchopperen staff have undertaken Newpin practice framework training, Department training on the appropriate therapeutic play sessions, as well as Lifeline domestic violence training.



*Wuchopperen and UCQ staff during State of Origin season.*



*Wuchopperen and UCQ staff at a "getting to know you" day.*

### Aboriginal and Torres Strait Islander Reference Group

The Newpin Qld SBB Aboriginal and Torres Strait Islander Reference Group has been established to help guide the cultural integrity of the program and to support collaboration with key partners. The Reference Group includes representatives from The Institute for Urban Indigenous Health, The Department of Aboriginal and Torres Strait Island Partnerships, Secretariat National Aboriginal and Islander Child Care, Department of Child Safety, Youth and Women, Queensland Indigenous Family Violence Legal Service, Wuchopperen, a Torres Strait Islander elder and an Aboriginal elder.

The Reference Group recently contributed to the development of an evaluation framework for the program to ensure the cultural competency of the framework.

## Governance and Scheduled Review

The Newpin Qld SBB Joint Working Group (JWG) is the governance committee which oversees the performance of the program. It consists of representatives from UCQ, SVA, the Department and Queensland Treasury, and has been meeting regularly since the inception of the Newpin Qld SBB.

Under the terms of the Implementation Agreement, the JWG will undertake a formal Scheduled Review in December 2018 to review matters including centre location and minimum referrals. As part of the review process, the parties will determine whether there are aspects of the agreement that should be amended, and will negotiate in good faith any adjustments the review suggests may be necessary. The lower than expected number of referrals and family size will be a key focus of this formal review, and in preparation the JWG has been collaboratively analysing the experience in Cairns to date, the options for future centre locations and a range of options to address the challenges that have been encountered.

If the review indicates that amendments are necessary but the parties are unable to agree on revised terms within two months from the commencement of negotiations, then UCQ and the Department each have the right to terminate the Implementation Agreement. Under the terms of the Loan Deed, UCQ cannot agree to variations to the Implementation Agreement that would impact on Incremental Reunifications or any payment to UCQ under the Implementation Agreement without the consent of SVA Nominees Pty Ltd in its capacity as trustee of the Newpin Qld SBB.

SVA will provide an update to investors once the Scheduled Review and any subsequent negotiations have concluded. Further Scheduled Reviews will occur in December 2019 and December 2020.

# Investor Returns

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## Interest rate

Under the terms of the Loan Agreement, UCQ will make Fixed Interest Payments in arrears on 30 September each year from 2018 to 2023, and a Performance Interest Payment in relation to Interest Payment Date 7. The Interest Rate used to determine the Interest Payment from UCQ on Interest Payment Date 1 is calculated as follows:

$$\text{Fixed Interest Payment} = \text{Principal} \times 2\% \times n/365$$

Where:

- Principal is equal to the aggregate face value of the notes which is \$6 million; and
- n is the number of days from Financial Close to 30 September 2018. Financial Close occurred on 6 July 2017 when funds were transferred to UCQ under the terms of the Loan Deed, and hence 'n' is 451 days.

Accordingly, the Interest Payment from UCQ in respect of Interest Payment Date 1 is \$148,273.97, which equates to 2.47% of the Principal.

## Coupon payment

Investor Coupon Payments are made following receipt of the Interest Payment from UCQ. Investors receive a Coupon Payment representing their pro-rata share of the Interest Payment received from UCQ.

## Early termination payments

If the Newpin Qld SBB terminates during the year ending 30 September 2019 investors will receive:

- 100% of their principal; unless
- the termination is due to a breach of the Implementation Agreement by UCQ, in which case the proportion of principal repaid would be  $100\% - (1\% \times n)$ , where n is the number of complete quarters since Financial Close.<sup>1</sup>

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<sup>1</sup> For example, at 30 September 2019 the amount repayable in this circumstance would be 92% of principal.

# Disclaimer and confidentiality

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This document has been prepared by Social Ventures Australia (ACN 100 487 572), (SVA) as the Manager of the Newpin Qld SBB Trust. Please refer to the Information Memorandum, SBB Deed Poll and Purchase Deed for the Newpin Queensland Social Benefit Bond dated 24 April 2017 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.

The SBB Loan Note is issued in accordance with the SBB Loan Note Deed Poll and investors should refer to that document for the terms of issue. 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 the Trustee.

## Photographs

Front cover: Stock image.

Page 8: Cairns Centre family room and children's playroom. UnitingCare Queensland

Page 9: Wooden frame photos of Newpin parents and their children taken at the Cairns Centre. UnitingCare Queensland

Page 10: Wuchopperen and UCQ staff at the Cairns Newpin centre. UnitingCare Queensland.

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