

# Submission to the Productivity Commission Enquiry: More Effective Social Services

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## 1 Introduction

- 1.1 Anglican Advocacy is a division of the Anglican Care Trust Board for Canterbury and South Westland.
- 1.2 Anglican Advocacy would like to thank the Productivity Commission for their work looking into the way in which social services are funded and delivered in New Zealand. In particular we welcome the desire to ensure efficient use of limited resources to ensure the best possible outcome for clients.
- 1.3 We are unable to offer a comprehensive submission at this time, although we will continue to gather case studies from our work in areas that relate to the Productivity Commission report. Instead, we would like to make comment on specific aspects of the report about which we have some concern.
- 1.4 The areas we will comment on are: Procurement practice, results focus, and trust.
- 1.5 If there is an opportunity we would like the opportunity to speak to our submission.

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## 2 Procurement

- 2.1 The corporate tender and contract model of funding signalled in the More Effective Social Services (MESS) draft report, and increasingly in use in places like the SHU and reintegration service contracts result in organisations that need to collaborate around complex needs being in competition with each other. Competition and a lack of cooperation driven by the need to be competitive for limited funding undermines the goal of greater collaboration named in the MESS report.
- 2.2 The process also results in large organisations being able to gaining contracts covering work that would previously have been done by several smaller organisations. In some cases this may be a positive thing because of efficiency gains from fewer administrative costs; however, there are pitfalls that do not seem to be addressed either in the report or in practice.
  - 2.2.1 Firstly, there is resilience in diversity. A greater number of organisations collaborating in a space means the ability to overcome temporary

difficulties any one organisation may face without loss of service to the vulnerable.

- 2.2.2 A greater number of smaller organisations offer value to a community beyond simply the outcome of the contracted service. Benefits might include: A facility being usable by the community at other times, volunteer hours, community initiatives and participation, and greater flexibility for innovation. All services experience ‘walk-ins’ from people with complex needs.
- 2.2.3 When organisations restructure because of new funding requirements relationships with vulnerable communities and groups are lost. Service delivery is not simply a calculation of client need plus service input equals successful outcome. Who delivers service, what the prior relationship is between client and provider is, and where in the community the services are located all matter. Successful intervention is a complex relational problem not simply a complicated one. If a client does not choose to engage with a process there will be no result regardless of the efficiency of the provider. The engagement of the vulnerable person is as vital to the outcome as every other consideration. And yet, they are often overlooked in restructuring considerations. Larger organisations are more impersonal, and their systems are harder to navigate.  
For example: PARS and Corrections may offer a similar service and ask the same questions of a corrections client; however, the answers and engagement will be different with each.

A key consideration that needs to be addressed in the MESS report is that *what* is done is not more important than *how* it is done. The social sector is about relationships, because client change is about relationships.

### 3 Results Focus

- 3.1 In theory a focus on results makes sense. However, nowhere in the MESS report does it spell out how the results will be measured. What constitutes results? How far out will they be measured? A three year timeframe for the output of a service in an area of complex needs measured via outcome mapping will look drastically different to a 1 year timeframe to measure the results of an intervention into complex needs measured by set KPIs. Both could be described as a result focused approach.
- 3.2 Although the report identifies innovation as a key desired outcome of social sector reform, a funding focus exclusively on results can stifle innovation. When businesses innovate there is an assumption that most of their innovations will fail. But one successful idea makes 80 unsuccessful ideas worthwhile. Currently the social sector has to be able to define the results of their work prior to receiving funding. Innovation under those conditions is impossible. There was

nothing in the report that suggested that **additional** funding would be allocated to social service agencies with a proven track record to be able to innovate.

3.3 Innovation is often not about starting another social service. Innovation is about the way in which service are delivered. For example, a free law clinic decides that everyone has something to offer the wellbeing of a community (the real goal). Therefore, instead of treating the clients as helpless and the lawyers as powerful (reinforcing client disempowerment) the law clinic sits down with every client and spends time asking what the client can do to contribute to the community. This co-production would take more time, requiring more funding. When this was tried by U.S free law clinic, the result was a better integrated, connected and more resilient community requiring less external intervention. Many clients felt empowered about their ability to contribute to solutions to their own problems; this had a flow on impact on other areas of their lives. The above experiment required additional resources because of the increased time commitment with each client and the training required for staff. It might have failed. Furthermore, success in one community in another country gives no guarantees it would work in New Zealand. When funders require results to be defined prior to funding being given this sort of innovation becomes impossible.

3.4 Anytime a funder requires structural change along with new reporting and monitoring regimes additional resource is required for the transition. I would imagine a significant budget will be set aside for government transition. And yet, there has been no indication that additional funding and support will be given to providers undergoing the required change. We ask that additional transitional funding be a recommendation of the Productivity Commission.

The language of results based funding rather than outputs or outcomes is the area of greatest concern to Anglican Advocacy. The stories and experience of front line providers are essential before deciding what constitutes results and how they will be measured. Any transition without full transparency about what constitutes results will kill essential services already struggling to survive. Slow is better than fast. If these reforms are driven through within a three year electoral period then the legacy will be the destruction of years of institutional knowledge and relationships along with damage to the social fabric of vulnerable communities.

## 4 Trust

4.1 Some of the intentions behind the drive to reform the social sector are fantastic. There are organisations that are still operating for no other reason than history. There is waste, and there is a resistance to change. This is true of all sectors and all systems. However, the necessary commodity for getting the buy-in of a sector undergoing transformation is trust.

4.2 Trust is low when the intentions of the change are not believed. Anecdotal evidence from conversations around the sector suggest many people believe that the intention behind the reforms is not to deliver better outcomes for the

vulnerable and marginalised, but for government to absolve themselves of any responsibility for social services. There is a belief that the burden will increasingly fall on charities to find their own funding, or for the services to be delivered by for-profit organisations – death by attrition or covert privatisation.

- 4.3 In an environment where trust is a commodity for effective change it doesn't matter whether the reasons for the lack of trust are accurate, it matters that they are believed. The collaboration and buy-in of the sector is a vital component of an effective change. Additional work addressing this challenge needs to be undertaken.
- 4.4 One stated aim of the reforms is to "Improve system stewardship." "Government," the report says, "is the major funder of social services and has a unique role in the system. It needs to focus on system stewardship. **The key tasks are setting goals, monitoring system performance, investing in data infrastructure and standards, fostering learning and innovation, and prompting change when the system underperforms.**"
- 4.5 Everyone from front line service agencies to The Office of the Children's Commission, from UN to members of Parliament have identified official measures for child poverty that allow the setting of targets and monitoring to be vital for the reduction of child poverty. In an interview this month a senior member of parliament named child poverty figures as being between 50, 000 and 100 000. In the same interview he named the figure as being 230 000 during the previous government. Unless the figure has fallen over 100 000 recently two different measures were used. That alone illustrates the need to have a consistent set of measures so that targets can be set and results evaluated. As long as government persistently refuses to monitor and set goals, while insisting that their primary function is 'goal setting' and 'monitoring' trust will remain low.

The changes required need to be undertaken slowly rather than quickly. They would be better done with cross party support if possible. This is something Government seems to understand in the corporate sector; for example, the long length of time given to Fishing companies for the reflagging of FCVs, spanning more than one election cycle. The same consideration needs to be given to the social sector where far more complex needs are being dealt with.

For any trust to exist around the intentions of these reforms the government needs to show consistency and apply their intentions to the area of most immediate social need in New Zealand, child poverty.