

Newpin SA Social Impact Bond

Annual Investor Report
Period ending 31 December 2022
Issued March 2023



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Foreword

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

Over its first 18 months of operation, the Newpin Program (**Newpin or the Program**) has supported 36 families with 52 children to strengthen family engagement, with the objective of enabling children in out-of-home care to return to and live safely with their families. The number of children enrolled in Newpin is 67% of the planned figure.

This lower than planned enrolment figure reflects delays in establishing the second and third centres, and in particular challenges in obtaining the necessary council approvals for the third centre. Pleasingly, all centres are now fully operational. Centre capacity has also been reduced slightly to allow for more intensive supports to those families participating in the Program who are on shorter term protection orders than initially anticipated, and who thus are spending less time engaged in the Program.

Uniting Communities has embraced the flexible SIB funding arrangement and continues to adapt the Newpin Program model to the South Australian context and respond to the needs and aspirations of Newpin families. Key refinements include the provision of pre- and perinatal support and case management and the addition of a Men's Family Worker role at each centre.

The Program continues to achieve early success, with half of the participating children already being reunified with their families. Formal assessment of reunification success occurs 18 months after a child's enrolment, so no formal outcome data is available at this point. Outcomes data for the first Calculation Date in December 2023 will be reported on in next year's report.

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.

Kind regards,



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

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

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.

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.

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.

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

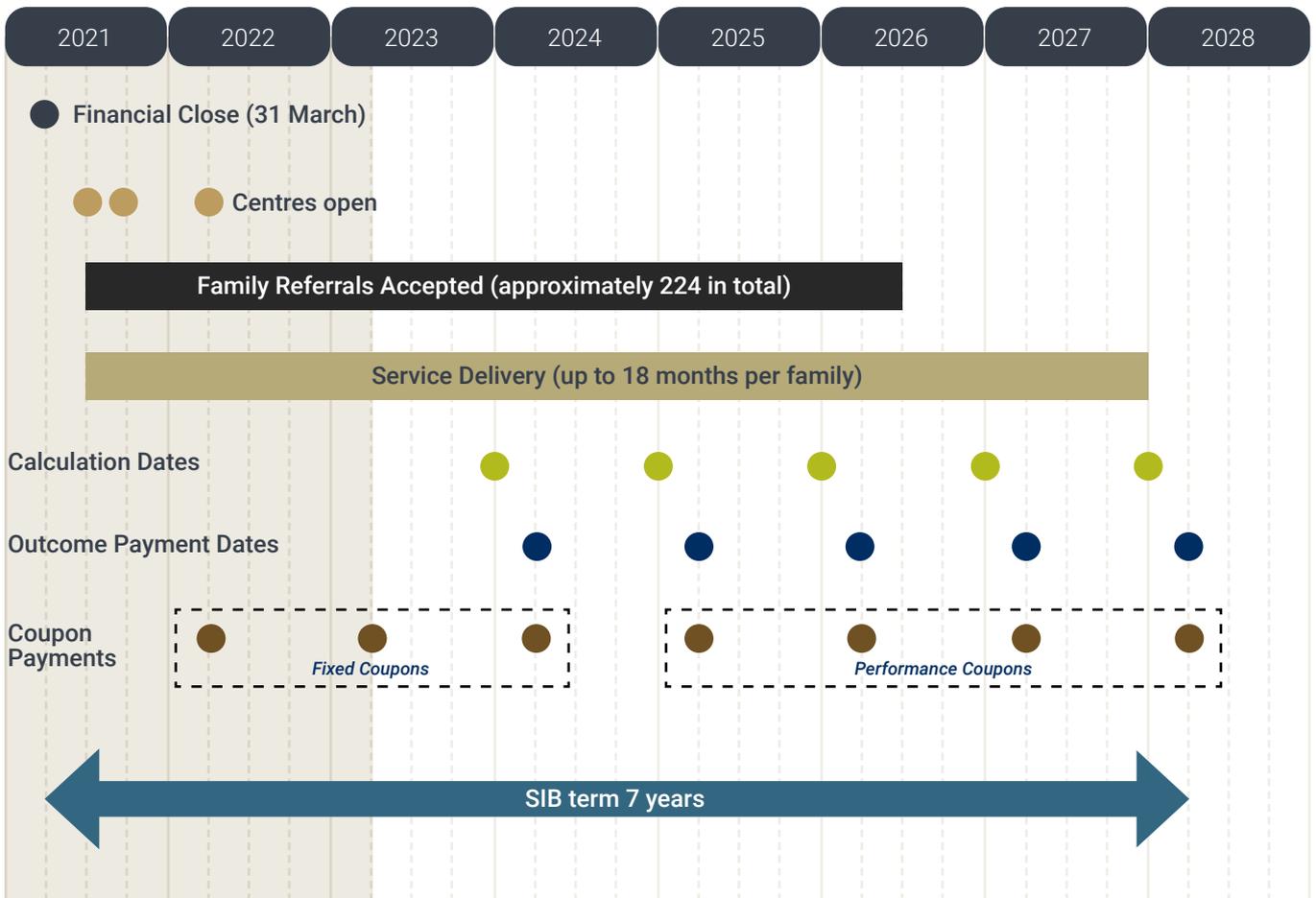
	No Impact	Under-perform	Well Below Target	Below Target	Target	Above Target	Well Above Target	Out-perform
Incremental Reunification Rate	0%	10%	15%	20%	25%	30%	35%	40%
IRR (% per annum)	-9.5%	-4.6%	0.0%	3.5%	5.8%	7.5%	9.0%	9.9%
Performance Interest Rate	0.0%	0.0%	0.0%	3.5%	6.0%	7.75%	9.5%	10.5%
Principal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



Nanna Jo's Newpin at Morphett Vale

Timeline

Figure 2 Newpin SA SIB planned timeline



Program Update

Centre establishment

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

Centre 1: Smithfield

The Smithfield centre is located in northern metropolitan Adelaide and has been operational since July 2021, in line with plan. The centre is located within a Uniting Communities hub site, which offers a range of services such as drug and alcohol counselling, mental health support, therapeutic and family violence counselling and financial education.

Centre 2: Port Adelaide

The Port Adelaide centre in western metropolitan Adelaide has been operational since January 2022, a three month delay relative to plan. The centre is located in a commercial area and has a community centre, providing in-reach service provision from other Uniting Communities programs and local services. The centre has a strong focus on supporting First Nations families.

Centre 3: Morphett Vale

In January 2023 the Morphett Vale centre commenced operations in southern metropolitan Adelaide, 9 months behind plan due to delays in obtaining necessary council approvals to operate Newpin out of a residential property. The centre has a large back yard, cosy therapeutic group spaces and inviting play areas. The Program operated with reduced capacity from a temporary site for 6 months prior to the opening of the third centre.

Nanna Jo's Newpin

Uniting Communities worked with Newpin SA SIB investors Jo and Gary Neave to find an appropriate site and purchase the residential property. The property is owned by Jo and Gary Neave and then leased to Uniting Communities to enable them to deliver the Newpin Program.

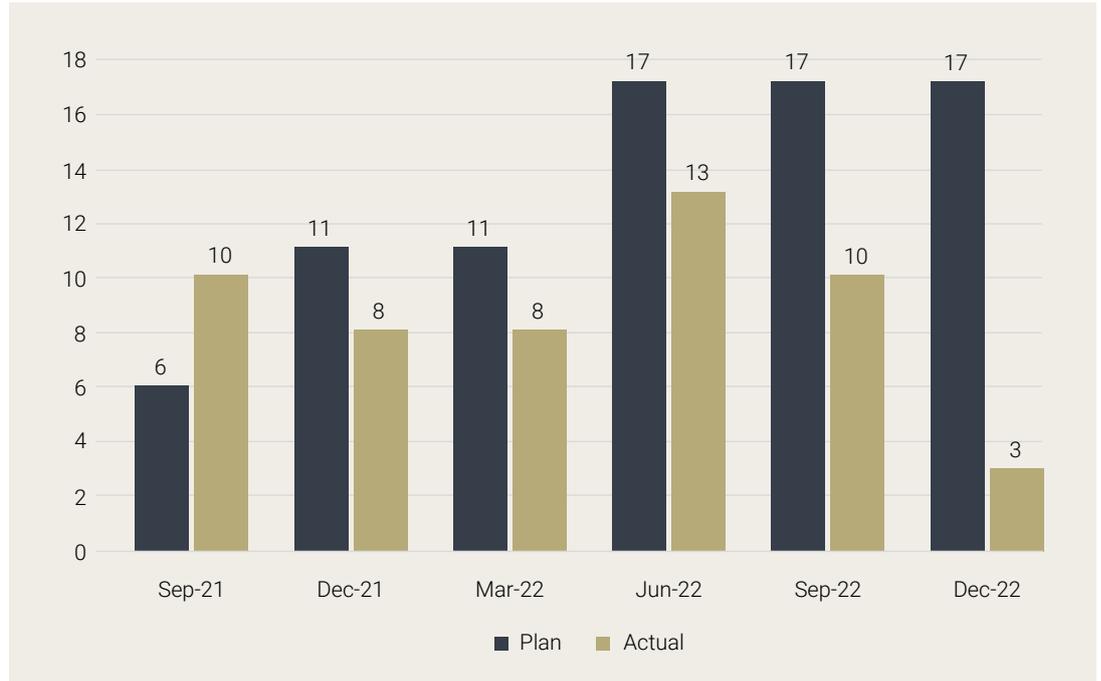
Sadly, Jo Neave passed away in late 2022. Jo's commitment to finding the right home, supporting the team to bring the neighbours on board and her excitement at seeing the Morphett Vale centre established will always be remembered as the centre continues to support families in need. The home has been named Nanna Jo's Newpin to show Uniting Communities' appreciation of Jo's contribution to the Program. Jo's family will continue to support the Program as Newpin SA SIB investors and the owner of the Morphett Vale centre.

Referrals and enrolments

At 31 December 2022 a total of **36 families with 52 children** had been referred by the Department and enrolled into Newpin, which is 67% of the planned number of children (78). The three centres are running at 89%, 57% and 36% of planned enrolments respectively, reflecting the delays in establishing the second and third centres.

Over the last two quarters Uniting Communities slightly reduced centre capacity, enabling the Program to provide more intensive support to the families enrolled in the Program. This includes home visiting and providing connections to the local community.

Figure 3 Children enrolled by quarter



There are 1.4 eligible children enrolled per family, which is in line with plan.

No children have subsequently been excluded² from the Program for the purpose of determining the Incremental Reunification Rate.³

Exits

12 families with 16 reunified children had successfully completed the Program at 31 December 2022, or 31% of the Intervention Group.

Nine families with 13 children had exited the Program without a reunification at 31 December 2022, or 25% of the Intervention Group.

Overall, the proportion of successful exits is higher than expected while the proportion exiting unsuccessfully is lower than expected at this point.

Engagement

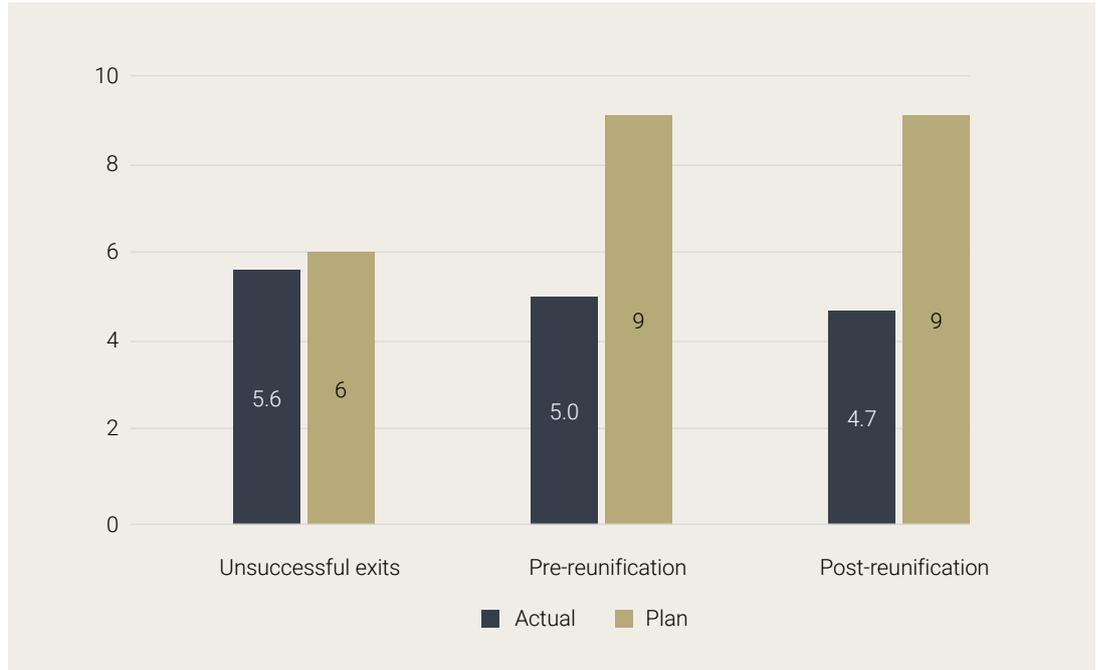
During the development of the Newpin Program in South Australia it was anticipated that a large proportion of families would be on 12-month care and protection orders, similar to the experience of [Newpin in New South Wales](#). However, the current interpretation of the *Children and Young People (Safety) Act 2017* has focused on providing immediate safety to children, often resulting in South Australian courts granting three-, six- and nine-month orders. This has meant that Newpin has had less time to work with families than initially anticipated, and that families are exiting the Program more quickly than planned. The Newpin team is focused on building expectations with families that engagement will continue beyond the terms of the protection orders, and is also working with the Department to provide consistent messaging to families.

Unsuccessful families are engaging with the Program for just under 6 months, in line with expectations. However, as illustrated in the following chart, there is emerging evidence that families successfully achieving a reunification are completing their time on Newpin in around 10 months, less than the 18 months expected. Pleasingly, participants are on average achieving a reunification after around 5 months on the Program.

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

³ Two exclusions were reported in the [Newpin SA SIB Annual Investor Report 2022](#), however they were subsequently agreed to be unsuccessful exits rather than exclusions.

Figure 4 Average number of months that families engage with Newpin from enrolment



In response to this trend, Uniting Communities has reduced the maximum capacity of each centre to increase the intensity of supports offered to families over a shorter service duration and to enhance post-reunification supports. Families typically attend centres two or three days per week during their time in the Program, and, once reunified, Newpin staff visit families at their homes on a fortnightly basis.

Where appropriate, the Program, in collaboration with the Department, is also advocating for extensions of care and protection orders to ensure that reunifications are sustained in the long-term.

Siblings

The Program has supported families with six older siblings who are not formally part of the Intervention Group, of which five have been reunified with their families. The Program has also supported two other siblings that were not in out-of-home care, both of which have been preserved in their family's care.

Newpin is also supporting seven mothers who have been pregnant while participating in the Program, four of whom have given birth. Three of those births have resulted in the child remaining home safely with their parents without the need for a child protection safety plan. One child was removed from their family at birth and placed in out-of-home care. The remaining three pregnant mothers were still engaged in the Program at 31 December 2022 and were assessed as safe for their new born child to remain with them at home.

The preservation of these families are significant outcomes for these children and families, and may not have been as successful in the absence of the parents participating in Newpin.

On average, including older siblings and siblings born during the Program, there are 1.9 children per Newpin family.

Program operations

Uniting Communities have continued to adapt the Newpin Program model to the South Australian context and respond to the needs and aspirations of Newpin families.

Staffing model

All three Newpin centres are fully staffed with a Senior Coordinator, Family Therapist, Attachment Coach, Men's Family Worker and Newpin Support Officer. The Men's Family Worker is a new role developed in consultation with the Aboriginal Elders Steering Committee, which advised that culturally safe and respectful practice to address men's business and behaviour change needs to come from a male worker. In addition, a high volume of fathers who had challenging behaviour around family violence were being referred to the Program, which emphasised the need for this role in each centre.

The Men's Family Workers are partnering with the Uniting Communities Family Violence program to co-facilitate a 12-week pilot program on men's behaviour change at the Smithfield centre, commencing in February 2023. Newpin will use the learnings from this pilot to roll out the program to the other two centres.

Case management

Newpin provides families with case planning and case management support, whilst also referring families to other services where appropriate. Combining a therapeutic intervention with case management support in Newpin has enabled families to address their previous trauma and focus on positive change for their children to safely return home.

In the first 18 months Newpin made over 54 referrals to other services to support families. Over two thirds of these referrals were to other Uniting Communities services such as [New Roads](#) drug and alcohol counselling, therapeutic counselling and mental health support, [Family by Family](#), financial inclusion services and [Streetlink Youth Health Service](#). Where possible and appropriate, other services attend Newpin centres to provide holistic support to families in a safe, comfortable and familiar environment.

Prenatal and perinatal support

With seven mothers being supported by the Program whilst pregnant and or giving birth, Newpin has provided additional target resources to better support families through prenatal and perinatal care, including:

- therapeutic support for families and referrals to counselling in the decision-making phase, including grief and loss when miscarriage occurs;
- delivering psychoeducation to families to emphasise the importance of prenatal, perinatal and infant care;
- connecting with prenatal care, support with birth and health care planning services;
- referring families to other services, such as financial counselling and [Treasure Box](#) for practical needs; and
- providing in-home support for perinatal and parent mental health, routine development, safety planning and feeding.

Shari, Kia and Kai's Story⁴

Shari has two younger children, Kia (3 years old) and Kai (1 year old), and three older children who are in the custody of their father. Shari has had interactions with the Department since 2015 because of significant substance use, mental ill-health and domestic violence. In 2021, Kia and Kai were removed from Shari's care.

In the months following Kia and Kai's removal, the Department considered that reunification was a possible goal for the family with the right support services. The family joined Newpin in September 2021.

Since commencing Newpin, Shari has completed several parenting programs that have developed her parenting and protective capacity. Shari has also engaged with other services to address her addiction to illicit substances.

Shari demonstrated significant growth over the next 10 months, displaying abstinence and an increased capability to support her children. Consequently, Shari, Kia and Kai were reunified as a family. Currently, Shari is focusing on being a "stay-at-home mum" to support her children. Six months after the family's reunification, Shari graduated from Newpin and exited the Program.



Newpin families made this piece of art which captures what Newpin means to them

⁴ 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 alcohol and drug usage, mental ill-health, intergenerational trauma and difficulty accessing stable accommodation and employment. The average age of a Newpin parent is 25 years old, with 58% of families being single-parent families.

According to data collected by Uniting Communities from families at enrolment, 30% of Newpin parents have an extensive offending history, including periods of incarceration throughout their lives. These mainly relate to drug, driving or anti-social behaviour offences.

With the support of Newpin, all parents except for one have avoided being charged with new criminal offences and reincarceration. Parents have been supported to remain in the community, either through home detention (with an allowance for attending Newpin and support services) or community-based corrections support.

Throughout their time with Newpin, parents have addressed their historic charges and accessed other Uniting Communities' services including drug and alcohol counselling, therapeutic counselling (for trauma and mental health) and domestic violence counselling, to develop strategies to manage issues which can lead to offending behaviour.

Figure 5 Parents' employment status pre and post enrolment

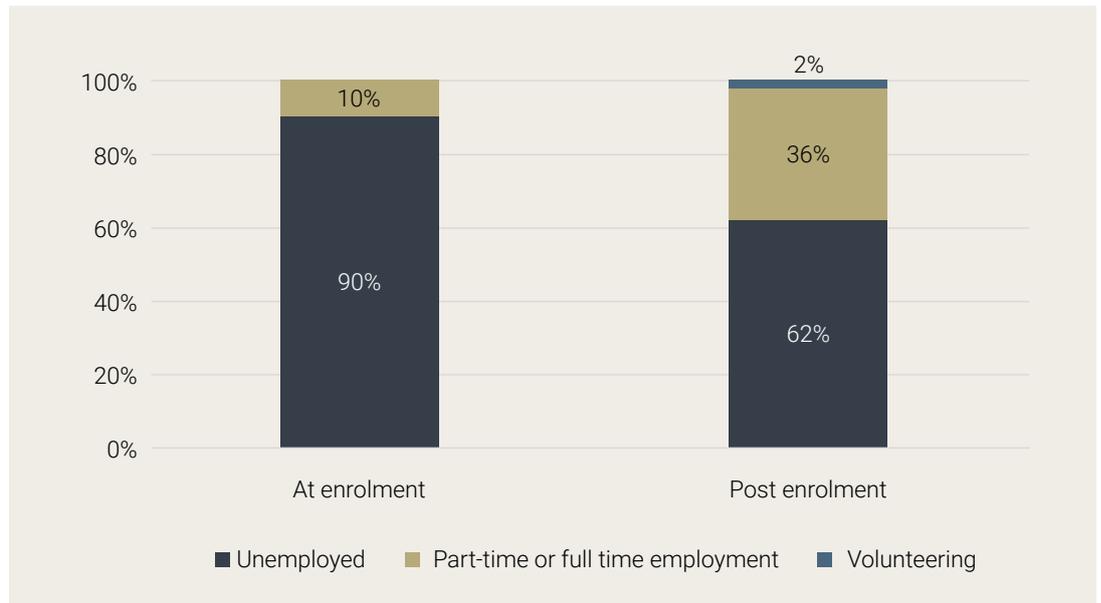


Figure 6 Parents' previous interactions with child protection system

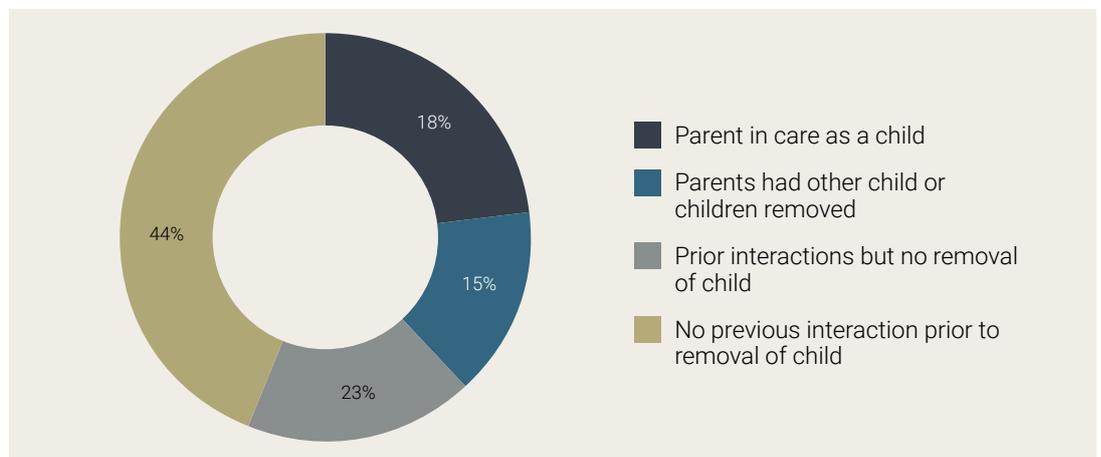


Figure 7 Proportion of First Nations children

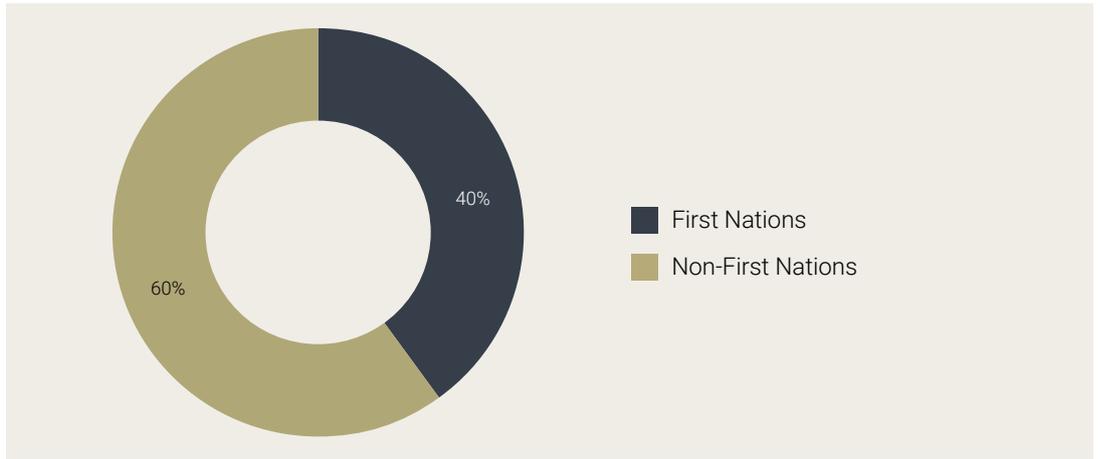
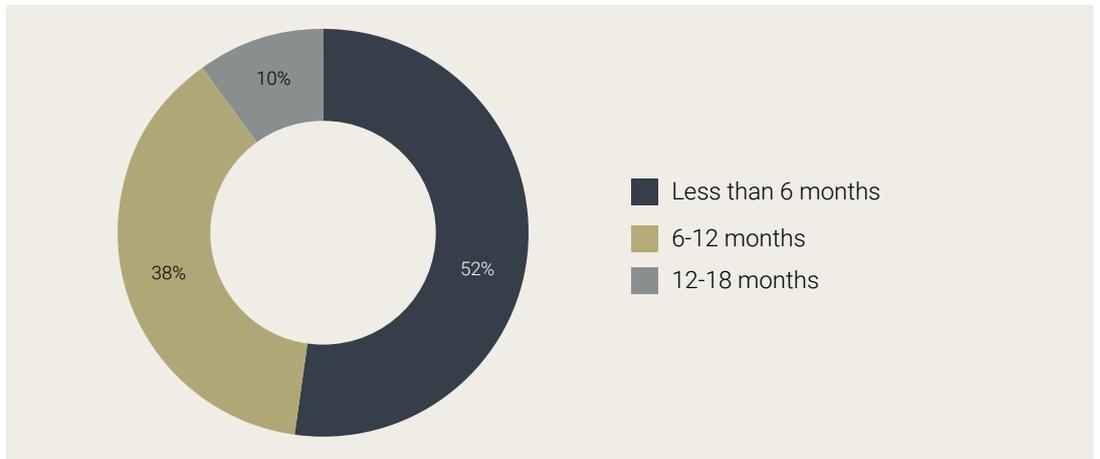


Figure 8 Time in out-of-home care prior to enrolment



The handprints left by reunified families under the tree are a celebration of the parents' hard work and commitment to being the best parents they can be. The leaves on the tree describe each parent's experience at Newpin.

"Newpin has been like the light at the end of a very dark tunnel, I actually have hope again."

"I thought I was stupid and couldn't learn, I know I can learn now."

"Newpin is a safe place, it feels like home."

"You really trusted I could be a mother when I doubted myself."

Outcomes

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 31 December 2023 Calculation Date. At that date, the 39 children enrolled prior to 30 June 2022 will have reached their assessment point.

Uniting Communities has reported that as at 31 December 2022, 25 children had already been reunified with their families, which is 48% of the Intervention Group. At that point, none of these reunifications had broken down, and all of the children remained in the care of their families.

Uniting Communities report that of the first year's cohort of 39 children:

- 56% had been reunified (of which 41% had exited the Program);
- 26% had exited without achieving a reunification; and
- 18% remained actively engaged and working towards reunification.

Shane, Kat and Lacie's Story⁵

Shane and Kat have been together for the past six years and had their daughter Lacie, who is 5 years old, when Kat was 17 years old. Shane had another older child, Jed (9 years old) who lived primarily with his mother and was disconnected from Shane, Kat and Lacie.

Shane and Kat were experiencing homelessness and engaged in substance misuse, leaving many of Lacie's physical and emotional needs neglected and ultimately resulting in the removal of Lacie from her parents' care at the age of three. There were also significant concerns about domestic violence between the parents. Lacie was initially placed on a 3-month guardianship order, followed by a 12-month guardianship order, while intensive interventions could be put in place to support her family with the goal of reunification.

Shane was deeply saddened by Lacie's removal from his care, so he took a leap of faith and reached out to Newpin for support. Shane had a friend who recently went through the Program and felt it would be the right service for his family. Newpin reached out to the Department and worked with Shane and Kat's social worker to refer the family to the Program.

Seven months after Lacie's removal from her parents' care, the family commenced Newpin and completed several parenting courses. Over the first few months the parents engaged with a Uniting Communities alcohol and other drugs counselling service, and secured social housing.

Five months after the family commenced Newpin, Lacie returned to her parents' care. In the first month, the parents shared their struggles with reinforcing boundaries and the constant fear of Lacie being removed from their care again.

Shane and Kat leaned on their Newpin peers for support and sought guidance and reassurance from Newpin therapists while they worked to regain their confidence and belief in their parenting skills. Over time the family has found a new routine that works for them. Kat has been working towards gaining employment, having completed a certificate in hospitality. Shane has taken on the "stay-at-home dad" role while Lacie commences her first year of school. Over the last few months, Shane has reconnected with his son Jed and has been working towards repairing past relationships with friends and family.

The family are in the process of exiting Newpin but are continuing to engage in other therapeutic services at Uniting Communities.

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

Counterfactual outcomes

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 outlined in Table 2 below. A segment-specific approach has been adopted to ensure that the counterfactual flexes with the characteristics and complexity of the children who are enrolled.

Table 2 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 average counterfactual reunification rate for the 52 children in the Intervention Group is 21%. This is commensurate with the expected figure, as outlined in the [Information Memorandum](#).

Illustratively, if the proportion of the Intervention Group that achieves a reunification is 56% and the counterfactual rate is 21%, then the Incremental Reunification Rate would be 35% (equivalent to the Well Above Target performance scenario). It is stressed that no formal outcome results are available at this time and these figures are for illustrative purposes only.

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 2, **n** is equal to 2 and **y** is equal to 1.4⁶.
- **A** is the aggregate of the Interest Payments made in respect of all previous Interest Payment Dates. For Interest Payment 2, **A** is equal to \$52,000.
- **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.⁷

Accordingly, the Interest Payment from Uniting Communities in respect of Interest Payment Date 2 is \$130,000⁸, 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.

The Coupon Payment in respect of Interest Payment 2 will be paid on or about 31 March 2023.

Early termination payment

If the Newpin SA SIB were to terminate for any reason during the year ending 31 December 2023, under the terms of the Loan Agreement investors would be repaid 100% of their principal.

⁶ This adjustment allows for the drawdown of the loan in two tranches.

⁷ Refer to the [Newpin SA SIB Information Memorandum](#) for further details.

⁸ \$6,500,000 x 2% x 1.4 = \$52,000

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:

Cover image: Nanna Jo's Newpin at Morphett Vale



Teaching cost-effective sensory play ideas to families

Social Ventures Australia

Brisbane | Darwin | Melbourne | Perth | Sydney | ABN 94 100 487 572 | AFSL 428 865

newpinsasib@socialventures.com.au | socialventures.com.au | [@Social_Ventures](https://www.instagram.com/Social_Ventures)

