

CASE STUDY

Newpin Social Benefit Bond

Size: \$7 million

The Newpin Social Benefit Bond is Australia's first social bond, issued in 2013. The bond, a partnership between the New South Wales Government, Uniting Care and Social Ventures Australia, has funded the maintenance and expansion of Newpin, a program established in 2009 working to restore children in out-of-home care to their families, or prevent children from entering care in the first place. The bond has been designed to deliver considerable financial savings to government, as well as a competitive return to investors. At the end of its second year (financial year ending 30 June 2015), 66 children have been returned to their families for care, resulting in an 8.9% return to investors, up from a 7.5 per cent return in the first year.

THE INITIATIVE

Purpose of capital	To fund the maintenance and expansion of the successful Newpin program run by UnitingCare Burnside, while generating a competitive financial return for investors.
Sector	Healthcare
Geography	Sydney, NSW, Australia
Scale of impact	The Bond aims to fund 6 new Newpin centres (for a target total of 10), support 700+ families, restore 400 children to their parents and save \$95 million in Government spending over the long term
Timeline	The Bond was issued in June 2013 and will mature on 30 September 2020, after which UnitingCare expects funding of the program to be rolled over into a normal payment-by-outcomes contract.

THE INVESTMENT

Investor/s	High-net worth individuals Superannuation funds including Christian Super Not for profit organisations including The Benevolent Society
Investee	The NewPin Social Benefit Bond (SBB) Trust, which collected Investor Funds via the issuance of the Bond, and lends them under the same terms to UnitingCare Burnside. UnitingCare in turn operates the NewPin program.
Investment structure and terms	Private investment • Alternative Assets (Social impact bond)
Arranger/Lead	Social Ventures Australia (SVA), a non-profit organisation, assisted in structuring and fundraising for the Bond. SVA also manages the NewPin SBB Trust.
Source of deal	The New South Wales Government was the initiator of the Bond. It entered into an Implementation Deed with UnitingCare under which payments are made for outcomes delivered by the Newpin program. Payments are linked to the expected long term savings generated by Newpin on the Government's behalf

THE IMPACT

Social, cultural or environmental impact	<p>Newpin aims to restore children in out-of-home care to the care of their families by creating and supporting safe family environments, and to prevent children at risk of significant harm from entering out-of-home care in the first place. It is an intensive 12 to 18-month therapeutic course for families with young children aged six years or less and operates separate centres for mothers and fathers. The Newpin program is in the process of achieving the following outcomes:</p> <ul style="list-style-type: none">• 10 Newpin centres across Australia (there were 4 centres at the program commencement)• Over 700 families supported by Newpin• Over 400 children restored to parents <p>As at the end of June 2015, 66 children had been returned to home care under the scheme, and it also helped prevent a further 35 children from entering out-of-home care.</p>
Financial impact	<p>The financial impact from the Newpin program is multifaceted. Approximately \$95 million in Government savings will be generated over the long term, with around 50% to be retained by the Government and the balance directed to UnitingCare to fund the Newpin program and provide a return to investors.</p> <p>Investors receive a return based on Newpin's success, which is measured by the 'Restoration Rate' - the proportion of children attending a Newpin Mothers Centre who are successfully restored to the care of their family. The higher the Restoration Rate, the more interest that investors receive, with the maximum payable interest rate being 15%. The result in the Bond's first financial year (FY14) was a 60% Restoration Rate, which corresponded to an interest payment of 7.5% to investors. In FY15, the cumulative restoration rate rose to 61.6%, corresponding to an 8.9% return to investors.</p> <p>UnitingCare will also receive approximately \$50 million in the targeted scenario over the potential seven year life of the Newpin bond, paying for the expected cost of the program as well as interest and ancillary costs.</p>
Future opportunities	UnitingCare has submitted a proposal for a similar Bond-funded program in collaboration with the NSW government to address youth homelessness. The New South Wales government has also expressed intention to take two new social impact bonds to market each year.

MORE INFORMATION

[Newpin website](#)