



**Social Impact Investing Discussion Paper**

Response to consultation questions

27 February 2017

**Family Life invests in families and communities. We believe in the value of working with all family members for achieving health and well-being****.**

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Family Life welcomes Australian Government leadership for social impact investing and encourages the government to evolve a national approach which optimises learning from local, regional and state initiatives. Family Life has strong expertise to contribute from [our track record for innovation and early engagement with impact investing](https://familylife.com.au/wp-content/uploads/2013/09/20160218-NFP-Income-Generation-Diversifying-Income-JC.pptx-1-1.pdf).

Founded in 1970, we have expanded our [mission reach into highly disadvantaged communities](http://fairfinance.com.au/case-studies/family-life-cas-104) through the Social Enterprise Investment Development Fund and Foresters Community Finance to purchase property for service delivery. We have expanded [retail social enterprise](https://familylife.com.au/opportunity-shops/) through the purchase of property for our retail and recycling business, cost reduction and profitability across multiple outlets.

Family Life has shared our pioneering work for quantifying the value of outcomes and the community benefits of effective social innovations. We are a NFP anchor partner for the establishment of Impact Investing Australia, and supported the social cost analysis work with Deloitte.

Our understanding and experience has been embedded into our organisational governance and management, culture, strategic initiatives and [reputation as a medium sized community organisation](http://www.dhs.vic.gov.au/for-business-and-community/not-for-profit-organisations/strategic-business-planning/not-for-profit-case-study-family-life) providing quality, high impact family and relationship services, social innovations for early intervention and prevention of social problems, and financially independent social enterprises.

Family Life was named in the top 10 of [Give Easy Not for Profit Innovation Index for 2016](https://familylife.com.au/wp-content/uploads/2016/05/INNOVATION-INDEX-NFP-2016.pdf)

Our contribution is further informed by our **experience as a service provider** **funded by the Australian Government** under the Department of Social Services and Attorney General’s Department including mental health, family law services, and family and relationship services.[[1]](#footnote-1) Family Life is also funded by the Victorian Government and philanthropy for our work at the intersection of the jurisdictions for Child Protection, Family Violence and Family Law. Our service priority is to those most at risk, including those with complex concurrent problems of mental illness, violence, substance abuse, homelessness, disability and social isolation. Hence many we serve are Centrelink customers and engaged with the Child Support Agency. We have strong partnerships to bring together joined up holistic services and community support for children, young people and families.

It is in this context (and the tight time frame) that we provide our response to the Treasury Social Impact Investment discussion paper, focusing on Sections 2 and 3. We welcome an opportunity to participate in future forums, and co-design processes, to build the investment ecosystem and infrastructure needed to improve social, environmental and economic outcomes for Australia. Family Life is keen to participate.



Jo Cavanagh OAM

CEO

Family Life Ltd.

## **2.3** **BENEFITS AND CHALLENGES OF SOCIAL IMPACT INVESTING**

### **Consultation questions:**

## 1. **What do you see as the main barriers to the growth of the social impact investing market in Australia? How do these barriers differ from the perspective of investors, service providers and intermediaries?**

**1.1 Removing barriers to integrating stakeholder perspectives.**

To advance social impact investing, Family Life proposes we need to strengthen the engagement and understanding across these different perspectives and develop a shared agenda about the problem to be solved, what we need to do, how we need to do it, and how to track and measure our performance. The [Sustainable Development Goals for 2030](http://www.un.org/sustainabledevelopment/sustainable-development-goals/) is a current example of such work in progress.

We are still uncovering in Australia what the different sectors do not know about each other, and the community sector is at a significant disadvantage in the current conversation.

From the perspective of an early engager with impact investing, Family Life has significant experience at Board and management levels. With our experience as a service provider, we can help inform perspectives and assist with focusing collaborative effort.

For example, the Family Law socio-legal service system is a major Australian Government responsibility where social enterprise and private capital can contribute to improving outcomes for children and families and the wider community. This need is not represented in the current conversations about impact investing.

We suggest that currently the bias in the impact investing discussion is towards what attracts investors, and how intermediaries and advocates interpret what service providers / social enterprises / community organisations need. This contribution has leveraged international learning and successfully built interest in Australia. However, we now need more service providers more effectively participating and articulating where there are opportunities to create value with private capital and deliver social and economic outcomes and financial returns.

Getting to root cause and solving social problems requires a depth of understanding about the conditions which lead to complexity. In addition we need expertise in the organisational requirements essential for effectively engaging with, and for solving, complex social problems.

Just building houses will not prevent rough sleepers and homeless children and young people. How to work with people experiencing such problems, and manage and support the people doing the work, is also part of the success equation. Hence in Victoria we are currently seeing well-meaning charitable efforts for feeding people attracting more homeless into public places, which in turn is creating a negative public discourse and profile for the homeless and those working with them, and led to less community empathy for the plight of the homeless. Complex problems are not solved with simple strategies.

Our community sector advocacy must be evidence informed, outcomes focused and driven towards articulating, with measurable criteria, the broader social and economic benefits we seek to create.

The current conversation is framed around investors looking for product. Without strong community sector participation these “products” risk being simplistic strategies for managing rather than solving social problems.

The community sector needs to learn how to articulate our deep expertise into brief messages which capture investors attention, and intermediaries need to spend more time learning exactly what it takes to achieve a reduction in the burden of health and welfare costs. There is research and knowledge to inform how we plan to move the needle on social, health, environmental and structural problems in order to achieve positive change and impact.

Government can enable such growth by resourcing knowledge development and partnership processes. Working together we need to emerge new understandings with each perspective effectively represented and articulated into the new shared agenda and outcomes.

Family Life encourages government to influence the social impact investment agenda to promote

* Investment in the process of building relationships and partnerships
* Investment in all aspects of the community sector capability needed to enable participation in the impact investment ecosystem development, service performance and outcomes improvement.

The point to emphasise here is that to remove barriers to impact investing, the Australian Government has a significant enabling role for evolving the shared understandings and integrated perspectives of investors, service providers and intermediaries to successfully address specific problems we need to solve together**.**

**Examples of knowledge, tools and strategies to enable shared perspectives include:**

* The process of constructing a [Theory of Change](http://www.theoryofchange.org/what-is-theory-of-change/how-does-theory-of-change-work/) can evolve a shared understanding and clarify expectations as to intended outcomes.
	+ *Family Life has experienced this in developing our organisation wide Outcomes Framework. Translating the framework into business processes, operating and data systems, and workforce practice is a more complex and costly exercise.*
* [Collective Impact](http://www.collaborationforimpact.com/collective-impact/) provides a disciplined approach to a shared agenda for change, however supporting the process needs dedicated resources.
	+ *Family Life has current experience in developing the* [*Together We Can*](http://togetherwecan.org.au/) *family violence prevention initiative with diverse funding, including DSS. The project has promising progress however is in deficit due to funding not including all the operationalising costs for collaboration work and workforce development.*
* Understanding complexity is a further framework we include here in recognition of the knowledge and understanding we need to address our most challenging social problems and needs. The late Brenda Zimmerman is an outstanding communicator as to [how this applies to dealing with social change](http://www.referenceforbusiness.com/management/Bun-Comp/Complexity-Theory.html), with flow on effects for evaluation and measurement. The increasingly sophisticated understanding of homelessness as a problem to solve is an example of the need to embrace and work with complexity. We recognise that the problem is more than one of housing, allbeit that affordable housing is critical to the overall solution. Integrating systems of health and social care are essential to increasing the chances for successful stable housing and wellbeing outcomes with significant numbers of citizens who are currently identified as homeless or “rough sleepers”. We must plan for and work with complexity knowledge and tools.

**1.2 Removing barriers to Impact Investing for Social Innovation.**

Beyond sharing information, the Try Test and Learn policy framework can be extended to cover innovations needed across diverse areas of government responsibilities. For this submission we will particularly focus on *Family Law and Mental Health services.*

Over the many years I have participated locally and internationally in forums where financial, business and community / social sector expertise comes together, my experience is the social expertise is largely untapped. In more recent times the focus on creating “markets” for service delivery has seen the entry of private, for-profit providers into service specific areas such as aged and disability. These providers bring a different perspective which will contribute to improving customer experiences, however they are likely to be more biased towards serving customers who are more self-directing, and where vulnerability is mitigated through effective personal support networks. Whilst high levels of care may be required, the context and infrastructure of a commercial contract for service is different from what we need to serve the most vulnerable and disadvantaged with minimal customer skills and a dearth of personal or family supports.

It is proposed here that to address our most entrenched high cost social problems, **expertise and knowledge developed from operating under charitable and not for profit governance structures is needed** to inform the co-design of theories of change for innovation and impact investing products with robust outcomes measurement methodologies.

The problem was articulated by Stanford Social Innovation Review contributors Gregory and Howard 2009, in [The NonProfit Starvation Cycle](https://ssir.org/articles/entry/the_nonprofit_starvation_cycle)  This article generated much needed attention to the infrastructure investment problems which impede innovation and tracking effective efforts for working with specific needs, and capturing the learning from those experienced in working with the most challenging service users.

A major 5 year study in the US highlighted a core problem, linking inadequate infrastructure and poor investment in workforce development as creating a major barrier to tracking and reporting outcomes.

Among their many dismaying findings: nonfunctioning computers, staff members who lacked the training needed for their positions, and, in one instance, furniture so old and beaten down that the movers refused to move it. The effects of such limited overhead investment are felt far beyond the office: nonfunctioning computers cannot track program outcomes and show what is working and what is not; poorly trained staff cannot deliver quality services to beneficiaries.

 (Gregory & Howard 2009)

Hence we encourage the Australian Government to strengthen community sector infrastructure and workforce skills to improve customer experience, outcomes measurement and evaluation. Such a strengthening is needed to remove barriers to service providers participation in developing the social impact investment market and ecosystem.

Without service provider participation, we may well see the design of service models and impact investment products which are biased toward investor and intermediary perspectives and thus undermine the overall development of a successful social impact investment ecosystem.

## **3.1** **ROLE OF THE AUSTRALIAN GOVERNMENT, INVESTORS AND SERVICE PROVIDERS**

### **Consultation questions:**

4. What do you see as the role of the Australian Government in developing the social impact investing market?

One role government can play is to identify service providers with a track record of delivering value from government grants with evidence of efficient and effective outcomes achieved.

Strategic investments in capacity building of such providers can support taking effective practice and service improvements to scale, and help secure the financial viability of adaptive and flexible mission driven service providers. Family Life proposes that we are an example of an efficient and effective funded service provider ready for investment to scale grow the impact of proven innovations.

The failure to take proven innovations to scale is a missed opportunity to optimise value from grants spent and the evidence generated to improve outcomes and financial returns. We offer as examples the government sponsored Relationships Review and Renew program, and SHINE Children’s Mental Health service, both evaluated successful Family Life innovations.

We see an opportunity for government to partner with investors to attract private capital flows to scale up demonstrated outcomes from pilots already completed. We can monetise outcomes already delivered against costs saved, and project savings for government to offer as a financial return to investors. This would progress a commissioning for outcomes approach (rather than a social impact bond) as a public and private partnership. We encourage investors and intermediaries to propose the appropriate financial framework and structures.

Such a strategy can be used to increase the return on investment for funds already spent, and to disseminate tools and models for measuring outcomes. Such tools and models can contribute to the measurement regimes being developed for social impact bonds.

*Family Life withdrew from the current Victorian Social Impact Bond (December 2016) offering as the measurement of outcomes was, in our opinion, not possible due to the inability to provide baselines and counterfactual communities. The State Government had created a complex environment of so many policy changes it will be difficult to assess attribution for each initiative, including those provided under a social impact bond.*

*However, as we already have an evaluation baseline from the completed pilot for Relationship Renew and Review there exists a foundation from which to design a dissemination and scaling strategy, with evaluation and comparison groups for broader outcomes measurement and to track impact on Family Court demand and costs. Whilst a complex exercise this will specifically focus on Australian Government responsibilities and costs, and provide a defined case study for direct engagement in the market development.*

6. Are there areas where funding through a social investment framework may generate more effective and efficient policy outcomes than direct grant funding?

Family Life proposes that the Government expand the continuum of funding models for effective and efficient outcomes, including types of social impact investing.

**Commissioning for outcomes** needs trailing with a rigorous process for understanding the true costs of operationalizing a theory of change, including economies which may be achieved over time and with an increased use of new technology applications to increase customer self-management and automation of service processes.

Family Life has demonstrated that **social enterprise** is an emerging option for translation of government funded services into a customer directed self-funding option. We have provided the following example in our response to the KPMG review on *The Future Focus of Family Law Services, (November 2016)* undertaken for the Attorney General’s Department.

At Family Life we have been challenged by the long waiting lists for Children’s Contact Services (CCS) and Parenting Orders Programs, and recognise the harm which occurs when long delays in parental contact with children leads to fragmented relationships, and resistance to repair and change. Our view is that achieving stability in contact, where it is safe to do so, will assist parents to achieve more timely problem resolution and reduce the burden of social and service costs associated with high conflict, extended contested court cases.

We applied our Social Enterprise expertise to replicating the model and quality of a government funded program for a new Children’s Contact Service where the user must self-fund the service.

[***A social enterprise***](http://www.nesst.org/social-enterprise/) ***is a business created to further a social purpose in a financially sustainable way***

Information about the Family Life **Bayside Children’s Contact Service** can be found [here](https://familylife.com.au/bayside-childrens-contact-service-application-form/bayside-ccs-about-us/) on our website. Beyond thinking about this as a “fee for service”, the social enterprise approach is based on developing a financially viable business which will return a surplus, which is reinvested back into the business for the Mission. For Family Life this means our intention is to be proactive about expanding the service options included in the social enterprise, all of which require seed funding to establish.

Family Life provided the seed funding for the Bayside Children’s Contact Service from our own program reserves, which we need to replenish as we seek to start up the extension to Parenting Orders Program counselling and group services.

This approach is different from simply screening clients to charge fees, and creates a clearly different relationship with the client who is informed about self-funding responsibilities, and encouraged to be efficient and effective in their use of the service.

Importantly, by sitting under our funded provider auspice and governance, quality standards are maintained and practitioner supervision and support is also consistent.

The Australian Government has the opportunity to consider this as an alternative model for addressing unmet community needs by providing funding directly to the client to purchase services from an approved provider, rather than program grant funding.

Further, a re-definition of the criteria for the Social Enterprise Investment Development Fund could see a range of new options for social enterprise service start-ups from seed funding grants through to loans offered on a range of re-payment schemes. All can be considered as different options on a continuum of social impact investing.

## **3.2** **POTENTIAL AREAS OF OPPORTUNITY FOR THE AUSTRALIAN GOVERNMENT**

Consultation questions:

7. What Australian Government policy or service delivery areas hold the most potential for

social impact investing? Are there any specific opportunities you are aware of?

**Family Life encourages the Australian Government to focus on linking pilots for innovation to the translation of research and knowledge into practice to feed into a pipeline of products with increasing readiness for investment.**

The outcomes of such innovations may form the basis for identifying specific areas for Australian Government to support social impact investing to scale innovations which demonstrate a return in the reduction of high cost tertiary service systems.

We specifically focus here on the Family Court where evidence informed policy can be modelled out for returns as has been developed under [justice reinvestment schemes](http://www.smartjustice.org.au/cb_pages/justice_reinvestment.php).

The following example is from an innovation proposal provided by Family Life to the Department of Social Services and Attorney General’s Department (February 2017) to respond to the **evidence of filicide,** and the high human and service system costs, including judicial and health, which occur when filicide is perpetrated in the context of parental separation.

**Research now identifies that on average one child every two weeks is killed by a parent.**

…...In addition to the focus on family violence, the emerging body of international research into filicide provides an opportunity to transfer knowledge into practice to screen for parents, and particularly men, who are experiencing depression and family separation, and possibly other compounding issues, which align to the risks for significant and lethal harm (filicide) to children.

The fact is that the impact of relationship breakdown and separation can lead to people, especially men, to behave in ways not previously expected. Australian family law cases, films and books have all raised awareness that individuals can, and sometimes do, commit cruel and lethal acts towards those they once loved.[[2]](#footnote-2)

The international body of research on filicide has grown significantly and there is an increasing call to act in light of this knowledge to ensure that it influences legislation, policy and practice. The available evidence on filicide, demonstrates that there are opportunities to identify the risks present and action to protect children can be taken (Randal & Jaffe 2017). Practice based research (Cavanagh 2015) also identifies that Family Support practitioners are highly skilled in identifying risk for filicide and responding with appropriate interventions.

In the same way that we have now accepted the evidence from the Royal Commission of child abuse for children placed in out of home care, we now need to look at accepting and recognising risks for filicide.

A plan of fast action is needed

We include here evidence from our Australian expert, Emeritus Professor Thea Brown on the findings from the most recent (and soon to be released) Australian national filicide study.

The study …“shows that filicide rates are not falling as are other homicide rates and that our rate is higher than countries that are comparable such as Canada. The study shows, as we knew, that a constellation of factors (mental illness, parental separation, domestic violence, child abuse, substance abuse, a criminal history and a failure to engage with services or services with the client) are invariably involved. The study shows also the emergence of step-fathers as a disproportionate group of perpetrators either acting alone or with mothers. The consensus ..(is ) …that the problem needed to be addressed through better service provision in terms of raising the standards of the services.”

Family Life proposes that integration of the services, including mental health, domestic violence, substance abuse and child protection is vital. A pilot to achieve such integration would be very valuable. In terms of filicide (and serious harm to children) we need to develop policy objectives across these services driven through integration, and for those objectives to set priorities such as prioritising children under 4 who the research shows are the most vulnerable group. **A place based pilot can provide the demonstration and evidence for policy and national improvement**.

The recent report from the Victorian Commissioner for Children and Youth (Neither seen nor heard - December 2016) fails to recognise cross jurisdictional complexity with Family Law or the filicide research findings which intersect with Child Protection. Federal leadership is required to move us forward.

A first step is to look at where the point of contact can be made with risk cases. It is profoundly significant that following examination of Australian cases of filicide (Brown, Tyson and Fernandez Arias 2014), it was found that, if these parents are engaged with any services, they are most likely to be health and mental health services rather than family or legal services.

However research also shows (Cavanagh 2015) that it is Family Support services which are most likely to have the expertise to screen for and respond to these risks.

We propose that this knowledge requires a service system integration, using a targeted universalism approach. A pilot can test strategies to close the gap between health and family support professionals and service systems. It can also improve outcomes and service responses for men at risk for perpetrating family violence, child abuse, self-harm and filicide.

Incidents of filicides, as well as infanticides, suicides and homicides, are all at unacceptable levels in Australia. Where men are using violence there are few and often no options available to them to get support for positive change. We believe that men who want to be better partners and fathers need to be supported to do so. The motivation to provide such services is high for all of us. These efforts will contribute toward a reduction in violence, deaths and therefore increased safety for the whole community.

**Family Life offers this as a specific case for Australian Government evidence informed policy and service investment**: and investment which evaluates for individual and community level outcomes, with data collection leading to an analysis of social costs and opportunity to link effective program outcomes to Australian Government budget items and impacts under the Family Law jurisdiction.

Given the intersection with Mental Health, Family Violence and Child Protection, this might be approached as a joint venture between state and federal governments.

**Overall we are recommending a joined up strategy between innovations, government funded pilots, and development of a pipeline of tested interventions ready for a range of social impact investment models, from commissioning for specific individual outcomes through to social impact bonds. The pipeline of development leads to measurable systems reform and change.**

**Appendix: 1**

Description of Family Life - Who are we?
Family Life is an innovative community service organisation offering a range of evidence informed services, support and community building initiatives to assist families, children and young people. Our organisation was started by a group of concerned citizens in the southern suburbs of Melbourne in 1970, with a central service centre located in Sandringham Victoria. It is community owned and managed, with 120 staff and 400 volunteers.
Our aim is to make our society a better place for everyone including the most disadvantaged and vulnerable. This is reflected in the Family Life Purpose statement: “Transforming lives for stronger communities”.

We believe that every child has the right to grow up safely in the care of their families with the support of a caring community.

Family Life - what programs and services do we offer?
At the heart of our enterprise is the authentic grass-root relationships with our people, the people we help and the people of the community.

Family Life offers counselling, mediation, mental health services, support and community educational services, outreach to homes, case coordination and advocacy.

Family Life works through embedded engagement within the community providing prevention, early intervention and treatment services. Particular expertise has been developed for generating innovative solutions to complex social issues. We collaborate with like-minded organisations, and share knowledge and innovations to support national replication of programs and support government policy development.

Some of the community programs and services Family Life facilitates and provides are:

● Creating Capable Communities ● Family and relationship counselling
● SHINE Children’s Mental Health ● Children’s Contact Services
● Family Support ● Parenting Programs
● Child FIRST ● MATES – Men and Family Violence
● PeopleWorx and YouthWorx ● Schools Focused Youth Service
● Community Bubs ● Volunteering
● Family Relationship Centre (FRC)

Family Life - Social Enterprises
Family Life also operates Social Enterprises to build community, enable employment, fundraise and support various programs. The Family Life Opportunity Shops are an example of a Social Enterprise. We aim is to achieve our social purpose through financially viable businesses. All proceeds from the opportunity shops go towards supporting our Peopleworx program which assists individuals to enter or return to the workforce.
Bayside Children’s Contact Service and a new counselling & support service called Heartlinks, are service focused Social Enterprises meeting a community need through a self-funding, financially viable business model. Our aims are many and include to meet the demand and reduce waiting times for government funded Children’s Contact Services and Parenting Programs, and to generate a surplus to invest and grow Family Life’s community work.

**The Family Life Brand - What does it stand for?**

● Solving social problems ● Innovative
● Prevention and early intervention ● Community organisation
● Cost effective ● Working on the ground
● Measurable High impact ● Innovating at the international level
● Family Life employees & volunteers
 are committed to the values of respect,
 inclusion, community and empowerment

Family Life - a centre of research and innovation

In addition, Family Life is a centre of research, knowledge and innovation delivering measurable social change and impact. We contribute to national and international knowledge through our reputation for changing lives by effective connection, care and transformation.

We are very proud of the fact that we have been named\* as one of the top 10 not-for profits in Australia in 2015/16- \*(Landmark study launched by GiveEasy, Australia Post and Westpac). This recognition validates our approach to be an independent, agile and innovative organisation focused on developing and piloting new approaches for transformational social outcomes.



1. See Appendix 1 for overview of Family Life [↑](#footnote-ref-1)
2. This research will feature in a new book to be released in 2017 Brown T, Tyson D, Fernandez Arias P (editors) When Parents Kill Children: Understanding Filicide (Palgrave) 2017 in print. Collection from 2015 international conference Towards Prevention of Filicide [↑](#footnote-ref-2)