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**Press Release**

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**New report exposes social impact bonds as a new form of privatisation**

The first detailed critical analysis of the growing global market in social impact bond projects, reveals that they are the latest new ‘buy-now-pay-later’, off-balance sheet schemes to increase private finance of public services and the welfare state, driven by austerity policies and neoliberal ideology.

*Alternative to Private Finance of the Welfare State* by Professor Dexter Whitfield, describes social impact bond projects as *“a complex venture capital model for the provision of social services, health, education and other public services”.*

Private investors provide working capital to social impact bond projects, with the expectation of an annual profit of 15% - 30% and more, dependent on the achievement of specified outcomes.

*“These projects reveal how private investors, led by global banks, are seeking to make large profits from the provision of core public services. Privatisation will have profound consequences for the vulnerable, poor and all service users, the quality of services, jobs, social justice and democratic accountability”* said Dexter Whitfield.

There are currently 54 operational social impact bond projects in 13 countries with at least a further 23 at the planning or procurement stage. The UK is the global leader (32 operational projects) with outcome payments valued at £91m, followed by the US with 9 projects. Australia has 2 projects in New South Wales.

This comprehensive analysis cites 30 negative consequences of social impact bond projects which accelerate the marketisation and privatization of public services.

The analysis proposes an alternative strategy consisting of government and public sector plans for early intervention and prevention; Public Service Innovation and Improvement Plans at departmental or service level; and trade union/community alliances to develop strategies and scope for transnational action.

*Alternative to Private Finance of the Welfare State* is published jointly by the Australian Workplace Innovation and Social Research Centre, University of Adelaide and by the European Services Strategy Unit.

http://www.european-services-strategy.org.uk/publications/essu-research-reports/alternative-to-private-finance-of-the-welfare/alternative-to-private-finance-of-the-welfare-state.pdf

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