

New South Wales

Opportunity Pathways Social Impact Investment Program

Project Agreement for Commonwealth State Social Impact Investments

FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING,
COMMUNITY SERVICES AND OTHER**Table 1: Formalities and operation of schedule**

Parties	Commonwealth State of New South Wales (NSW)
Duration	This Schedule is expected to expire on 30 June 2027
Purpose	<p>This Schedule to the Project Agreement for Commonwealth State Social Impact Investments will support the delivery of the Opportunity Pathways (OP) Social Impact Investment (SII) Program (the Program) by the Department for Communities and Justice (DCJ) in the NSW Government.</p> <p>The objective of the Program is to support participants to gain, retain or increase education and employment and where appropriate to exit positively from social housing and/or NSW housing subsidies.</p> <p>A partnership between the Commonwealth and NSW on the Program adds to the trial of joint Commonwealth State facilitated social impact investments. Through the Commonwealth's financial contribution, the Commonwealth will gain experience in transitioning grant-funded services to a SII (outcomes-based) funding model and the use of principles-based contracts to accommodate person-centred and place-based designed service delivery. The partnership will also include the sharing and use of data where the roles and responsibilities of each party will be set out in a separate agreement to this Schedule.</p> <p>The Commonwealth's contribution to the Program of up to \$4.5 million pays for 35% of the Program's Target Outcomes achieved as at the end of the Service Delivery Period. This is 22% of the total expected cost of the Program. The total expected cost of the program includes payment for Target Outcomes, Above Target Outcomes, Bonus Housing Outcomes and NSW operating expenditure.</p>

Financial contributions	<p>The Commonwealth will provide a total financial contribution to NSW of up to \$4.5 million (excl GST) in respect of this Schedule.</p> <table border="1" data-bbox="459 324 1342 651"> <thead> <tr> <th colspan="6" style="text-align: left;">Table 1</th> </tr> <tr> <th style="text-align: left;">(\$ million)</th> <th>2022-23</th> <th>2023-24</th> <th>2024-25</th> <th>2025-26</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Total budget</td> <td>0.250</td> <td>0.750</td> <td>1.250</td> <td>2.250</td> <td>4.5</td> </tr> <tr> <td><i>Commonwealth Outcome Payment</i></td> <td>0.250</td> <td>0.750</td> <td>1.250</td> <td>0.0</td> <td>2.250</td> </tr> <tr> <td><i>Commonwealth Reconciled Outcome Payment</i></td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>2.250</td> <td>2.250</td> </tr> </tbody> </table>	Table 1						(\$ million)	2022-23	2023-24	2024-25	2025-26	Total	Total budget	0.250	0.750	1.250	2.250	4.5	<i>Commonwealth Outcome Payment</i>	0.250	0.750	1.250	0.0	2.250	<i>Commonwealth Reconciled Outcome Payment</i>	0.0	0.0	0.0	2.250	2.250
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Definition of Key Terms	<p>'Service Delivery Period' for the Program is 1 July 2022 to 30 June 2025.</p> <p>'Service Provider' means an organisation delivering the Program through a Service Provider Agreement with the NSW Department of Communities and Justice (DCJ) during the Service Delivery Period of the Program. The Program includes one or more Service Providers.</p> <p>'Program Outcomes' means the measurable and sustained changes achieved by participants in the Program. The Program Outcomes are:</p> <ul style="list-style-type: none"> (a) Education Outcome (Certificate 3 or above), (b) Employment Outcome (increase of 14 hours per week sustained over 13 and/or 26 weeks), and (c) Bonus Housing Outcome (move into private rental with or without NSW Housing Subsidy). <p>'Target Outcomes'</p> <p>The Target Outcomes are what Service Providers are expected to achieve based on previous performance. Target Outcomes are a portion of the total outcomes the NSW government has agreed to pay to Service Providers through the Program. The Commonwealth will contribute to the total Target Outcomes achieved by the Program.</p> <p>Target Outcomes include:</p> <ul style="list-style-type: none"> (a) Education Outcome (Certificate 3 or above), and (b) Employment Outcome (increase of 14 hours per week sustained over 13 and/or 26 weeks). <p>For the avoidance of doubt, Target Outcomes is the same as Base Contracted Volume in NSW Service Provider Agreements.</p>																														

'NSW Advance Payment' means any advance payments NSW makes to a Service Provider for Target Outcomes.

'NSW Outcome Payment' means the payment NSW owes to a Service Provider based on the actual Target Outcomes achieved plus any Above Target Outcomes achieved minus any NSW Advance Payments paid.

'Commonwealth Outcome Payment' means the Commonwealth's financial contribution to the payments NSW has made towards Target Outcomes. NSW can decide to change the value of the NSW Advance Payment it pays. This Schedule will not be varied if there is a change to NSW Advance Payments as any changes are taken into account when calculating the Commonwealth Reconciled Outcome Payment in 2025-26 when the actual NSW Advance Payments and NSW Outcome Payments made for Target Outcomes will be reconciled. For avoidance of doubt the Commonwealth will not be able to retrospectively recover Commonwealth Outcome Payments if the Program does not meet its Target Outcomes by the end of the Service Delivery Period.

'Commonwealth Reconciled Outcome Payment' means the payment owed by the Commonwealth to NSW in 2025-26 after the Service Delivery Period based on the total value of NSW payments paid to Service Providers for Target Outcomes minus any Commonwealth Outcome Payments made.

For example if NSW paid \$11 million for Target Outcomes over the Service Delivery Period, then the total Commonwealth contribution to Target Outcomes would be 35 per cent of \$11 million, equaling \$3.85 million. If the Commonwealth has already paid \$2.25 million through Commonwealth Outcome Payments, therefore, the Commonwealth Reconciled Outcome Payment is \$1.6 million. The Commonwealth may also contribute up to 35 per cent of any *Service Provider Early Termination Costs* in accordance with the Additional Terms of this Schedule.

'Bonus Housing Outcomes' are paid for by NSW when a Service Provider supports a Program participant, and in some circumstances a family member, to move into private housing with or without a NSW Housing Subsidy, or is in private housing and ceases being eligible for a NSW Housing Subsidy. For avoidance of doubt, the Commonwealth is not making a financial contribution to these outcomes.

	<p>'Above Target Outcomes' are paid for by NSW when a Service Provider achieves outcomes above its Target Outcomes up to the NSW funding cap. For avoidance of doubt, the Commonwealth is not making a financial contribution to these outcomes.</p>
<p>Additional Terms</p>	<p><i>Joint Working Group membership</i></p> <p>The Commonwealth will be a member of the Program's Joint Working Group that has responsibility for monitoring the implementation of the Program.</p> <p><i>Service Provider Early Termination Costs</i></p> <p>If NSW terminates a Service Provider Agreement/s early and the Service Provider incurs direct and necessary costs because of the termination, the Commonwealth will contribute up to 35 per cent of the Service Provider Early Termination Costs if:</p> <ul style="list-style-type: none"> • The total value of the Commonwealth Reconciled Outcome Payment without any Service Provider Early Termination Costs has been calculated, and • The Commonwealth's funding cap of \$4.5 million has not been fully expended, and • NSW provides the Commonwealth with information about the additional costs being claimed, and • The Service Provider Early Termination Costs are evidenced to the satisfaction of NSW. <p><i>Early Termination of the Program</i></p> <p>If NSW initiates an early termination of the Program, NSW will notify the Commonwealth in writing at least 30 days after making the decision or before the intended termination date, whichever is earlier.</p> <p>For avoidance of doubt,</p> <ul style="list-style-type: none"> - early termination of Service Providers Agreement/s does not automatically terminate the Program, - early termination of the Program does not trigger early termination of this Schedule. <p>Both parties will act in good faith to deliver the performance milestones due up to the termination date, inclusive of any Commonwealth Outcome Payments and Commonwealth Reconciled Outcome Payments owed by the Commonwealth at the termination date.</p>

Early termination of the Project Agreement

Each Party's obligations under this Schedule shall survive the early termination of the Project Agreement.

Table 2: Performance requirements, reporting and payment summary			
Output	Performance milestones	Report due	Payment
1	2022-23 Commonwealth Outcome Payment on receipt of evidence of cumulative NSW payments paid between 1/7/22 – 31/3/23 for Target Outcomes. Cumulative NSW payments paid to service providers in this period must be greater than cumulative Commonwealth Outcome Payments.	01/06/2023	\$0.250 m
2	Data Sharing Agreement entered into by the Parties	30/06/2023	nil
3	2023-24 Commonwealth Outcome Payment on receipt of evidence of cumulative NSW payments paid between 1/7/22 – 31/3/24 for Target Outcomes. Cumulative NSW payments paid to service providers in this period must be greater than cumulative Commonwealth Outcome Payments.	01/05/2024	\$0.750 m
4	2024-25 Commonwealth Outcome Payment on receipt of evidence of cumulative NSW payments paid between 1/7/22 – 31/3/25 for Target Outcomes. Cumulative NSW payments paid to service providers in this period must be greater than cumulative Commonwealth Outcome Payments.	01/05/2025	\$1.25 m
5	2025-26 Reconciled Outcome Payment on receipt of evidence of all NSW payments paid between 1/7/22 – 31/9/25 for Target Outcomes. Cumulative NSW payments paid to service providers in this period must be greater than cumulative Commonwealth Outcome Payments.	01/05/2026	\$2.25 m
6	Provision of quarterly program reports, annual reports and evaluation findings not already provided through the Joint Working Group.	30/06/2027	nil

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Amanda Rishworth MP
Minister for Social Services

28 May 2023
June

Signed for and on behalf of the State of New South Wales by



The Honourable Rose Jackson MP
Minister for Housing, Minister for Homelessness and
Minister for Youth

27 May 2023
June