



# The Benevolent Society Social Benefit Bond

30 June 2015

# Disclaimer

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# Foreword

Dear Investor,

The Benevolent Society is pleased to present the second Investor Report on the performance of The Benevolent Society Social Benefit Bond. This reporting period covers the 21 months from 3 October 2013 to 30 June 2015.

We are delighted to report an increase in the Performance Percentage (upon which investor returns are based) from 8% last year to 12% for the 21 month period to 30 June 2015. Over this period, 75 of the 85 families included in the results have kept their children safe with them. We are equally delighted to report progress and improvement across a whole range of fronts.

These include:

## **Early proof of concept**

After many years of research it is particularly pleasing to see our Resilient Families program (“Program”) and the underpinning Resilience Practice Framework come to fruition and start delivering results. While it is still early days, we are seeing significant progress especially with the families who have now successfully completed the Program.

## **Ongoing innovation and improvement**

The Bond is allowing us to work in new ways and we are pleased to report to you innovations to our Program as a result of our practical experience, which will further increase the effectiveness of our intervention. An instance of this is the introduction of ‘Baby Ray’ who you will read about later in this report.

## **Learning through rigorous measurement**

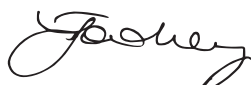
We are also pleased to report our increased understanding and responsiveness that has been achieved this year as a result of data from the Program. For example, we have been able to re-connect with families who have completed our Program where spikes in the data show an increased cause for concern. This valuable data was not available to us before starting the Social Benefit Bond trial. We are continually improving our practice as a result of the feedback from both the data and evaluation reports. This feedback is new and very useful to our practitioners.

Whilst there is still much to do, with the continued support and commitment of all stakeholders, we are confident that we can continue to learn and demonstrate better outcomes for families at risk of having their children taken into foster care.

We thank you sincerely for your vision, trust and the confidence you have shown in us to demonstrate new ways of addressing one of our most challenging social issues.



**Lisa Chung**  
Chairman  
The Benevolent Society



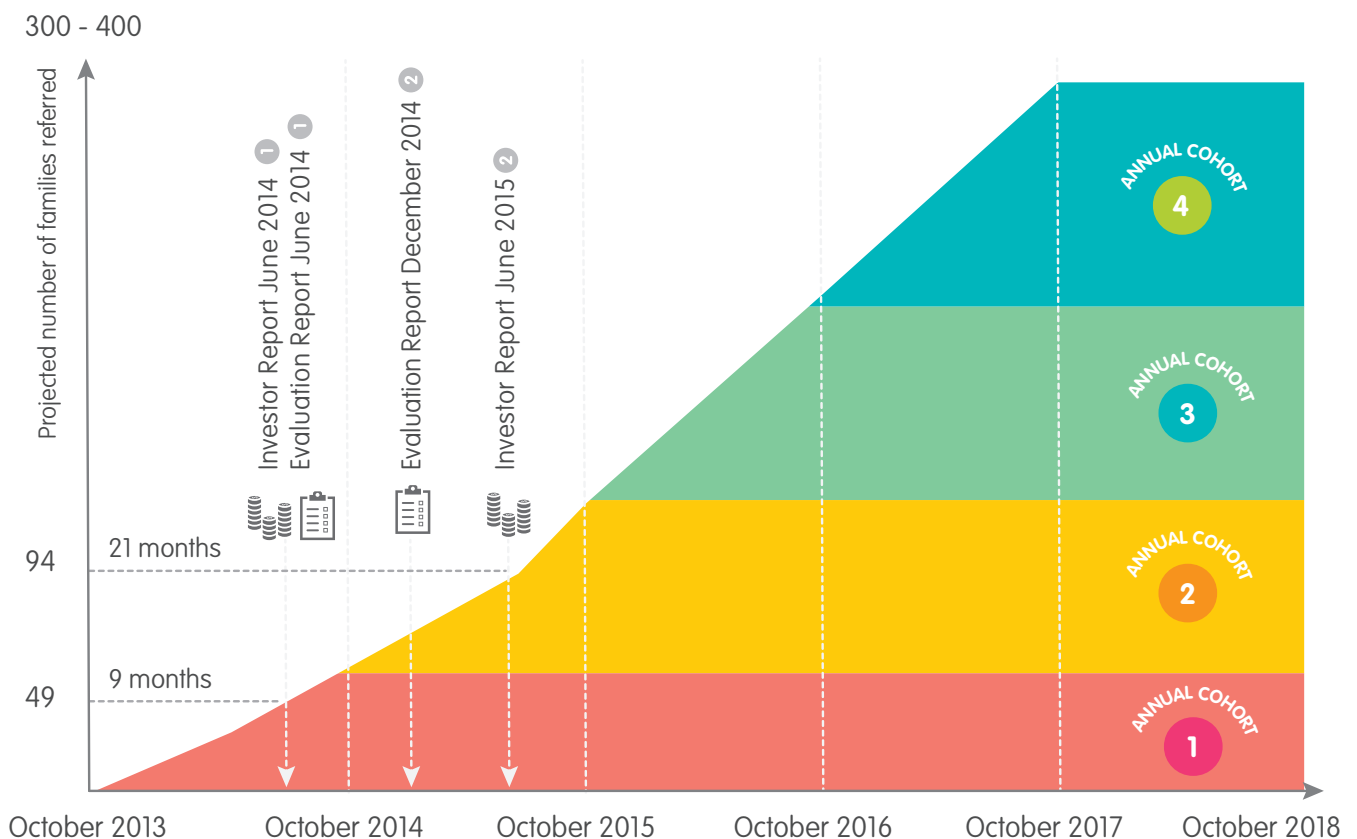
**Joanne Toohey**  
Chief Executive Officer  
The Benevolent Society

# Our Bond

The Benevolent Society Social Benefit Bond was launched in October 2013 to support families that are at risk of having their children removed and placed into Out-of-Home Care.

The \$10 million capital sought from investors funds the Resilient Families program, an innovative and intensive family support service that will support between 300 and 400 families over five years. This reporting period focuses on the entire first Annual Cohort and part of the second Annual Cohort, as highlighted in *Figure 1* below.

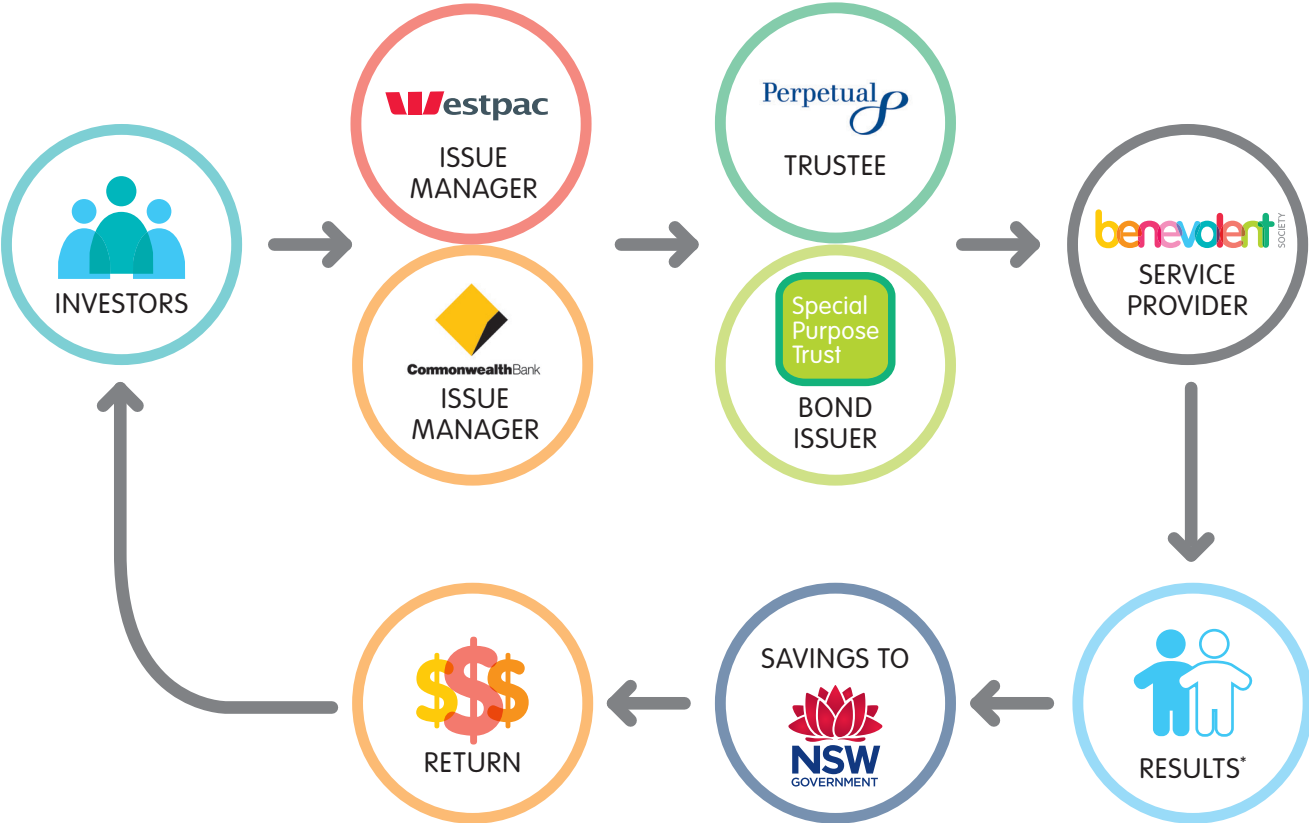
Figure 1 Overview of reporting



# Our Bond

The structure and relationships between the key stakeholders of the Bond is displayed in *Figure 2* below.

*Figure 2* **Structure overview of the Bond**



\*Identified by FACS



# Our Program

## Service model

The Program is a therapeutic, evidence informed program that seeks to maximise the likelihood of better outcomes for children by building a protective network around them. It is underpinned by our Resilience Practice Framework, which is the result of many years of research in collaboration with the Parenting Research Centre.

A dedicated senior child and family worker develops a support plan in collaboration with the family. The goals in the support plan are achieved through a mix of practical and therapeutic support alongside skills training to manage stress and conflict, encourage positive child behaviour, understand their children's developmental needs, and tackle problems early before they become entrenched and harder to address.

After an initial twelve week intensive period that includes 24/7 support, staff spend up to a year working with families to address issues such as parental mental health, domestic violence, substance abuse, and insecure housing.

The Program has flexible work arrangements to ensure support can be provided at times which best meet the families' needs, actively assisting them to engage with other specialist services as appropriate.

One of the advantages with delivering a flexible outcome-based program is that families who have successfully completed the Program and subsequently experienced adversity can reconnect with the Program at any point in time to get back on track towards maintaining a stable and safe environment for their children.

For some families the progress achieved may not be enough for them to keep their children at home and some removals are unavoidable. However the Program team continues to work with those families where the Children's Court of New South Wales determines there is a realistic possibility of restoration at a later stage.

Helpline Reports are made by the Program as required by legislation when children are deemed at risk of significant harm.

“ Six months ago when I first met you, I felt like I was drowning. You gave me something to hold on to. I am a lot happier today and this is because of you. You gave me comfort and you were caring in my time of need. ”

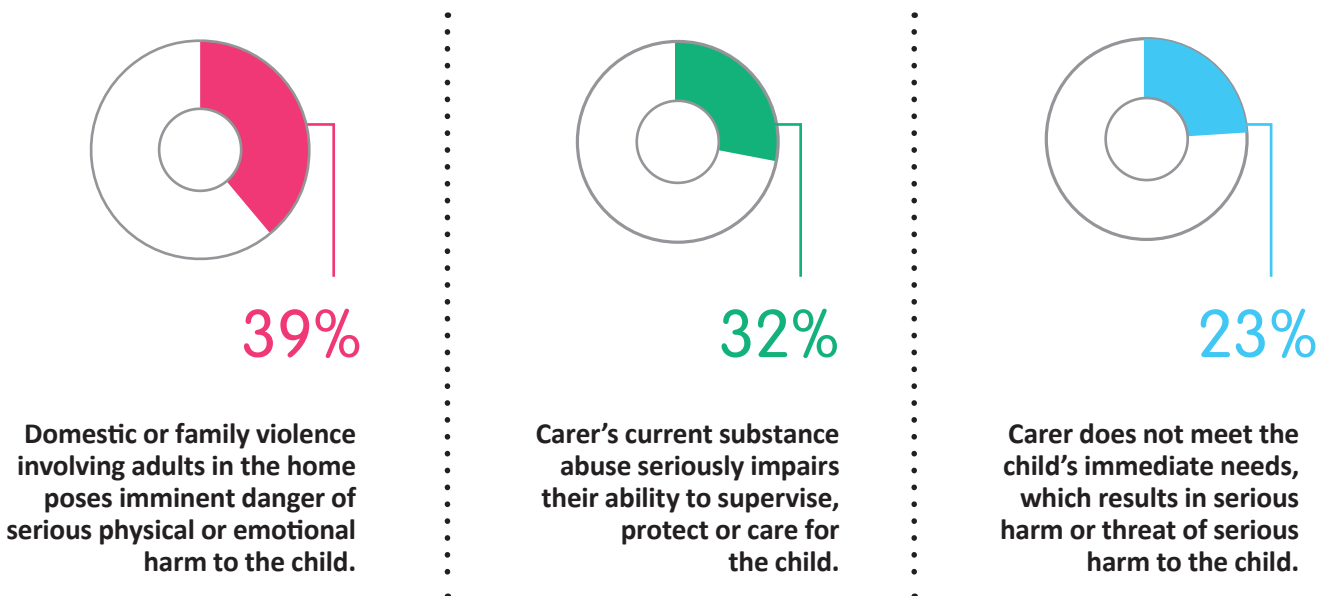
Resilient Families parent

# Our Program

## Profile of the families

The families referred to the Program have complex vulnerabilities. Their children have been reported as being at risk of significant harm due to domestic violence, drug and alcohol abuse, or neglect for example, as shown in *Figure 3*.

*Figure 3* **Key risks\* leading to referral to the Program**



Many parents struggle with keeping their children safe because they themselves grew up in risky environments. Indeed, many of them were known to child protection when they were young.

**45%** of carers were the subject of a child protection Helpline Report as a child.

\*Risks are not mutually exclusive



## Activity update

As at 30 June 2015, 94 families have been referred to us compared with the 49 families referred as at 30 June 2014. Of these referrals, 85 families are eligible for inclusion in the results.

“ When considering the multigenerational involvement that some families have had with the child protection system, every child who remains safe with their family is a significant step towards breaking the cycle of entrenched disadvantage. ”

Claudia Lennon, Manager Resilient Families

## Rigorous measurement

One of the most valuable aspects of the Bond is that we are able to rigorously measure how effective our Program is by leveraging the Department of Family and Community Services' (FACS) data system to:

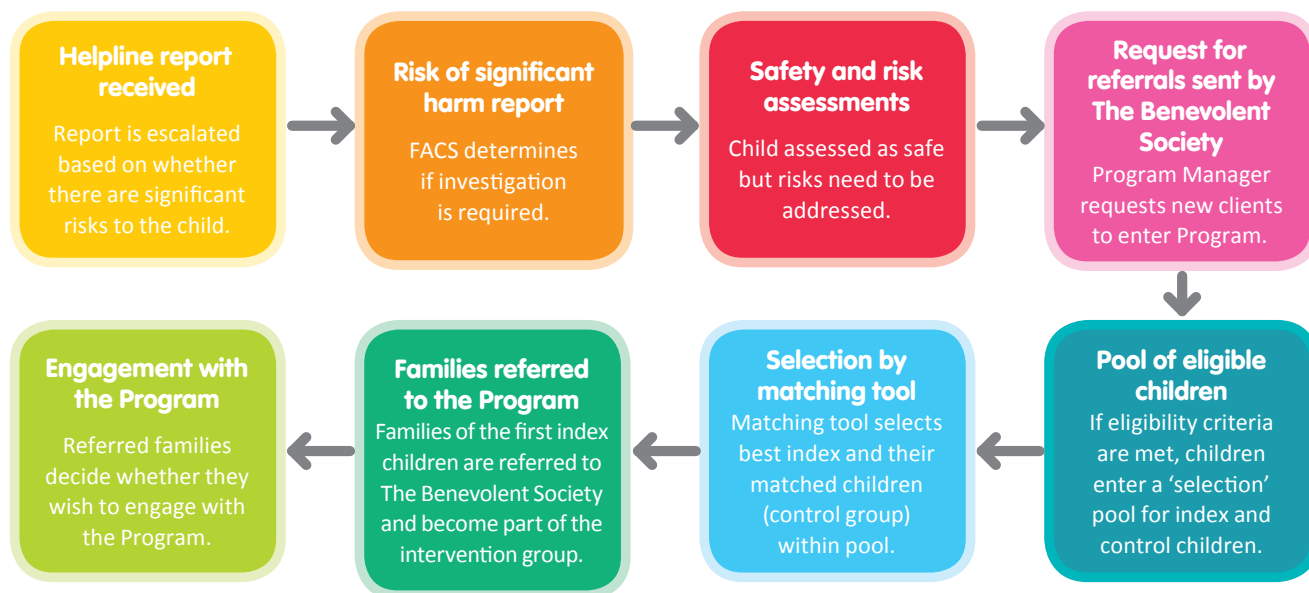
- ensure that the right families get referred to us in the first place;
- understand what happens to families long after their exit from our Program; and
- compare their progress to that of control families who are similarly at risk of having their children removed.



# Our Program

The process for referring families to our Program is illustrated in *Figure 4*.

*Figure 4* Referral process



## Innovation

**Eighteen per cent of the families were referred to the Program because their unborn child was at risk of being removed at birth. The younger the child, the more vulnerable they are.**

As a result of the Bond funding, the team was able to purchase Baby Ray, a computer programmed baby doll which helps expecting parents understand

the challenges associated with caring for a baby. Sensors in the baby send data to the team on whether the baby was fed appropriately and burped, whether the baby had been shaken, whether his head had been bumped, his clothes had been changed and even whether the parents were able to respond to his cues.

Baby Ray is given to expecting parents for a day or two and is proving very valuable in educating parents-to-be and keeping newborn babies safe. This innovation is potentially life saving.



*Baby Ray*

“ I was isolated, depressed and everything looked like it was a black colour. I didn’t want to live. You taught me to hold on and to trust you because you told me that it would get better. You taught me that Australians are ready to help and you opened my eyes to the support you can give. ”

Resilient Families parent

Peter's  
story



# Peter's story

## **Peter and Kate\* have three children aged 5, 10, and 13.**

Although Peter and Kate had separated, Kate had an addiction to methamphetamines and kept coming back into the household then disappearing for days, leaving the children with Peter, who had become the primary carer of the children by default.

The family had lived in insecure housing for many years – caravan parks, hotels, and motels. The continuous instability and chaos resulted in the children being at serious risk of being removed and placed in long-term foster care. It was at this difficult time of adjustment that FACS referred him to the Program in early 2014.

Patricia, Benevolent Society Senior Child and Family Worker, says: 'Peter was in an impossible situation of trying to care for his kids while being required to look at twenty properties a month, most of them unaffordable, without a car or driver's licence.'

Whilst Kate declined to engage with the Program, Peter has made some big headway with his children, saying: 'The best thing that happened was that Patricia was able to help us get a permanent home in October 2014. We had to move out into the country, but we're really happy now. It's peaceful and quiet. The kids are doing really well at school – the girls are doing great and made lots of friends. My youngest started school and he's even getting awards – for listening, public speaking and he came first in a cross-country race. My kids mean the world to me and I really love being their dad.'

The family now lives within walking distance of both schools and preschool. Peter has now enrolled in the local TAFE and he has planted a vegetable garden.

In Peter's words:

'Patricia helped me see how difficult things really were with the [children's] mother. So it helped me be stronger for their sake and not just slip back into the relationship. The kids really trusted Patricia and enjoyed her taking them to school holiday activities at the PCYC [Police Citizens Youth Club].'



\*Names have been changed to protect members of the family.

# Measurement of performance

## How performance is measured

### Improvement Percentage

The Improvement Percentage for the Bond is determined by results generated from the FACS data system. The progress made by families referred to the Program is compared against the progress made by a Control Group who share similar characteristics but do not receive intensive support.

The results are measured by closely monitoring the number of occurrences of three types of child protection events for the Intervention Group compared to the Control Group:

- Out-of-Home Care Entries, which are statutory removals of children (“**Entries**”);
- Safety and Risk Assessments, which are investigations conducted by FACS (“**Assessments**”); and
- Helpline Reports, which are calls made by anyone in the community to the child protection Helpline to report a concern about the safety of children (“**Reports**”).

These three measures cover a wide spectrum of child safety and together determine the Improvement Percentage. Families who later became ineligible due to a change of circumstances and families with unborn children are excluded from the calculations.

$$\text{Improvement Percentage} = (66\% \times \text{Entries}) + (17\% \times \text{Assessments}) + (17\% \times \text{Reports})$$

### Performance Percentage

Ultimately, investor payments depend on the Performance Percentage which is based on the following:

- Average of the Improvement Percentage for each Annual Cohort\* (“**AvgIP**”);
- Treatment Percentage – where children referred to the Program have been matched to a control child (“**TreatP**”);
- Unmatched Children Percentage – where children referred by FACS cannot be matched with a similar control child (“**UnmatchedP**”); and
- Guaranteed Referrals Shortfall Percentage – where FACS is unable to fill vacancies notified by The Benevolent Society within the agreed period of time up to a guaranteed minimum (“**GRSP**”).

\* Any partial Annual Cohort is amalgamated with the immediate previous full Annual Cohort.

$$\text{Performance Percentage} = (\text{TreatP} \times \text{AvgIP}) + (\text{UnmatchedP} \times 15\%) + (\text{GRSP} \times 40\%)$$

## How performance is verified

### Remediation

This process consists of an annual analysis of data by FACS to verify data integrity and reporting. FACS then makes this remediated data available to The Benevolent Society, within three months of the end of the financial year. The data is then checked and outliers are investigated collaboratively.

### Evaluation

Separately, NSW Treasury has appointed ARTD Pty Limited, to conduct an evaluation of the Program. This evaluation, which is ongoing, has focussed to date on broad social outcomes achieved by the

Program. The first evaluation report was released in February 2015. The second evaluation report was released in September 2015. Both reports are available on The Benevolent Society website [www.benevolent.org.au/sib](http://www.benevolent.org.au/sib).

### Independent certification

The Bond performance will be independently certified by Deloitte Touche Tohmatsu Limited after the Measurement Date which, unless there is an early termination of the Bond, will be in 2018.

# Our results

## Improvement Percentage

As at 30 June 2015, the Improvement Percentage of the Bond is 8%, as detailed in *Figure 5*.

*Figure 5*

### Improvement Percentage

Measure	Result	Weighting
Out-of-Home Care Entries	27%	66%
Safety and Risk Assessments	(36%)	17%
Helpline Reports	(20%)	17%
<b>Improvement Percentage</b>	<b>8%</b>	<b>100%</b>

The overall Improvement Percentage of 8% (2014: -1%) is the combined weighted result of three separate measures and it is important to understand the key drivers underpinning these results, as follows:

- Out-of-Home Care Entries** We achieved an improvement in our key performance measure – reducing the number of entries to Out-of-Home Care by 27% (2014: 17%) in comparison to the Control Group.
- Safety and Risk Assessments** There were 36% more Safety and Risk Assessments conducted in the Intervention Group compared to the Control Group (2014: -70%). This result is currently being investigated by independent external consultants and their findings will be reported in 2016.
- Helpline Reports** The Benevolent Society is a mandatory reporter. A key factor that is believed to be contributing to 20% (2014: -3%) higher Helpline Reports in the early days is the increased visibility of family interactions directly resulting from the intensive support provided by The Benevolent Society. More than 30% of the reports made about the Intervention Group came from The Benevolent Society. This potential bias was identified in the latest evaluation report released by external evaluator ARTD and is now being further investigated by independent external consultants. Their findings will be reported in 2016.

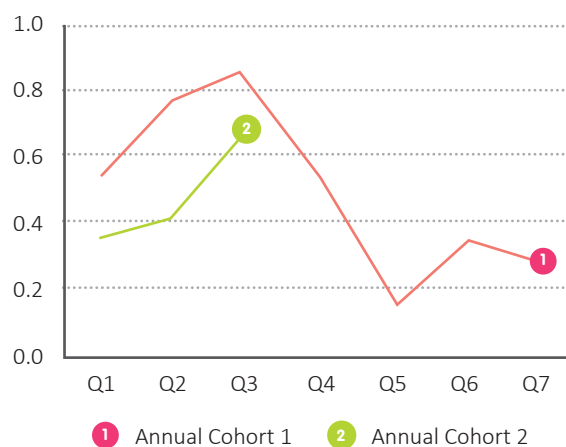
## Timing effect

Families are continuously referred to the Program. While sample sizes are too small to report on Out-of-Home Care Entries and Safety and Risk Assessments on a quarterly basis per Annual Cohort, a closer look at the Helpline Reports made on a quarterly basis from the point of referral provides more insights into the progress made by families.

*Figure 6* below shows that over time the number of Helpline Reports declined dramatically for families from the first Annual Cohort. When the families from the second Annual Cohort come on board there is an initial increase in helpline reports, but we anticipate that this will also decline over the next 6 months.

*Figure 6*

### Average number of Helpline Reports since referral to the Program



These results only include families who agreed to engage with the Program and whose results are therefore available to The Benevolent Society on an individual basis.

It should be noted that adverse life events may disrupt the progress made by some families.

One of the valuable outcomes of the Bond is that our staff have been using FACS's data to reconnect with families where indicated by a spike in the data to help them get back on track and maintain a stable and safe environment for their children.

# Investor returns

## Investor returns

Investor returns are determined based on the Performance Percentage. Using the formula to be applied at the term of the Bond, the Performance Percentage for the 21 months ended 30 June 2015 is 12% (2014: 8%), as detailed in *Figure 7* below:

*Figure 7*

### Performance Percentage

Measure	Actual/Deemed Performance	Weighting
Improvement Percentage	8%	86%
Unmatched Children Percentage	15%	1%
Guaranteed Referrals Shortfall Percentage	40%	13%
<b>Performance Percentage*</b>	<b>12%</b>	<b>100%</b>

\* Rounding to the nearest whole figure

Weightings vary based on the overall number of referrals received. It is expected that the weightings for the Unmatched Children Percentage and the Guaranteed Referrals Shortfall Percentage will continue to decrease over time as the referral process becomes more efficient.

Actual returns will be calculated based on cumulative results and paid to investors at the term of the Bond, unless there is an early termination of the Bond. The Performance Percentage at 30 June 2015 would result in theoretical returns to investors of 5% for the capital protected class (Class P) and 8% for the capital exposed class (Class E), as highlighted in *Figure 8* below:

*Figure 8*

### Theoretical investor returns

Performance Percentage	Class P Return*	Class E Return*
Fail (<5%)	0%	0%
<b>Baseline (≥5% &lt;15%)</b>	<b>5%</b>	<b>8%</b>
Good 1 (≥15% <20%)	6%	10.5%
Good 2 (≥20% <25%)	7%	15%
Good 3 (≥25% <35%)	8%	20%
Good 4 (≥35% <40%)	9%	25%
Out-Performance (≥40%)	10%	30%

\* Interest is compounded annually.

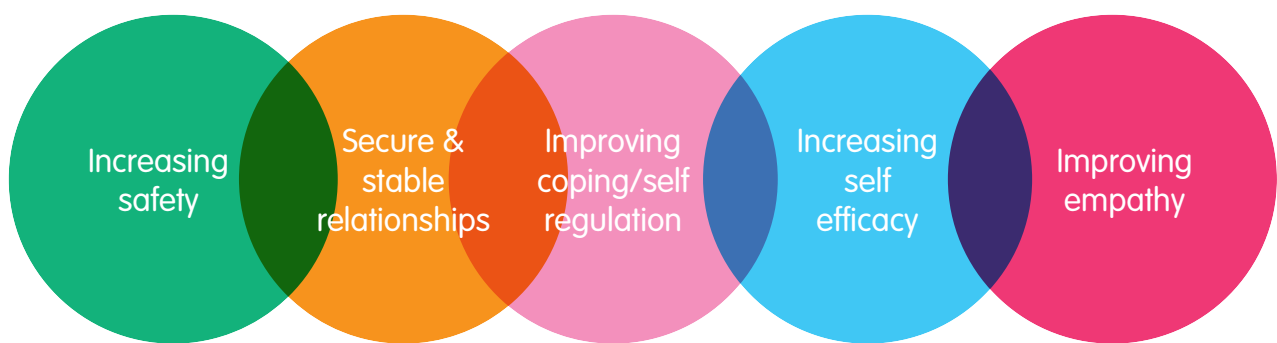


# Additional performance metrics

The Benevolent Society is committed to undertaking high-quality evaluation to improve the outcomes of its services. The Benevolent Society's Resilience Practice Framework identifies high-level child and family outcomes as detailed in *Figure 9*.

The indicators used to measure our progress against the outcomes are outlined in *Figure 10*.

**Figure 9 The Benevolent Society's child & family outcomes**



**Figure 10 The Benevolent Society's child & family outcomes & indicators**

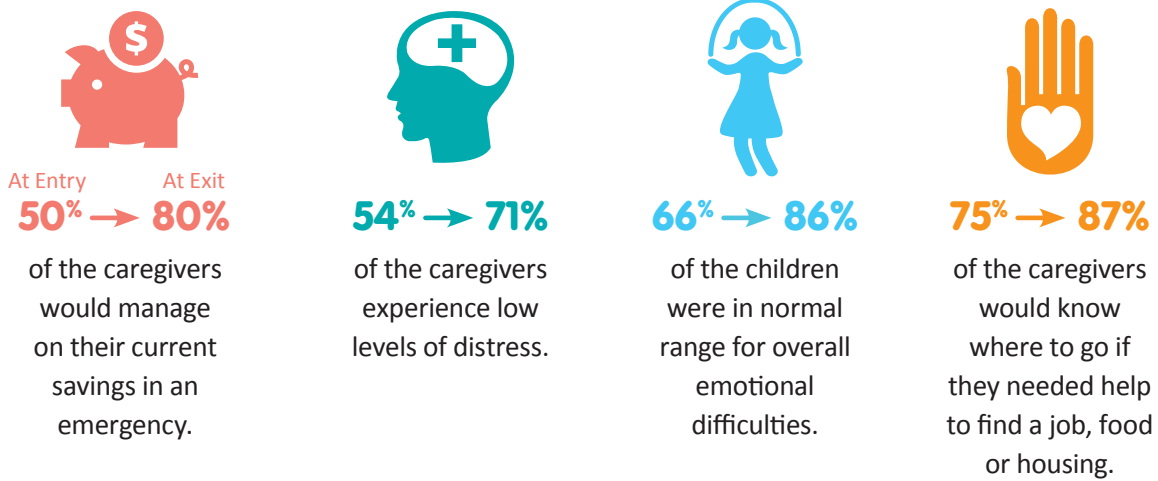


An outcomes tool incorporating standardised measures widely used in Australia is completed by primary caregivers within the first 30 days of Program entry, then again at regular intervals until they exit the Program.



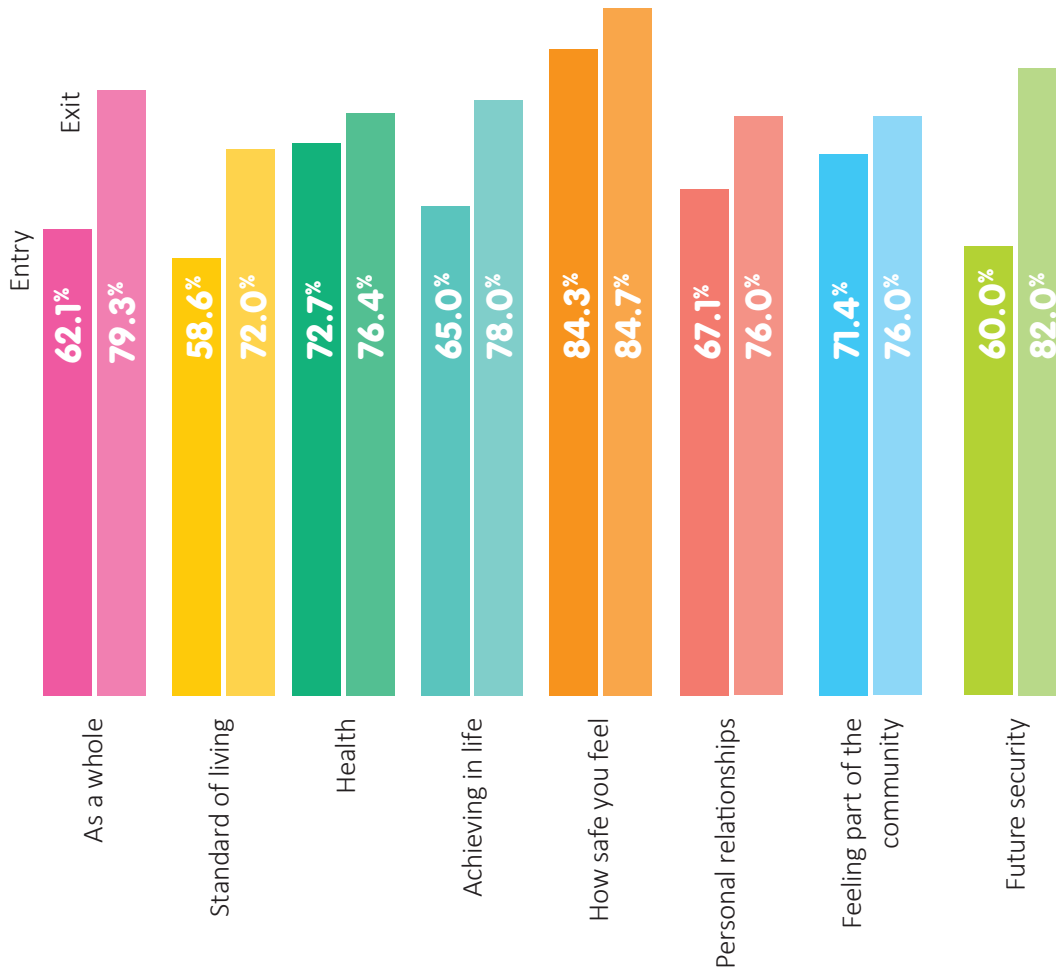
We have recorded significant improvement in key metrics related to families' needs as a result of the Program, as illustrated in *Figure 11*.

*Figure 11* **Families' needs at entry and exit**



We have also recorded improvement in families' personal wellbeing as illustrated in *Figure 12*.

*Figure 12* **Families' personal wellbeing index at entry and exit**



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“ Westpac continues to be highly supportive of the Resilient Families initiative being funded through this Social Benefit Bond. This Program aligns with Westpac’s Sustainability strategy and broader vision of helping people. Being the first of its kind, we are committed to supporting and developing this Program. We believe the true measure of success is making a positive difference in the lives of at-risk families. We remain confident this initiative is achieving its goals and will continue to have positive outcomes for our community, the government and our investors. ”

**Craig Parker** Executive Director, Westpac Institutional Bank

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“ Enhancing the wellbeing of communities sits at the heart of our vision. These early results are encouraging and demonstrate the potential for the Resilient Families program to provide families in need the right help at the right time. We want to encourage more investment nationally in social impact investing to address some of Australia’s most pressing social challenges. ”

**Simon Ling** Managing Director Debt Markets, Commonwealth Bank of Australia



# We are The Benevolent Society

We help people change their lives through support and education and we speak out for a just society where everyone thrives. We're Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change since 1813.

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The Benevolent Society acknowledges the Traditional owners of country throughout Australia and recognises continuing connection to land, waters and community. We pay our respects to them and their cultures, and to Elders past and present.



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