

Thank you for the opportunity to provide feedback on the draft report of the Productivity Commission More Effective Social Services. This submission is provided on behalf of the newly merged organisation Emerge Aotearoa that has been formed by the merging of Richmond Services Group and Recovery Solutions Group. Both these organisations were large mental health, disability and social housing providers. Emerge Aotearoa will provide services in 17 of the DHB areas, have an annual income of approximately \$60 million and a staff of around 900 people.

As part of the provider network in mental health and disability services, we found the findings of the report to be wide comprehensive and in general the recommendations appropriate. However the many recommendations may lead to a water down approach when implemented. It would be helpful for the Commission to do some further analysis in the final report that focuses attention on the core issues identified and prioritises responses to these. As a national provider we are committed to working in partnership with the range of local providers and funders however we find the transactions required given the current funding contexts to be onerous and wasteful. We are too small a country to have excellent funding and planning capability within the Ministry of Health, MSD and 20 District Health Boards. The capability in planning, funding, contracting, monitoring and relationship management is variable. There also appears to be very little learning across the commissioning agencies or sharing of good practice.

Having been around in the days of the Regional Health Authorities (being on the Board of North Health), I lament that these bodies were not provided with the time and opportunity to effectively bed into the health system. In the time of their operation I observed high quality people being attracted into the four funding agencies and a level of rigour and analysis in planning and funding decisions that began to shape the sector and remove wastage. There was a level of analysis of community needs and a level of objectivity that allowed more sensible planning. Hard decisions particularly those that relate to redistribution of resources are difficult yet I saw RHAs around the country initiate strategies to redistribute resources. One of the key concerns in the current health service configuration is the lack of clear separation that exists between the commissioning and the provider arm of DHBs. There are often confused accountabilities and a level of protection of the DHB provider services that limit the devolution that could occur to community providers.

More independent commissioning also allows for a much more adventurous approach to be taken to new and innovative services as these can be services. Frequently new initiatives are driven from the centre and not allowed to flourish because of the onerous requirements put around them. Greater clarity around the outcomes being sought and agreement about how these will be measured would release some of the potential that reside in communities and agencies that work closely within communities. To often while consulted, views are not fully incorporated into end models and funding is so directed that prevention and early intervention opportunities can be thwarted.

Along with my colleagues in the mental health sector, I support in full the seven major themes outlined in draft report.

However, we believe along with them that a focusing of the recommendations would lead to greater opportunity for change. Ensuring more responsive commissioning is one of the key ways that change could be incorporated into the current service provision context. We particularly support the following recommendations.

R6.2 Commissioning organisations should ensure that in-house provision is treated on a neutral basis when compared to contracting out and other service models. This requires independence in decision-making processes. In-house provision should be subject to the same transparency, performance monitoring and reporting requirements as would apply to an external provider.

R6.10 Fully funded social service payments to non-government providers should be set at a level that allows an efficient provider to make a sustainable return on resources deployed. This funding level will support current providers to invest in training, systems and tools. It will also encourage entry by new providers.

- R14.3 To strengthen the incentives for reforming the social services system, the Government should:*
- establish a Ministerial Advisory Board to report publicly on the Government’s progress in reforming the social services system;*
 - remove unnecessary barriers to reform;*
 - provide positive incentives for improvement;*
 - expand the measurement and public reporting of the return on investment in social services programmes;*
 - establish a programme for reviewing social service programmes against specified criteria; and*
 - seek beneficial opportunities to undertake joint benchmarking of social services, such as through participating in the Australian Report on Government*

We believe these three recommendations combined have the ability to fundamentally transform and improve the social services system.

With regard

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