

More effective social services inquiry
New Zealand Productivity Commission
Te Kōmihana Whai Hua o Aotearoa
PO Box 8036
The Terrace
Wellington 6143
info@productivity.govt.nz

1 December, 2014

Charlie Devenish
charles.devenish@gmail.com

Tēnā koe,

RE: Submission to the “More effective social services” issues paper.

Thank you for the opportunity to contribute to the discussion of how we can create a more effective social service sector in Aotearoa New Zealand.

I would like to begin by making the point that the wellbeing of the individual affects and effects the overall wellbeing of our whole society. The individual and society are one and the same thing – if an individual is unwell, it affects our whole society; if our society is unwell, it affects the individual.

I make this point because I am concerned that the assumption underlying this issues paper is that wellbeing is an isolated matter that can be achieved via a market economy. The shift in language, describing the social sector as a ‘market place’, coupled with the increased privatisation of funding (by philanthropists) and delivery (by for-profit providers) illustrates the need for a wider discussion about how we want our society to be. I am deeply concerned that there is a fundamental shift taking place in the nature of our society from one in which the state takes overall responsibility for citizens’ wellbeing to one in which wellbeing is the sole responsibility of the individual. This shift illustrates ignorance of the systemic factors that directly impact on individuals’ wellbeing. Again, I stress the point that the wellbeing of the individual affects and effects the wellbeing of society as a whole.

The market economy is resulting in the accumulation of wealth among the top 1-10% of society. This is resulting in inequality and a reduction in the wellbeing for the majority that in turn has flow-on effects to every individual, even the wealthy. The government is increasingly withdrawing from funding for social services and relying on the goodwill of philanthropists to redistribute wealth. This is flawed. Wellbeing of all citizens is the responsibility of government, not up to the whim (and possible generosity) of the wealthy few who may choose to fund pet projects, not necessarily what is most needed at a societal level.

The market economy assumes that competition is positive. This is not necessarily the case in the social sector. As a fundraiser in a not-for-profit organisation I see that competitive funding models deter collaboration between organisations because:

- it reduces the willingness to share information and ideas for fear that it will reduce the 'point of difference' of your service and / or funding application;
- it results in an increased focus on your core business and thus a reduced willingness to participate in collaboration with other organisations working in the sector. This stifles innovation because it is generally out of conversations and collaboration with other people outside of your organisation that new ideas and solutions are developed. However, when you are competing for tight funding, you are less likely to want to share ideas or spend time exploring innovative solutions because it takes you away from delivering on your specific outcomes.

This similarly feeds into the issue of funding for outcomes. Not only does this form of funding incentivise an increase in throughput (the quantity of clients you work with) which reduces your time and ability to innovate individually or with other organisations, but it also undermines the quality of the service. Outcomes-based funding encourages organisations to work with clients that provide 'low hanging fruit' i.e. those that will become an 'outcome'. This raises the question, who will want to work with clients with more complex needs that are less likely to provide an 'outcome'?

Furthermore, outcomes-based funding requires a considerable amount more work than what an organisation is actually funded to deliver. If an organisation is funded for 'x' outcomes, they generally have to work with a considerable proportion more than 'x' clients because not all clients worked with will necessarily achieve the pre-set outcome laid out in the funding contract. So, how does the organisation cover the cost of all the work done with those clients that may not become an 'outcome'?

Regarding the administrative burden of applying for competitive funding, I support the two-stage funding model whereby a brief application is submitted in the first round and only those applications that are deemed to meet the objectives / criteria of the funding are invited to submit a more detailed application. This will reduce time wasted in lengthy applications for which the organisation is unlikely to receive any funding.

Finally, I am concerned with social bonds because they look at social issues in a very short-term way and ignore the much longer-term, systemic issues at play. The focus on outcomes over process exacerbates this issue.

Thank you for considering my submission.

Kind regards,

Charlie Devenish