Mobilising the Market in Social Services: Social Impact Bonds, Fast Policy, and Neoliberalised Policymaking in New Zealand

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Abstract

Social Impact Bonds (SIBs) are an emerging outcomes-based mechanism for the delivery of social services. The key feature of SIBs is the introduction of private, often for-profit investors who receive a return from their financial investment in a social intervention. SIBs gained traction in New Zealand in 2012 as the government sought to experiment with ways to encourage innovation and efficiency in service delivery contracting, implementing two SIB pilots in South Auckland in 2017.

While there is a growing body of international literature on SIBs, New Zealand's experience has largely escaped critical academic scrutiny. This thesis investigates the implementation of the SIB model in New Zealand with reference to concepts of policy mobility and neoliberalised welfare reform by asking the following questions: how were SIBs implemented in a national context, and how do they differ from an ideal-type SIB model? Does the SIB model represent a case of 'fast policy' mobilisation? Finally, does the SIB model exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation? I answer these questions through analysis of 11 semi-structured interviews with key actors involved with the New Zealand SIBs, as well as documentary sources including reports and articles gathered online, and policy documents gathered from official information requests.

I argue that SIBs are, indeed, an example of 'fast policy', a concept that describes both the increasing rapidity of policymaking and the proliferation of 'best practice' policy models. I also discuss SIBs as exemplifying neoliberalised policymaking, underpinned by the extension of market logics within non-market institutions, and the private funding and provision of social services. SIBs are unique in that they involve *financial* privatisation, which I argue introduces a new financialised calculus to outcomes-based contracts as a tool of neoliberalised social service provision.

In addition to providing a detailed, New Zealand-focused account of the SIB model, contributing to the global and limited local literature on SIBs, this thesis contributes to emerging knowledge of financialised forms of privatisation through an empirically grounded study of the SIB model. Further, because SIBs have not previously been explored as an example of fast policy, this thesis extends the concept of policy mobility and an understanding of the ways in which internationally mobilised policies interact with local contexts. My findings demonstrate that SIBs are highly mutable, market-based models. I argue that, despite various unexpected obstacles and complications that arose in the process of implementation, SIBs represent a significant moment in the neoliberal reform of social services and welfare in New Zealand.

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It truly takes a village to write a thesis.

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Chapter One: Introduction

Around the world, governments have become increasingly intrigued by the possibility of harnessing the private 'social investment' market to finance the delivery of social services. One social investment initiative in particular has attracted international attention. Social Impact Bonds (SIBs) – or 'Social Benefit Bonds' in Australia, 'Pay for Success' in the United States (US), and 'Social Bonds' in New Zealand – are a relatively new vehicle for financing the delivery of social services. The first SIB was established at Peterborough Prison in the United Kingdom (UK) in 2010, and SIBs have now been implemented in over 20 countries (Sinclair, McHugh, & Roy, 2019). Following a similar logic as outcomes-based and payment-by-results contracts, SIBs are both a financial product and social policy instrument that carry a multitude of promises: they are thought to generate social interventions that tackle intractable social problems; enhance innovation and transparency in contracting; save taxpayer money; offer financial and reputational benefits to private investors; and make the lives of service providers easier by financing lengthy contracts and providing a source of stable funding (Cooper, Graham, & Himick, 2016; Edmiston & Nicholls, 2018; Fraser, Tan, Lagarde, & Mays, 2018; Gustafsson-Wright, Gardiner, & Putcha, 2015). The global enthusiasm for SIBs transcends geographical and political boundaries, as they are promoted as encouraging solutions for social problems based on best practice, or 'what works'. In this introductory chapter, I outline the structure of the SIB model, explain how my interest in the SIB model developed, discuss my research questions, and give a brief overview of the rest of the thesis.

What do SIBs involve, and why do they matter?

SIBs blur the boundaries between the public, private, and non-profit sectors, emerging as an 'ambivalent interplay' of economic and political logics (Berndt & Wirth, 2018). In an ideal-typical model, the basis of a SIB is a financial arrangement formed between a commissioner, a service provider, an intermediary, and multiple investors. The commissioner, usually central or local government, determines social outcomes to be achieved for a predefined target population. Private investors provide some, or all, of the working capital for a service provider, which delivers a social intervention to a specified population. The intermediary brokers the bond and mediates between the other parties (Gustafsson-Wright et al., 2015; Tan et al., 2015). The

performance of the provider is measured by an independent assessor appointed by the intermediary. If the intervention is successful and meets predefined outcome goals, the commissioner funds the intermediary to repay the investors their initial capital investment, plus a dividend payment. This dividend is ostensibly generated by future, 'downstream' savings made in public spending caused by the preventative nature of the intervention. Thus, SIBs are heavily focused on the measurement and achievement of specific outcomes for a specific population of interest (Berndt & Wirth, 2018; Gustafsson-Wright et al., 2015).

The SIB model is symptomatic of the growing aspiration to apply evidence-based practices and tools of measurement in social policy, as well as the emergence of social investment and new forms of financing service delivery. Social investment (or 'impact investment') policies, which developed from the rise of austerity measures and welfare retrenchment following the 2008 Global Financial Crisis, combine aspects of philanthropy and market values to ultimately 'invest in the social' (Berndt & Wirth, 2018; Dowling, 2017; Maier, Barbetta, & Godina, 2018). According to the G8 Social Investment Taskforce (2014, p. 1), social investment responds to the growing perception that social challenges, such as recidivism and unemployment, are "too large and too complex to be solved by government and the social sector alone." As such, the 'social investment market' harnesses the combined capital and expertise of the public, private, and non-profit sectors to address social challenges, working with "as much state as necessary and as much market as possible, avoiding not only the pitfalls of the state's heavy but ultimately ineffective hand, but also the market's overtly rational discipline" (Berndt & Wirth, 2018, p. 30; G8 Social Investment Taskforce, 2014; New Zealand Productivity Commission, 2015). In this regard, SIBs link together the public, private, and non-profit sectors to tackle complex social problems (Fraser et al., 2018).

Since SIBs create a point of connection between the public, private and non-profit sectors, arguments in favour of SIBs often describe them as a 'win-win-win' policy model, where each actor symbiotically benefits in some way: the public sector benefits by delivering goods or services they may not have had the finance or capacity to produce independently (while achieving 'value for money' and displacing risk in the process); non-profit organisations receive stable funding and the ability to work with service users for longer; and private actors benefit by investing in potentially lucrative, socially-focused contracts with lower risk than other investments – thus receiving a 'double bottom line' (a financial and social return) – and by

further becoming known ‘within the state’ for future marketised contracts (Bel, Brown, & Marques, 2013; Berndt & Wirth, 2018; Tan et al., 2019; Swanson & Pauly, 2017).

However, SIBs merit investigation as a model that sits within a context of continued neoliberalised policymaking (Peck & Theodore, 2019). SIBs often finance preventative interventions that address intractable, ‘wicked’ social problems that have historically been difficult to solve (Joy & Shields, 2018). These interventions tend not to tackle the *cause* of social problems, instead offering marketised solutions that treat their manifestations, including reducing numbers of beneficiaries or encouraging employment and employability (Carter, 2019; Cooper et al., 2016; Sinclair et al., 2019). In this regard, Cooper et al. (2016, p. 63) argue that the SIB model is an inherently neoliberal model that is “constructed upon an assumption that there is no such thing as a social problem, only individuals who fail”.

The subject of SIBs in New Zealand deserves careful analysis. SIBs gained traction under a centre-right, National Party-led government from 2012. The SIB model aligns with the policy frameworks of successive New Zealand governments, which have focused on purchasing outcomes rather than inputs, on fostering experimentation and ‘innovation’ in government, and involving outside actors in service provision, exemplified in public-private partnerships (English & Coleman, 2015; Ministry of Health, 2013). Five years after being slated for implementation, 2017 saw two pilots begin: one focused on getting benefit recipients with mental health problems into employment, and the other focused on reducing youth recidivism.

My interest in welfare and social policy motivated me to study the SIB pilots that emerged in New Zealand. Knowing that the SIB model had been developed internationally, I became interested in how this model made its way to New Zealand, and what this meant for social policy in New Zealand. My intention was initially to identify how SIBs ‘arrived’ in New Zealand, which then developed into a question of whether SIBs can be considered ‘fast policy’. In terms of what the SIB model *meant* for social policy, the literature identifies that SIBs are underpinned by neoliberal rationalities (Cooper et al., 2016; Sinclair et al., 2019). However, an analysis of the nature of private finance had been relatively less explored. This thesis explores this discourse further and how it applies to the New Zealand SIB pilots, particularly with reference to concepts of marketisation, privatisation, and financialisation.

Despite a growing body of international literature on SIBs, New Zealand’s experience has largely escaped critical academic scrutiny. Further, the ways in which SIBs mobilise across

borders to different locations has been given no attention in academic literature; this is a significant gap, considering over 160 SIBs have now been implemented globally and in a multitude of locations (Sinclair et al., 2019). Likewise, although the privatisation of social services has been well documented in academic literature as a key facet of neoliberal welfare reform, there has been much less discussion of the specific type of privatisation that is fundamental to SIBs – financial privatisation. In light of these points, this thesis aims to contribute to these areas of knowledge through a case study analysis of the two New Zealand SIB pilots.

Research aims

This thesis investigates the implementation of the SIB model in New Zealand, arguing that SIBs exemplify fast policy and, more broadly, neoliberalised policymaking. To this end, I formulated three research questions:

1. How were the SIBs implemented in a national context, and how do they differ from an ideal-type SIB model?
2. Does the SIB model represent a case of 'fast policy' mobilisation?
3. Does the SIB model exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation?

In order to answer these questions, 11 semi-structured interviews were undertaken with key actors involved in the implementation of SIBs in New Zealand. I further analysed various documentary sources including reports, articles, and opinion pieces, as well as other material gathered from official information requests, which included aide-memoires, cabinet papers, meeting notes, contracts, and emails. This process of data gathering and analysis is described in more detail in Chapter Three.

I adopted a policy analysis approach to explore how SIBs are framed through these documentary sources and the interview data (Bacchi, 2009). According to Bacchi (2009), policy is a cultural product. The creation of policy is underpinned by an assumption that it is intended to 'fix' something – this assumption carries with it an implicit understanding that "something needs to be 'fixed', that there is a *problem*" (Bacchi, 2009, p. ix, emphasis in original). In this context, Bacchi (2009) asks – 'what is the problem represented to be?' Approaching policy thus involves

asking questions about its sources, how it operates, and larger questions of how governance takes place and what implications there are for the governed. The policy analysis approach describes a critical mode of analysis that involves teasing out insights and taken-for-granted assumptions in government policies and proposals. This requires critically examining political documents, such as those mentioned above, as well as identifying the indirect influences on policymaking, such as the roles of 'experts' (Bacchi, 2009). In this regard, I discuss SIBs as a neoliberal policy innovation that responds to a framing of the state as inefficient and incapable, and a framing of individuals as authors of their own (market) failure.

Each of my research questions required a different analytical focus. The first question is largely contextual, and is answered by focusing on the structures of SIBs in New Zealand and comparing these with how they have been described overseas, based on the work of authors such as Arena, Bengo, Calderini, and Chiodo (2016), Fraser et al. (2018), and Gustafsson-Wright et al. (2015). The second question draws on material derived from the literature on policy mobility and fast policy, including works by McCann (2011), Peck (2011a; 2011b), and Peck and Theodore (2010; 2015). Finally, the third research question draws on literature regarding neoliberalism (Birch & Siemiatycki, 2016; Harvey, 2005; Mudge, 2008; Peck & Theodore, 2019; Sinclair, 2010), privatisation (Burchardt, 2013; Powell, 2008; 2014; Whitfield, 2006) and financialisation (Christophers, 2015; Lake, 2016; Pike & Pollard, 2010; Sinclair et al., 2019). In answering these research questions, I provide an account of the SIB model in New Zealand that contributes to a growing body of literature on SIBs, concepts of policy mobility, and emerging knowledge of financialised forms of privatisation.

Thesis overview

Chapter Two provides an overview of two literatures. The first half of this chapter attends to the processes involved in the global mobility of the SIB model. Drawing on the policy mobility literature, I frame SIBs as a form of 'fast policy', which describes the increasingly rapid mobility of best practice, 'silver bullet' policies across global borders and how these enable the 'complex folding' of policy lessons from one location into another (Peck & Theodore, 2015). The rapid spread of the SIB model is facilitated by its codification as a 'best practice' policy model and apparent neutrality, its alignment with global principles of neoliberal reform, and its promotion by high-profile international organisations and other policy actors. However, the interaction of

global policies within local social and political contexts leads to complications and mutations in the implementation of fast policies. I argue that understanding the implementation of SIBs requires attending to the tension between global and local dimensions.

The second half of this chapter discusses the SIB model in the context of neoliberal welfare and social service reform. I define neoliberalism as the expansion of markets and the integration of market logics into non-traditional spaces, facilitated by privatisation. SIBs are a novel financial form of privatisation, in that they involve private (for-profit) investors, and potentially private, for-profit service providers. The involvement of private finance leads to a discussion of a less explored dimension of the privatisation of social services – financial privatisation – which I argue introduces a new financialised calculus to outcomes-based contracts, and a neoliberal reframing of outcomes and individuals in service provision.

Chapter Three articulates the research design behind my thesis. The chapter begins by discussing my research questions and the use of the policy analysis approach, which necessitates the critical analysis of sources gathered during the research to identify a policy solution, and the implicit 'problems' represented by this solution (Bacchi, 2009; 2016). I consider the benefits of the qualitative methodology, which helped to achieve richness of data in order to interrogate the roles of various actors as well as the social and political meaning associated with the introduction of SIBs in New Zealand. Robust qualitative research involves acknowledging epistemology; I outline the social realist epistemology in the research, which assumes that social reality – while measurable – is mediated through the actions and perceptions of individuals. In addition to interviews with 11 key actors, data collection included the collation of various secondary documents such as reports, articles, and opinion pieces, and primary data retrieved from official information requests, such as aide-memoires, contracts, meeting notes, and emails. The chapter concludes with a discussion of the ethical concerns involved in the research, their mitigation, and an overview of the data analysis process.

Providing a contextual backdrop, Chapter Four responds to my first research question of how the SIB model was implemented, and how this compares to an ideal-typical SIB model. SIBs gathered momentum in New Zealand in 2012 under the National-led government's social investment approach. While the process of procurement began with enthusiasm, it slowed significantly in the face of several complications and setbacks. Despite these difficulties, two SIB pilots emerged in 2017. The chapter discusses the structure of an ideal-typical SIB model, and the structures of both SIB pilots, including the various actors involved, the particulars of

outcome measurements and payments, and the specific issues faced by each of the pilots. I find that the SIB pilots are marginally compliant with an ideal-typical SIB model. While the SIB model promises cost efficiency and innovation in service delivery, the features of and experiences with SIBs complicate these claims.

Chapter Five sets the implementation of the SIB model within a broader theoretical context. I argue that SIBs can be considered an example of 'fast policy' with regard to their mobilisation to New Zealand, and the way in which they represent "mobile condensates of preferred policymaking rationalities" (Peck, 2011a, p. 174). The chapter discusses the roles of both international circuits of policy mobility and the local context in the model's adoption in New Zealand. First, international corporations facilitating the movement of 'best practice' policy models, and politicians searching abroad for new and 'innovative' ideas, both played a role in setting the implementation of SIBs in motion, indicating that mobile policies can have multiple points of origin. Second, local implementation relied on certain actors, such as politicians, experts, and 'policy entrepreneurs', as well as a policy context that had been shaped by New Public Management reforms and principles of social investment. This context set up a local preference for market-based, technocratic policy innovations, congruent with the underlying principles of the SIB model. Given the above, I argue that the values and ideals behind the SIB model are 'nothing new' for New Zealand. Finally, I discuss how SIBs, as an example of fast policy, were recreated and mutated through the influence of the local context and implementation process, as well as the ways in which the implementation itself was fraught and sluggish rather than 'fast'.

Chapter Six interrogates whether the SIB model exemplifies neoliberalised policymaking. Indeed, I argue that SIBs are a new frontier in neoliberalised policymaking, in that they are celebrated by their proponents as integrating market logics of competition, efficiency, innovation, and accountability into social services. This serves to both frame the state as inefficient and unresponsive, and to justify the meshing of market logics in the state. Neoliberal service delivery and state reform is further expanded by privatisation. I discuss the specific ways in which SIBs are privatised, including the involvement of private financial investors, the potential for the private (for-profit) provision of social services, and the influence of other private actors, such as accountancy and auditing organisations. The privatisation of finance is a unique aspect of SIBs that deserves particular attention; I argue that privatised finance engenders the financialisation of outcome metrics, social services, and service users within the SIB model,

and introduces a new financial calculus to social services as a tool of neoliberalised service provision.

Finally, Chapter Seven reflects on the significance of these New Zealand findings for the broader literatures on SIBs, policy mobilities, and knowledge of the privatisation of finance. The thesis highlights the interconnectedness of policy actors, and the ways in which neoliberal fast policy solutions are made complicated through the process of translating policies ‘on the ground’. Although SIBs reflect desires for sustainable funding and dynamic contracting for service providers, the model itself embodies financialised, neoliberal imperatives that seek to solve complex and multidimensional social issues by condensing both people and problems into financial terms.

Chapter Two: Theoretical literature

Introduction

The SIB model is a novel and highly mobile financing mechanism. The first half of this chapter situates SIBs within the policy mobilities literature, which offers a rich perspective of the processes involved in policy movement. I argue that SIBs represent a case of 'fast policy' mobilisation, which refers to the increasing pace of policy mobility, the frequent borrowing of best practice policy models, and the mobilisation of neoliberalised policy experiments and ideologies. The rapid spread of the SIB model has been facilitated by its alignment with hegemonic principles of neoliberal reform, its codification as a de-contextualised, 'best practice' model, and its promotion by various policy actors. However, the apparent universality of fast policy models contends with the particularities of local contexts; the influence of both local and global factors must be accounted for to understand the implementation of the SIB model.

The second half of this chapter situates the SIB model in a wider context of social service and state reform through a discussion of literatures on neoliberalisation, privatisation and financialisation. I argue that the SIB model exemplifies neoliberalised policymaking. In this specific context of service delivery, I discuss neoliberalisation as a promotion of the market and market logics within non-market institutions (such as non-profit service providers and the state), particularly logics of competition, efficiency, innovation, and accountability. I further discuss neoliberalised social service delivery as underpinned by the privatisation of social services. Here, the most distinctive feature of SIBs is the introduction of private, often for-profit investors, who receive a return from their financial investment in a social intervention. I argue that the SIB model can be considered an example of privatisation, because it is funded (and sometimes provided) by for-profit organisations. While the privatisation of service delivery has been well documented in academic literature as a key feature of neoliberal social service and state reform, the privatisation of finance for social services has received relatively less attention. I argue that the SIB model creates a new form of financial privatisation in social service delivery, which serves to reframe individuals and outcomes in terms of financialised and neoliberalised values.

Policy transfer, policy mobilities and 'fast policy'

SIBs have spread around the world at a rapid pace. A variety of disciplines have sought to better understand the movement of policy knowledge, including scholars within political science, geography, anthropology, and sociology (Baker & Walker, 2019; Marsh & Sharman, 2009). In order to understand how SIBs travel between distinct global locations and the processes involved in this movement, this section discusses concepts of policy transfer and policy mobilities. First, I briefly outline policy transfer to answer the 'what' and 'why' questions involved in the movement of policies. However, while concepts of policy transfer remain useful in answering these questions, many authors consider this theorising insufficient for describing the complexities of policy movement and instead turn to the concept of policy mobilities (Baker & Walker, 2019; Peck, 2011b). This concept is defined, alongside fast policy, leading to a discussion of the roles of actors, agencies, and locations in policy mobility. Fast policy describes the proliferation of neoliberalised 'best practice' policies, and entails the potential for policy 'mutation', where policies are transformed through their interaction with different socio-political landscapes. A policy mobilities approach will be employed to assess the (somewhat fraught) implementation of SIBs in New Zealand. I argue that the SIBs in New Zealand are representative of fast policy, but there is also evidence of how such fast policy is both constrained and facilitated by local and national contexts.

Conceptualising policy movement

The concept of policy transfer has evolved over the last several decades, generally seeking to identify and understand trends in the diffusion of policy innovations between countries through an approach focused on structure and agency (Evans, 2009; Stone, 2012). According to Dolowitz and Marsh (2000, p. 5), policy transfer describes the process by which knowledge about "policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political system". Frequently cited to define policy transfer is Dolowitz and Marsh's (2000, p. 8) framework based on the following questions:

> Why do actors engage in policy transfer? Who are the key actors involved in the policy transfer process? What is transferred? From where are lessons drawn? What are the different degrees of transfer? What restricts or facilitates the policy transfer process? … How is the process of policy transfer related to policy "success" or policy "failure"?

Why policy transfer occurs can be explained through dissatisfaction with existing policy systems, changes in governance and organisational leadership, globalisation, and the internationalisation of policy agendas (Evans, 2009). These questions are also in part answered by Dolowitz and Marsh's (2000; 1996) distinction between voluntary and involuntary (or coercive) transfer. Coercion implies an imbalance of power and entails the manipulation of policy incentives to encourage policy change. Coercion is also often veiled: the involvement of consultants and policy experts, international organisations such as the International Monetary Fund, and the often-changing roles of actors and institutions can blur the distinction between voluntary and coerced policy change (Dolowitz & Marsh, 2000).

While policy transfer plays an important role in highlighting the various processes involved in the movement of policy, several authors have shifted away from using the concept of policy transfer, suggesting that the term fails to accurately capture the complexity of policy movements (Baker & Walker, 2019; Peck, 2011b). Policy transfer, for example, has been criticized for conveying policies as immutable objects throughout their movement, which neglects constructivist perspectives suggesting policies can be modified or mutated based on interpretation and cultural differences (Prince, 2010). Likewise, scholars have argued against the perception of the transfer process as a linear movement from point A to point B, as well as a preoccupation with a national scale, which disregards local and city-based political and economic contexts (Baker & Walker, 2019; McCann, 2011; Mukhtarov, 2014; Stone, 2012).

The concept of policy mobilities addresses these shortcomings of the policy transfer literature and will be applied in Chapter Five to explore how the SIB model mobilised to New Zealand. A policy mobilities approach "resembles a rolling conversation rather than a coherent paradigm" (Peck, 2011b, p. 774; McCann & Ward, 2013; Prince, 2010; 2014). Accounts of policy mobilities argue for a shift from

> structure–agency binaries to notions of contextually-embedded agency, from neat, spatially and temporally delimited processes to messy, ongoing processes, and from an exclusive interest in the 'why' of travelling policy to a broader set of research questions regarding the 'how'" (Baker & Walker, 2019, p. 2).

Policy mobilities will here be explored in three ways: first, as influenced by actors, agencies, and spaces; second, as an increasingly rapid process (termed 'fast policy') that facilitates the proliferation of neoliberalised policy innovations, such as SIBs; and third, as an

inherently spatial phenomenon that can result in the mutation of both the policy being mobilised and the location in which it arrives.

Actors, agencies, and spaces

A policy mobilities approach regards policymaking as dependent on the movements of policy agents and objects, the stratification of mobility, and the 'banal' activities of these agents in the mobility of policy models (McCann, 2011; Peck, 2011b; Temenos & McCann, 2013). As will be explored in Chapter Five, the movement of SIBs abroad and into the New Zealand context was heavily influenced by the actions of various actors and agencies. Baker and Walker (2019) categorise four broad groups of actors who contribute to policy mobility: the expert; the 'benevolent'; the political; and the commercial. Three groups are particularly important for the analysis of SIBs in New Zealand:

- transnational corporations, who are motivated to frame issues and drive policy frameworks in a way that reflects their profit-maximising interests;
- political actors, including governments and civil servants, whose shared accounts of learning and evaluating play an active role in policy circulation; and
- experts, including 'professionals' who are connected to networks of expert knowledge.

Policy actors that circulate policy ideas are also often called 'policy entrepreneurs', who can be defined as "any individual or unit who develops the capacity to convey, introduce and implement innovative ideas into public organisations" (Nay, 2012, p. 60). These actors are not neutral; they can hold multiple and shifting roles, and their actions and decisions can be framed by their ties to political or commercial interests (Baker & Walker, 2019). Policy actors likewise belong to epistemic, expert, and practice communities who circulate policy knowledge and "interpret, frame, package, and represent information about best policy practices, successful cities, and cutting-edge ideas" (McCann, 2011, p. 114).

Analysing the roles of policy actors in policy mobility is useful in answering the question of whether SIBs represent a case of fast policy mobilisation. Scholars studying policy mobilities see the actions of policy actors and the mobility of policies as geographically and politically dependent (Peck & Theodore, 2010; McCann, 2011; Temenos & McCann, 2013). Policy movements, for example, are influenced by the 'desirability' of policies from specific locations. Peck and Theodore (2010, p. 170) consider policy mobility a power-laden and politically uneven process, noting how policies' symbolic association with the 'right' places "evokes a grounded

form of authenticity, implies feasibility, and signals an ideologically palatable origin story". Likewise, conferences and fact-finding visits to desirable policy locations, defined as 'policy tourism', are often confined to policymakers' mental maps of where to visit and what to learn, which is in turn conditioned by wider institutions and infrastructures such as those that provide information on best practices (Baker & McGuirk, 2019; McCann, 2011; Temenos & McCann, 2013).

Not all geographical sites appear to policymakers as examples of best practice; likewise, the 'best' policies do not just "rise to the top" (McCann, 2011, p. 121). In this way, as Temenos and McCann (2013, p. 344) write, best practice policies are "not naturally or unproblematically good or 'best', and what is important about them is not so much that they move around in some abstract sense but that people move them around for particular purposes". Considering the SIB model as an example of best practice policy that has dispersed from the UK (a symbolic area of 'legitimate' policymaking) helps to explain how the SIB has 'risen to the top' as a legitimate policy model, eventually arriving in New Zealand.

Fast policy, temporalities and neoliberalisation

Fast policy is a term coined by Peck and Theodore (2015) to describe policies that are styled from technocratic best practice ideas and technologies, as well as the accelerated pace at which these policies mobilise across borders. Fast policy is evidenced by the

> pragmatic borrowing of 'policies that work', by compressed reform horizons, by iterative constructions of best practice, by enlarged roles for intermediaries as 'pushers' of policy routines and technologies, and by a growing reliance on prescriptively coded forms of front-loaded advice and evaluation science (Peck, 2011b, pp. 773-4; see also Peck et al., 2012).

Peck and Theodore (2015) further consider key tendencies in fast policy development to be a foreshortening of the research and development phases of policymaking, a growing reliance on the 'soft infrastructure' of conferences and case studies, the heightened role of 'experts', and the continuing privatisation of policy expertise and delivery systems. These fast policy processes underpin the mobility of SIB models in every regard.

In alignment with the definition of fast policy, SIBs have been implemented around the globe in a relatively short period of time despite a lack of knowledge and evidence of the efficacy of the model (Sinclair et al., 2019). However, I discuss in Chapter Five that the

implementation process of SIBs in New Zealand was not necessarily 'fast' and followed multiple trajectories. Conceptions of the various temporalities of policy mobility have received less attention in the literature, which call for acknowledgement of 'slow' policy circulation (Wood, 2015). These various temporalities often result in the persistent introduction, failure, and alteration of policy models, suggesting that *full* adoption of a policy model often occurs only after multiple failures and reintroductions. In addition to multiple temporalities, policy models can be introduced via multiple trajectories, and can come from 'multiple elsewheres' (Robinson, 2015). As Robinson (2015, p. 831) argues, rather than tracing how policies arrive in various contexts, it can be pertinent to consider how locations 'arrive at' policies by exploring how policymakers "compose their ideas amidst myriad influences from elsewhere." This is an approach I adopt, looking at and from the New Zealand context.

As exemplified by SIBs, fast policies both facilitate and are characteristic of neoliberalisation (Peck et al., 2012). 'Neoliberalising' fast policy involves selective policy experimentation with an ideological emphasis on market-oriented or neoliberalised policy models, and on the technocratic mantra of 'what works'(Peck & Theodore, 2010). Through logics of social investment and outcome measurements, fast policy models such as SIBs use quantitative and technical evidence to reinforce the quality of 'self-evident neutrality' in policy assemblages. This neutrality validates, evidences and grants universality to these policy models, which are "always presented by their proponents as the best solutions to pressing problems" and are offered as natural or 'common sense' (Prince, 2014; Temenos & McCann, 2013, p. 344). As I discuss with reference to SIBs in Chapter Five, fast policies can further facilitate the replacement of 'in situ' policy innovations with selectively borrowed models and practices from abroad, which are adapted to local contexts (Peck et al., 2012).

Equally, neoliberalised 'silver-bullet' policy models represent a transformation of governmental policymaking towards 'depoliticised statecraft' (Peck, 2011a). In this context, policy expertise and implementation are outsourced to management consultants and contract-service companies, and social goals are put by the wayside in favour of "'flexibilizing' economies" where the imperative is to provide individuals with the means to become self-managing and self-maximising, capable of making investments and bearing risk without reliance on governments (Peck, 2011a, p. 173). SIBs, for example, are market-oriented policy models that developed in New Zealand with the help of transnational corporations. They employ a variety of

evaluatory technologies and metrics that become bundled into one ‘policy assemblage’, lending the model a sense of self-evident neutrality.

SIBs transport neoliberal ideology to other locations through this assemblage of technologies and metrics. Peck (2011b) contends that policy paradigms, such as Keynesianism or neoliberalism, can be mobilised in addition to individual policy objects. Policy paradigms constitute prisms through which policymakers interpret and act on the world; paradigm shifts, then, engender simultaneous changes in policy instruments and their goals (see Hall, 1993). The proliferation of fast policies facilitates the establishment of a global market in policy experimentation, which is “not so much a universal social-policy settlement or de facto monopoly, more an ideologically sanctioned zone of experimentation” (Peck, 2011a, p. 172). Policy innovations produced within these parameters reinforce the pattern of the neoliberal paradigm by becoming “viral carriers of ideologically sanctioned rationalities” that travel to disparate locations (Peck et al., 2012, p. 280). This study offers a new conception of how fast policies such as SIBs enable the diffusion of the neoliberal paradigm by carrying with them these ‘ideologically sanctioned’ tools, rationalities and techniques (Marsh & Sharman, 2009; Peck, 2011b).

In this context, neoliberalised fast policies are policies in search of a problem, and as they travel they reformulate and pre-empt local framings of particular issues, “depoliticizing the policymaking processes through the circulation of prefabricated solutions” (Peck, 2011a, p. 178). Fast policies do not necessarily provide new solutions for old problems, but instead reconceptualise these problems. However, policies in search of problems are less likely to ‘stick’: mobile policies may ‘touch down’ too fast as they arrive, fail to stick, and disappear (Temenos & McCann, 2013). In this case, where is the payoff for fast policy? As addressed further in Chapter Five, the marketised, technocratic nature of the SIB model supports the forward motion of neoliberalisation in public policymaking. As such, the ‘payoff’ for fast policy may be illustrated by Peck and Theodore’s (2019) argument that while neoliberalisation is characterised by continuous struggles and flawed experiments, it is constantly pushed forward by re-articulations of policy models such as SIBs.

The mutation of policy models and places

Finally, Chapter Five will contend that the influence of the local context must be taken into account to understand the SIB model as an example of fast policy. The policy mobilities

approach emphasises the 'local globalness' of policy circulation, which conceives of space not as static, but dynamic and flexible (McCann, 2011; Peck, 2011b). Mobilities scholars reject understandings of places as "natural steady-state containers of socio-spatial processes", as well as the perception of globalisation as a free-flowing movement throughout these spaces (Temenos & McCann, 2013, p. 346). In this context, Peck (2011b, p. 773) writes that "[c]ontemporary policy-making processes have promiscuously spilled over jurisdictional boundaries, both 'horizontally' (between national and local political entities) and 'vertically' (between hierarchically scaled institutions and domains)." Spaces are thought to be constantly being remade as policies travel across them; in this way, flows of policy norms and practices "reflect (and remake) particular policy regimes" rather than travelling across a flat, unchanging plane (Peck, 2011b, p. 775).

Likewise, Peck and Theodore (2015) identify mutability as a key feature of the concept of fast policy. Mutability describes the stretching, translation, and transformation of these policies, sometimes in norm-bending ways (Peck & Theodore, 2015; Stone, 2017). McCann (2011), for example, describes how policy tourism allows agents to learn from other locations about the challenges and benefits of policy models. These policy models, however, are changed in the process of communication: during transit in the minds and memories of policy agents, and on the return home as policy agents retell their experiences and learnings to others (McCann, 2011). Policies, then, are significantly impacted by the networking and interaction of policy agents in meetings, conference attendances and site visits. Further mutation occurs at the endpoint of policy mobility, as local influences such as existing policy processes and social contexts morph policy ideas to fit these contexts (McCann, 2011).

Indeed, Chapter Five will argue that the SIB model faced multiple complications throughout the implementation process in New Zealand that resulted in various mutations of the model itself. While fast policies such as SIBs are characterised as silver bullet models, based on a global idea of 'what works', they are not 'off-the-shelf' solutions – they are co-produced within and across global policymaking networks, representing "mobile condensates of preferred policymaking rationalities" that interact with local contexts (Peck, 2011a, p. 174). Although "widespread processes of neoliberalization can be seen to be at work 'across cases'", as Peck (2011a, p. 781) notes, the nature of this transformation-as-mutation impedes policy convergence and creates the opportunity for progressive, locally specific policy models. However, while policy model convergence is not guaranteed, *conformity* is encouraged. In this way, fast policies

represent a ‘glocal’ identity (Peck et al., 2012). Peck (2011b) likewise comments that the notion of replicable policy packages supports a ‘technocratic replication fantasy’ that both the design and outcomes of a policy can be transported. Any failures of the imported policies are thus attributed to failures in local implementation or assembly, or domestic political contexts, which has certainly been the case for SIBs in New Zealand. In the next section I situate SIBs within a discussion of neoliberalist reform, explored with support from the literatures on marketisation, privatisation, and financialisation.

Exploring SIBs as neoliberalised social policy

Various authors have argued that SIBs extend a neoliberal logic into government policy, reflecting the expansion of markets to a growing range of activities associated with social reproduction (Cooper et al., 2016; McHugh, Sinclair, Roy, Huckfield, & Donaldson, 2013; Sinclair et al, 2014; Warner, 2012; 2013). I similarly argue in Chapter Six that SIBs exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation. However, I acknowledge that neoliberalism is a multifaceted and amorphous term that can lack specificity (Mudge, 2008; Springer, 2010). In order to overcome the issue of vagueness, Peck and Theodore (2019) and Springer (2010) recommend a processual understanding of neoliberalism as a transformative and restructuring ethos, noting that the development of neoliberalist ideology is constructed through variegated and contextually specific projects and programs, defined by struggles, rollbacks, and flawed experiments. These authors caution against viewing neoliberalism as monolithic, instead using the term neoliberal*isation* to reflect the nature of its ever-moving and contextualised forms. The term is described as a “moving matrix of articulations”, predicated on incompleteness and contradictions in and across multiple sites and settings (Peck & Theodore, 2019, p. 246; Springer, 2010). ‘Actually existing’ neoliberalisation therefore exists in a state of interdependence to multisite experimentation and emulation, realised through a repertoire of ‘pro-corporate’ and ‘pro-market’ programs.

Harvey (2005) further comments that neoliberalism values market exchange ‘as an ethic in itself’, where contractual relations in the marketplace become the primary mechanism with which to maximise social good and drive innovation and efficiency. With these points in mind, I refer to neoliberalisation as a set of ideals that reflect a general primacy of the market, involving the continuous search for new technological fixes to social policy problems (such as SIBs), and

the meshing of market logics in non-market based institutions, which rationalises the use of state resources to incorporate the private sector in social policy (Aalbers, 2013; Mudge, 2008). It is also important to recognise that neoliberal reform is facilitated by privatisation (Springer, 2010). The New Zealand SIBs can be situated within neoliberalisation as an experimental, market-based policy solution that promises to increase the efficiency and quality of social service provision while saving taxpayer money, with the help of private finance (Berndt & Wirth, 2018).

The following sections set out to characterise neoliberalisation with regard to literature on marketisation, privatisation, and financialisation. First, I define marketisation as the means by which states actively integrate market logics in the public sector (Whitfield, 2006). Second, I discuss privatisation as the private, for-profit provision and funding of social service delivery. The SIB model is considered an example of privatisation because it involves private (for-profit) investor funding, and private (either non-profit or for-profit) service providers of social services. The involvement of private finance, and the achievement of outcome goals tied to financial return, leads to a discussion of *financial* privatisation, which I explore with the literature on financialisation. Financialisation is conceptualised as the transformation of corporations, and society in general, into financialised terms, including a reliance on financial markets, tools and imperatives as a sub-set of a broader cast of private sector actors and organisations. These concepts and their relevance to SIBs are explored in more detail below.

Neoliberalisation and marketisation

Over the past four decades, the increased predominance of neoliberalised policymaking has been reflected through the adoption of the methods and logics of the market as the solution to supposedly inefficient and expensive publicly-provided services (Krachler & Greer, 2015; Tickell & Peck, 2003; Torrance, 2008). The literature on marketisation will here be used to explore the processes of neoliberalism. Marketisation is described by Whitfield (2006, p. 4) as incorporating five key elements:

- the commodification of services and infrastructure;
- the commodification of labour (such as the reorganisation of work to maximise productivity);
- the restructuring of the state with competition and market mechanisms;
- the restructuring of democratic accountability; and
- the embedding of business interests internationally.

While SIBs incorporate all five of these elements, I will primarily refer to the neoliberalisation of social policy in terms of the restructuring of the state with market mechanisms, and the way in which market logics are integrated within the public sector and in the commissioning and delivery of social service provision (Birch & Siemiatycki, 2016). Through an analysis of the academic literature on SIBs and marketisation, I have identified competition, efficiency, innovation, and accountability as key market-based logics that are claimed by SIB proponents to become enmeshed in service provision through the SIB model (Arena et al., 2016; Berndt & Wirth, 2018; Birch & Siemiatycki, 2016; Fraser et al., 2018; Tan et al., 2015).

An international and local elevation of market logics has developed from a variety of phenomena. First, neoliberalisation gained traction in the 1980s and 1990s in response to the 'fiscal crisis of the state', exacerbated by a general 'antipathy' to the expansion of public spending, and more recently by growing pressures to reduce public spending as part of austerity policies that grew in number after the Global Financial Crisis beginning in 2008 (Birch & Siemiatycki, 2016; Mudge; 2008; Springer, 2010). Second, New Public Management (NPM) reforms gained global momentum from the early 1980s, which generally facilitated an embedding of market logics in states and the political and societal perception that the "most efficient economic regulator is to 'leave things to the market'" (Springer, 2010, p. 1028). The emergence of SIBs as a global policy model reflects a desire to foster links between the state, market, and the non-profit sector, and in theory, provide non-government funding for innovative services.

States play an important role in the creation and organisation of markets with myriad institutions. Quasi-markets, for example, can be established by creating new forms of outcome-based contracting, which fosters contract competition between for-profit and non-profit providers (Birch & Siemiatycki, 2016). In this way, states are responsible for both enabling and regulating markets. As such, processes of neoliberalism do not necessarily entail a lessening of the state or its influence; rather, the roles of the state are transformed to enable and shape markets, such that markets are "very much integrated *within* the state" (Birch and Siemiatycki, 2016, p. 185). Within contracts such as SIBs and public-private partnerships (PPPs), states and markets become increasingly entangled, and both are reconfigured in the process. Miraftab (2004), for example, argues that such contracts are 'Trojan horses' which enable the creation of markets in the

provision of public goods and services, representing a neoliberal ‘enshrinement’ of the supremacy of market forces in the development of social services.

Processes of marketisation are bound up in justificatory claims about the efficiency and flexibility of markets and their associated value in delivering public services. I provide a discussion of the market logics embedded in the New Zealand SIB model in Chapter Six, including how these are expressed both rhetorically and in practice. The assumption that SIBs are more efficient and ‘effective’ than traditional state funding and delivery of social services is based on the notion that the ‘market’ (here taken to mean private, for-profit organisations) is naturally efficient because of an “increased emphasis on competition and performance measurement for the delivery of social services” (Berndt & Wirth, 2018; Eikenberry & Kluver, 2004, p. 134). As such, neoliberalised policymaking demands that “the private sector is to be involved where it is profitable and/or possible” (Fine, 2012, p. 106). Following Bacchi’s (2009) policy analysis approach, this framing of market-based actors problematises the state as inefficient, ‘heavy-handed’, and generally unresponsive to consumer demands, and helps to paint the market as a legitimate source of the provision of public goods and services (Krachler & Greer, 2015).

Some authors, however, are sceptical of whether market logics improve service delivery, and highlight a number of problems associated with marketised service provision (Fraser et al., 2018). First, neoliberal service delivery contracts such as SIBs can subject non-profit organisations to contract competition (Eikenberry & Kluver, 2004). These authors write that, unlike for-profit organisations, non-profit groups have an obligation to represent the public interest and primarily consider their social mission above market logics of risk-taking and competitive positioning. However, contract competition and the influence of private investors can compel non-profit organisations to adopt a corporate model, and to realign their operations to meet competitive, performance-based contract requirements under the expectation that this will drive improved social outcomes through efficiency and innovation (Eikenberry & Kluver, 2004). A corporate model and the reorientation of service delivery toward profitmaking can then overtake a non-profit organisation’s social mission, discouraging organisations from running ‘unprofitable activities’, and exposing service users to the unpredictability of the market (Edmiston, 2014).

Second, while SIBs are thought to enhance efficiency and ‘value for money’ by financing ‘what works’, multiple authors contend that private sector influence does not necessarily lead to

increased efficiency – particularly cost efficiency (Birch & Siemiatycki, 2016; Joy & Shields, 2018; Maier et al., 2018; Maier & Meyer, 2017). Some initial evaluations note that SIBs involve high transaction costs (Fox & Morris, 2019; Tan et al., 2019). Edmiston and Nicholls (2018, p. 5), for instance, claim that the future cost savings achieved by SIBs are "hypothetical and poorly, if at all, evidenced through social impact measurement." Further, the reallocation of financial risk to private investors may *theoretically* encourage increased innovation and effectiveness of public services by allowing for the creation of interventions that may have been too 'experimental' for traditional forms of funding (Oranga Tamariki, 2019; Sinclair et al., 2019). However, it is questionable whether financial risk is transferred at all, as private entities prove adept at ensuring they are 'compensated' for risk-taking (Bel et al., 2013; Hodge & Greve, 2010). Warner (2012) notes that some financiers have been offered considerable guarantees to mitigate risk, with potential returns of up to 50%. This represents a form of corporate welfare, where "the public sector subsidy will have to subsidise private investors" (Joy & Shields, 2018, p. 685). These factors bring into question the extent to which risk is realistically drawn away from the public sector through a SIB model, which becomes particularly relevant to my discussion in Chapter Six (Arena et al., 2016).

Third, SIBs are considered to drive innovative social services, enabled by contract competition and the transfer of risk to the private sector. However, various authors have acknowledged that most SIBs so far have financed already-proven, best-practice methods rather than experimental solutions (Arena et al., 2016; Berndt & Wirth, 2018; Dowling, 2017). Sinclair et al. (2019) write that private investors are often reluctant to finance interventions that may be too risky, and therefore innovative. Similarly, Berndt and Wirth (2018, p. 33) argue that a reliance on 'tried and tested' solutions is unsurprising, given that "it is risky from the investor's point of view to invest in organizations that apply untested interventions". My analysis of SIBs in New Zealand provides another example of this lack of innovation. The bias towards financing established solutions illustrates the tension between achieving set outcomes and demonstrating experimental service interventions.

Finally, while SIBs are intended to create better 'accountability' in contracting, the provision of public services as marketised contracts raises concerns about reduced public accountability, and the role of citizens in decision-making about public goods and services. Hodge & Greve (2010, p. 16), for example, comment that PPPs have evolved as "two-way government-business deals", leaving communities out of decision-making as contractual

information is often carefully guarded, hidden behind confidentiality and commercial sensitivity. Warner (2012) likewise suggests that SIBs have deleterious implications for democratic accountability. In one sense, public accountability and scrutiny is diminished in private sector contracts as they are relatively 'closed' compared to public sector contracts. In another sense, those who are most affected by SIBs have the least say in their design – these stakeholders are often disadvantaged or vulnerable groups, such as the homeless (Cooper et al., 2016) or the elderly (Tan et al., 2019). Such groups are the most sensitive to policy failure, yet very few know what a SIB *is* (Edmiston & Nicholls, 2018). Chapter Six extends these arguments of reduced accountability within SIB models. In the following section I turn to a discussion of privatisation, which helps to identify the ways in which SIBs are privatised.

Privatisation

Privatisation is a key feature of neoliberal welfare reform (Springer, 2010). Privatisation has multiple and conflicting definitions, and has been described as "an overloaded term, with limited analytical power" (Powell, 2008, p. 18). Whitfield (2006, p. 4), for example, defines privatisation as occurring when one (or more) of five elements of public services change, where:

- ownership of public assets is sold or transferred to the private or non-profit sector;
- the governance and accountability of public bodies are diluted by new organisational structures (such as corporate models);
- finance and investment such as the use of private capital become more prevalent;
- rating principles and values are changed to reflect private and commercial interest; and
- the management of public organisations is restructured and commercialised to accommodate these changes.

The specific forms of privatisation associated with SIBs can be further illustrated with the greater detail provided by Powell's (2008; 2014) and Burchardt's (2013) discussions of privatisation, which are summarised below. Following their lead, I distinguish between the privatisation of service delivery (where both for-profit and non-profit organisations are involved) and the privatisation of funding (involving for-profit investors). Although 'private' organisations can refer to non-profit, third sector organisations, in the context of this thesis I refer to 'privatisation' only when discussing the involvement of *for-profit* organisations in the social service sector.

Powell (2008; 2014) and Burchardt (2013) view private sector influence as occurring within three areas of service provision. First, a 'Mixed Economy of Welfare' (MEW) approach identifies the potential for privatisation across dimensions of provision, finance, and regulation, illustrated in Table 1 (Powell, 2008). In the MEW framework, provision and finance are differentiated across state, market, non-profit and informal sectors. As an example of partial privatisation, charter schools are usually publicly funded but are often operated and maintained by for-profit organisations (Wells & Scott, 2001). The third dimension of the MEW framework, state regulation, is indicated as either high or low. Regulation, however, is difficult to assess as it is not independent of provision and finance, in that all service providers are regulated to some extent. The dimension of regulation does not appear to be particularly relevant to SIBs as they have played out in New Zealand, and will not be considered in my analysis.

Table 1.

Dimensions of the mixed economy of welfare (Powell, 2008, p. 19).

		Provision			
		State	Market	Voluntary	Informal
Finance	State	1a (high reg) 1b (low reg)	2a 2b	3a 3b	4a 4b
	Market	5a 5b	6a 6b	7a 7b	8a 8b
	Voluntary	9a 9b	10a 10b	11a 11b	12a 12b
	Informal	13a 13b	14a 14b	15a 15b	16a 16b

Similarly, a 'Wheels of Welfare' (WoW) approach identifies three dimensions of social services – finance, provision, and decision – which can be public or private in any combination (Burchardt, 2013). Only finance and provision will be outlined here, as the dimension of decision is out of the scope of the research. This framework provides more detail on what is considered public and private. In terms of finance, *public* finance is considered as services funded via taxation, or services where the relationship between the service user and what they pay is

indirect. *Private* finance is classified as a service where only those who use the service pay, or where the service is funded by private organisations.

Whether the *provision* is public or private depends on the degree to which a service or organisation is owned and controlled independently of government. The distinction, however, is made complicated by collaborations between public, for-profit, and non-profit sectors. Burchardt (2013) suggests taking into account 'degrees of publicness' among providers, and notes that non-profit providers must be considered separately to private or public providers. These definitions are useful in that they highlight the various points of potential 'publicness' or privatisation within the provision and financing of the SIB model. It is important to differentiate these; while privatised service *provision* is not uncommon (with both for-profit and non-profit organisations), privatised *finance* is relatively novel in the context of public sector contracting and is a key aspect of the SIB model. The presence of privatised finance, in turn, has the potential to influence service provision. In addition to private provision and financing, the multiple actors involved in a service delivery contract can include a consortia of private sector investors and consultants, as well as various multi-scalar state actors. Accountancy firms (most notably the 'Big 4' – Deloitte, Ernst & Young, KMPG and PWC) are increasingly playing a role in state contracting as they move away from audit work to offer 'professional services', such as management consultancy (Carter & Mueller, 2006).

In Chapter Six, my analysis of the New Zealand SIB pilots discusses how the private funding and provision of social services can shape the mechanisms by which social goods are administered (Edmiston, 2014). Private financing of social services can lead to a substantial level of investor oversight for (mostly non-profit) service providers, which can reduce their ability to be flexible and adaptive (Sinclair et al., 2019). Moreover, in the New Zealand context, Moore (2019) finds that social investment – which introduces actuarial accounting methods and the increased use of data and analytics to evaluate social policy – has had detrimental effects on the ability of service providers to meet the needs of their clients. The author found that the focus on outcome measurement and data collection caused difficulties for providers, conflicting with the values of these organisations as well as narrowing the focus on certain groups of service users at the expense of others. These findings have implications for the success of SIBs as neoliberal service delivery contracts, which have the potential to create the same problems.

So far, I have discussed SIBs as a neoliberal policy model with regard to the integration of market logics in non-marketised entities and the privatisation of service funding and provision

(Fraser et al., 2018). As noted, what is particularly unique about the SIB model is the privatisation of finance, and the potential for profit attached to outcome goals. While there is substantial literature discussing the privatisation of social service delivery, less attention has been paid to the privatisation of finance for social services. This feature of SIBs is another important aspect of the neoliberalisation of social policy, led by a culture of reliance on markets and private capital in economic and social policy, and the priority of financial worth over other social values (Bayliss, Fine, & Robertson, 2013). In this context, neoliberalism's "leading thread has been to promote and defend financialization, with direct and indirect implications for demands upon, and response of, social policy" (Fine, 2012, p. 118).

Financialisation

It is valuable to consider the privatisation of finance embodied within the SIB model with reference to the literature on financialisation, a concept which has been described as a collective and "chaotic, motley idea" constructed from a variety of contested narratives (Christophers, 2015, p. 186; French, Leyshon, & Wainwright, 2011). The rapidly expanding literature on financialisation has evolved through a number of different theoretical lenses; however, Murphy (2015) argues that conceiving of financialisation as a mutable and changeable concept aligns with nuanced accounts of neoliberalisation, which itself can be understood as non-linear and fluid. This section briefly accounts for aspects of financialisation that are relevant to the SIB model, focusing on the financialisation of corporations and the rise of shareholder value, and the financialisation of everyday life (Aalbers, 2019; French et al., 2011; van der Zwan, 2014). I argue that the privatisation of finance in the SIB model allows for the introduction of financialised logics in service provision, which can have adverse effects on service users and service providers.

The financialisation of the corporation and the rise of shareholder value

It is first pertinent to explore the impact of privatised finance through the SIB model with regard to the normalisation of financialised logics within corporations. In this context, financialisation emerged from increasing imperatives for profit imposed on corporations, leading to the development and reproduction of financial institutions which "serve to stabilize and normalize [finance]", such as credit scoring agencies and financial metric producers (French et al., 2011, p. 801). Early political-economy analyses of financialisation describe the process by which non-financial corporations began to adopt financial imperatives and capabilities, becoming

‘financialised’, and increasingly seeking external finance in the markets (French et al., 2011; Froud, Johal, Haslam, & Williams, 2001; Lapavitsas, 2011). This is reflected in the SIB model, particularly through the privatisation of finance. As a result, investors can influence service provision through the imposition of financial logics, as the “presence or intervention of finance shapes processes of provision and the behaviour of other agents” (Bayliss et al., 2013, p. 11).

Pike and Pollard (2010) likewise describe the role of finance in connecting the economic to the social, cultural, and political spheres, discussing how non-financial corporations have become increasingly subject to pressures to deliver ‘shareholder value’. Literature on the financialisation of the corporation emphasises the rise of shareholder value as a guiding principle of corporate governance. This describes a process where financial markets exert pressures on corporations to adopt practices that maximise shareholder value, resulting in the diversion of financial market pressure onto managers and employees (French et al., 2011). Such practices include corporate restructuring, shareholder activism, and the “introduction of financial performance measures such as return on equity [and] the adoption of international accounting standards” (Kelsey, 2015; van der Zwan, 2014, p. 108).

In the case of SIBs, investors in the SIB model become short-term ‘shareholders’ through investment in the service provider. As will be discussed, financial investors within contracts such as SIBs have the potential to shape service provision in ‘favourable directions’. The imperative of shareholder value can similarly diminish the social objectives of service providers as financial value increasingly subsumes all other priorities (Christophers, 2015). As Lake (2016) describes, the ‘calculus of profitability’ becomes the conceptual frame and the underlying logic through which social policy is formulated. SIBs, therefore, represent financialisation as the “process through which financial rationality becomes entrenched as the governing logic” of public policymaking (Lake, 2016, p. 54). My investigation of the SIB pilots in New Zealand explores how this rationality is expressed in the SIB model through the establishment, measurement, and achievement of financialised outcome measures.

The financialisation of everyday life

The privatisation of finance within the SIB model further allows financial imperatives such as risk and performance measurement to permeate social and cultural spheres, engendering the ‘financialisation of everyday life’ (Martin, 2002; van der Zwan, 2014; Erturk, Froud, Johal, Leaver, & Williams, 2007). In this context, Martin (2002, p. 76) aptly describes financialisation

as “commercially inspired selfhood”, where individuals are encouraged to adopt financial goals and responsibilities, and financial demands require “people from all walks of life to accept risks into their homes that were hitherto the provenance of the professional” (Martin, 2002, p. 12). From this perspective, finance becomes a ‘decentralised form of power’, where individuals adopt financial subjectivities through interactions with financial technologies and participation in financial markets (van der Zwan, 2014).

In Chapter Six, I argue that SIBs introduce financialising logics in social service provision through the privatisation of finance and the subsequent structuring of outcome goals in terms of finance. SIBs are principally centred around the formation (and achievement) of outcome metrics and tools of measurement, so that social results and financial outcomes for investors can be clearly defined (Berndt & Wirth, 2018; Social Impact Bonds Working Group, 2012). These outcome metrics and other technologies of measurement – in particular, frequency outcome metrics, which compare results to a historical baseline or control group – are lauded for their ability to achieve rigour and objectivity (Maier & Meyer, 2017). Shiller (2013, p. 21), for example, suggests policies such as SIBs “encourage finance professionals to assume personal responsibility for their role in making markets more efficient.” The financial ‘innovation’ within the SIB model reflects the ‘restless’ character of financialisation and the innovative and creative nature of the financial industry, furthered by the constant creation of new calculative practices and tools (Murphy, 2015).

Creating these calculative tools is a political and technical process (Sinclair et al., 2019). As is discussed in my analysis, SIBs may rely on oversimplified approaches to evaluation, which can misinterpret factors such as “dynamics of the target population, [and] the context in which the intervention takes place and changes over time” (Tan et al., 2019, p. 20). The selection and oversimplification of outcomes to be measured is guided by both ease of measurability and whether ‘financial accounting techniques’ are able to be used to calculate outcome payments to investors (Wirth, forthcoming). The simplification of outcomes likewise fails to consider the multiple and compounding factors involved in social behaviour, and the notion that “human interaction is relational, subjective and generates emergent complexities” (Sinclair et al., 2019, p. 6). In this way, SIBs generate short-term fixes to the *symptoms* of complex, multidimensional social problems, precluding the possibility for meaningful social impact.

Further, tying financial return to the achievement of outcomes can create perverse incentives, including the potential for ‘creaming’ and ‘parking’ service users. ‘Creaming’ occurs

when those who require little intervention or support are prioritised to bolster outcomes. 'Parking' occurs when those who require the most intervention or support are neglected in favour of those who will generate the 'easiest' or highest revenue for the contractor (Edmiston, 2014). In this case, market objectives are favoured over social objectives. The potential for gaming outcomes has been well documented in the SIB literature. Maier and Meyer (2017) note that SIBs involving binary outcome metrics – that is, measures that classify a service user as meeting certain criterion or not, such as whether or not a client has achieved employment – can encourage service providers to cream those who have the highest chance of meeting a target, and to park those who have already missed the target or who have a low chance of achieving the target. While the "professional ethos and their stewardship for disadvantaged groups would motivate [non-profit providers] to focus on the most difficult cases", metrics in SIBs can instead encourage a focus on the easiest cases (Maier & Meyer, 2017, p. 6). My analysis provides an interesting counterpoint to these findings, as the ways in which the SIB pilots were set up aimed to discourage the gaming of outcomes.

SIBs thus represent the "increasing entanglement of the third sector with performance management and financialization" (Berndt & Wirth, 2018, p. 27; Joy & Shields, 2013). In this sense, financialisation describes a process whereby policymaking and other areas of life are subject to financial sector values, transforming previously non-economic relationships into commercial relationships. The process of financialisation reconstructs social problems and the welfare state as costs to society, and vulnerable populations as 'fictitious commodities' (Dowling, 2017; Sinclair et al., 2019). Cooper et al. (2016), for example, discuss a SIB focused on homelessness in London, arguing that those who are homeless are rewritten as 'failed individuals' and become securitised into potential financial return through the financialised technologies employed in a SIB. As individual behaviour is problematised and corrected with the help of evidence-based behavioural engineering, societal problems are depoliticised and "rendered technical" (Berndt & Wirth, 2018, p. 33). Fraser et al. (2018) and Edmiston and Nicholls (2018) further express concern that SIBs have the potential to prioritise financial return over service users' interests. In this context, neoliberalised service delivery models such as SIBs serve to "support, stabilize or expand the economy rather than to meet social needs" (Fraser et al., 2018, p. 12).

These concepts support my argument that the privatisation of finance introduces a financial logic to service provision, which can have detrimental effects on service provision and

service users. How this has occurred through the New Zealand SIB pilots is explored in Chapter Six. That discussion highlights that the financialisation of the New Zealand SIB pilots transforms citizenship and personhood, where neoliberal discourses of self-management and risk-taking shape individual behaviours and subjectivities into the image of "financially self-disciplined individuals", invoking a sense of Foucauldian governmentality (Coppock, 2013). In this way, individuals are transformed in the eyes of corporations and the state into consumers, financial assets, or 'cash cows' (Christopherson, Martin, & Pollard al., 2013). Those who are excluded from this financialised world, such as the unemployed or financially 'illiterate', are expected to ensure their future financial participation by removing barriers to economic participation (such as through employment and finance courses) (Coppock, 2013). Martin, Rafferty and Bryan (2008) express this as a divide between the 'risk-capable' and the 'at-risk', where the at-risk are seen as a threat to a financialised world order and are targeted with 'wars' tackling education, youth, crime and culture. Citizens are further encouraged to become 'investment-ready' individuals – "not only ready, one could argue, to be 'invested in' – but also ready to participate as debtors and creditors in a financialised economy" (Dowling, 2017, p. 303). Social policies and policy instruments that centre on private finance, such as charter schools and SIBs, reflect this logic as the behaviours of individuals are altered to allow them to participate in the financial markets. These behaviours are made measurable through outcome metrics, allowing for the calculation of 'success' of a policy intervention, and therefore payment to investors (Berndt & Wirth, 2018; Wells & Scott, 2001).

Conclusion

This chapter has situated SIBs within the literature on policy mobilities, paying particular attention to the concept of fast policy. The policy mobilities approach provides a detailed perspective of the processes of international policy movement. I have addressed policy mobility in three ways: first, as facilitated by the roles of interconnected actors and agencies, and as arising from the 'right' locations; second, as an increasingly rapid process that results in the proliferation of neoliberalised policy innovations, termed 'fast policy'; and third, as a spatial phenomenon that results in the remaking of both policies and spaces as policy models travel between jurisdictions. The term 'mutation' is used to describe this process, which facilitates the transformation of policies as they interact with local contexts, and vice versa. I will explore the

New Zealand SIB pilots with reference to the literature on policy mobility in Chapter Five, further arguing that SIBs are an example of fast policy.

I have also situated SIBs as a neoliberal policy model underpinned by market logics, the privatisation of service delivery and funding, and financialisation. I examined the literature on marketisation to give context to my conceptualisation of neoliberalism, which involves the transformation of non-market spaces and institutions in terms of market logics. I then defined 'privatisation', which refers to the provision and financing of social services by private, for-profit organisations. While SIBs are celebrated by their proponents for theoretically creating more efficient and innovative social services, critics recognise potential issues with regard to the extension of private sector values and neoliberal logics in public policy, and the ways in which these impact non-profit organisations and service users.

Finally, the privatisation of finance was explored with reference to the literature on financialisation, conceptualised as the transformation of non-financial corporations as they increasingly adopt financial tools and strategies (such as shareholder value), as well as a financialisation of everyday life, where behaviour, values, and perception in all areas of life become technocratically reframed. I discussed the creation and management of financialised outcome measures within SIBs as neoliberalised tools, and how these result in a financialised reframing of service delivery and service users. Chapter Six will explore how SIBs are privatised, market-based instruments that represent the forward movement of neoliberalised policymaking. The following chapter, however, outlines the research design behind my study of SIBs.

Chapter Three: Research design

Introduction

This thesis investigates the implementation of the SIB model in New Zealand, arguing that SIBs are an example of fast policy and exemplify neoliberalised policymaking. This chapter discusses my research questions and the approach I took to the research, the choice of a qualitative case study methodology, epistemological issues in qualitative design, and methods of data collection and analysis. I analysed secondary and primary document sources to understand the procurement and implementation of the SIB pilots in New Zealand, and to gain insight to the problematisations and framings surrounding the SIB model. Secondary documents included articles and reports found online, and primary documents included policy documents obtained through official information act requests. Further, semi-structured interviews were conducted with 11 key actors involved in the implementation of the pilots. The documents and interviews were analysed using a policy analysis approach, as well as thematic coding that helped structure the analysis found in the remaining chapters of the thesis.

Background to the research

This thesis is part of a Marsden-funded research project led by one of my supervisors, Tom Baker, which examines the growth and development of SIBs internationally. The decision to study the SIB model was motivated by my interest in social policy in New Zealand. My initial fascination with the direction of social policymaking, combined with an opportunity to contribute new knowledge on SIBs in New Zealand, led to an interest in where policy innovations such as SIBs come from and their underlying logics. As such, my thesis is based on three research questions:

1. How were the SIBs implemented in a national context, and how does this compare to an ideal-typical SIB model?
2. Does the SIB model represent a case of ‘fast policy’ mobilisation?
3. Does the SIB model exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation?

In answering these questions and exploring the implementation of SIBs in New Zealand, this thesis begins to fill various gaps in our knowledge of SIBs, policy mobility, and financial privatisation. There has been little research on New Zealand's experience with the SIB model, particularly as they were only introduced in 2012. Further, there is no academic literature assessing SIB models in terms of policy mobility, and limited discussion of financial privatisation in social service provision.

My research took a case study approach, focusing on SIBs in New Zealand. The case study approach allows the researcher to undertake a "detailed examination of a single example" while also exploring contexts that are integral to understanding the case itself (Castree, 2005; Flyvbjerg, 2006, p. 220). This includes how phenomena are both connected to and altered by their contact with local contexts (Castree, 2005), such as in the case of fast policy. The case study methodology thus acknowledges the subject – in this case, SIBs – as a unique case for investigation. This approach allowed an in-depth analysis of the New Zealand SIB experience as well as an examination of how more general processes, such as policy mobilities and neoliberalisation, are implicated in this specific experience. While there is contention regarding the usefulness of case studies, given their particularity and lack of generalisability, others argue the case study can reveal both unique and general insights about a particular phenomenon (Elliott & Lukeš, 2008; Flyvbjerg, 2006). Case studies, for example, allow for the collection and integration of multiple data sources, adding rigour to the findings as "various strands of data are braided together to promote a greater understanding of the case" (Baxter & Jack, 2008, p. 554).

Given my interest in the SIB model and its underlying logics, I also adopted a policy analysis approach to assess how SIBs are framed in the data I collected over the course of the research. Bacchi (2009) lays out an approach to studying policy that regards policy as the solution to an undefined problem. This approach asks, "what is the problem represented to be?", and creates further points of enquiry into policy, such that the "very idea of 'policy' becomes a subject for interrogation" (Bacchi, 2009, p. ix). Applying the policy analysis method led me to examine how SIBs are framed and what 'problems' they are intended to solve, which allowed further examination of how the *state* is framed as problematic. Asking what problems SIBs are 'solving' further supported the discussion of how (and why) they arrived in New Zealand, which is linked to their codification as fast policy, and as neoliberalised policy solutions.

Methodology

A distinction is often made between quantitative and qualitative research methodologies. My research followed a qualitative design, which is a "broad umbrella term for research methodologies that describe and explain persons' experiences, behaviours, interactions and social contexts without the use of statistical procedures or quantification" (Fossey, Harvey, McDermott, & Davidson, 2002, p. 717). In this context, the significance of adopting a qualitative research design for this project is that it deals with meaning within the social world, and focuses on the richness of information and data rather than testing hypotheses and employing numerical measures, as is typical of quantitative research (Braun & Clarke, 2013). Braun and Clarke (2013) further identify *critical* qualitative research design, which is congruent with a policy analysis approach. Critical qualitative research involves interrogating meaning expressed in the data to investigate a particular phenomenon. Framings of the phenomenon analysed in the research give shape to its social construction. The researcher plays a critical role in creating this analysis, based on their interpretation of the data.

This was the approach taken in my thesis, as I used information from secondary and primary documentary sources as well as interview data to understand how SIBs are constructed. The critical qualitative design is further considered appropriate given that my research questions are open-ended. Questions that ask *how* and *why* events have occurred, and interrogate their broader social and political meaning, are more accurately answered with qualitative rather than quantitative methodologies (Braun & Clarke, 2013). The former allows the researcher to answer questions in richer detail, take into account nuances and contradictions in the data, and uncover results that were not anticipated. Moreover, my research is concerned with the motivations and roles of actors and institutions, as well as the rhetorical arguments that underpin proponents' enthusiasm for the SIB model.

Sörensson and Kalman (2017) note that the quality of qualitative research can be improved when researchers understand and recognise what epistemological position they are taking. Epistemology is concerned with the nature of knowledge and what it is possible to know – as Braun and Clarke (2013) write, in a world full of different types of knowledge, how do we know which knowledge is meaningful and 'true'? I adopted a social realist epistemology in this research, an approach based on the assumption that social reality, social structures, and real-life phenomena are external and measurable, but are mediated through a framework of individuals'

perceptions, actions, or standpoints, including factors such as individual power or prejudices (Curtis & Curtis, 2011; Thorne, 2014).

The social realist approach recognises that the researcher plays a role in the construction of the research. In terms of my subjective position, I am a politically left-leaning sociologist who has critically studied social policy, including the dynamics of neoliberal, privatised policies and the detrimental effects of financialisation within everyday life. Because of this background in sociology and a general scepticism for market-based policy 'innovations', I was already critical of the SIB model before beginning my research. This position was influential in shaping my research questions. Towards the end of writing this thesis, I was also employed in the public sector as a Graduate Policy Analyst, which somewhat coloured my view of the processes of policymaking. I became more sympathetic to the difficulties involved in policymaking, and more aware that it is driven by and dependent on the prevailing practices and interests of successive governments (referred to as 'path dependency' (Grube, 2016)). Further, because the subject of this research is inherently political, accounting for political bias is especially pertinent. As well as being aware of my political stance, I was aware of the political biases underpinning the various sources collected for the literature review (particularly in materials known to be partial, such as news articles or official statements). The policy analysis framework here helped to make sense of the ways in which language was used in various documentary sources, and how language constructs the 'problem' that SIBs are intended to solve.

An epistemological approach was likewise reflected in the interviewing process, where the research can be influenced by the perspectives of both the researcher and the participants (Hewitt, 2007). My subjectivities – primarily my critical approach towards SIBs – played a part in how the interview questions were designed, how interviews were conducted, and the interpretation of findings. In order to mitigate bias, reflexivity allows the researcher to become aware of their influence over the research (Anderson, 2007; Finlay, 2002). During the interviewing process, I acknowledged that my view of the efficacy or the nature of SIBs is not 'correct' or any more 'real' than the views of the research participants. In keeping with the critical qualitative research approach, it was important to recognise that the knowledge and experiences that participants shared regarding the implementation and functioning of SIBs in New Zealand form a rich dataset of knowledge that can help to answer my research questions.

Further, it must be noted that the research participants' perceptions of myself (as a student studying sociology) and Dr Baker (who conducted two of the interviews analysed here)

likely shaped what they communicated in the interviews. While the interviews were semi-structured and conversational in nature to promote the flow of shared dialogue, my position as a student may have led the interviewees (who were often in positions of power) to perceive me as naïve and lacking authority. Dr Baker's position within a university and his research record – among other things – would likely elicit a different set of stakeholder perceptions, which may have shaped what participants shared about SIBs depending on their own position.

In addition to taking epistemology into account, the quality of qualitative research can be improved by applying triangulation – the use of multiple data sources or methods (Benedichte Meyer, 2001; Curtis & Curtis, 2011). I employed two forms of triangulation in this thesis. First, primary data collected regarding SIBs in New Zealand (including one official information request I made, and two other responses to information requests that I discovered through the Treasury website) was triangulated with interview data from key actors in the implementation process. Second, multiple points of view were recorded in the interviewing process – participants included actors directly involved in the implementation of the SIB pilots, as well as those who were actively critical of the model. These interviews were recorded, and detailed notes were taken. The use of triangulation was supplemented by keeping an 'audit trail', which further improves the quality of qualitative research (Robson & McCartan, 2016). This included keeping records of raw data (interview transcripts and notes), as well as records of documents analysed, thoughts on the direction of the thesis, and notes on supervision meetings. Continuously documenting my thoughts and reflections on the thesis encouraged transparency in the research process.

Methods

This section outlines the two key methods used to answer my research questions: document research, and key actor interviews.

Document research

I undertook secondary and primary document research to provide a context for the mobilisation and implementation of SIBs in New Zealand, to reveal key actors and events, and to provide insights into institutionally mediated problematisations and narratives surrounding the SIB pilots. Secondary document research involved trawling New Zealand government websites, including

those of Treasury, the Ministry of Health (MoH), the Ministry of Social Development (MSD), and Oranga Tamariki – the Ministry for Children – for terms such as "social impact bond", "social bond", and "SIB". There was limited information available on the websites themselves, but searches of Treasury's website returned several previous Official Information Act (OIA) requests for information on SIBs, which provided valuable information for my research. The information in these requests was dated from July 2016 to July 2018. I conducted further searches based on these results, including searches for broader terms such as 'social investment', and similar searches through the Beehive website (the official website of the New Zealand Government), which returned a small number of speeches and press releases. Other materials included reports from external consultants, news articles, and op-eds.

To supplement the surprisingly minimal (and outdated) information available online, I conducted a search for primary documents by lodging an OIA request with the MoH. I consider the documents uncovered through the OIA request to be primary documents, given that the data has not been collected and analysed before (Curtis & Curtis, 2011). The request asked for: information regarding correspondence sent or received by officials mentioning the SIBs; copies of relevant reports and briefings received by Treasury, the MoH, or Oranga Tamariki; and details of the SIB contracts, including evaluations or outcomes. The details of my request were informed by the previous OIA requests found on the Treasury website, including the framing of the questions and the omission of questions that would have repeated the information already available. The process of receiving the OIA documents was lengthy; the request was submitted on the 6th of July 2019 and was transferred to MSD and Oranga Tamariki on the 9th of August. Responses from these agencies were received on the 30th of September for MSD and the 11th of November for Oranga Tamariki. The response from MSD included data dated from August 2018 to May 2019, and the response from Oranga Tamariki included data dated from September 2017 to July 2019. The responses were extremely useful, and I draw on these documents extensively in the following chapters.

Thorne (1994) identifies some hazards within primary and secondary document research, including the heightened potential for researcher bias. In order to counter this, I collected a diverse variety of sources for this thesis, including speeches, press releases, budgets, reports, minutes, emails, and memorandums. Documents such as these "reflect contemporary worlds", where even 'mundane' sources are relevant and provide a wealth of information pertinent to the research (Charmaz, 2014, p. 45). Further, it is important to recognise that documents often do not

stand as objective facts, but "represent what their authors assumed were objective facts" (Charmaz, 2014, p. 46). In the analysis of these documents, it must be noted who the intended audience is, the document's purpose in production, and its political context – this is also important for the policy analysis approach. Data from the MoH, for example, was not only outdated but did not include information about setbacks or any other reputationally damaging information, painting an optimistic and successful picture of the implementation of SIBs. This made original research through interviews with key actors necessary.

Interviews

This thesis draws on 11 semi-structured interviews with key actors to gather expert accounts of the implementation of SIBs in New Zealand. Two of these interviews were conducted by Dr Baker prior to me starting my thesis. The aim of qualitative interviewing is to gain access to the perspectives and lived experiences of participants (Fossey et al., 2002), and to allow researchers to gather a rich dataset (Curtis & Curtis, 2011; Hewitt, 2007). The semi-structured interview approach is characterised by the use of an interview schedule that outlines open questions or topics to be discussed. The questions that are asked, and the order they are asked in, are flexible and can be adjusted according to the situation (Curtis & Curtis, 2011). The advantage of this approach is the ability to follow up on interesting points raised by the participants, as well as to make changes to the interviewing schedule and add new questions as they arise to cover all topics of interest. Not all of my interviews strictly followed the structure of the interview schedule; some parts of the schedule did not apply to all participants (for example, I did not ask academic experts questions about the SIB contracts when they would not know the answer), and some participants began discussing ideas relevant to later sections of the schedule without prompting.

I organised the interview question schedule into the following sections:

- *the implementation process*, which covered aspects of how the SIB contracts were modelled and established, as well as the initial market consultation process;
- *policy mobility*, which explored whether participants had heard of other SIB contracts overseas and what influence these might have had on the New Zealand experience;
- *the values SIBs represent*, which included questions on how SIBs encourage innovation and to what extent private finance is valued by government and service providers; and

- *addressing critiques of SIBs,* including critical questions on the extent to which SIBs represent the privatisation of traditionally state-provided care, what concerns might arise from the financial return received by investors, and whether the model is considered 'successful'.

The intention was to gather data on timelines, contexts, events, and actors, and also to investigate how participants framed SIBs and their views on what they considered strengths or weaknesses of the model. However, I acknowledge that participants' responses and what they were willing to disclose was likely influenced by their position relative to the implementation of SIBs in New Zealand.

Recruitment

Participants were selected via a purposive sampling method. As Fossey et al. (2002) note, this method allows for the selection of participants who will provide the most appropriate or pertinent information. I recruited participants for this research based on their expertise or their involvement in the implementation of SIBs in New Zealand. The 11 participants are as follows:

- one from Wilberforce (a philanthropic investor);
- one from Genesis (a service provider);
- one from APM Workcare (a service provider and investor within the same pilot);
- one from KPMG (a for-profit advisory company);
- two consultants working with the MoH;
- one independent consultant with knowledge of SIBs;
- one academic researcher with knowledge of SIBs; and
- three politicians (two of whom were parliamentary Ministers no longer in office).

The interviews I conducted were undertaken between late July and mid-September 2019. As noted, two interviews with consultants working with the MoH (included in the list of participants above) were conducted by Dr Baker between March and July 2018. All participants were identified through documents such as government reports or minutes, or through generic web searches regarding SIBs, which returned information such as media articles, related reports, or op-eds. The sample size reflects both the constraints of an MA thesis and the small number of potential participants who were identified and available.

I contacted potential interviewees via email with information about the project, a consent form (Appendix I), a participant information statement (PIS – Appendix II) outlining the research, and a short statement on why I thought their involvement in the research would be helpful. At the time of the interview, participants were briefly taken through the PIS, and were given another consent form to sign (if they had not signed an electronic copy already) which outlined their agreement to have the interview recorded and their right to withdraw at any time. Except for the two interviews conducted by Dr Baker, all interviews were conducted by myself at a place convenient to the participant – usually an office or a meeting room at their workplace. Meeting at a participant's office was preferable to meeting in public spaces (such as a café), as office spaces tend to be quieter and without interruptions or distractions. Two interviews were carried out over the phone, which limited the opportunity to build rapport. Interviews lasted between 30 to 60 minutes, and each interview was recorded for accuracy with the permission of the participants. Interview recordings were transcribed and coded, and primarily supplemented documentary sources on SIBs in New Zealand.

Ethical considerations

Ethical issues arise whenever research involves human participants. The University of Auckland Human Participants Ethics Committee (2019) outlines key principles for ethical research, including autonomy (the participants' rights to confidentiality, anonymity, and informed consent), non-maleficence (the duty to minimise any harm the research may cause), and justice (treating others equitably and ensuring fair treatment in the recruitment of participants). Some ethical issues can arise in the interviewing process. For example, informed consent can only be granted for the approach the researcher takes at the time of interviewing, which is not necessarily the same approach the researcher will take during analysis (Braun and Clarke, 2013). In my case, while the framing of my research questions changed multiple times, my approach remained consistent over the course of the research. Power imbalances can also become apparent during interviews. On the one hand, the researcher has more power over the research process than the participants (Sörensson & Kalman, 2017). On the other, interviews with participants who have more 'power' or authority than the researcher are susceptible to problems of control, where there is potential for the interviewee to take control of an interview and impose their own agenda (Schoenberger, 1991). For instance, I am a student lacking professional experience, and many of my interviewees were in positions of power (such as politicians), reducing my power relative to these participants.

Ensuring autonomy and reducing risk of harm involves protection of the participants' confidentiality. Standards of autonomy were ensured with the consent form and the PIS, which were adapted from documents developed by Dr Baker for his research on the growth and development of the SIB model. Given that this thesis developed out of Dr Baker's own larger project, an ethics variation request was submitted to amend Dr Baker's original ethics application to include my research. The consent form and information sheet thus described Dr Baker's project as well as my own and followed the structure that was originally submitted to the ethics committee.

The consent form and the PIS outlined the participant's rights, including the right to withdraw data at any time and to request a transcript of their interview. The consent form also allowed participants to choose how their comments would be identified (see Appendix I). This ensured a level of confidentiality agreed on by the participant. I largely attributed interviewee comments to the organisations that were involved in the SIB contracts (as the organisation names were a matter of public record). Care was taken to remove information that would allow the identification of interviewees based on their position within these organisations. However, I have named Tony Ryall (the Minister of Health 2008-2014) in the thesis with permission, as his comments were particularly important in understanding the mobility of the SIB model. In order to ensure confidentiality, all interviews were transcribed by me, and all data (including audio recordings, interview transcripts and participants' personal information on consent forms) was secured on a private password-protected computer backed up by the University of Auckland server. Access to the transcripts was also limited to myself and the supervisors of the thesis. As per the Ethics Committee requirements, all data will be destroyed in six years.

Data analysis

Data analysis is the process of synthesising and interpreting data, giving the researcher the opportunity to 'unpick' accounts that are given and to gain a deep understanding of the topic and the data (Braun & Clarke, 2013). A thematic analysis of the data began after data collection, following the conclusion of the interviews and transcription. Thematic analysis is common across qualitative methods, but has only recently been recognised as a 'distinctive method' with a clear set of procedures (Braun & Clarke, 2013; Robson & McCartan, 2016). In this approach, codes and themes can be determined inductively or deductively based on the researcher's interaction with the data, and evolve "due to the interplay between coded data and analysis phases" (Curtis & Curtis, p. 55; Fossey et al., 2002). Thematic analysis is considered useful

based on its flexibility and application across many types of research questions and data. However, by the same token, it has also been perceived as lacking substance or interpretive power (Braun & Clarke, 2013).

For my analysis, interview recordings were transcribed verbatim. In addition to the thematic analysis, I followed the policy analysis approach described earlier. This involved critically evaluating the language used to describe SIBs in the documentary data and interviews to assess how SIBs were framed. Codes, or themes, were determined both inductively by reviewing the data, and deductively by exploring themes I had established. Here I took note of what themes might be of interest from the perspective of the research questions (for example, the implementation process, particular framings of SIBs, and representations of market logics). These themes were used to help organise the material that was relevant to my three research questions. The interpretation of interview data allowed for a more comprehensive and 'rich' understanding of the documentary data already collected, and helped to develop the aims of my research.

Conclusion

This chapter has reflected on the methodology and methods used in this research. The thesis investigates SIBs in New Zealand as a case study, using this as a starting point for further contributions to various literatures. I have outlined the methods of my research, which included the analysis of secondary and primary document sources, and a sample of 11 interviews. Together these sources allow for a rich dataset. I employed thematic analysis and a policy analysis approach, which directed my analysis toward questioning the construction of SIBs and what problems they are intended to solve. The following chapters explore each of my research questions in turn. Chapter Four provides a contextual account of how SIBs were implemented in New Zealand, and how the SIB pilots differ from an ideal-typical SIB model. Chapter Five answers the question of whether SIBs represent a case of fast policy mobilisation, and Chapter Six explores whether SIBs exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation.

Chapter Four: Contextualising the New Zealand SIB experience

Introduction

This chapter provides a contextual overview of the New Zealand SIB pilots, addressing my research question of how SIBs were implemented in the national context, and how they differ from an ideal-type SIB model. There has been very little research on SIBs in New Zealand; this chapter fills this knowledge gap by providing a detailed overview of the process of procurement and the structures of the SIB pilots, including the key metrics, outcomes, and payment mechanisms. The establishment of SIBs in New Zealand occurred largely under-the-radar for the general public, and the process was rife with setbacks and complications that led the initial procurement to be drawn out over four years. Despite these difficulties, at present, there is no evidence that the centre-left government currently in power will abandon the SIB project. I further assess the SIB pilots comparative to an ideal-type SIB model, finding that they look somewhat different to a typical model.

An ideal-typical SIB model

As was noted in Chapter One, the basis of a SIB in ideal-typical form is a financial arrangement formed between a commissioner (usually government), an intermediary, a service provider, and investors. The commissioner is the initiating party and determines social outcomes for a predefined target population. The intermediary (or 'special purpose vehicle') manages the project, holding a variety of roles including subcontracting and mediating between other parties. Private investors supply some, or all, of the working capital and take on the risk of project failure. Lastly, service providers deliver the services commissioned and receive payment up-front, regardless of whether the outcome targets are met (Gustafsson-Wright et al., 2015; Tan et al., 2015). Figure 1 below outlines this arrangement.

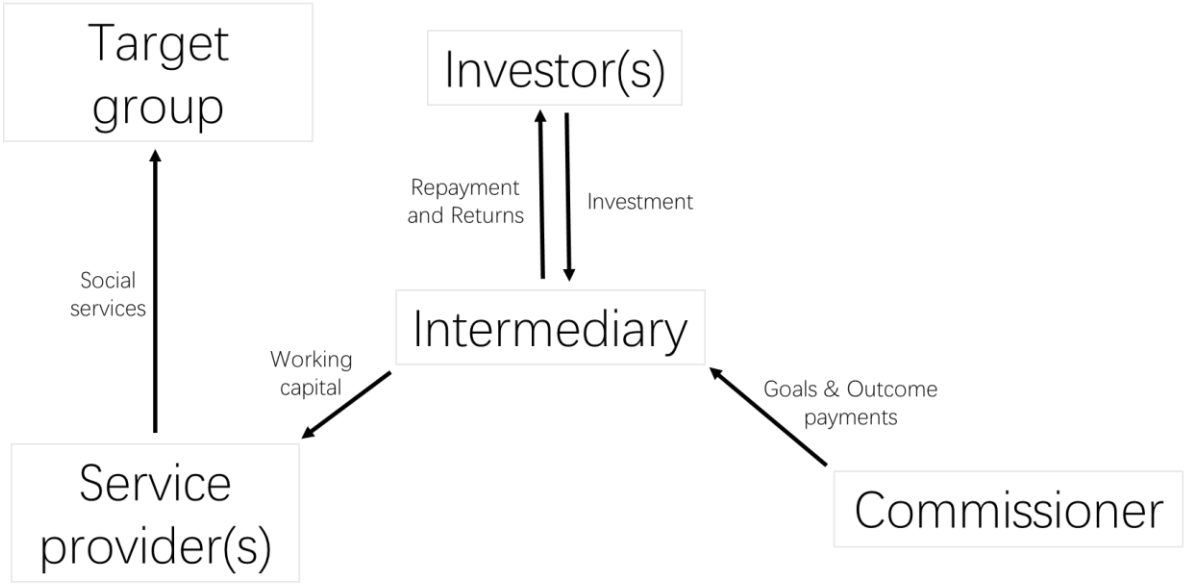

***Figure 1*. Basic structure of the Social Impact Bond model. (Source: Author's own work.)**

Beyond this basic structure, SIBs can vary in the composition of actors involved and can be negotiated or arranged in a variety of ways (Gustafsson-Wright et al., 2015; Maier & Meyer, 2017). Many SIB contracts, for instance, include intermediate outcome measures which can trigger interim payments, even if the overarching outcome is not achieved (Social Impact Bonds Working Group, 2012). SIBs also typically finance "preventive, evidence-based interventions" that focus on challenging social problems, where outcomes can be well defined or the effects of an intervention on a delineated group can be clearly identified (Maier & Meyer, 2017; Social Impact Bonds Working Group, 2012, p. 6). In order to achieve this, interventions target particular groups of people, such as youth offenders, the unemployed, the homeless, or those with physical or mental health problems (Sinclair, McHugh, & Roy, 2019). For this reason, SIBs tend to be small scale and highly localised. As an example, the first SIB to be launched globally – which operated within Peterborough prison in the UK from 2010 – aimed to reduce recidivism among short-sentence prisoners by 7.5% relative to a control group (Anders & Dorsett, 2017; Disley, Rubin, Scraggs, Burrowes, & Culley, 2011). Likewise, in a thorough study of 38 SIBs, Gustafsson-Wright et al. (2015) found that all but one SIB in the study were structured around the "prevention of some negative outcome such as returning to prison, remaining homeless, needing remedial education, or being unemployed."

While SIB contracts globally have featured a range of unique characteristics and structures, Arena et al. (2016) identify a 'reference' SIB model based on the original Peterborough SIB, characterised by:

- coverage of a social issue that has not yet been explored by the public sector;
- high levels of innovation in service delivery;
- low involvement of the commissioner;
- flexible and collaborative relationships between the various actors; and
- the transfer of risk to the private investors.

The authors argue that SIBs models can be fully compliant, partially compliant, and marginally compliant with this structure. However, they also find that most SIBs do not deliver on their typical promises, most of them being only "partially or marginally compliant with the SIB prototype" (Arena et al., 2016, p. 934).

The Riker's Island SIB in the US, for example, offered a cognitive behavioural therapy intervention to all 16- to 18-year olds in the Riker's Island prison, and involved both a loan *and* a grant (Berlin, 2016). Goldman Sachs supplied the upfront capital for the service provider, and Bloomberg Philanthropies guaranteed a portion of Goldman's investment and paid for the intermediary's operating costs with a grant (Berlin, 2016). The SIB did not achieve its outcome goals; however, if these goals had been met, the intermediary would have worked with Bloomberg Philanthropies to repurpose their grant in future ventures (Berlin, 2016). The Newpin Social Benefit Bond in Australia also varies from other SIB models in that it features two sets of outcome metrics – one set for payments received from the commissioner to the service provider, and another set for payments from the service provider to the investor (Gustafsson-Wright et al., 2015). I now turn to the New Zealand SIBs, first outlining the procurement process, and then discussing the details of the two pilots before assessing how well the SIBs fit the ideal-typical model.

The origins (and setbacks) of the SIB pilots in New Zealand

SIBs (or 'social bonds' as they are known in New Zealand) were first proposed in 2012 under the previous National-led government (2008-2016). The MoH took ownership of the pilot launch,

and Cabinet was briefed on the potential to establish a SIB pilot in February 2013 (Ministry of Health, 2013). According to the MoH (2013, p. 5), SIBs are being trialled in New Zealand to

> test the concept in the New Zealand context to see whether social bonds could be an effective and efficient way for government to reduce social problems; develop the conditions needed in New Zealand to use social bonds more widely in the future, including growing the investor market … learn lessons that could be applied to other forms of payments-for-results or outcomes-based contracting in the social sector … and enable government to make more informed decisions on whether to use payments-for-results and outcomes-based contracting more widely in the future.

In a 'Q+A' release, Treasury (2014, p. 1) stated that SIBs would "get more traction on difficult issues and deliver better results in a number of important areas", as well as achieve better "value for money" than equivalent outcomes-based contracts. According to the release, the SIB model promised to deliver these goals by placing a focus on purchasing 'results' rather than outputs, and by enabling repayments to investors only when outcomes have been achieved. However, a report commissioned on behalf of the Department of Internal Affairs to gauge interest in SIBs from investors and service providers ultimately recommended that New Zealand should *not* engage in a SIB trial, due to the financial risks and a lack of market knowledge (Ross Philipson Consulting Ltd., 2011).

Nonetheless, in mid-2013, the MoH contracted KPMG – an audit, tax, and advisory company that works with private businesses, public sector organisations, and non-profit organisations – to prepare market research and a business case for a SIB trial. A report published by KMPG (2013a) further sought to gauge interest from potential investors and service providers. It reported that investors – including banks, iwi groups [indigenous Māori tribal groups], and philanthropic trusts – were enthusiastic for a New Zealand SIB pilot, particularly given the possibility to balance risk with the government, to recycle capital for sustainable investment, and to gain reputational benefits from social investment. However, some investors expressed concern that the government was only establishing the SIB model in order to displace the risk associated with service delivery, and were reluctant to place trust in service providers. Likewise, service providers had concerns regarding their potentially limited input to the design of the model, the 'culture change' to fostering social enterprise, the potential reputational risk, limitations in their financial knowledge, and the difficulty of measuring outcomes.

Cabinet approved the trial in September 2013, and directed the MoH to undertake a 'market-led' approach to procurement, where it was proposed that the "social issue of focus for the pilot be selected from ideas generated by the market" (Ministry of Health, 2013, p. 1). In following this process, the MoH issued a 'Registration of Interest' request for service providers in December 2013, through which organisations could outline their proposed "service, target outcomes and target population" (Mules, 2016, p. 4). An Information Memorandum disseminated to interested groups also gave suggestions for potential solutions, which included: improving health outcomes for vulnerable families; reducing alcohol and drug use among young people; and reducing teenage pregnancy rates (KPMG, 2013a). In April 2014, a second 'Registration of Interest' request was issued for intermediaries. In the following November, a 'matchmaking' event was held to explore any potential partnerships between shortlisted service providers and intermediaries.

From the original 54 proposals submitted, 12 service providers and four intermediaries were invited to educational events to "prepare them for the release of the Request for Solutions Outline", following which partnerships of service providers and intermediaries were able to submit their proposed social issue and solution for a SIB pilot (Mules, 2016, p. 4). This process was termed a 'Dragon's Den' style initiative, where these partnerships pitched their proposal for a SIB (including the social problem to be addressed) to a panel of 'independent experts' who used scorecards to rate each presentation (King, 2015a; Ministry of Health, 2019; Mules, 2016). In April 2015, four potential pilots were selected for a 'solution design phase', where the service provider and intermediary partnerships developed an "evaluation of the deliverability of the proposal and its alignment with the pilot programme objectives" (Mules, 2016, p. 4). The four selected pilots focussed on: reducing youth offending in 'areas of need'; support for people with mental illness into employment; reduction in adult reoffending; and management of chronic illness (Ministry of Health, 2019). The first and second of these pilots were identified as less complex and quicker to launch, and were selected for 'fast-tracking' in May 2015 (Mules, 2016). The following sections discuss the specific arrangements of these two SIB pilots in New Zealand.

The first pilot: Mental health and employment outcomes

In July 2015, Wise Group and ANZ Bank New Zealand partnered with the MoH to create the first SIB pilot, targeting mental health and employment (Ministry of Health, 2017). However, in July 2016, both ANZ and Wise Group withdrew from negotiations, causing the pilot to 'collapse' (Gudsell, 2016). Following this disastrous start, the SIB contract was quickly re-established with a new provider and a different set of investors, commencing in February 2017. The bond combined several parties:

- MSD as the new commissioner;
- for-profit company APM Workcare Limited (APM) as both provider and investor (a highly unusual arrangement);
- Te Tautoko Nga Tangata Limited as the intermediary; and
- Wilberforce Foundation (a private Christian philanthropic fund), Janssen and Janssen (a healthcare-based subsidiary company of Johnson & Johnson), and Prospect Investment Management Limited (an investment fund) as investors (Whittington & Wyatt, 2017).

The investors collectively provided $1.5 million to establish services in six South Auckland suburbs: Manukau, Manurewa, Clendon, Papakura, Pukekohe, and Waiuku. The SIB was to run for six years to "improve the employment outcomes for those with mental health conditions, delivering reduced welfare dependence and improved mental health outcomes" (English & Tolley, 2017, p. 1; Ministry of Health, 2019). It allowed for up to 1700 clients, who were to be referred through a GP (Moffatt, 2018a). Figure 2 below shows the arrangement of actors within the SIB structure.

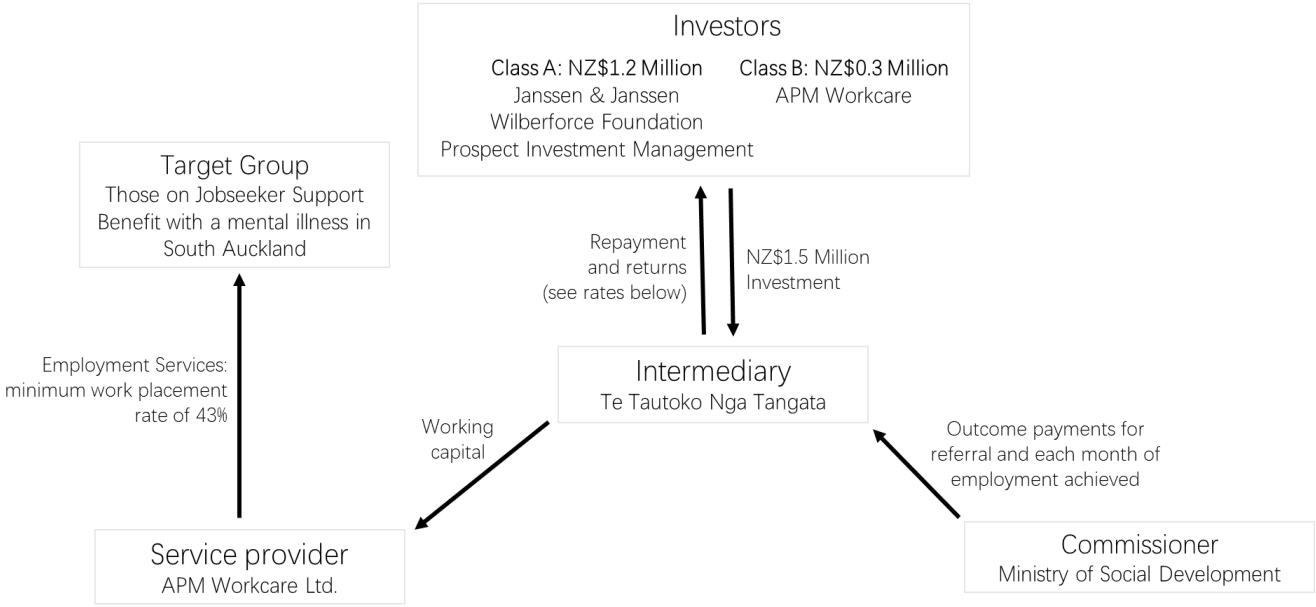

Figure 2. **Structure of the first New Zealand SIB pilot: Mental Health and Employment. (Source: Author's own work.)**

The $1.5 million investment was split into two classes with varying risk, ostensibly to entice investors: $1.2 million in Class A, and $0.3 million in Class B. Class A, financed by Wilberforce Foundation, Janssen and Janssen, and Prospect Investment Management, funded 'less risky' clients and had an annual return of 7% (or 9% if higher targets were met). Class B, financed by APM, funded 'riskier' clients and offered an annual return of 13% (or 17% if higher targets were met) (Ministry of Social Development, 2017).

APM, an Australian company that already delivers employment, vocational and rehabilitation services throughout New Zealand, was to achieve an overall work placement rate of 43% in order to trigger a return to investors (a number devised by APM based on their previous experience in employment services). This was compared to a placement rate of 10% for the counterfactual (an estimate of results without the intervention) and 30% for APM's similar contracts in New Zealand (Whittington & Wyatt, 2017). If placement rates fell below 26%, Class A received a return of 3%, and Class B received a return of -19%, which had been set to allow termination of the bond while ensuring "investors felt some pain from poor performance" (Whittington & Wyatt, 2017, p. 7). A conservative approach was used to calculate the payment model and did not include future cost-savings predicted beyond the life of the bond; for this SIB, savings were "only attributed during the bond's life and capped after two year's employment for any participant" (Whittington & Wyatt, 2017, p. 3). The bond also allegedly offered better value for the Crown and incentivised "high levels of performance" (Whittington & Wyatt, 2017, p. 6).

Various politicians have publicly stressed the high level of innovation and cost-savings SIBs allow, despite reports stating innovation was expected to be low (Treasury, 2016). Bill English and Jonathan Coleman, the National-led government's Minister of Finance/Prime Minister (2016-2017) and Minister of Health respectively, emphasised the innovative nature of the bond and the importance of "making mental health services accessible and relevant" (English & Coleman, 2015, n.p.). Likewise, former Finance Minister Steven Joyce said the bond was designed to "achieve a result ... which is demonstrably better than what has been previously achieved with the old way of doing things" (Joyce & Adams, 2017).

However, claims of innovation are debatable considering the similarities between the SIB intervention and 'Work to Wellness' (W2W), a comparable initiative also operated by APM. W2W was established in 2017 and targeted a similar demographic. Both the SIB and W2W initiatives "placed an employment expert to work alongside a GP practice giving mental health patients employment advice and support" (Chipp, 2015, n.p.). Further, claims that the SIB offered better value for money were based on the cost per participant for W2W. These costs were estimated to be $5000 per participant within the SIB if enrolment targets were met, compared to $9000 per participant under W2W. Only minor differences are apparent: the SIB specified slightly higher placement targets, W2W was more flexible and allowed part-time work placements, and W2W required continuous employment where the bond allowed participants to achieve 12 months of employment within an 18-month window (Moffatt, 2018a; Whittington & Wyatt, 2017).

While this SIB pilot was expected to run until 2023, it ended prematurely in October 2018 due to low rates of participant referrals into the service. The contract specified 1700 participants would be assisted throughout the life of the bond, or 340 participants per annum. However, in the year between March 2017 and 2018, only 262 referrals were achieved. Of these referrals, 102 participants had enrolled in the programme, and 24 had been placed in employment (Moffatt, 2018a, p. 6). Further, only 124 'employment months' had been achieved out of a targeted 981 employment months over the life of the SIB, constituting 12.6% of the target set out in the bond contract (Moffatt, 2018b). This resulted in a higher cost per participant than anticipated. Low rates of referral were attributed to a lack of staff at the beginning of the pilot and a lack of knowledge of the bond programme from both GPs and participants (Moffatt, 2018a), both problems associated with the rushed implementation of the bond and a lack of information provided to the public. Despite results being well below the non-performance rate of

26%, an estimated $1.5 million was spent on outcome payments and $120,000 on administrative costs by the end of June 2019 (Moffatt, 2018b; Treasury, 2019a, p. 180). Further, there is no evidence of the -19% return specified for poor performance. The bond was restructured into a second W2W service to offer "better value for money as payments [are] linked directly to outcomes" (Moffatt, 2018a, p. 7). There is some irony in this claim, as 'better value for money' had been the initial intention for the bond.

The second bond: Reducing youth reoffending

A second larger and 'more financially complex' bond aimed at reducing youth reoffending was launched in September 2017 (Ministry of Health & Treasury, 2016a). This bond is still in operation and is intended to run for six years, aiming to work with up to 1000 young people in South Auckland (Genesis, 2017). Two subsidiary companies were set up within the service provider, Genesis Youth Trust (henceforth referred to as 'Genesis'), to manage the bond. The first is G-Op Limited, which oversees performance management, and the second is G-Fund Limited, which acts as the financial intermediary, overseeing the funding of the bond and coordinating between G-Op and the commissioner, Oranga Tamariki (Genesis, 2017). Interestingly, G-Fund is chaired by Carl Bakker and Craig Weston, former members of the Social Bond Procurement Team within the MoH.

Investors for this bond include the New Zealand Super Fund (a New Zealand sovereign wealth fund), Mint Asset Management Limited (an investment management organisation), and Wilberforce Foundation. A total of $6 million was invested in the bond. Similar to the first bond, a Class A tranche of $4.8 million was issued with an annual return of 6% (which increased to 9.6% in September 2019), and a riskier Class B tranche of $1.2 million was issued with an annual return of 10% (which increased to 16.8% in September 2019) (Genesis, 2018). Within the Class A tranche, New Zealand Super Fund invested $4.25 million, Mint Asset Management Ltd. invested $0.5 million, and Wilberforce invested $0.05 million. The New Zealand Super Fund alone invested $1.2 million in the Class B tranche (Oranga Tamariki, 2019). Figure 3 shows the funding arrangement and the actors involved in this SIB pilot.

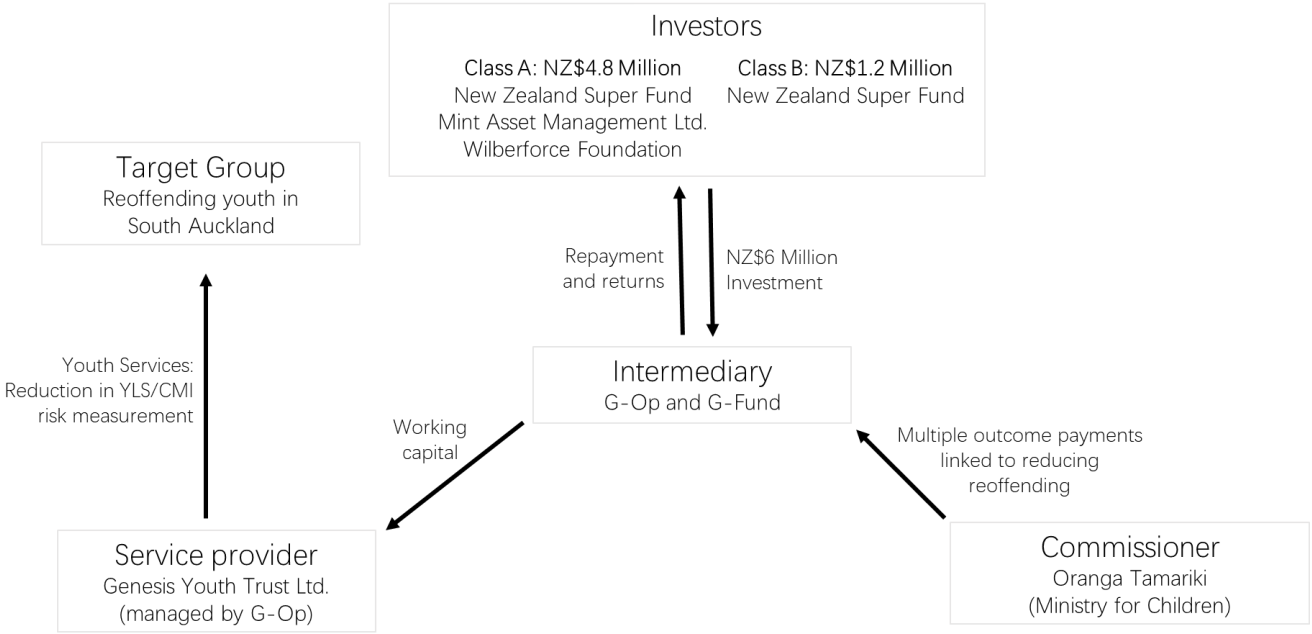

***Figure 3*. Structure of the second New Zealand SIB: Reducing Youth Recidivism. (Source: Author's own work.)**

To qualify for the programme, participants must be serious repeat youth offenders, and must undergo thorough ongoing assessments where Genesis quantify their 'risk factors' via the 'Youth Level of Service/Case Management Inventory' (YLS-CMI) tool, which predicts the likelihood of reoffending (Thompson, 2002). If participants are found to have a medium to high risk of reoffending with this tool, they will go through the referral process for the SIB intervention, which includes an 'Alternative Action Plan' (an alternative to prosecution), an assessment by a cross-agency team, and a family meeting (Sense Partners, 2018). The SIB intervention itself comprises a 20-week intensive programme followed by mentoring and monitoring for 18 months. In the first year of the bond's operation, 102 clients were enrolled in the SIB intervention, compared to 76 clients referred into Genesis' existing programme called 'Youth Justice' (Genesis, 2018).

There are a multitude of outcome payments within this SIB structure. Payments made to investors are based on a reduction in the severity of offending, a reduction in the risk of future offending, and an average reduction in reoffending across the client cohort. The severity of offending is measured for each young person, and a payment of $3000 is made per client for long-term reductions of severity based on a Ministry of Justice 'offence seriousness ranking system' (Oranga Tamariki, 2019). Genesis must also reduce an individual's risk of future re-offending by at least 5% if they are new clients, and by 10% for clients enrolled in the last three

years. This is measured with the YLS-CMI tool. Outcome payments of $1,400 are made for each client achieving a YLS-CMI score reduction of 15% or greater, $700 per client achieving a reduction of 10-14%, and $275 per client for a reduction of less than 9%, or for which there is no change to their score (Genesis, 2018; Oranga Tamariki, 2019). An average reduction of the frequency of offending further results in a payment of $12,500 after six months, $16,875 after 12 months, $21,250 after 18 months, and $25,625 after 24 months. Genesis can also receive incentive payments after the SIB has been in operation for 30 months, which are predicated on achieving "above a threshold of regular payments in a given six month period" (Oranga Tamariki, 2019, p. 5). Finally, some payments also increase on a graduated basis the longer a client successfully goes through the programme. According to Budget 2019, an estimated $3.82 million was spent on outcome payments to G-Fund Limited between late 2017 and July 2019, expected to increase to a total of $13.7 million by June 2020 (Treasury, 2019b, p. 124). A total of $24 million was appropriated for outcome payments over the life of the bond (Treasury, 2019b).

Genesis reports that it benefitted from the structure of the bond. Due to the length of the programme and the payment received up-front, Genesis states it is able to work with youth for twice as long compared to their existing services, and with a stronger focus on evidence, mentoring, and counselling (Genesis, 2017). The CEO of Genesis during 2018-2019, Lisa Silipa, wrote that the ability to "innovate, to become much more targeted in the way we conduct assessments and create interventions, to improve our outcome measures, and ultimately to become more effective" greatly improved services offered to 'problem youth' (Genesis, 2018, p. 13). However, Genesis (2018) also cites several issues with the set-up process of the bond, including a 4.5-year selection process that left it in a precarious financial position. Similar to the first SIB, enrolments were well below target for the first two years of operation. There were 176 enrolled clients in the intervention by February 2019, compared to a forecast of 245 (Oranga Tamariki, 2019). However, investors still received performance payments. There were also issues with scaling up numbers of staff and facilities to meet the requirements of the bond, a problem which was partly caused by the long procurement process that spanned from 2013 to implementation in 2017, during which time Genesis was held in a state of uncertainty regarding whether the organisation would win the SIB contract. In the following section, I compare these SIB pilots to an ideal-typical model.

Comparing the New Zealand SIB pilots to an ideal-typical model

The task of assessing how well the New Zealand SIB model fits with an ideal-typical model is somewhat difficult, as each SIB is bespoke. However, the New Zealand SIBs largely remain true to the basic SIB structure outlined earlier: the pilots fund preventative services, have a variety of outcome targets, are highly localised, and follow the basic arrangement of actors involved. Further, as has been the case in the international experience of SIBs, the bond pilots target 'at risk' groups of people – in this case, benefit recipients with mental illness, and youth offenders. Moreover, although it was never explicitly articulated, indigenous Māori and Pasifika peoples (who have migrated or are descended from various islands in the Pacific) are disproportionately represented in these groups and in South Auckland, where the pilots were established (Maré, Coleman, & Pinkerton, 2011). Both groups are commonly framed as 'at risk' groups within mainstream New Zealand political discourse (Crawford, 2001; Welfare Working Group, 2011). As Berndt & Wirth (2018, p. 33) have argued, targeting clearly defined groups allows for the calculation and measurement of outcomes, which, as will be argued in Chapter Six, has the effect of reconstructing social problems as "behavioural failures that have to be corrected".

However, various aspects of the New Zealand SIB pilots indicate that they can be considered only 'marginally compliant' with an ideal-typical model. The New Zealand SIBs demonstrate inflexible relationships between the actors, low transfer of risk (this is explored in Chapter Six), and, as was noted, low levels of innovation (although arguably most SIBs are not highly innovative – Arena et al. (2016) discuss this in their analysis). There were various other inconsistencies with an ideal-type model, including in the roles of actors and in the procurement process, which I describe below.

First, the commissioners were more involved in the procurement process than is standard for an 'ideal' SIB arrangement. While SIBs are intended to foster an 'arms-length' approach from the public service, the commissioning agencies required a high level of oversight. My discussions with investors and service providers also indicated that the commissioner – the MoH – continually shifted the goalposts of what they required from the other actors involved in the first SIB throughout the procurement process. This is confirmed by an independent evaluation of the procurement process conducted by consultant Fiona Mules (2016, p. 9), which notes that the MoH was overly focused on 'process diligence' rather than achieving an outcome, resulting in inflexible relationships between the actors, and a "reluctance to engage with participants during

the course of the process in a continuous, direct and open manner to ensure all expectations continue[d] to be aligned".

Second, APM acted as both an investor and service provider in the first SIB pilot. This arrangement is uncommon, particularly as service providers are usually non-profit organisations (Berlin, 2016). This begs the question: what was the purpose of the SIB model if the provider already had sufficient capital and corporate acumen to deliver a programme without external investors, either government or non-government? A representative from APM commented that the organisation "didn't need the investment to do it … we would have been able to just finance it ourselves. We never actually had to touch the investment; it was just on term deposit." The SIB structure turned out to be beneficial for APM in that they could share the risk involved in service delivery with the state – not least because the state ended up paying for outcomes even when outcomes were not achieved.

Third, the intermediaries were created within the service providers for each SIB pilot: APM created Te Tautoko Nga Tangata Limited for the first bond, and Genesis created G-Op Limited and G-Fund Limited for the second bond. This is highly atypical of SIB models, where intermediaries are usually external organisations (Gustafsson-Wright et al., 2015). A representative of APM commented on this unusual arrangement within the first SIB pilot:

> It's unfortunate because this wasn't a great example of a social bond, because we didn't need the investment to do it, because we're a large enough organization, and we are, you know, cash flow positive. … So really, now, from our point of view, Te Tautoko Nga Tangata, which was our [intermediary], just operated as... It was an administrative function, primarily. And I guess if it had been a proper social bond … it would have been a separate organization.

Arena et al. (2016) comment that the role of the intermediary is crucial in overseeing implementation, arranging project funding, and distributing funds and payments in 'compliant' SIB models. The roles of the intermediaries in the New Zealand SIBs, however, were largely to perform the 'administrative function' of the distribution of funds, reflecting some noncompliance with the Arena et al.'s (2016) 'standard' SIB model where intermediaries have a much more prominent role. It is further unclear what roles the intermediaries that were initially paired with service providers during procurement played, and whether they were involved in the pilots.

Finally, perhaps the most drastic variation to the 'standard' SIB model was the decision to undertake a 'market-led' approach to procurement, where consortiums of service providers and intermediaries were asked to identify a social issue and propose a solution. A former parliamentary Minister commented on the market-oriented approach:

> I think our vision was that we'd get a bunch of options and we could choose what we wanted. And I think that people in the social sector would have been aware of what problems were priorities ... We wanted to see what people came up with.

This approach is not typical of SIB procurement processes – Gustafsson-Wright et al. (2015) note that SIB contracts usually involve the commissioner identifying the 'social challenge' to be solved and selecting the service provider with the most promise to deliver the intervention. The decision to take a market-led approach was criticised by both KPMG (2013b) and Mules (2016, p. 10), with the latter observing that this decision both created an uncompetitive process where the proposals could not be compared, and that the "terms and conditions of the deal [were] second order to the good idea". These inconsistencies with the ideal-type SIB model reflect that SIBs are bespoke contracts, and, as will be discussed in the following chapter, that the influence of local contexts can lead to problems and complications for policymaking 'on the ground'.

Conclusion

This chapter has explored the procurement process and establishment of SIBs in New Zealand, finding that while initial reports were optimistic about the social and financial benefits, there have been multiple setbacks and issues, including poor contracting methods and a lack of leadership from within government agencies. While the SIBs promised innovation and cost-saving in their design, my discussion has highlighted that the interventions replicated services already in place and proved costly, particularly in the case of the failed first bond. These factors, as well as aspects of the procurement process and the unconventional roles of the commissioner, APM, and the intermediaries, contributed to the New Zealand SIB pilots only marginally aligning with an ideal-typical SIB model. To follow this contextual overview, the next two chapters theorise in more detail how we might understand SIBs in terms of policy mobility, as well as investigating further whether SIBs exemplify neoliberalised policymaking.

Chapter Five: SIBs as fast policy

Introduction

This chapter answers the question of whether SIBs can be considered a case of fast policy. As SIBs have not previously been addressed in relation to fast policy in academic literature, this section contributes to the global knowledge of SIBs as a highly mobile policy instrument and to a growing literature on policy mobilities by providing an empirical study of how the SIB model has mobilised to New Zealand. Drawing on theorising around policy mobilities, I examine the influence of international and local actors in the mobilisation of the SIB model to New Zealand. First, I highlight how the SIB model exemplifies fast policy mobilisation as it originated in the UK and travelled to New Zealand via international networks of expertise. I find that policy actors working within such networks included transnational corporations, which enable the movement of best practice policy models by facilitating global policy learning, and politicians looking abroad for the next 'big thing' in policy. The role of transnational corporations in the circulation of policy, and the "pragmatic borrowing of 'policies that work'", are known features of fast policy (Peck, 2011b, p. 773).

However, no matter how mobile policies are, this does not guarantee the receptiveness of key actors and territories to globally circulating ideas. The second section of this chapter argues that the implementation of the SIB pilots relied on certain local actors such as elected officials, consultants, and policy 'entrepreneurs' who are connected through networks of knowledge and expertise. In addition, the local political and ideological environment in New Zealand played an important part in the fast adoption of the model. I argue that the receptiveness of the New Zealand policy context to SIBs was influenced by New Public Management (NPM) reforms and more recent extensions of this found in New Zealand's social investment approach, both of which valorise the market and set the stage for a future predilection towards technocratic, neoliberalised social policy innovations. However, I claim that although the initial adoption of SIBs was relatively fast, the process of implementation was fraught, sluggish, and faced multiple complications, leading to policy mutation and a discussion of the multiple temporalities within 'fast' policy.

International circuits of fast policy

The pace at which policies mobilise across borders is accelerating. As noted in Chapter Two, 'fast' policymaking is facilitated by iterative reconstructions of 'what works', a growing reliance on evaluation science, the increased roles of 'experts' advocating best practice policies, and the compressed potential for endogenous, context-specific policymaking (Peck & Theodore, 2015). This theoretical background is useful for understanding how international circuits of policy mobility played a critical role in the swift passage of the SIB model to New Zealand. As is characteristic of fast policy, SIBs have proliferated abroad at a rapid pace, promulgated at globally circulating policy events rather than emerging solely within local contexts. This section explores how the fast mobility of the SIB model was facilitated by policy actors working within international networks. These actors connect sites of policymaking and facilitate the movement of policy knowledge. The following section explores two types of actors connected to international policymaking knowledge: transnational corporations, and politicians looking abroad for new policy ideas. These actors are not 'lone learners' but belong to both national and international epistemic communities (McCann, 2011). I argue that these actors were influential in the adoption and implementation of the SIB model in New Zealand, indicating that adopted policies can have multiple points of origin, and I discuss the ways in which these actors facilitate the spread of fast policies framed as 'best practice'.

Transnational corporations and best practice policies

The influence of transnational corporations, notably KPMG and PWC (another transnational firm specialising in consultancy and accountancy services), was prominent in the implementation of SIBs in New Zealand from their inception. According to an employee of KPMG who had worked on the SIB proposal, SIBs were initially suggested in New Zealand as a response to a Development Pipeline Fund established by Treasury in 2012, where a 'Request for Proposals' was put forward for innovative ideas that would improve efficiency across state sectors (Cabinet Social Policy Committee, 2013). SIBs were proposed by KPMG as an idea that fit this brief, and the proposal was selected by a cross-agency panel for further exploration. The KPMG employee described the initial pitch that KPMG made to the cross-agency panel:

> So, what we pitched is that we first wanted to do a feasibility study … and to basically take the lessons from the UK and tailor something that's more appropriate for New Zealand. It was a two-phase thing, one was we wanted to first do a feasibility study …

and then to sort of develop a New Zealand-tailored concept. Our phase two was going to be to run a pilot or actually starting to test it.

Drawing lessons from the UK, where SIBs had only been established in 2010, indicates that New Zealand policymaking (in this case) drew from borrowed designs, favouring "technocratic strategies pushed by well-resourced multilateral agencies" over locally-specific, 'endogenous' policy designs (Peck & Theodore, 2015, p. xxxii). This comment also indicates the influence of a 'soft infrastructure' of case studies in the mobilisation of SIBs, which is characteristic of fast policy mobility (Peck & Theodore, 2015). However, there was a clear intention to adapt the model to the New Zealand context, creating a pathway for policy mutation – the way in which policies (particularly fast policies) change as they interact with local contexts.

Organisations such as KPMG and PWC are important in constructing fast policy, acting as vectors for the production and transfer of technocratic policy solutions and implementation methods (Nunn, 2019). Their movements, actions, and predispositions contribute to the ease of policy implementation as they provide services to model and assess the suitability of policy innovations – knowledge which contributes to the global collection and dissemination of policy-relevant information. KPMG, for instance, wrote an early report on SIBs in New Zealand, and has been active in lobbying for SIB models in the UK, Australia, and France. The KPMG website claims the organisation has "extensive experience in setting up social impact bonds", including identifying investors from KMPG's client list for a SIB in Australia, and developing a set of "qualitative and quantitative indicators as part of the design of a social impact bond in France" (KPMG, 2018, n.p.). KPMG's connection to SIBs internationally, as well as their experience undertaking market soundings and actuarial modelling in New Zealand, is a critical link between international circuits of policy mobility and policymaking 'on the ground' that facilitated the relatively swift movement of SIBs to New Zealand.

These international corporations further contribute to the expansion of policy models (such as SIBs) that allow for their continued involvement in the procurement and implementation of public policy around the world (Peck & Theodore, 2010). PWC, for instance, was closely involved in the later stages of the implementation process for SIBs in New Zealand, conducting a feasibility analysis as well as financial and economic modelling of the proposals. An independent contractor for the MoH stated that "PWC was heavily involved in all the conversations and meetings. They came to all the cross-government steering committee meetings. They became very influential, which is ethically dubious at the least." As is indicated by this comment, these

corporations seek to become involved in policy learning, drawing local policy actors into transnational networks which become key in the global transference of policy models (Peck & Theodore, 2010). This can be linked to Dolowitz and Marsh's (2000) notion of veiled coercive policy transfer, where coercion entails the manipulation of policy incentives through the involvement of consultants and policy experts to encourage policy change.

In this sense, organisations such as KPMG and PWC also have the capacity to circulate best practice policies, which rely on the translation of neoliberal ideas regarding 'what works' into technocratic, 'fast policy' solutions (Peck & Theodore, 2010). The SIB model likewise comprises a collection of practices, conventions, technologies and calculations that encapsulate best practice. By being heavily involved in the creation of knowledge regarding the implementation of SIBs, KPMG and PWC help to reinvent and construct 'best practice' and propagate such policy models globally through their influence in international public services. Illustrating this involvement, an independent contractor commented on the role of PWC in the implementation process while contractors were cycling in and out of the 'Steering Group' that led the procurement of the SIB pilot: "Nobody had the longevity, people were cycling in and out, except for people like PWC, which is how they got to be the knowledge experts. Why would you have the knowledge housed entirely outside of government?" By creating and housing knowledge and technical data relative to the New Zealand SIBs, PWC created an infrastructure that allowed for future policy mobility and dissemination of expertise. This results in PWC further becoming part of a global complex of policy actors and transnational organisations that engage in the "promotion of portable policy paradigms, documented success stories and silver-bullet fixes" (Peck & Theodore, 2015, p. 224).

The sharing of best practice also involves the sharing of neoliberal framings of social problems and their ideal solutions (Peck & Theodore, 2010; Springer, 2010). This enables the reconstruction of complex, multidimensional and multigenerational problems into technical problems to be fixed with technical solutions. The SIB model equally assumes a targeted approach to social problems, and, as was noted in the previous chapter, follows international trends of targeting 'vulnerable' and easily measurable groups (Fraser et al., 2018). These targeted problems are 'resolved' by reducing or increasing particular outcome measurements decided upon by the architects of the bond, which seek to change the behaviour of individuals. This neoliberal reframing of social problems is further addressed in the following chapter.

Following a global predilection towards best practice models, the willingness to experiment with the SIB model in New Zealand was said to be derived from a desire to make an impact on intractable social problems in a way that reduces government intervention, while looking abroad to see what other locales are trialling. A former parliamentary Minister commented in an interview:

> It was all about, 'look, how do we actually deliver something, or how do we really make an impact on this very difficult problem, think of novel solutions, is there a way of doing things differently? What's being done around the world?' And social impact bonds were one of those tools that they came up with.

KPMG's proposal to trial SIBs likely fell on sympathetic ears, as the National-led Government (2008-2017) was supported in confidence and supply by the libertarian ACT Party, which had long promoted ways to reduce government interventions and increase private sector involvement in public policy. This was particularly evident in the drive for 'value for money' services and increased private sector partnerships emphasised within National's 'Better Public Services' targets (Boston, 2017; Kelsey, 2015). The Better Public Services programme was launched in 2012, and sought to improve public services while prioritising data collection, minimising expenditure, and increasing innovation and agility in the provision of public services (English, 2016; State Services Commission, 2018). The 'Better Public Services' targets themselves expressed outcomes the government wished to achieve from investment in state sector programmes within tight fiscal constraints, such as reducing long-term welfare dependency (Moore, 2019). SIBs aligned with the National-led government's ongoing emphasis on the involvement of private sector actors in the public service (Hood, 1991; Humpage, 2019). The choice to consult with KPMG on a 'novel solution', rather than groups such as community organisations or other NGOs, then speaks to an already-formulated desire to find a technocratic solution to social problems.

Politicians looking abroad

Politicians looking abroad for policy solutions also played a part in the mobility of the SIB model to New Zealand. In a second account of how SIBs found their way to New Zealand, Tony Ryall (the Minister of Health 2008-2014) claimed that he came across the model as he was actively searching abroad for 'new ideas'. Ryall described how he came to 'discover' and circulate the SIB model so that it reached the collective consciousness of local policy actors:

> In my previous role, I was often scanning what was happening around the world in various things to do with health. And one day I came across a newspaper article, or a report, about social impact bonds – social bonds, as I think they were called. I was intrigued by the idea and circulated it amongst a number of my colleagues, including the Minister of Finance, and senior officials at the Ministry of Health, and we decided that we should give it a go.

Notably, the term Ryall used (social bonds) is an Australian term, which reflects mutability and convergence of policy ideas in the minds of policy actors (Peck & Theodore, 2010). Ryall's account also gives some evidence that policymakers actively search for best practice policy solutions that respond to the perceived inefficiency of the state. The report cited by Ryall was published by the Center for American Progress as part of a project called 'Doing What Works', which "promotes government reform to efficiently allocate scarce resources and achieve greater results" for citizens (Liebman, 2011, p. ii). Reports such as these, produced by thinktanks and international organisations, construct simplified solutions of best practice in the form of a clear and concise 'how-to' guide. The influence of this report in the construction of the SIBs in New Zealand signals a predisposition in the actions of policymakers towards mitigating increasing fiscal constraints, as well as the desire for expedient policy solutions and the continuous improvement of public sector efficiency (Peck & Theodore, 2010).

Ryall describes himself as 'scanning' the globe, searching for readily-crafted solutions to identified problems that come from ideologically sanctioned locations (in this case, the US and the UK). Ryall's account indicates an increasing deference to 'silver bullet' policy fixes, or "mobile condensates of preferred policymaking rationalities" (Peck, 2011b, p. 147). In this way, fast policies can diminish the possibility for policy innovations to occur from 'in situ' invention or practices, instead replaced with selective borrowing and learning from abroad (Peck et al., 2012). This results in a marginalisation of contextually sensitive policymaking in favour of 'quick fix' policy solutions, which Theodore, Peck and Brenner (2011) describe as leading to neoliberal entrenchment in policymaking.

Both Tony Ryall and Bill English (the previous Minister of Finance 2008-2016 and the Prime Minister 2016-2017) continued looking abroad for ideas, which involved attending ministerial conferences in Australia. Ryall noted: "I had attended a couple of ministerial conferences in Australia, where I became aware of a number of Australian states, particularly New South Wales, who were also giving this a go." As noted in Chapter Two, attending

conferences abroad can be understood as ‘policy tourism’. Fact-finding visits to these desirable policy locations allow policy actors to learn the challenges and benefits of policy models from other locations (McCann, 2011). These locations are often confined to a policymakers’ mental map of ‘legitimate’ locations to visit for inspiration and learning (McCann, 2011; Temenos & McCann, 2013). Likewise, a policy model’s association with the ‘right’ location can lend it authenticity and feasibility; in this sense, models that come *from somewhere* are seen as desirable and worth imitating (Peck & Theodore, 2010; Baker & McGuirk, 2019). The solutions that are ‘discovered’ further tend to align with the shared values and (often neoliberal) affinities of these locations in a deepening ‘relationality’ in policymaking processes (Peck & Theodore, 2015). This further highlights the (selective) international influences in the mobilisation of the SIB model to New Zealand.

These two accounts of the origins of the SIB model in New Zealand suggest, as Robinson (2015, p. 833) has similarly noted, that policy models can have multiple origins, which must be understood with “topographical and topological spatial imaginations”. While Tony Ryall’s narrative of ‘discovering’ the model from overseas literature appears to contradict KPMG’s story, it is possible that these two events occurred simultaneously. The intermingling of the multiple instances of influence from actors and institutions (as well as intermingling of the *here* and *elsewhere* of policy knowledge) must be taken into account to explore how policies arrive at local jurisdictions. The influence of KPMG and the active role undertaken by Tony Ryall account for the intermingling of various localities of policy inspiration.

I have here argued that the international context played a significant part in the introduction of the SIB model into the New Zealand context, and the fast policy transfer of the SIB model across jurisdictions. Internationally circulating policy ideas, and international actors connected to these ideas, were influential in this process. In particular, I have highlighted that transnational organisations are crucial to the mobilisation of fast policy, and likewise facilitate the creation of fast policies and shape what is defined as ‘best practice’. Further, Tony Ryall’s ‘discovery’ of the SIB model highlights that mobile policies can have multiple origins. However, focussing on international circuits of policy knowledge and related actors only tells part of the story behind the uptake of SIBs in New Zealand. As Robinson (2015) observes, policy ideas arriving from elsewhere may also arise from long-standing local policy processes and contexts; in other words, it must be recognised how *places* arrive at policies. In New Zealand, local actors and contexts played a critical role in shaping the receptiveness of New Zealand to the SIB model.

The next section will discuss these local policy actors, as well as the New Zealand context of NPM and social investment.

Local receptiveness to fast policy

There is evidence to suggest that various local actors, as well as a history of public management reforms, enabled the relatively fast mobilisation of the SIB model to New Zealand. These actors that facilitated the implementation of the SIBs included elected officials, such as Tony Ryall, Bill English, and Jonathan Coleman (the Minister of Health 2014-2017), and policy 'entrepreneurs' – in this case, contractors and consultants from various institutions hired by the MoH. This section first argues that the connection and interaction of these actors is integral to the facilitation of fast policy as well as the implementation of the SIB model in New Zealand. Second, it argues that the New Zealand policymaking context is defined by a history where NPM ideas have dominated the public sector, and where recent social investment reforms have extended these ideas further. These ideas set the groundwork for a preference towards market-oriented social policy innovations, and allowed the rapid uptake of SIBs as fast policy.

The role of local actors in policy mobility

A policy mobilities approach regards policymaking as dependent on the movement of various actors and their activities across multiple spaces (McCann, 2011; Peck, 2011b; Temenos & McCann, 2013). Elected officials in particular played an integral role in the implementation of the SIB model in New Zealand. The positions of power that these officials hold lend weight to their ideas and interests, while they also have the capacity to circulate ideas through policymaking circles. For instance, Bill English was cited by several key actors as highly motivated to see the SIB model succeed, and as a 'driving force' behind SIBs – although his involvement in the SIB project (as both Minister of Finance and later Prime Minister) was officially 'behind the scenes'. An independent consultant commented: "Certainly as Minister of Finance and Prime Minister, he was a strong driver to develop innovations which included social bonds. He was probably one of the stronger general advocates." Likewise, Ryall's interest in the SIB model created significant impetus for the initial procurement process. The SIB project was even led by the MoH because of Ryall's enthusiasm; Ryall himself commented that "we needed a government department to do it, so it might as well be the department with the administrator who was most enthusiastic."

However, policy entrepreneurship can wax and wane over time. In 2014, Ryall left office and was replaced by Jonathan Coleman. After Ryall's departure, the process of implementation stagnated due to a lack of interest from other officials. An independent contractor stated in an interview that the model became considered as a political 'hot potato', or in their words, a 'poisoned chalice', because of its apparent riskiness and potential to mar the reputation of politicians who took ownership of it. The importance of the actions and motivations of policy actors in the mobilisation of fast policy is here made evident, as the *lack* of enthusiasm from political elites was found to be equally important as the *presence* of enthusiasm. This was noted in an independent evaluation of the SIB pilot programme as a "lack of visible senior sponsor support for the social bond pilot programme", which contributed to the slowing of the implementation process and caused the start of both bonds to be heavily delayed (Mules, 2016, p. 9).

A second group of actors heavily involved in the SIB project were independent consultants and contractors, or 'policy entrepreneurs'. Fast policy transfer depends on such "charismatic experts and consultants", who are able to maintain alliances and networks of interaction, to convince other policy actors of a model's effectiveness (Prince, 2010, p. 171). Following the leadership vacuum created by the departure of Tony Ryall, an influential independent consultant was contracted by the MoH in mid-2017 to take charge of the Steering Group leading the SIB project. This consultant, who had previously worked for government and had experience mostly in economic and financial analysis, noted that the Steering Group was 'falling apart' and had 'lost the support of most of the participants'. On this subject, the consultant commented:

> Basically I was hauled in to try and get some energy and drive to that process, so from that point on most of the people who had been involved in the project for the last two and a half years disappeared.

Almost all key actors that I interviewed noted that this consultant was a catalyst for the implementation of SIBs in New Zealand: this person was described as 'pragmatic', 'critical' to the project, and as the 'architect of the whole thing'. The consultant further contributed commercial knowledge to the SIB project that was found to be lacking in the government Steering Group (Mules, 2016), which suggests that the logic of fast policy is in part underpinned by policy entrepreneurs capable of pushing best practice models, and their skill in maintaining alliances between multiple groups. Policy entrepreneurs, such as this consultant, have the

capacity to devise strategies to catalyse the implementation of policy models, investing their own time and energy to influence public policy. A representative of Genesis commented that the SIB project "could have all died a death, had [the government] not have actually got [the consultant] in, who I think government trusts as a guy who just gets the job done." As a policy 'entrepreneur', the consultant holds policymaking knowledge and expertise to be able to enact policy change quickly – although, it must be noted they had no (known) prior experience working with non-profit organisations.

Although the assortment of actors involved in the SIB model – intermediaries, external agencies, private investors, government, and NGOs – creates complexity in the contract design and implementation of a SIB, the influential consultant can be seen as a cornerstone of these groups, facilitating fast policy by connecting disparate and dissimilar groups, and also facilitating the creation of their own networks so that they become 'known' and relied on for future projects. In this regard, the consultant commented: "I worked with a number of the other consultants involved, so PWC people there I knew very well, most key ministers including the Prime Minister were people … who knew me as well." The consultant's connections with multiple other actors supports the claim that policy actors are not 'lone learners', but members of epistemic and expert communities, whose "identities and professional trajectories are often bound up with the policy positions and fixes that they espouse" (Peck & Theodore, 2010, p. 170). I argue that 'travelling technocrats', such as this consultant, are increasingly moving between private, public, and non-profit sector organisations and reshaping these as they go. While existing accounts that describe 'travelling technocrats' emphasise the *international* mobility of policy actors (see Larner & Laurie, 2010), my account demonstrates how technocrats also travel *institutionally*.

The influence of these policy actors and entrepreneurs in the mobilisation of fast policy works in tandem with the nature of local contexts. As Peck and Theodore (2010, p. 171) write, policy models often successfully arrive at a particular location because they have already been "ideologically anointed or sanctioned"; in other words, the particularities of a location influence which policy models are deemed suitable or acceptable in that space. In the following section, I outline the New Zealand-specific factors that led to the fast adoption of the SIB model – NPM and social investment – contending that SIBs are a continuation of these ideas.

The local context: New Public Management and Social Investment

I argue that the local ideas associated with NPM and social investment also facilitated the fast adoption of the SIB model in New Zealand, as their ideational underpinnings are aligned with those that shape SIBs. NPM is considered a 'slippery' and contested concept which constitutes an approach to the more 'efficient' organisational design of the public sector (Goldfinch & Wallis, 2010). NPM reforms "reshaped the relationships between public and private sectors, professionals and managers, and central and local government" in a variety of countries from the mid-1980s (Newman, 2000, p. 45). Lodge and Gill (2011) consider some general features of NPM to include explicit performance standards, output controls, increased competition and contractualisation in service delivery, and the increased use of private sector-style management practices. Newman and Clarke (2009, p. 74) add to this list the construction of 'internal markets' within services by separating purchasers and providers, as well as increased and incentivised private financing for social projects through public-private partnerships.

New Zealand became the global frontrunner for NPM after introducing sweeping reforms to public management in the 1980s, which have been noted extensively by scholars for the scope and pace at which they were implemented (Boston, 2013; Boston & Eichbaum, 2014; Goldfinch, 2009; Whitcombe, 2008). As such, New Zealand is considered the "primary example of an extensive and intellectually coherent attempt at public sector reform that followed the key characteristics associated with NPM" (Lodge & Gill, 2011, p. 142). Comprehensive economic and administrative reforms were supported by a newly elected Labour government in 1984, at a time of high public debt, slow economic growth, and increased overseas borrowing (Boston, 2013; Destremau & Wilson, 2017; Whitcombe, 2008). The reforms aimed to enhance economic growth and efficiency, reduce government expenditure and the size of the core public sector, curb welfare dependency, and fix a 'cumbersome' regime of input controls (Boston, 2013). Further, Duncan and Chapman (2010, p. 301) note that NPM featured significant utilisation of "competitive contracting out of many public services to private-sector and community-service agencies". Large-scale privatisation of state assets played a part in this process (Larner & Laurie, 2010). In this regard, Kelsey (2015) comments that during the NPM reforms, investment bankers and investment vehicles designed and bought into state assets, many of the state-owned banks were transferred to foreign interests, and the managed funds industry thrived and lobbied for the introduction of PPPs to build public infrastructure. This

fragmentation of public service delivery through NPM facilitated neoliberalisation and the creation of multiple markets.

While the NPM reforms saw some advances in efficiency (such as improvements in service quality and better expenditure management), there were also significant repercussions (see Goldfinch, 2009). The negative economic and social impacts of some of the reforms generated demand for yet more changes to public management and subsequent efforts to curb the effects of NPM (Boston & Eichbaum, 2014). In particular, an emphasis was placed on a 'whole of government' approach and on the value of the public service during the early 2000s. Most notably, in response to the limitations of an 'outputs fetish' (Schick, 1996) and a 'Review of the Centre' commissioned by the government in 2001, there was a greater attempt to focus on the strategic management of *outcomes* (Duncan & Chapman, 2010). While government departments were still required to deliver outputs, they were also mandated to adopt an 'outcomes-focused' approach to management known as the 'Managing for Outcomes' approach, which was intended to lead to a more 'responsive public service' by aligning resources to the most efficient outcomes (Goldfinch, 2009). It must be noted, however, that outcome measurement is not new and was featured in the Public Finance Act 1989 and the State Sector Act 1988, which endeavoured to shift the focus from inputs, to outputs and outcomes (Destremau & Wilson, 2017). Despite these and other changes, principles of NPM have continued to shape the management of the public sector (see Lodge & Gill, 2011; Goldfinch, 2009).

Private sector involvement and contracting for social services remained key parts of the public sector following Labour's re-election in 1999, and became even more favoured following the election of a National-led government in 2008. It developed a range of initiatives that coalesced into a 'social investment approach' (Boston & Gill, 2017). The basis of the approach emerged from the government's review of the welfare system in 2010. The review, outlined in a report published by the Welfare Working Group in 2011, proposed that the performance of the welfare system should be assessed by an estimation of the Crown's long-term fiscal liability, based on an actuarial assessment of the future costs of benefit receipt (Welfare Working Group, 2011). The concept of social investment, however, is not new and first emerged under the centre-left Labour government elected in 1999, which, in turn, was influenced by international thinking around social investment (Moore, 2019). The principles of NPM are also reflected in social investment – particularly elements such as emphases on efficiency and innovation, conceptualising public policy as an investment, contracting for service delivery, and the

enthusiasm for public-private partnerships and payment-by-results contracts – leading Boston and Gill (2017, p. 11) to call the approach ‘old wine in new bottles’.

The National-led government’s social investment approach from 2012 was premised on harnessing technologies in data collection and analytics to improve outcomes. This involved “applying an investment logic to a government’s social interventions” to assess total gains and losses from policy changes, and reducing the numbers of people receiving benefits by employing active labour market policies – coupled with an assumption that benefit exits equate to employment and positive social outcomes (Boston & Gill, 2017, p. 11; Destremau & Wilson, 2017). Policy initiatives that employed client segmentation (identifying groups deemed to be ‘vulnerable’) and intervention innovation (tailoring interventions to target these groups) to reduce numbers of working-age beneficiaries were seen as an investment against future costs to the state. Managing forward fiscal liability subsequently became a key performance measurement in the public sector (Chapple, 2013; Destremau & Wilson, 2017); however, the question remains of whether a reduction in liability equals a positive social outcome. These problems of measuring social and financial value remain conspicuous in the SIB model, and are explored further in the following chapter.

The context of NPM and social investment set up an environment that valued technocratic, market-oriented social policy innovations. I argue that SIBs reflect many of the features and values of the approaches described above; the SIB model was even claimed to be a “consistent fit” with the social investment approach (English & Coleman, 2015, n.p.). While supporters of SIBs argue that they are innovative and a ‘new way of doing things’ (Joyce & Adams, 2017), SIBs are premised on concepts that have been prevalent in the New Zealand context for the last two decades – a focus on data and measurement, investment logics, increased contracting, and public-private partnerships. As such, I argue that SIBs are not necessarily ‘new’ and ‘innovative’ in New Zealand at all.

The fast adoption of the SIB model in New Zealand was facilitated by this notion that the underlying values of SIBs are ‘nothing new’ for New Zealand. In particular, the enthusiasm for data-driven policy and purchasing arrangements emphasised in NPM and social investment provide a congruent environment for the implementation of SIBs. SIBs are described in New Zealand policy documents as ‘genuine outcome contracts’ that reflect the primacy of data collection and outcome measurement by employing client segmentation, targeted interventions, and tying the attainment of outcomes to financial returns for investors (Ministry of Health &

Treasury, 2016b). The focus on data and the seemingly objective measurement of outcomes also offers the SIB model a 'self-evident neutrality' and universality (Prince, 2014; Temenos & McCann, 2013). However, issues of data collection present in the social investment approach also hold true for the SIB model; while the collection of more data is not 'bad', the definition and analysis of data is not "neutral nor natural" (Baker & Cooper, 2018, p. 435). This becomes particularly apparent as an audit of the SIB on youth reoffending noted variability in the measurement of participant outcomes by Oranga Tamariki staff, due to the "inadequate guidance regarding the completion of the scores [outcome metrics] and the fact that it was based on Australian and not New Zealand Youth Justice legislation" (Gow, 2019, p. 6). Moreover, the tool used to measure these outcomes – the YLS-CMI tool – was originally developed in North America.

Further, the ideational underpinnings of SIBs reflect the long-standing notion that the government is inefficient and incapable of providing effective services (explored further in the following chapter). NPM, for example, constructs the 'traditional' public sector as:

> lack[ing] the incentives that operate in the private sector ... generic funding of their activities leaves them unaccountable for their use of public resources. This is contrasted to an idealised model of private firms and their management tools and practices (Kelsey, 2015, p.137).

The SIB model likewise (theoretically) allows the government to take a 'hands-off' approach in terms of contract management. Service provision, funding, and evaluation is delegated to external entities so that governments ostensibly take no responsibility (financially and in outcomes) for the failure of an intervention. This reflects both the existing neoliberal ideology in New Zealand and the translation of neoliberal values within the substructures of the SIB model, which are premised on a heightened role for markets and the limitation of state interference. While neoliberalism is already embedded or 'resilient' in New Zealand (Kelsey, 2015), SIBs represent a *further* embedding of neoliberal ideology by mobilising ideologically sanctioned rationalities in their transfer. This follows Peck's (2011b) argument that policy paradigms such as neoliberalism can be mobilised within policy objects, and emphasises the retrenchment of the welfare state and the introduction of 'moral' (social investment) markets, resulting in a rolling *out* rather than rolling *back* of neoliberalism (Theodore et al., 2011).

Finally, another aspect of the local context that is congruent with the SIB model is New Zealand's short electoral cycle (three years) and ministerial tenures (typically shorter than the three-year parliamentary term), which provide a limited timeframe for policy experimentation and success (Boston, 2017). SIBs, as fast policy, represent "prefabricated solutions", exposing a preference for rapidly implemented policy ideas over long-term, 'big picture' policy ideas (Peck, 2011a, p. 178). This produces a 'technocratic closure' which fosters a new style of rigid and incremental policymaking (Peck and Theodore, 2015).

In this section, I have discussed how local policy actors (politicians and policy entrepreneurs) and the socio-political environment facilitated the rapid mobilisation of the SIB model into New Zealand. The conceptual notions underpinning both NPM and the related social investment approach, which have circulated in New Zealand since the 1990s, provided a fertile environment for SIBs to be considered worthy as a policy experiment. This allowed for a relatively rapid adoption of the SIB model, and leads to the question of whether the SIB model can be considered 'innovative' in the New Zealand context. I have also indicated that SIBs have the potential to mobilise a neoliberal paradigm into the policymaking landscape in New Zealand. While adoption of the SIB model was rapid, the next section contends that policymaking following this point was not necessarily 'fast' at all, caused by the fraught implementation process of the SIB model. This has resulted in idiosyncrasies or 'mutations' in the SIB model, which contributed to the lack of innovation noted here.

SIBs and policy mutation

Exploring fast policy involves examining the "connections and the contradictions between the smooth spaces imagined and made by global policy models and the more mundane and 'sticky' reality of day-to-day delivery" (Peck & Theodore, 2015, p. xvii). As a form of fast policy, SIBs are open to various transformations as they are translated across different locations, exposed to local socioeconomic contexts, and become embedded within 'local milieu'. Policy mutation describes the process of 'making up' policies, tracing changes in their structure and formation as they are reshaped and reproduced in new local socio-political contexts, and as they are affected by various new actors and new ideas (Peck & Theodore, 2010). While it is assumed that the adoption of policies from 'outside' ensures replicability, the mobilisation of policies necessarily implies mutability and transformation.

I have explored the ways in which the SIB pilots differed from an ideal-typical model in the previous chapter. In this section, I discuss some factors that may have contributed to these idiosyncrasies, and various local contextual factors that prevented the overt replication of the SIB model in New Zealand, highlighting the nature of policymaking as a "complex process of nonlinear reproduction" (Peck & Theodore, 2010, p. 170). A lack of knowledge about *how* to implement a SIB was particularly pertinent in the mutation of the model. A former parliamentary Minister commented on the process of 'creating' the SIB model: "Not everyone was aware of what social bonds looked like, and so, you know, the sort of market experience of how this stuff works. We were essentially creating it." The active creation of the model reflects the notion that policy mutation occurs at the point of 'touch down' at a specific location. The factors that led to the particularities of the SIB pilots are described here.

First, aspects of the procurement process played a part in creating policy mutation. For instance, while SIB contracts are usually negotiated between all parties to ensure all interests are represented (Gustafsson-Wright et al., 2015), investors in the New Zealand pilots were not involved in any phase of procurement and were approached only after contractual arrangements had already been made with service providers and intermediaries. Mules (2016, p. 7), in her assessment of the SIB procurement process, described the role of the intermediary in the procurement process as 'standing in' for investors, commenting that it was "unwise to only interact with intermediaries on this basis and expect them to second-guess what investors' issues/positions might be". Further, the agencies acting as commissioners changed partway through the arrangements: the MoH handed over the first bond to the Ministry of Social Development (MSD), and the second bond to Oranga Tamariki (English & Tolley, 2017; Oranga Tamariki, 2019). This resulted in some confusion for the service providers as well as further delays in implementation. A service provider commented on the role of Oranga Tamariki in the establishment of the second bond, including the requirement for consultation with iwi:

> Oranga Tamariki was another curveball, because they were the designated ministry. And they didn't, they weren't part of any of the development phase, and all of a sudden, they're the ministry that's going to actually … So they got hold of it, "But wait a minute, we're not happy with a few things here." So they threw at us – we had to go through an Iwi partnership consultation phase. So that was a full month of my life gone, meaning every Iwi, Marae [Māori meeting place], you name it, any authority, we went out there

with a consultant, and we met, and we talked about what we're proposing, and had to get them agreeable to it.

These procurement methods and context-specific commissioning requirements reflect how the "messy realities of policymaking at the 'ground' level" result in the disruption of ideal-typical formations of policy models from elsewhere (Peck & Theodore, 2010, p. 170), illustrating the 'embedding' of the SIB model in local practice.

Second, the small social investment and intermediary markets in New Zealand necessitated the transformation of various aspects of the SIB model. Indeed, the limited social investment market was noted in a proposal for the first SIB, which states that "overall the process of finding investors has been difficult" (English & Tolley, 2017, p. 6). This was also mentioned by a report assessing the viability of SIBs in New Zealand (referenced in the previous chapter), which concluded that SIBs should not be implemented in New Zealand (Ross Philipson Consulting Ltd., 2011). A representative of KPMG likewise acknowledged that New Zealand has a "relatively small capital market, limited number of players." The low number of interested investors, in tandem with the quick assembly of the first SIB following its initial failure, likely resulted in the role of APM as both investor and service provider.

Mules (2016, p. 6) similarly notes low market uptake from interested intermediary organisations, which she suggests is likely a result of a combination of "the smaller market for parties willing and able to take on this role, … [and] a lack of understanding on the market's part in terms of the role and its responsibilities." She said the MoH was unclear as to the purpose of the intermediary in the New Zealand context (as compared with other larger, more developed markets). This was likely a key factor in the establishment of intermediaries within the service providers. The lack of existing intermediaries and interested investors in New Zealand, as well as a lack of understanding regarding the roles of intermediaries, indicates the ways in which policy (trans)formations are socially and locally constructed processes, formed within the boundaries of local contexts (Peck & Theodore, 2010).

Finally, the decision to undertake a 'market-led' approach in the procurement of social outcomes to be addressed by the SIB pilots shows an inherent trust in the market to identify pressing social problems and their solutions, as well as the assumption that market-based problems are the same as wider societal problems. The attempt to introduce *more* market influence in the SIB procurement process and the complications that arose from this decision

evidence the nature of market-based policy models as co-constructed and produced *inside* local experimental contexts, and the ways in which the "programmatic aspirations of neoliberal policymakers are, in practice, routinely frustrated" (Peck & Theodore, 2010, p. 173).

The various idiosyncrasies associated with the New Zealand SIBs are representative of policy mutation, a feature of fast policy where the social and political contexts, as well as the decisions of local actors, create a path for policies to "take on lives of their own" (Peck & Theodore, 2010, p. 170). This resulted in shifting roles for actors involved in the SIB pilots, as well as complications in the process of procurement. In this way, the SIB model is further illustrated as an example of fast policy, both in terms of the evolution and transformation of the 'original' design, and the way in which the New Zealand experience contributes to a narrative of the continuous making and remaking of fast policy models (Peck & Theodore, 2015). Multiple setbacks in the SIB procurement process further led to shifts in the *speed* of procurement, indicating that mutation is coupled with 'multiple temporalities' of policy mobility. This is explored in the following section.

Multiple temporalities in the SIB model - how fast is 'fast'?

Fast policy is defined as where policymaking (particularly research and development phases) is increasingly rapid and depoliticised, reflecting the quickening pace of the 'real world' (Peck & Theodore, 2015). Wood (2015), however, argues for a conception of the varying temporalities of policy mobility, including 'slow' policy circulation. Despite the early flurry of ideas and initiatives in the implementation of SIBs in New Zealand, as well as the seemingly fertile local context, the implementation process was not without complications that took some years to work through. Due to the convoluted process that followed their procurement, I argue that there were 'multiple temporalities' of mobility – while SIBs remain representative of fast policy, the actual speed of implementation itself was impeded by multiple setbacks.

The initial introduction of the SIB model was reasonably rapid. The time period between the implementation of the first SIB in the UK (2010) and the suggestion of SIBs in New Zealand (2012) was relatively short, enabled by the processes described in this chapter thus far. The *initial* process of procurement for the New Zealand SIBs also ensued rapidly. As was noted in the previous chapter, Cabinet was briefed on the potential to establish a SIB pilot in February 2013 (Ministry of Health, 2013), and 'Registration of Interest' requests for service providers and intermediaries were issued towards the end of 2013 (Mules, 2016, p. 4). Factors that contributed

to this rapidity included technology that facilitates the instantaneous sharing of information, as well as near-instantaneous means of travelling, allowing actors and policy 'entrepreneurs' to appear practically on demand. A representative from Genesis commented:

> In one of the first visits to Wellington, they invited across the one of the Australian social bond recipients, and we talked through the whole process there, we got to see other bonds around the world and what they look like, and how they work. So it was really good learning for us in terms of forming our concepts and the proposals for us.

The communication of policy knowledge through these meetings allowed other actors from abroad to 'sell' the success of their experience, designed to convince New Zealand audiences that these policies from abroad would also work at home. The sharing of this knowledge impacted influential characters and stakeholders in New Zealand, creating a picture of best practice and informing further knowledge creation.

However, the speed at which policies can spread often runs ahead of the empirical evidence of their efficacy (Peck & Theodore, 2010). The quick adoption of the model in New Zealand, despite a lack of evidence, embodies the 'shoot first ask questions later' method of policy implementation associated with fast policy. Notably, SIBs can take up to five years to mature and produce results. By the time SIBs had been approved in New Zealand, there was evidence that some international SIBs were not meeting their outcome targets (Roy, McHugh, & Sinclair, 2017). One former parliamentary Minister recognised that the evidence had been 'mixed', commenting: "Bill [English] and Treasury, they did look at where they worked around the world. Some had delivered results, some of the results had been a little bit mixed." Since the inception of SIBs in New Zealand, the results from SIBs overseas have been even more 'mixed': the first SIB to launch in the UK (Peterborough Prison), for example, was originally scheduled to run for seven years, but was terminated at three years given limited success achieving outcomes; likewise, the first SIB in the US at Rikers Island Prison was also terminated early, having failed to achieve targets (Roy et al., 2017).

Policymaking slowed significantly after the initial adoption of the SIB model. Negotiations on the first SIB pilot began in 2015 – three years after procurement began (Ministry of Health, 2017). Several setbacks that contributed to the slow pace of implementation are reviewed extensively in Fiona Mules' (2016) report. First, communication between Ministries was lacking: while the SIB pilot team relied heavily on Treasury for commercial support, support

was ‘inconsistent’ as Treasury was under the impression that PWC was providing commercial support, which was not the case. The lack of cross-agency sharing is also highlighted where, despite the second pilot focussing on reducing reoffending, the procurement team were not aware that a similar outcomes-based PPP had been established by the Department of Corrections and Treasury in 2011. According to Mules (2016), there were potential lessons that could have been shared from this experience, including performance standards and measurement metrics. Mules (2016, p.11) further remarked that the government should have set up the commercial and financial parameters before procurement, so the government could “show that it has done some thinking upfront and is confident of a successful outcome on that basis, as opposed to just letting a process run without any definitive parameters and seeing what happens in the end”.

As noted, an independent report initially suggested that New Zealand should *not* engage in a SIB trial until there was a “better understanding of the New Zealand investor environment, especially the social lender and philanthropic sector” (Ross Philipson Consulting Ltd., 2011, pp. 1-2). The method of curtailed policy research and design, in tandem with the setbacks in procurement highlighted above, perhaps contributed to the mutation and failure of New Zealand’s first SIB, which ‘fell over’ after Wise Group and ANZ withdrew from negotiations (Gudsell, 2016). The Chief Executive of Platform Trust, a national network of community organisations, said the situation is “indicative of the cost to the community sector of doing business with government … we go through what appears to us, from the community sector, as tedious bureaucratic slow processes that kill things before they’re even born” (Gudsell, 2016, p. n.p.). Likewise, an independent consultant that I interviewed commented:

> It fell over because those parties, the NGOs, the financial intermediary, the bank, had been strung along for longer than two years … the applications they had to do were these massive documents, and hundreds of hours would have been invested, thousands, and nothing had been done.

Due to these complications, the design of the first SIB pilot was quickly remodelled and based on an existing intervention in New Zealand (Work to Wellness), which allowed for the procurement of the SIB to speed up again after a long period of negotiations and legal assessment halted the process. This indicates that policy mobility functions via multiple temporalities, ‘fast’ and ‘slow’ policymaking, caused by the melding together of local and extra-local policy models, processes and contexts. This SIB again failed due to a lack of client referrals from frontline services. The bond model was dropped and remodelled again into a new Work to

Wellness scheme, which further suggests that mobilised policies do not move along 'singular trajectories' but shift and become translated 'on the ground' (Peck & Theodore, 2010; Peck, 2011b).

Overall, the New Zealand SIBs represent a form of fast policy: the idea itself was rapidly communicated from internationally circulating knowledge; globally connected policy agents, experts and groups engaged in the transfer and implementation; and the solutions SIBs pose are 'quick fixes' postured as best practice. However, the interaction with local socio-political contexts created multiple roadblocks and limitations to the speed with which implementation occurred, leading to multiple temporalities in the model's journey. From inception to implementation, it took over five years for the first SIB alone to be set up. I argue that the notion of fast policy must then be supplemented with acknowledgement of these multiple temporalities in policy mobility. Wood (2015) further contends that multiple temporalities call for persistent alteration and reintroduction of policy models, suggesting that full adoption occurs after multiple failures and reintroductions. This may indicate that the failure of the first SIB pilot is not the end for SIBs in New Zealand, particularly as the latest New Zealand National Party (2019) 'discussion document' outlines the Party's hopes to set up a Social Innovation Fund and to continue the SIB programme should they return to power in September 2020.

Conclusion

This chapter has used Peck and Theodore's (2015) notion of fast policy to conceptualise the SIB model and its mobility to New Zealand. SIBs have proliferated abroad at a rapid pace, and have developed locally in response to global policy circuits. Both these international circuits of policy mobility and local particularities played critical roles in the quick passage of the SIB model to New Zealand. First, transnational corporations and globally aware politicians contributed to the multiple origins of the SIB model. These corporations, in particular, play a pivotal role in the framing, creation, and dissemination of best practice policy models such as SIBs. The fast mobilisation of the SIB model can also be attributed to the roles of local actors, particularly elected officials and policy entrepreneurs, as well as a local context of NPM and social investment, which created a deference to technocratic, market-based policy models. Various aspects of the local context also generated policy mutation. Finally, while I argued that SIBs can be considered 'fast' policy, the implementation of the model was not necessarily fast at all,

indicating that a conception of fast policy must account for the multiple temporalities that can be involved in policy mobility. Despite the failure of the first SIB, and uncertainty about the results of the second, I have contended that SIBs can mobilise a neoliberal paradigm to policymaking in New Zealand. How this was the case will be explored in the following chapter.

Chapter Six: SIBs as neoliberalised policy models

Introduction

This chapter answers my final research question, which asks whether SIBs exemplify neoliberalised policymaking underpinned by marketisation, privatisation, and financialisation. While there has been much scholarship on the marketisation and privatisation of social services, the implications of privatised finance have been less explored. Through my analysis of the SIB pilots, this thesis contributes to the emerging knowledge of financialised forms of privatisation and the academic discourse on 'actually existing' neoliberalism in social service delivery. First, I illustrate the ways in which the SIB model extends market logics of competition, efficiency, innovation, and accountability into social service delivery, demonstrating that SIBs represent neoliberalised policymaking grounded in market ideology. However, I find that while contract competition and rhetorical framings of efficiency are evident, promises of innovation and accountability remain unfulfilled, which indicates the experimental and contradictory nature of neoliberalised policies. Neoliberal social service and state reform is further linked to privatisation. I discuss the ways in which SIBs are privatised through the private provision of finance, and the potential for private service delivery. The privatisation of finance, in particular, is a unique aspect of the SIB model that has become a medium through which financialised logics can reorganise service provision. I argue that the establishment and measurement of outcome metrics are financialised through the SIB model, which promotes new methods of neoliberalised service provision.

SIBs, neoliberalisation, and the promotion of market logics

As noted in Chapter Two, neoliberalisation in the context of service delivery can be defined as a general primacy of the market and the meshing of market logics in non-market based institutions, such as the state and non-profit service providers (Edmiston, 2014; Mudge, 2008). I argue that SIBs are neoliberalised policy models that integrate market-based logics into service provision, a feature which is claimed by SIB proponents to make social services more efficient (Joy & Shields, 2018). As noted by the New Zealand Productivity Commission (2015), market-based logics of competition, efficiency, innovation, and accountability are desirable and increasingly

sought after in social service delivery. While this preference for market-inspired logics is not new, SIBs reflect a renewed enthusiasm for marketisation by introducing private funding into social services that were previously publicly funded, and by integrating private investors further into service provision by allowing for a return on investment (Carter, 2019; Newman & Clarke, 2009). As was acknowledged in Chapter Two, while 'private' can mean both for-profit and non-profit organisations, I use 'private' in the thesis to refer to the involvement of for-profit organisations. This section explores the neoliberalisation of the New Zealand SIB pilots by examining how market logics of competition, efficiency, innovation, and accountability are discussed and actualised within these pilots.

Competition

SIBs introduce competitive pressure between service providers (and service users) in the creation of new markets for SIB contracts. Market-based competition is a key characteristic of neoliberalism that, in theory, is thought to foster efficiency and innovation (Mudge, 2008). Demonstrating this belief, a former parliamentary Minister stated that "once you attract private capital, you get more innovation because there's more competition, and there's a drive to deliver results." The New Zealand Productivity Commission (2015) has likewise stated that non-profit service providers facing competition for contracts will have a stronger 'sense of mission' and provide innovative services. In the case of SIBs in New Zealand, the competitive element was achieved by holding 'Dragon's Den' matchmaking events during the procurement process. This was described by a representative of Genesis:

> There were some key hoops that we had to jump through. One was to obviously get investors behind us. So that was a couple of months' worth of 'Dragon's Den' presentations. Prior to that, by the way, we had to do Dragon's Den presentations to a full room in Wellington, full of government officials, policymakers, lots of people with clipboards. … It was kind of like Dragon's Den crossed with speed dating. So they had the different groups around who were potentially going to look at investing, and then we just went in, we'd sit at a table like this here, … and then I think you had, like, 10 or 15 minutes or something? … not very long, and maybe not as long as half an hour to pitch your idea.

This comment indicates that, for Genesis, attaining the SIB contract involved an arduous process of competing with other service providers to win the interest of the investor market, and to inspire investors to want to 'do good'.

The logic of neoliberal market competition is disciplinary as well as motivational for service providers and social actors, as they must work to 'sell' their organisation and their intervention (Joy & Shields, 2018). Groups of investors then pick the 'best' service provider, or those with the potential for the highest or most reliable return. As noted by an independent contractor working with the MoH on the SIB pilots, this has the effect of precluding any interventions that lack a substantial evidence base, or interventions that may be too 'risky' or 'unattractive' (such as sex workers' rights, or sexual violence prevention) from attaining funding. This contractor reflected on the procurement process and the selection of interventions:

> Every decision is based on the ability to get a serious return on your investment. … I don't think it's any small coincidence that the head of the NGO for the second social bond is a former police officer, and has lots of connections to city commissioners and MPs … There's a reason why someone like that gets a social bond and, you know, these tiny NGOs doing literacy or immigration, refugees, didn't.

The Dragon's Den process is also indicative of an increasing shift towards 'invite-only' grants in social service delivery (Joy & Shields, 2018; Moore, 2019). A representative of Genesis further claimed some providers were not 'invited to' or were not aware of talks regarding the introduction of SIB models:

> We got invited along to this because one of our board members, … he was into this. He was aware that this was coming. … I think one of the providers who's involved with another big organisation, bigger than us, was like, 'why weren't we invited along to the meeting?'

If the future of social service contracting lies in models such as SIBs, there are concerns that only the most marketised service providers will gain contracts as they increasingly compete with larger, private social service providers (a concern not unwarranted, considering New Zealand's first SIB partnered with an international for-profit service provider). In this way, "while SIBs claim to support the non-profit sector, its diversity and community-oriented nature is placed at risk" (Joy & Shields, 2018, p. 692).

Service users are likewise subject to the competitive discipline of market logics through SIB-financed interventions. SIBs perform the work of commensuration, or the transformation of distinct characteristics into a common metric (Wirth, forthcoming). The second SIB, for example, categorises each individual by their level of risk according to the YLS-CMI index. Service users are grouped into cohorts to be compared to other cohorts, as well as compared individually. The actions and behaviours of individuals are then classified into categorisations such as 'offended/did not offend', or 'in school/not in school' (Mossman, 2019), so that they may be compared, disciplined, and monetised. This is reflective of an extension of neoliberal logic in service provision, underpinned by marketisation, where the "productive activities of human beings – across sector, across space, even across time – are made commensurable with one another, are pitted against one another in a competitive struggle and are thereby disciplined" (Harvie, 2019, p. 94).

Efficiency (and inefficiency)

Such competitive logics are intended to foster increased efficiency in social service provision. For advocates of SIBs, the involvement of private investors is said to bring 'the best' of the private sector to public sector initiatives (Arena et al., 2016; Dowling & Harvie, 2014). This goal is evident in New Zealand, where the MoH (2013, p. 5) stated that SIBs are partly being trialled to "test the concept in the New Zealand context to see whether social bonds could be an effective and efficient way for government to reduce social problems". A representative of Wilberforce, an investor in both SIB pilots, similarly commented that "when we invest in commercial companies, we bring our expertise and our thinking to those companies." However, the New Zealand SIB experience highlights that adopting market mechanisms to (theoretically) achieve better efficiencies in the public sector is a complex process.

Following Bacchi's (2016, p. 1) observation that "every policy proposal contains within it an implicit representation of what the problem is represented to be", the insistence that private markets can improve service delivery by fostering efficiency poses the answer to an unstated problem. Working backwards from the assumption that SIBs are posited as market-based 'solutions' that create 'efficiency and innovation' (English & Tolley, 2017), the *problem* must then be that the state, as the traditional provider of social services, is inefficient and ineffective in service provision. The (somewhat hyperbolic) extension of this logic is that high-quality public services, such as accessible healthcare and childcare, may become dismissed as the "market is considered the only legitimate and efficient provider of such outcomes" (Joy & Shields, 2018, p.

690). Reflecting this position, an investor commented on the government procurement process for establishing SIBs as being ‘disastrous’:

> What you find is that the government procurement process is so disastrous, that ... I mean, this is the perfect example of where you need commercial thinking, because no commercial entity is going to sustain the kind of intensity and just long-term engagement with ministry officials. It’s a freakin’ disaster.

Making state services – and non-profit service providers – ‘more market-like’ is seen as a solution to this dilemma of efficiency (Birch & Siemiatycki, 2016). This involves employing a focus on metrics and measurement, evaluative data, and commercial thinking, as later discussion highlights.

Claims of efficiency also entail better *cost* efficiency. This search for cost efficiency in the private sector is made evident in various comments from key actors in the New Zealand context, which reflect the difficulty of integrating private capital and marketised imperatives into the public sector. A former parliamentary Minister, discussing the rationale behind choosing SIBs as a viable model for social service provision, remarked: “How can you harness the power of the private sector to deliver a social result?” Another former parliamentary Minister said: “If you’re going to trap private capital, what’s the vehicle to try and generate a return?” The desire to ‘trap’ private capital reflects the position that private sector involvement in public sector contracting can introduce values of efficiency and financial expertise. However, that the private sector must be ‘harnessed’ implies that it is difficult to catch or is in need of taming. This phrasing may inadvertently reflect an acknowledgement of some of the unpredictability or risk associated with the private sector, as well as the fact that private capital will need to be incentivised and ‘enticed’ to invest in public ventures. As such, low risk and high returns are required to make SIBs attractive to private investors. The difficulty of translating market logics into the public sector was also noted by a representative of Wilberforce:

> How can we bring the best of the commercial... The best of the entrepreneurial thinking, the problem-solving thinking, that happens in business all the time ... How do you bring that into a non-traditional space or social services provision space?

This comment indicates that the separation of the public and private sectors makes the integration of public and private values difficult, and further highlights neoliberalisation as a process of “market-driven socio-spatial transformation” (Springer, 2010, p. 1031).

SIBs are thought to foster ‘value for money’ and cost-efficient social services through the nature of the investment model. Private finance not only supplies the initial investment under the SIB model, but the government (theoretically) gains savings ‘downstream’ as payments made to investors are lower than the money saved by the early investment of public resources in a social problem. In a joint report, the MoH and Treasury (2016a) claimed that the bond on mental health and employment would offer ‘high rates of return’ to the Crown and a ‘better value outcome’ compared to the Work to Wellness service, even if the SIB’s performance was below expectations. According to the report, the net value of Crown benefits expected to be attained from the first SIB pilot was “about 5 times the full costs (including Crown administration)” (Ministry of Health & Treasury, 2016b, p. 6). While the high transaction costs of the SIB pilots were noted in Chapter Four, challenging the view that the New Zealand SIBs were efficient *in practice*, the rhetorical argument for efficiency as a means to get ‘value for money’ and ‘do more with less’ through greater market involvement in service delivery remains powerful and continues today. This is particularly evident given that the New Zealand Labour Party have not dismantled the SIB experiment, and that the New Zealand National Party (2019, p. 8) have proposed “extending the use of social impact bonds” should they return to power in the September 2020 election.

Innovation

The neoliberal imposition of competition and market forces in social service provision also theoretically cultivates innovation in such services (Mudge, 2008). This belief is exemplified in the case of the New Zealand SIBs: a Cabinet paper titled ‘The first New Zealand Social Bond’, for example, claimed that SIBs are an “innovative form of contracting for social outcomes, where governments utilise private sector skills to drive innovation in service delivery while also managing associated risks” (English & Tolley, 2017, p. 1). Steven Joyce (the previous Minister of Finance) further stated the first SIB would provide innovative services for “people with complex needs”, and Amy Adams (the previous Minister for Social Investment) commented that the SIB would “utilise private sector skills and innovations to help participants into paid employment, so they get off welfare and improve their mental health” (Joyce & Adams, 2017, n.p.). This also highlights that policy innovation is targeted towards reducing the numbers of people on benefits.

Innovation in service delivery has been described as what organisations need to do to be ‘entrepreneurial’ and responsive to service users (Langergaard, 2011), or to produce services that

are experimental and flexible (Edmiston & Nicholls, 2018). However, the level of innovation that the New Zealand SIBs fostered is questionable. The most obvious example is that the service provider for the first SIB was already delivering the same service intervention ('Work to Wellness') throughout the country via other contracts. In addition, the mode of client assessment in the second SIB (the YLS-CMI tool) was imported without adaptation from an Australian model, which itself had been adapted from a North American model (Thompson, 2002). Speaking on the YLS-CMI tool, a representative of Genesis commented in an interview:

> Well, we had to decide whether we use the Canadian version or the Australian adapted version. We weren't going to adapt it to New Zealand, we just wanted to use something that was... We needed to be trained by Professor Ogloff, who we found in Melbourne, who has the rights to train people in the tool. So again, Synergia [an Australasian analytics, consulting and evaluation group] were helping us with that, and we had to ship over one of their psychologist trainers to train the team.

The YLS-CMI tool remains specific to Australian youth justice laws, which has had negative implications for the assessment of service users in New Zealand as they are measured on irrelevant criteria; the auditor for this SIB commented that the scoring of participants' offending "does not reflect the seriousness of the current offending due to the nature of the questions which do not apply in the New Zealand context" (Mossman, 2019, p. 10). This reflects a low level of innovation considering the tool itself is nothing new, and is not relevant to the New Zealand context. This means that it also does not address the specific cultural needs of Māori youth offenders, who were disproportionately targeted by the second SIB.

For Berndt and Wirth (2018), the perceived innovation of the SIB approach lies in the inclusion of social investors in the operations of social services. This emphasises that market logics are the 'fix', "capable of tackling all sorts of social problems by employing market approaches and enforcing business acumen in the social sector" (Berndt & Wirth, 2018, pp. 29-30). A former parliamentary Minister similarly expressed that SIBs are innovative in the way that they engage the private sector:

> I think one of the positives is it's an innovative way of engaging – of approaching these tough problems. You're engaging the private sector and private capital for social good. So you're getting not just the public sector focused on these problems but private capital, as well.

The innovation described by the former Minister is derived from the nature and novelty of the SIB model itself – while private funding in social policy is not new (such as in PPPs and charter schools), what *is* new is the concept of private investment with a financial return attached, and the subsequent marketised (and financialised) logics that become intertwined with service delivery. However, even the SIB model can no longer be considered innovative, almost a decade on from the first SIB developed in the UK, particularly given the various failures of earlier SIB trials abroad (Roy et al., 2017).

A representative of Genesis further commented that freedom from bureaucratic public sector contracts "forced" innovation:

> I think government contracts can lock you into policies, and their own governmental ministerial processes. Whereas this has really forced us to look outside New Zealand, to look inside us, the best of what we've got, to really think hard about how we can be better.

This view is confirmed by a report published by the New Zealand Productivity Commission (2015), which finds providers often perceive government processes as overly directive, unhelpful, and disconnected from the 'real world'. Both the representative of Genesis and the report also noted that prescriptive contracts, short term contracting periods and financial limitations can impact service delivery in ways that, according to the report, "work against the development and spread of innovation" (New Zealand Productivity Commission, 2015, p. 7). In contrast, SIBs offer service providers the potential for longer contracts, more stable funding, and a freedom to design social interventions that it is hoped will facilitate innovation. This again constructs the public sector as inefficient and ineffective at providing or facilitating social services. While the two service providers associated with the New Zealand SIBS seem to have appreciated these opportunities, it has already been noted that innovation was still lacking.

Key informants in the New Zealand context also highlighted that, paradoxically, SIBs can *inhibit* the innovation occurring within the non-profit sector. While providers are released from being accountable for government funding, the heavy focus on data and outcomes (particularly simplified outcomes) evident in SIB contracts puts both the human element of social interventions, and innovative service design, at risk. The representative of Genesis further commented:

> It's a challenging place to be in ... From where we were prior to social bonds, you know, warm, fluffy, not for profit, lovely values, you know, not so pushed by numbers and performance. Now, squeezing that into being performance-based and getting numbers and ... There's a tension there. There's a big tension, and the challenge going forward is to get both right – the balance right.

Moore (2019), in her research on the impact of the social investment approach on community and non-profit organisations, similarly found that the need to measure and report on outcomes to funders can create tension between providers and service users, and has inhibited the ability of service providers to focus on their clients. The focus on outcomes within the SIB model likewise creates this tension, potentially reducing the effectiveness of the service. While the New Zealand SIBs may not have been particularly innovative in service design, they were still considered by public officials, as well as many interviewees, to be innovative because of the market logics they promoted.

Accountability

Finally, Eikenberry and Kluver (2004) note that aspects of neoliberalisation, such as contract competition and privatisation, can compel non-profit organisations to become more market-like by increasing accountability. SIBs, in particular, are ideologically celebrated as having the potential to improve accountability for service delivery (Carter, 2019; Jeram & Wilkinson, 2015). Indeed, a Genesis (2017) report notes a higher level of accountability required under the SIB contract than required before. Accountability in SIB contracts will here be considered in two ways: first, as fostering transparency in contracting; and second, as shifting responsibility for achieving outcomes away from the public sector (Sinclair et al., 2019; Dowling & Harvie, 2014). In the New Zealand context, however, claims of greater accountability are contestable.

SIBs are thought to increase transparency in contracting by defining the outcomes and measurements of success, as well as implementing various auditing mechanisms (Joy & Shields, 2013). However, Hodge and Greve (2010) note that it can be difficult to source information on SIB-like contracts due to their commercial sensitivity – such as the calculation of metrics, and the margin of profit for investors. In New Zealand, the Association of Salaried Medical Specialists stated that the information released regarding the first New Zealand SIB contract is vague on details such as target populations, outcomes, how the pilot was evaluated, and if other service funding may be replaced (Chambers, 2015). An independent contractor working on the

SIB project further commented that much of the detail on data and the setting of outcomes is "lost inside commercially confidential contracts."

Despite assurances from the previous Minister of Health that there is information on the MoH website (Coleman, 2015), the page has only recently been updated (during the course of this research) to announce that the two SIB pilots commenced in 2017 (see Ministry of Health, 2019). Annette King (2015b, n.p.), the former Deputy Leader of the Labour Party, commented that the release of information "could hardly have been less transparent", as Jonathan Coleman, the previous Finance Minister, "refused to release reports, extended response deadlines to Official Information Act requests and mislead the public on advice he's received." Material regarding the second bond on youth reoffending is similarly only available via Genesis annual reports and financial reports from Oranga Tamariki and Treasury. No official statements have been made since 2017.

This lack of transparency around the New Zealand SIBs has negative implications for democratic accountability, as communities and potential service users are kept out of both information sharing and decision making, and details of private sector contracting become increasingly hidden. This restructuring of democratic accountability is noted by Whitfield (2006) as a key aspect of marketisation. Warner (2012) similarly argues that public oversight is essential in ensuring that the profit motives of investors are not placed above the needs of service users in the setting of outcomes. While public funds are ultimately required to establish and pay for a SIB, the public's role in the design and oversight of such models is limited.

Accountability can also be achieved by shifting the responsibility and risk of service provision away from the public sector. A key driver for the continued uptake of the SIB model is the potential for the displacement of financial risk from the public sector to the private sector (Fraser et al., 2016). Here, the state's role is reconfigured as a regulator rather than a provider, and accountability is shifted to external organisations. This shift is appealing to the state as, in theory, public funds do not need to be released unless the intervention is successful. As a former parliamentary Minister commented: "The money's only paid if the results are delivered. So that eliminates a lot of risk for the government. So that's a real positive." The estimation of this risk is established by placing a price on the creation of social value, based on the overall 'risk' of a defined population. Despite the fact that neither of the interventions were particularly innovative, a contractor working with the MoH on the SIB pilots noted that the first SIB on mental health and employment was considered 'medium risk' in terms of intervention innovation, and the

second SIB was described as “much riskier”, as the intervention innovation was considered to be higher.

The transfer of risk away from the public sector, however, was not entirely successful. The first SIB was terminated on 31 October 2018 due to ‘non-performance’ (in actuality, a lack of clients), at which point the Ministry of Social Development (MSD) planned to pay investors $580,613 based on the ‘future employment month’ payments for the clients placed in employment towards the end of the SIB contract (Moffatt, 2018b). According to an OIA request filed with MSD, the investors were seeking recompense for early exit, and had modelled future claims of $722,680. Further, after the first SIB ended, the investors were returned their initial investments; the only loss was potential future interim payments. A representative of Wilberforce commented:

> One of the reasons why we were very pleased with the outcome, we retained our investment, we didn’t lose capital. We also, as Class A investors, retained our targeted return. So we, you know, we did well out of that. Obviously we lost four years, potentially, of those returns. But we didn’t lose anything.

This indicates that, regardless of whether outcomes are achieved, the government must pay for the cost of the programme as well as transaction costs, private sector rates of interest, and the rate of return. The level of risk transfer is then dubious, and raises the question: what did the SIB model actually achieve for the public sector? An academic researcher I interviewed believed that, rather than shifting risk, the SIB model could be considered an extension of corporate welfare:

> The government can always borrow money cheaper than the private sector. So why are we building effectively a profit margin for the service, that you don’t have to do if you go to the public sector – you don’t have a return out of the public sector, you just have a cost. Not a cost-plus-profit, you know.

Instead of facilitating accountability by shifting the financial and service delivery risk away from the public sector, the first SIB was implemented in a way that meant the public sector still took on risk, while the private investors ‘didn’t lose anything’. This failed promise of accountability again indicates that SIBs extend marketised and financialised values of risk and volatility *into* the public sector, while “the financialisation of social services through SIBs risks

becoming a closed-door affair" through diminished transparency and democratic accountability (Joy & Shields, 2018, p. 685).

This section has argued that SIBs integrate a competitive logic into their design, which theoretically fosters increased efficiency, innovation, and accountability in service delivery. First, I have noted that the SIB pilots introduced a disciplinary, competitive logic for service providers vying for substantial funding through SIBs, as well as for service users who are made commensurable through the SIB structure. As a result, service providers must increasingly embrace corporate logics to compete with larger, more marketised providers, and the diverse services that non-profit organisations offer may be put at risk. Second, I have found that although rhetorical arguments remain prevalent that SIBs increase efficiency, innovation, and accountability, this has not been the case in practice.

With regard to efficiency, while the inclusion of private investors and market logics in contracting for social services is assumed to be the solution to the inefficient public service, my discussion has highlighted that this is a complicated process, particularly as SIBs have certainly not led to cost efficiency. The SIBs have also not resulted in innovative service design; on the contrary, I have argued that SIBs can *inhibit* innovative service design. Finally, while making social services 'more market-like' theoretically enhances accountability, I have discussed how the SIBs have diminished democratic accountability and transparency through commercial contracting, and have further limited accountability as risk was not transferred away from the state, leading to a reframing of SIBs as an extension of corporate welfare. The rhetorical arguments that SIBs engage marketised logics, coupled with the absence of some of these logics in practice, indicates that the 'actually existing' neoliberalisation of social services through the SIB model is marked by contradiction and compromise (Peck & Theodore, 2019; Springer, 2010). In addition to the integration of market logics in service delivery, neoliberal reform of social services and the state is further underpinned by privatisation. The next section will discuss the ways in which the SIB pilots illustrate the privatisation of social service delivery.

Extending privatisation

Privatisation is a key aspect of neoliberalisation, one which furthers the role of private logics, actors, and organisations in the state. This section explores how SIBs themselves further the privatisation of social service delivery. As noted in Chapter Two, to fully understand

privatisation, we must consider the sources of both provision and finance within a service delivery contract (Burchardt, 2013; Powell, 2008). Various types of organisations can act as service providers; Powell and Miller (2014), for example, make the distinction between state, market, voluntary and informal provision. Service delivery contracts can likewise be publicly financed or privately financed. Public finance is defined by Burchardt (2013) as spending via taxation, while private finance is that which is supplied by external, for-profit companies. 'Full' privatisation requires both private provision and funding (Powell & Miller, 2014).

Given that the SIB model can involve various types of service providers, it is difficult to generalise about the degree of 'publicness' embodied by the service provider and thus how 'privatised' or not SIBs may be. For instance, two different types of organisations provide the two SIBs in New Zealand. The service provider for first SIB was an Australian for-profit organisation, APM. The second SIB is provided by a non-profit community organisation, Genesis. As has been noted, while some definitions of public and private service provision classify non-profit organisations as 'private', Burchardt (2013) argues that these providers should be classified separately from for-profit organisations. Powell and Miller (2014) similarly distinguish between private and non-profit provision.

As noted in Chapter Two, this distinction is important because non-profit service providers differ from for-profit providers in that they are less likely to adopt a corporate model of governance (Eikenberry & Kluver, 2004). In a New Zealand Productivity Commission (2015, p. 149) report, it is noted that non-profit providers "face different incentives" from for-profit service providers, and that these incentives can influence an organisation's behaviour, as "making a profit requires careful attention to (at least) two things: creating value for the entity's stakeholders, and careful attention to costs." The report further states that non-profit organisations have 'stronger mission alignment' in that quality service provision is not incentivised by monetary gain, while for-profit providers can attract more 'able workers' and are thus able to remain more productive, innovative and competitive. Applying this distinction to the New Zealand SIBs, I argue that the first SIB, with a for-profit provider, involved private sector interests to a greater degree than the second SIB.

SIBs are, however, a unique form of contracting in New Zealand in that they involve the privatisation of the *financing* of social services. Both SIBs are financed by a set of private investors. The nature of these investors is laid out in Table 2 below.

Table 2.

Investors in the New Zealand pilots. (Source: Author's own work).

Pilot one – Mental health and employment	Pilot two – Reducing youth recidivism
Wilberforce Foundation (philanthropic) Janssen and Janssen (for-profit) Prospect Investment Management Limited (for-profit) APM Workcare (for-profit)	Wilberforce Foundation (philanthropic) New Zealand Super Fund (sovereign fund) Mint Asset Management Limited (for-profit)

It must also be acknowledged that, at the end of a SIB's life, public funds are used to pay back investors, which would then classify the model as publicly financed. However, because SIBs are funded by private investors throughout most of the life of the contract, SIBs bring private financing into the mix in unique ways in the social service sector. SIBs involve private financing, they can be considered as facilitating the expansion of neoliberalised logics in service delivery.

There are two interesting factors to note in the arrangement of financiers. First, the involvement of the New Zealand Super Fund blurs the boundaries between public and private finance, as the Fund is state-owned. Newman and Clarke (2009, p. 110) contend this kind of blurring produces "multiple dynamics of organisational 'shape shifting' that make it difficult to discern what might mark the publicness of public services." Second, Wilberforce Foundation financed both SIBs. A representative of Wilberforce claimed their involvement in both SIBs was aligned with a desire to be at the leading edge of the growing social investment market in New Zealand, and to enable more SIBs in the future. As was noted in Chapter One, social investment responds to a growing awareness that social challenges, such as recidivism and unemployment, are "no longer just the domain of governments and that tackling them in new and innovative ways to get better results will involve combining the expertise of public, social and private sectors" (New Zealand Productivity Commission, 2015, p. iv). As such, social investment implies a 'double bottom line' return, where financiers can invest in social organisations to achieve both social and financial returns.

However, the Wilberforce representative commented that their organisation got involved in the first SIB pilot mainly because of an enthusiasm for the model itself, rather than to achieve particular social outcomes:

> We don't have a history of being passionate about mental health issues. So that was far less significant than the power of mobilising this new innovative funding vehicle. It could have been – you know, I don't trivialise mental health, because it's a challenging area – but it could have been anything, really. It was the vehicle.

This comment suggests that, for social investors, financial incentives still take precedence over 'social returns'. The aspiration to grow the investment market can also be seen as a desire on behalf of Wilberforce, and other investors, to further the role of private investment in the public sector.

The involvement of private investors in the SIB model allows for private sector logics to reorganise service provision, imposing requirements for increased efficiency and measurability on non-profit service providers. Some accounts of SIBs outside New Zealand, for example, have noted that private investors can have significant oversight and influence over service providers, such as through systems of performance measurement that go over and above the requirements of a SIB (Edmiston & Nicholls, 2018; Joy & Shields, 2018). However, there were varying levels of investor influence in the New Zealand SIBs. For the first SIB, the investors set up an 'Investors Advisory Committee', which, as one investor put it, provided a "non-binding but very influential meeting context". This investor commented:

> All the investors would come together, and we would discuss progress with the provider, and with the Crown. Now, when you talk to [the provider], they will say those meetings were some of the most important things that happened. Because all of a sudden, you have the money in the room.

The formation of this group indicates the influence and importance of those with 'the money', as well as the potential lobbying power investors can have over both service providers and state actors. This may signal the potential for the increased influence of investors in the public sector if further SIBs-like contracts are established.

The structure of the second SIB provides an interesting counterpoint as it did not allow investors as much influence over the service provider. A representative of Genesis commented that financiers were clearly separated from service provision by the presence of the financial

intermediary, G-Fund, which managed funding and investor perspectives. Indeed, an investor in the second SIB noted that their organisation would have liked to have more "influence" over *G-Op*, which oversaw the performance management aspects of the SIB. This was so that the investor could "monitor what was going on," and, if the results of the intervention were not satisfactory, "start to have conversations with people, and say 'hey, well, this is not very good.'" The investor went on to say:

> One of the challenges with this structure is investors don't have an official voice on any kind of governance. And see for me, the whole thing was – in order for the private, or sort of capital market, or the markets, to influence how this happens, you need us. You don't just want our money; you need what else we bring.

'What else we bring' refers to corporate knowledge and entrepreneurialism that, according to market logics, drive efficiency in attaining outcomes. While the separation of investors from service providers aligns with the principles of an ideal-type SIB, for the interviewee this barrier limited the investor's ability to 'step in' should the service not be performing as desired. It further limited the ability to impose market-based logics onto the service provider (beyond what the SIB model had done by stressing a focus on outcomes and measurement).

Finally, the privatisation of the SIB model is further emphasised by the involvement of behind-the-scenes private actors in the procurement process. These included 'technical experts' (in this case, KPMG and PWC) that assisted the government in the formation of business cases and contracts. As was noted in the previous chapter, KPMG and PWC were heavily involved in the set up for the SIB pilots. A contractor working with the MoH on the bond pilots contended that a large portion of the expenditure for the SIB project was put towards services provided by these organisations: $2.36 million had been spent between February 2013 and June 2016 on project resourcing and external consultants, prior to the establishment of either bond (New Zealand Parliament, 2016, p. 113). The engagement of these 'technical experts' in the procurement of SIBs reflects a further extension and entrenchment of private sector involvement in the public sector, particularly as the modelling and assessment services provided by these organisations may become increasingly necessary if service delivery contracts are similarly marketised in future.

This section has argued that SIBs represent a new tool for the privatisation of social service delivery. Privatisation is a key facet of neoliberal social service and state reform, which further results in a transformation of non-market entities towards marketised logics. I contend that the New Zealand SIBs embodied an increased level of privatisation compared to other models such as public-private partnerships in New Zealand (which most often involve public funding and mixed provision) (Burchardt, 2013). Various contractual details prevent *full* privatisation, in part because private investors require the presence of the state to provide returns on investment and to reimburse the initial capital put into the SIB. SIBs, however, represent a trend towards the increased involvement of the private sector in service delivery, blurring the boundaries between the state, private and non-profit sectors. The key influence of the private sector in the SIB model is through the privatisation of finance. In the following section, I argue that the privatisation of finance engenders the financialisation of social service provision by introducing a financial calculus to outcome metrics.

Privatised finance: Financialisation within the SIB model

As discussed in Chapter Two, the privatisation of finance in social services has received little attention in academia. In this section, I explore the privatisation of finance in terms of the financialisation of social services, which is again inherently linked to neoliberalisation. Within the SIB model, the presence of private finance and the potential for a financial return to investors introduces a financial logic to the creation and measurement of outcomes metrics. I discuss the ways in which tying social outcomes to financial gain is problematic, such as: the measurement of social outcomes in terms of outcome payments that are made (blending purpose and profit); the difficulties associated with setting and measuring social outcomes; the commodification of service users; and the prioritisation of short-term technocratic fixes over long-term solutions for systemic social problems.

Blending purpose and profit in outcome frameworks

The privatisation of finance within the SIB model is particularly unique in that social outcomes are linked to financial gain for investors through a return on their investment, which I argue engenders the financialisation of service delivery. There are multiple outcome measures for each of the New Zealand SIBs that can result in outcome payments, which were described in Chapter Four. In the first SIB, for instance, a $350 payment to investors was triggered when a client was

first enrolled in the SIB intervention, and further payments were made for every month the client stayed in employment (for up to two years). Within the second bond, payments are made when clients reduce their risk assessment score by a certain percentage, measured with the YLS-CMI tool, as well as for a reduction in the severity of offending, and an average reduction in offending across a client cohort. Financialised tools of measurement here stand in as proxies for social outcomes (Wirth, forthcoming). The outcome measurement in the first pilot of 'months of employment achieved', for instance, acts as a simplified proxy for "improved mental health and wellbeing outcomes" (Ministry of Health & Treasury, 2016b, p. 5).

The financialised logics that permeate the SIB model through privatised finance can reorganise the desire to 'do good' that is implicit in the social mission of service provision into terms of financial incentives, risk, and return. A representative of Wilberforce noted that being involved in the SIB project in New Zealand "fit very well with our strategy around trying to see capital used in a more impactful way … So it's blending the purpose and the profit." This comment illustrates how SIBs act as mechanisms that transform the way social services are delivered, mixing realms of 'economy' and 'non-economy' (Wirth, forthcoming). In a pertinent example of the 'blending of purpose and profit', a section of an aide-memoire written for Tracey Martin, the Minister for Children, summarises the second SIB's progress so far: "It is easier to measure the Bond as achieving payments rather than hitting targets, due to the complex nature of the contract" (Oranga Tamariki, 2019, p. 4). While the purpose of the SIB is to measure change to social outcomes (in this case, a reduction in youth recidivism), the most appropriate form of measurement is highlighted as payments made to investors.

Likewise, representatives from both APM and Wilberforce contended that the involvement of private actors and their focus on financial accountability in service delivery drives the achievement of social outcomes. This perception reflects the financialised notion that the most viable measure of motivation and success must be potential for financial gain (or loss), and without this measure, efficiency and positive outcomes are unattainable. The influence of shareholder value, discussed in Chapter Two, is also evident here. The idea that financial gain motivates the achievement of outcomes echoes Lake's (2016, p. 57) argument that the financial logic underlying SIBs realigns the 'ends and means' of the implementation of social policy, where the "monetization of policy goals . . . transforms substantive social outcomes from the status of ends in themselves to a means for reducing government spending and producing a financial return for investors."

Financial logics in setting and measuring outcomes

Tying social outcome measures to financial return creates the opportunity for an oversimplification of intractable social problems, and a prioritisation of 'quick fixes' over long-term solutions. As Lake (2016) argues, because SIBs are primarily a funding mechanism, any policy objectives must be congruent with the underlying logic of the financial instrument rather than the achievement of social goals. In this way, the SIB model *necessitates* the simplification of outcome metrics to allow for the straightforward calculation of outcome payments to investors. What begins as a social policy problem (for example, moving people from welfare into work) becomes a technical problem (how to contract most effectively) (Newman & Clarke, 2009). Some key actors in the New Zealand context expressed concern regarding this problem. An investor commented, "I acknowledge it's complicated – how do you fix a price for an outcome? And then hold to it?"

To be able to create profit from outcome measurements, both the social issue being addressed by a SIB and the behaviours of service users must be boiled down and repackaged into numerical terms. This is required so that the intervention outcomes may be standardised and measured to allow for various payments to investors throughout the life of the bond. The technocratic nature of the SIB model is here brought into sharp relief. The amount to be paid per month of employment as a result of the first SIB, for example, is calculated with the following formula: Initial Employment Outcomes Amount * (((Target Employment Months / Actual Employment Months – 1) * 0.5) + 1) (Ministry of Social Development, 2017, p. 16).

This formula is a tangible representation of a social outcome transmuted into technical, numeric terms, demonstrating how SIBs construct complex, multigenerational problems as technical problems to be fixed with technical solutions. This 'alchemic transformation' of social outcomes into profit is linked to maximising shareholder value, and is illustrative of the underlying financial and neoliberal ideologies of the SIB model. The same logic also holds for the broader social investment approach, where technologies in data collection, analytics, and active labour market policies are prioritised as the methods to achieve social outcomes, and social outcomes are measured in terms of a reduction in long-term fiscal liability. The engagement of new technological fixes to social problems reflects the imperatives of neoliberalised policymaking, which primarily values monetary goals over social objectives, and seeks to introduce market-like competition into all aspects of life (Harvey, 2005; Mudge, 2008).

In financialising and simplifying social problems and their solutions, external factors – such as a client's wellbeing, their home life, the rising cost of living and other stressors – cannot be factored into outcome measures that are only designed to answer simple questions, such as 'is the client in employment?' Other measures that incorporate the complexity of human experience are not likely to be included in a bond structure, which relies on simple, binary metrics. In the first SIB on mental health and employment, for example, APM established its own tool to measure a client's "self-perceived quality of life" at the beginning and end of the intervention. However, as noted by the service provider, it was not used at all within the bond model:

> We wanted to collect that so we could actually see ... Because we know if they've gotten the job or if they stay there, but how much of a difference is it making? Because we know it makes a significant difference in people's lives. But nobody is actually measuring that. From a psychosocial point of view.

The focus on data and measurement in the SIB model ignores societal changes and the complex and relational nature of human interaction, reflecting the fallacy that only that which is measurable, calculable, and monetisable is legitimate and real (Sinclair et al., 2019).

The preference for a series of outcome measures within the SIB structure also indicates the short-term focus of the private sector, and its tendency to 'dip in and out' of public sector involvement. An academic researcher with knowledge of SIBs expressed in an interview that because long-term investment does not deliver financial return quickly enough, various short-term outcomes must be built into the SIB:

> And of course, they [investors] will want the measures, because the private sector's in it for the short term, typically, not ever thinking long term. They want measures they can do in a year or two years. Well, if someone's been 16 years getting into bother, two years is … You know, one year and a trial is not necessarily going to do it, it needs a bigger structure of support around it.

This illustrates that long-term involvement in publicly provided services is undesirable for investors without short-term returns on their investment. The setting and measurement of short-term outcomes create an incentive to focus on 'quick fix' solutions to complex social issues that realistically require long-term support and attention. The nature of SIBs as 'quick fix' solutions further positions them as 'silver bullet', fast policies (see Chapter Five).

Implications of financialisation for service providers and service users

The presence of privatised finance and fiscal imperatives in SIB contracts can also influence service delivery organisations and service users (Bayliss et al., 2013). First, the rigid categorisation and standardisation of social outcomes, designed to minimise risk and maximise the potential for financial gain, can render interventions inflexible. In the second SIB, for example, some of the provider's clients could not be counted towards the SIB's outcomes as their needs were too complex. The YLS-CMI measurement tool allows for a 'professional override' option, where counsellors are able to use professional judgement to change the risk rating of a client (e.g. from 'medium' to 'high') to signal clients that require more intensive resources and care. In an evaluation conducted for the second SIB pilot, the auditor noted that "it is not possible to validate these override scores and/or any change in scores over time, and it is strongly recommended that these scores are not used within the social bond framework" (Mossman, 2019, p. 4). This indicates the unsuitability of rigid, technological calculations in the SIB model for the provision of social services.

Second, new financial imperatives enforced by the SIB model impose a corporate model onto service providers, resulting in a commodification of service users as they are redefined as 'customers'. Individuals' agency and actions are "reclassified as social problems to be rectified and as potential revenue sources rather than as conscious agents and citizens" (Sinclair et al., 2019, p. 3). In this way, they become 'cash cows' (Christopherson et al., 2013). Van der Zwan (2014, p. 111) views this process as the emergence of a new type of state intervention, describing the "increased convergence of finance and the life cycle" facilitated by narratives of self-management and responsibility. Consistent with logics of the neoliberal project to place the burden of societal risk onto individuals (and likely also in the interests of ease of calculation), it is assumed that the solution to deep-rooted social problems is to modify individual human behaviour (Joy & Shields, 2018). While the support offered by the SIBs is important, long-term social solutions are left ignored. This approach creates the opportunity for investment in perpetuity, as social issues are never addressed, and individuals constantly require social services to alter their behaviour to cope with societal risk.

The economic reframing of individuals and social problems embedded within SIBs creates a market for non-market agents in need of 'correcting' (Berndt & Wirth, 2018). This market-making is facilitated by the interventions that SIBs typically prioritise, which tend to encourage independence from state welfare and the development of the self-disciplined subject.

The New Zealand SIBs are certainly an example of this; in the first SIB, the service intended to focus on "assisting participants to find employment or returning participants to employment as quickly as possible" (Ministry of Social Development, 2017, p. 9), framing employment as a suitable treatment for mental health problems. As a result, it was expected that 43% of participants would cease to receive a benefit (Ministry of Social Development, 2017). The subsequent focus on behaviouralism reflects a short-sighted and neoliberalised view of social problems – such as unemployment and recidivism – as resulting from individual behavioural failure. In this way, SIBs treat only the symptoms of complex social problems, and "simply throw a rather leaky lifebelt that might help some people keep their heads above the water while they are still swept away by more powerful, deeper currents" (Sinclair et al., 2019, p. 4). SIBs thus represent a transformation of social services as a means to fulfil the social rights of the citizen to contractual engagements between corporate entities (Maier & Meyer, 2017; Joy & Shields, 2018), and must be understood as a technology that imposes financial market discipline on social actors. However, service users are notably absent from the numerous stakeholders that are considered and consulted in the procurement of SIBs.

The only evidence to counter my argument that SIBs financialise social service provision is that there was no indication of gaming outcomes. As noted in Chapter Two, various authors outline concerns that SIB contracts can create incentives to maximise profits that encourage cherry-picking, creaming, and parking in order to achieve repayment targets (Carter, 2019; Fraser et al., 2018; Roy et al., 2017). However, there appears to be limited opportunity for these issues to occur in the New Zealand SIBs. Regarding cherry-picking, referrals were outside of the control of the first SIB's service provider and were instead made by frontline staff at MSD. This eventually became a problem for the operation of the first SIB, as there were not enough referrals to justify expenditure, leading to the early closure of the contract. The service provider for the second SIB likewise has limited control over referrals. Police refer young people who have offended and who are assessed to have a high to medium risk of reoffending, using the Youth Offending Risk Screening Tool (Sense Partners, 2018; see also New Zealand Police, 2011). This process also involves a whānau hui (a family meeting) and an assessment by a cross-agency team. This is an interesting finding that runs counter to discussions from other authors (see Carter, 2019; Fraser et al., 2018; Roy et al., 2017).

Even so, SIBs sanction the increased utilisation of financial tools to measure social outcomes and wellbeing through the privatisation of finance. Outcome measures repackage a

litany of individual behaviours and desired behaviours into technocratic accounting tools to allow for the creation of financial gain for investors over the life of a SIB. This is evident in the New Zealand SIBs, which measure success in terms of financial gain, oversimplify social problems such as unemployment and mental health, commodify service users, and reframe social goals in technocratic formulae. In this context, while SIBs remain a vehicle for social policy, Lake (2016, p. 56) argues that SIBs are primarily an "investment vehicle". Despite the failure of the first SIB, these various financialised tools extend neoliberalised policymaking, which is premised on both the ascendency of individual and market responsibility and a greater application of these techniques to extend the role of the market (Fine, 2012). As Brenner, Peck and Theodore (2010, p. 216) write, neoliberalised 'market rule' is "less concerned with the imposition of a singular regulatory template, and much more about learning by doing (and failing) within an evolving framework of market-oriented reform parameters and strategic objectives."

Conclusion

This chapter has argued that SIBs exemplify neoliberalised policymaking, underpinned by marketisation, privatisation, and financialisation. First, the rhetorical arguments that SIBs integrate market logics of competition, efficiency, innovation, and accountability into service delivery frame SIBs as a model at the frontier of neoliberal social service and state reform. I have discussed that while the SIB pilots created competition for both service providers and service users, and effectively framed the state as inefficient, the New Zealand SIBs failed to deliver on promises of increased cost efficiency, innovation, and accountability. This indicates that 'actually existing' neoliberalised policymaking is characterised by multiple contradictions and failures. Neoliberalised social service and state reform is further underpinned by the privatisation of social service delivery. I argued that SIBs feature privatised finance in service delivery, hold the potential for 'full' privatisation with the involvement of for-profit service providers, and demonstrate an increased role for other private actors in service delivery contracts. However, complex arrangements of investors, public organisations and third-sector groups complicate this potential for 'full' privatisation.

Nonetheless, the privatisation of finance plays an important role in the restructuring of social service delivery. I have argued that privatised finance introduces a financialised calculus

to outcome metrics within the SIB model. These outcome metrics tie together social and financial goals, and are thought to enhance the efficiency of social services. While outcome measures alone can be beneficial for social services, *financialised* outcome metrics represent a reversal of the 'ends and means' of the implementation of social policy, as well as a heavily simplified view of cause and effect, rendering multidimensional social problems technical. SIBs speak to a real need for more dynamic contracting and sustainable funding for service providers, but they also embody financialised imperatives that enable the transformation of everything – people, actions and activities, problems and solutions – into financially commensurable terms. The fraught implementation of the SIBs in New Zealand indicates that the course of neoliberalised policymaking in the public sector is a lurching and nonlinear, yet enduring process. Despite the various failures of the aspirations for the SIB pilots, the model has been successful in promoting the purported value of market-based contracts and in tracing new financialised tools of outcome measurement, perhaps paving the way for future neoliberalised methods of service delivery in New Zealand.

Chapter Seven: Conclusions

Introduction

This chapter reflects on the general themes and findings of the thesis as they relate to my three research questions. The data gathered from interviews with key actors, as well as from various primary and secondary documentary sources (outlined in Chapter Three), have offered empirical insights that contribute to our knowledge of SIBs both within New Zealand and abroad. Moreover, this thesis has contributed to original theoretical insights by framing SIBs in relation to fast policy and neoliberalised policymaking. In the following sections, I summarise how SIBs were implemented in New Zealand and their relation to an ideal-typical model; key factors that enabled the mobilisation of the internationally-developed SIB model into New Zealand, including both international and national policy contexts and the roles of interconnected actors; and the nature of the SIB model with regard to neoliberalised policymaking. Ultimately, I argue that SIBs are indeed an example of 'fast policy', and that they exemplify neoliberalised policymaking underpinned by market logics, privatisation, and financialisation. These underlying ideologies of the SIB model bring the public sector into closer proximity with financialised markets, and create neoliberalised tools of measurement that serve to commodify social outcomes as well as service users.

How were the SIBs implemented in a national context, and how do they differ from an ideal-type SIB model?

Chapter Four provided a broad overview of the policy process to answer the question of how SIBs were implemented in New Zealand, contributing to the growing international literature on SIBs and the very limited literature on SIBs in New Zealand. At the beginning of the chapter, I outlined an ideal-typical SIB model which is characterised by an arrangement of actors (including a commissioner, service provider, intermediary, and investors), as well as a highly targeted and preventative intervention, and a variety of outcome measures. Arena et al. (2016) have further identified features of a 'compliant' SIB model, which include the low involvement of the commissioner, high innovation, flexible relationships between the actors, and the transfer of risk to private investors. This picture of an ideal-typical SIB model was useful in assessing how well the New Zealand SIBs 'fit' with the international experience of SIBs. I then sketched the process of adoption and procurement for the SIBs, and the structures of the SIB pilots. This

discussion highlighted that policymaking regarding the SIB pilots was complicated and long-drawn-out, leading to negative effects for service providers stuck in 'procurement limbo', and the failure of the first SIB pilot.

In comparing the SIB pilots to the ideal-typical model, I found that the pilots align with the standard structure of a SIB at a *basic* level – they feature a variety of outcomes, fund preventative services, and are highly localised. Moreover, the SIB pilots both target 'at risk' groups of people – in this case, benefit recipients and youth offenders. Māori and Pasifika peoples are disproportionately represented in these groups, and in South Auckland where the pilots were established. As I have argued, targeting clearly defined groups allows for a neoliberal reconstruction of social problems as behavioural failures in these groups of people.

However, I argued that various aspects of the procurement process and the arrangement of the SIB pilots mean that they can be considered only 'marginally compliant' with an ideal-typical model. First, the pilots were not innovative at all and did not result in a transfer of risk to private investors, as the state paid for outcomes that were not achieved. This was further highlighted in Chapter Six. Second, the pilots demonstrated inflexible relationships between the actors, particularly as the commissioners were more involved in the procurement process than is standard, and continually shifted the goalposts of what they expected from service providers and investors. Third, APM acted as both investor and service provider within the same pilot – this arrangement is not standard for SIB models, and turned out to be beneficial for APM as they were able to share the risk involved in the SIB intervention with the commissioner. Fourth, the intermediaries were created within the service providers and held curtailed roles, which is again highly unusual for typical SIB models. Intermediaries within standard SIB arrangements are usually external organisations (Arena et al., 2016). Chapter Five outlined that this may have been caused by a small intermediary market in New Zealand, and lack of understanding of the role of intermediaries. Finally, the market-led approach was an atypical method of procurement that allowed groups of service providers and intermediaries, rather than the commissioner, to identify a social issue and a solution for a SIB – an approach which contributed to the relatively slow process of policymaking. These factors highlight the nature of policymaking as a "complex process of nonlinear reproduction" (Peck & Theodore, 2010, p. 170).

Does the SIB model represent a case of 'fast policy' mobilisation?

Chapter Five extended my analysis by asking whether SIBs can be considered an example of fast policy mobilisation – a term that describes policies that travel between locations with some rapidity, mobilising condensations of 'best practice' tools and techniques (Peck & Theodore, 2015). Fast policy mobility is predicated on the increased connectivity between actors and spaces. My discussion in Chapter Five contributes to both the literature on policy mobilities and the international literature on SIBs by highlighting the nature of SIBs as fast policy, and illustrating the processes by which policies are mobilised between disparate geographical locations.

I primarily argued that the ways in which the SIB model mobilised to New Zealand was associated with both international and national influences. The roles of actors were emphasised in this process; both international (or internationally responsive) actors and local actors were found to have played a role in the 'discovery' and procurement of the SIB model. 'International' actors included transnational corporations who suggested best practice models to interested public sector actors, and politicians who likewise actively searched for 'best practice' policy models abroad. In the former case, KPMG submitted the SIB model as a response to a Request for Proposals for 'innovative ideas' that would 'improve efficiency across state sectors' (Cabinet Social Policy Committee, 2013). Organisations such as KPMG are influential in the dissemination of policy knowledge, as they act as vectors for the production and proliferation of technocratic policy solutions and tools. The conflicting accounts that describe the origins of the SIB model in New Zealand illustrate the possibility for mobilised policies to have multiple origins, from 'multiple elsewheres'. The sourcing of SIBs through international circuits of policy knowledge is also indicative of a growing deference to best practice policy models within the public sector, as well as the increasingly rapid nature of policymaking itself, whereby policymakers increasingly look abroad for readymade – 'silver bullet' – policy solutions. This is significant in that the search for such readymade policies reduces opportunities for 'endogenous' and contextually specific policies that are tailored to local social contexts and problems (Peck & Theodore, 2010; 2015).

Multiple local actors were also involved in the procurement of SIBs in New Zealand, including politicians, consultants and contractors. This thesis has found that while some politicians held great enthusiasm for the SIB model, others were less enthusiastic and unwilling to take on responsibility as the commissioner. The reluctance to take responsibility for the SIB

pilots resulted in procurement almost slowing to a halt, causing the implementation of both pilots to be heavily delayed. This illustrates that the *lack* of action and motivation from policy actors is as influential in policy mobility as the *presence* of action and enthusiasm.

The roles of contractors and consultants were further found to be important for the implementation of the SIB pilots, exemplifying that fast policy mobility depends on "charismatic experts and consultants" to convince other policy actors of a model's effectiveness (Prince, 2010, p. 171). The leadership and enthusiasm of one policy entrepreneur in particular – an 'influential consultant' – was found to be a driving force behind the implementation of SIBs. The influential consultant was described as bringing commercial knowledge to the procurement process and skill in maintaining alliances between multiple groups throughout multiple sectors. This suggests that the establishment of future privatised policy models will require the increased involvement of private actors in the public sector, which also facilitates the integration of commercialised values into the state.

The interconnectedness of these various actors is integral to fast policy mobility. Tony Ryall (the Minister of Health 2008-2014), for example, 'discovered' the SIB model through the international circulation of policy ideas, highlighting the connection of policy actors within international knowledge and practice communities. The interaction between local and global actors and ideas was also facilitated by conference visits, noted in Chapter Five as 'policy tourism'. Conference events enable the spread of fast policy, as policy models that are seen to come *from somewhere* carry a sense of legitimacy and likely align with the shared (often neoliberal) values and affinities of the attendee's home location. Likewise, the interactions of the 'influential consultant' with multiple cross-sector groups supports the claim that policy actors are not 'lone learners', but are members of epistemic and expert communities. I indicated that while the notion of 'travelling technocrats' is often used to emphasise the *international* mobility of policy actors (see Larner & Laurie, 2010), 'travelling technocrats' can also refer to institutional movement of these actors between private, public, and non-profit sectors. The connection of SIBs to fast policy can then be strengthened by emphasising the increased interconnectedness of policymaking, both in terms of how policy actors interact with globally circulating policy knowledge (such as in the case of Tony Ryall), the international and national roles of organisations such as KPMG and PWC, and the roles of local actors and their positions within shared communities of knowledge and practice.

As is characteristic of fast policy, the local socio-political context was influential in the mobility of SIBs to New Zealand, demonstrating the intermingling of 'here' and 'elsewhere' in the process of fast policy mobility. The SIB pilots attest to the notion that no matter how mobile a policy is, the model must already be "ideologically anointed or sanctioned" to be considered 'worthy' of implementation (Peck & Theodore, 2010, p. 171). As Robinson (2015) observes, global policy ideas that are mobilised to particular locations tend to align with long-standing policy processes and contexts, illustrating how *places* arrive at *policies*. Chapter Five showed that both NPM and the social investment approach created an environment where technocratic, market-oriented social policy innovations were valued. The conceptual notions underpinning the SIB model align with this context, which provided a fertile environment for the SIB model to be considered valuable as a policy experiment. The 'speediness' of the initial adoption of SIBs can then in part be attributed to this congruence of ideologies, and shows an already-formulated desire for a technocratic solution to social problems. I argued that the extent to which SIBs are in alignment with the values of NPM and social investment illustrates that the SIB model cannot be considered innovative or a 'new way of doing things' in New Zealand at all.

However, various aspects of the local context also facilitated the mutation of the SIB model. The small investor and intermediary markets in New Zealand contributed to various complications in the procurement of the SIB pilots, including the shifting roles of actors within the SIB structure and a long-drawn-out process of procurement. An attempt to introduce increased marketisation beyond the structure of the SIB model in the adoption of a 'market-led approach' to procurement further led to various complications in the contracting process. This decision evidences the nature of fast policies as co-constructed within local experimental contexts, as well as the ways in which neoliberalised choices and decisions are "routinely frustrated" (Peck & Theodore, 2010, p. 173). While the notion of fast policies as packages of 'best practice' implies a sense of replicability, the process of 'making up' policies as they come into contact with new actors, ideas, and contexts necessitates transformation and mutation. This precludes the possibility for replicability; while SIBs may have had (some) success overseas, this success is not itself replicable given the nature of policy mutation.

An unexpected finding in the research was that the implementation of the model was so fraught, facing multiple and varying complications and setbacks. Despite the early burst of activity in the process of enacting the SIB pilots, and the seemingly fertile local context, the pace of procurement was decidedly slow. SIBs represent a form of fast policy in that the idea itself

was rapidly communicated from abroad, the policy design and research phases were curtailed, globally-connected policy agents, experts and groups engaged in the transfer and implementation of the model, and the social solutions posed were 'quick fixes' based in technocratic rationalities. However, it took *over four years* for the SIB pilots to be set up. This calls for an understanding of multiple temporalities in the process of 'fast policy', where both slow and fast policy processes are possible. Wood (2015) further suggests that the 'full adoption' of a policy model occurs after multiple failures and reintroductions. This raises questions of whether SIBs in New Zealand might follow this path, which may involve an ongoing process of procurement for new SIB pilots, and, as the National Party (2019) suggested in their 'discussion document', setting up a social investment fund to facilitate this process.

Does the SIB model exemplify neoliberalised policymaking, underpinned by market logics, privatisation, and financialisation?

Chapter Six answered my final research question of whether the SIB model exemplifies neoliberalised policymaking. This chapter made contributions to understandings of 'actually existing' neoliberalisation, which have already been discussed by authors such as Peck and Theodore (2019) and Springer (2010). It also contributed to the knowledge of privatised finance, which I explored with the concept of financialisation. I first argued that SIBs are neoliberalised policy models that are touted as integrating market logics of competition, efficiency, innovation, and accountability into social services. I found that rhetorical emphases on all of these market logics are evident in the New Zealand SIB pilots. However, SIBs have not resulted in cost efficiency, and the evidence of increased innovation and accountability is poor. More than this, SIBs were identified as potentially inhibiting innovation in service delivery, and lessening democratic accountability as the commercially sensitive nature of the contracts means communities and potential service users are kept in the dark and out of decision-making processes. I further found that the SIB pilots did not result in any transfer of risk away from the public sector. Thus we might ask: what did the SIB structure actually achieve for the public sector?

Nonetheless, utilising Bacchi's (2016) 'what is the problem represented to be?' approach, I argued that the way in which SIBs are offered as the 'fix' for social service delivery by making social services more 'market-like' has the effect of framing the state as incapable and inefficient, further justifying increased privatisation in the public sector. This was also made evident by

Cabinet's request for the procurement process to be 'market-led', indicating that the problem to be solved was not any defined social problem, but a perceived problem of governance that is 'fixed' with the marketised nature of the SIB model. Notably, increasing private sector involvement in contracting for the SIBs was described by former parliamentary Ministers as 'harnessing' the private sector, and as a way to 'trap' private capital, inadvertently reflecting the unpredictability of the market.

As was stated in Chapter Two, neoliberal reform in social service provision is further facilitated by privatisation. In Chapter Six, I argued that SIBs are a privatised model of service delivery as they involve private finance and (potentially) private service provision. In particular, I discussed that the private provision of finance can significantly increase private sector influence within service delivery. An interesting factor to note is that private sector influence was limited in the second pilot; however, an investor I spoke to thought that investors should have been more involved in the service delivery aspect of this pilot. Beyond this, an investor involved in the SIB contracts expressed a desire to see the growth of the social investment market so that more SIBs might become possible in the future. This perspective follows the logic of the social investment approach: that social problems must be solved with collaboration between the public, private and non-profit sectors.

An important contribution of this thesis is the argument that the privatisation of finance introduces a new financialised calculus in outcomes-based contracting. The intertwining of outcome metrics and financial return primarily has the effect of reframing social problems in a way that allows for the simplified quantification of social outcomes and the subsequent calculation of profit for investors. As Sinclair et al. (2019) argue, while SIBs may be effective in solving problems that involve a clear and identifiable population, intervention, and outcome criteria, the most significant (and difficult) social problems are *not like this*. Social problems tend to be multigenerational, multifaceted, and often contentious. I argued that within the SIB model, social outcomes are created and assessed with the help of financialised tools and techniques, in which the behaviours and activities of individuals are made commensurable and are measured against each other in a competitive structure. A disciplinary logic underlies this process, which further reframes social problems in a purely technical manner. The use of these techniques results in a neoliberalised perception of social problems as resulting from the behaviours of individuals. Again following Bacchi's (2016) policy problematisation, if the solutions to social problems are increasingly framed as changing individuals' behaviours (and subsequently

triggering a financial return to investors), the problem represented must, therefore, lie within the individual. This reflects a neoliberalised framing of complex social issues, and the opportunity for investment in perpetuity as only the symptoms of social problems are addressed.

Connecting my final two research questions, I acknowledge that neoliberal policy models are inextricably linked to fast policy, in that fast policy models spread 'quick fix', best practice policy solutions which can lead to the entrenchment of neoliberal ideology in policymaking (Peck et al., 2012). As fast policies proliferate, neoliberal framings of problems and their solutions become embedded in the local milieu (Peck & Theodore, 2010; Peck, 2011b). SIBs are a notable example of neoliberalising fast policy, as they are iterative constructions of 'what works', encapsulating a collection of market-oriented practices, conventions, technologies and calculations (Peck & Theodore, 2010). The propagation of SIBs then facilitates the spread of 'ideologically sanctioned' neoliberalised ideals and paradigms within the public sector. This becomes particularly pertinent as governments are increasingly incentivised to choose 'market-friendly' policies to cope with increasingly tight fiscal restraints.

SIBs speak to neoliberalism as a dynamic and ongoing process, where experiments can waver and fail, but build on already existing neoliberal structures within particular locations. Despite the various failures and complexities of the New Zealand SIB pilots, the financialised tools operationalised through the SIB model – premised on the primacy of individual responsibility and mechanisms that further the role of the market – extend neoliberalised policymaking. This reflects the findings of other authors (see Warner, 2012; 2013; McHugh et al., 2013; Sinclair et al., 2019). Moreover, failure itself is considered characteristic of neoliberalisation. Peck and Theodore (2019, p. 258) describe how moments of 'rollout' and 'rollback' represent the two faces of neoliberalisation, illustrating "dialectically intertwined moments of ongoing regulatory transformation". Policy failure and mutation are then "central to the exploratory and experimental modus operandi of neoliberalization processes", and underperformance becomes the rationale for more stringent efforts as 'failure' is attributed to poor implementation (Peck & Theodore, 2019, p. 258). The failures and inconsistencies of the SIB model, in tandem with both the intentions to "learn lessons that could be applied" to other forms of contracting in the public sector (Ministry of Health, 2013, p. 5) and the National Party's plans to continue rolling out SIBs should they return to power in the 2020 election, signal the ongoing (albeit uneven) forward movement of neoliberalised policymaking.

In sum, by providing a detailed empirical account of the SIB pilots in New Zealand, this thesis has contributed to a growing international literature on SIBs, as well as the limited literature addressing SIBs in New Zealand. Likewise, my research has added to the existing literature on policy mobility, as SIBs have not previously been explored as an example of fast policy. In this context, my research extends the concept of policy mobility and understandings of the ways in which internationally mobilised policies interact with local contexts. Finally, this thesis also has contributed to an emerging knowledge of financialised forms of privatisation, where I have argued that the SIB model financialises outcomes-based contracts, acting as a tool of neoliberal welfare and social service reform.

As noted in Chapter Six, a report published by the New Zealand Productivity Commission (2015) found that providers often perceive government processes as overly directive, unhelpful, and disconnected from the 'real world'. While these are significant concerns, it is unclear whether SIBs offer any real solutions, as the SIB model fundamentally frames social problems and solutions in neoliberalised terms. The extension of market logics in the provision of public services further raises important questions regarding the roles of service users, citizens, and states in decisions concerning service provision, including the extent to which groups of service users and communities are consulted and given access to information and decision making. Further research might consider: are there are any situations in which SIBs have the potential to improve outcomes for service users? Is there another way to improve contracting with non-profit organisations – to increase contract lengths, and provide stable funding – without financialising social services? Or will SIBs foster a new generation of neoliberalised and financialised social policy interventions? It is hoped that this research will go some way to fostering interest in these questions.

Appendix I: Participant Consent Form

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INTERVIEW CONSENT FORM

Project title: The growth and implementation of the Social Impact Bond model
Name of Researchers: Tom Baker (t.baker@auckland.ac.nz) and Rebecca Grimwood (rgri707@aucklanduni.ac.nz)

I have read the Participant Information Sheet, have understood the nature of the research and why I have been selected.

I have had the opportunity to ask questions and have them answered to my satisfaction.

I agree to take part in this research by participating in an interview.

I agree to have the interview audio recorded.

I understand that:

- I can ask for the recorder to be turned off at any time, without having to give a reason
- I am free to withdraw participation at any time without giving a reason
- I can request a transcript of my interview, which will provided to me within one month of the interview date
- I am free to edit and/or withdraw any data traceable to me up to up to one month from the date of interview or receipt of transcript
- the interview recording and transcript will be kept for 6 years, after which it will be destroyed.

I agree to have my interview comments attributed in the following manner (please select one):

☐ identified by name, professional position, organisation and location
☐ identified by professional position, organisation and location
☐ identified by professional position and location.

I understand that if I do not select one of the attribution options above, my comments will be identified by professional position and location only.

Name _____ Signature _____

Date _____

APPROVED BY THE UNIVERSITY OF AUCKLAND HUMAN PARTICIPANTS ETHICS COMMITTEE REFERENCE NUMBER 016871.

Appendix II: Participant Information Sheet

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PARTICIPANT INFORMATION STATEMENT
for the research project
'THE GROWTH AND IMPLEMENTATION OF THE SOCIAL IMPACT BOND MODEL'

Who is conducting the project?
The project is conducted by Dr Tom Baker, a Lecturer in Human Geography in the School of Environment at the University of Auckland, and Rebecca Grimwood, a Masters student in Sociology at the University of Auckland.

Why is the project being conducted?
In recent years, the Social Impact Bond model has spread rapidly throughout the world. This project is being conducted to: (i) understand how and why the Social Impact Bond model has spread locally, nationally and internationally, and (ii) document experiences of implementing the Social Impact Bond model to date.

How is the project being conducted?
The project will last 3 years. During the first 2 years of the project, Tom Baker will interview about 150 people with specialised knowledge and/or experience with the Social Impact Bond model. Interviews will be conducted with participants based in Australia, Britain, Canada, Ireland, New Zealand and the United States. A comprehensive search of publicly-accessible documentary information will also be conducted.

Why have I been invited to participate in the project?
You have been invited to participate in the project because you have specialised knowledge and/or experience with the Social Impact Bond model, either as a professional or public figure.

What does participating in the project involve?
Your participation in this project involves participating in an interview, conducted by Rebecca Grimwood, at a time and location of your choosing. The interview can last up to 1 hour, but the duration of the interview can be shortened to suit your requirements. Some prepared questions will be asked to provide a loose structure; however, the aim in conducting the interview is to make it as conversational as possible. With your permission, the interview will be audio recorded and transcribed. You will be offered a copy of the typed transcript and the digital recording of interview. You can make changes to your interview transcript up to one month after receipt. This provides you with an opportunity to double-check any comments.

How will my comments be identified in the research results?
Participants' comments will be identified in a manner of their choosing. Options range from 'identified by professional position and location', 'identified by professional position, organisation and location' and 'identified by name, professional position, organisation and location'. Participants elect one of these options on the consent form provided and can change their choice at any time. These options are provided in order to give participants greater control over the way their comments are attributed.

What are my rights as a participant in the project?
The invitation to participate in this research can be declined without penalty. Participation is voluntary and participants may withdraw from the project at any time without giving a reason. Participants will be offered a copy of the interview transcript, which they can review and edit up to one month after receipt of the transcript. Participants can specify the way in which their comments will be identified.

What are the potential benefits and risks of participating in the project?
Participants will have access to any publications arising from the project. The project is not expected to present significant risks to participants. Participants are offered the opportunity to review and edit a copy of their interview transcript and can select the way in which their comments will be identified.

What will happen after my participation in the project?
Interview recordings will be transcribed and analysed in conjunction with documentary material. Together, these information sources will form the basis of written publications and presentations. Interview recordings will be transcribed by Rebecca Grimwood. Interview recordings and transcriptions will be stored in a password-protected electronic file accessible to Tom Baker and Rebecca Grimwood only. The file will be deleted after a University-specified period of 6 years from the formal conclusion of the project.

How do I contact the researcher?
Please get in contact with Tom Baker using the contact details below. We are happy to discuss any aspect of the project and answer any questions you might have.

Dr Tom Baker
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T: +64 9923 8554 E: t.baker@auckland.ac.nz

For any concerns regarding ethical issues you may contact Paul Kench, Head of the School of Environment, at the University of Auckland. Telephone +64 9923 8440. Email: p.kench@auckland.ac.nz

Alternatively you may contact: Chair, the University of Auckland Human Participants Ethics Committee, at the University of Auckland, Research Office, Private Bag 92019, Auckland 1142. Telephone +64 9373 7599 ext. 83711. *Email:* ro-ethics@auckland.ac.nz

Approved by the University of Auckland Human Participants Ethics Committee. Reference Number 016871.

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