

Market Briefing Wrap-Up:

Aboriginal economic development and SII Evolve

18 September 2018
Dubbo

The following provides a summary of the questions asked at the session, and the answers provided.

Regarding the Newpin social benefit bond, are there any longitudinal studies occurring to determine if children are remaining out of care in the long-term?

Newpin social benefit bond is a seven years long program. The outcomes of the intervention group, as well as the control group, are measured annually. Newpin is also independently evaluated over this time and this evaluation reports whether key outcomes, including restoration of children to their families and prevention of entries into care, and are being achieved and the longevity of the outcomes.

Is the return to investors from the outcomes payments?

Yes, the return to investors is based on the performance of the service. If the service meets the target outcomes, based on the payment metrics agreed during the Joint Development Phase and written in the contract, then the investor will receive a specified rate of return.

Are the lessons on what works from the Newpin and The Benevolent Society social benefit bonds changing the service delivery and informing broader Targeted Earlier Intervention (TEI) reforms?

The evaluation and yearly performance monitoring of the services in both the Newpin and The Benevolent Society social benefit bonds is being used to improve the service. Successes of the social benefits bonds also inform wider Government reforms in service commissioning. OSII is also working with FACS to ensure the lessons learned are informing broader reforms in this area of early intervention and out of home care. An important lesson has been in relation to data sharing and how that is integral to reforming service delivery.

Is the investment site specific? Are you looking for proposals from a particular area?

No, the RFP is open to proposals across NSW. Proponents are able to bring ideas related to their chosen areas of service. OSII has also streamlined and simplified the proposal process with the objective of encouraging smaller organisations and regional organisations to participate in social impact investment.

Are there opportunities of partner with public health networks?

Yes, OSII is open to all partnerships and having these discussions.

What kind of investors can participate in social impact investment?

Social impact investing attracts various types of investors, ranging from high net worth individuals who are philanthropically minded, investors who are interested in social and ethical investing to the groups of investors that usually seek market level of returns. Superannuation funds and banks are also known to have invested in social impact investments. It is important to note that social impact investing is not open to so called “retail investors” that is, non-professional investors that usually invest smaller amount and through traditional channels.



Office of
Social Impact Investment

Do investors provide constant feedback to service providers?

Once a year after the yearly measurement of performance has taken place, investors receive an investor report that informs them of the SII performance for that year. Investors do not have a direct input into how the service is run as this is the expertise of the service provider.

Is there a preference to the number of outcomes to be delivered under SII Evolve? For small regional organisations working outside metro areas there are challenges related to their geographical locations and smaller population size.

SII Evolve is open to smaller proposals and ideas. OSII recognises that the size of the proposed investment is a combination of volumes and impact. For example, certain investments do not require a big population size because the savings to government are high as the social issue is a complex one. We are also looking for projects that may be small but have a high potential to scale, which should be addressed in the submission.

What if investors decide to pull their investment out of the contract?

During the joint development phase, parties agree on different performance scenarios and on the circumstances under which the contract might be terminated. Financial penalties usually apply if a contract is to be terminated and these will vary depending on the reason for termination.

Outside of the termination reasons specified in the contract and agreed during the joint development phase, it is not possible for an investor to take their investment out of the contract.

If an organisation is small and lacking a start-up capital, how can it access working capital to fund service delivery?

Recognising the early stages of the social impact investment market, the NSW Government has historically provided an advance payment to improve the risk profile for investors. The level of advance payment, if necessary at all, will be determined on a case-by-case basis.

Advance payments may be structured as a one-off payment or as regular payments throughout the life of the contract. They enable an appropriate risk/return profile for the investors and/or delivery organisation. It is important that advance payment arrangements give the NSW Government an appropriate risk profile in the context of the risk allocated to investors and the proponent.