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More effective social services inquiry  
New Zealand Productivity Commission  
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**Submission on More Effective Social Services – NZ Productivity Commission Draft Report May 2015 from the Auckland District Council of Social Services**

Auckland District Council of Social Services was formed in the 1970s for the geographical area which was covered by the Auckland City Council from 1989 and now works across five Local Board areas, including Waitemata, Albert-Eden, Puketapapa, Maungakiekie-Tamaki, Orakei, and part of Whau. We provide seminars, networking, information and training for individuals and groups working to provide social and community services. We co-ordinate the provision of an Inner City Network, a Website and a data base of community organisations, events and activities. We also work at an Auckland regional level in the areas of housing, seminars and submissions.

ADCROSS has a membership base of over 100 community groups on Auckland's Isthmus including addictions, health, migrants & refugees, Maori, Pacific, older adults, family services, education, community, youth and disability sectors. This submission was approved by our 12 member executive which meets monthly.

We are affiliated to Community Networks Aotearoa.

**Comments on draft report**

The Commission identifies seven characteristics of a well-functioning social services system, six of which we fully agree with. However the fifth one: "meet public expectations of fairness and equity" appears inadequate because the system should be challenging, advancing and exceeding such expectations and having a major role in creating a fairer and more equitable society

The Productivity Commission's draft report looks at ways to improve how government agencies commission and purchase social services. The draft report recommendations indicate some major changes ahead. The Commission has developed 81 draft findings and 47 draft recommendations which are summarised into seven themes. These are:

- "Improve system stewardship" which recommends Government has a major responsibility for stewardship of the social services system. Under this theme key roles cover setting goals, monitoring system performance, investing in data infrastructure and standards, fostering learning and innovation, and prompting change during underperformance
- "Reshape roles and responsibilities" which recommends more "devolved commissioning of social service contracting and greater client empowerment" and the establishment of an Office of Social Services to provide "thought leadership" and recommend a reform

strategy. The term “thought leadership” may well conjure up images of Orwell’s novel “1984” with Big Brother’s “thought police” and is not a term we agree should be used.

- "Improve commissioning and purchasing capability" which recommends upskilling in areas of commissioning and contract management as well as improving provider skills
- "Make better use of data" which recommends using data to measure and monitor the numerical outcomes and effectiveness of services for different types of clients, including the establishment of "comprehensive, wide-access, client-centered data infrastructure"
- "Shape incentives through choice and transparency" which recommends providing clients of social services with more choice, including choice for clients between voluntary agency and private sector provision, therefore strengthening incentives of services to improve continuously.
- "Embed continuous improvement" which recommends a focus of learning and innovation by trying new ways of doing things and establishing what works. This includes a shift to measurable outcome-based contracts
- "Encourage consultation" which recommends ongoing consultation between users and providers of services, and between government agencies and non-government agencies.

The Productivity Commission follows the Ministers English, as Minister of Finance, and Coleman, as Minister of State Services, in the wording of their request to them, by referring to social service provision as a system as a whole. In reality social service providers have had such rivalries and diverse analyses and approaches ranging from individual conversion and rehabilitation, through family and community development, to structural reform. These should be more collaborative but they are already competitive, often negatively but often in ways that encourage innovation.

We recognise the benefits of overcoming problems of service fragmentation and a lack of collaboration where they exist, promoting integration and joined up services, within a person-centred service delivery. Our response, however, is framed by a number of considerations that are not sufficiently evident in the draft report.

The first is the extent to which structural factors impact on individuals, families and communities causing poverty and serious disadvantage that are beyond the scope of a social services delivery framework alone to solve. In our view it is these structural factors that are the prime cause of people and families being disadvantaged, suffering poverty, and in need of support from social services rather than being caused by individual deficiencies or weakness. Many structural factors appear to be worsening and increasing disadvantage among many people, families and communities with significant impacts and demands for family, community and social services to increase.

Greater acknowledgement is required about the role of structural factors and of inequality as key determinants of health and well-being and therefore as drivers of demand for community services. The key role of community services providers is to be responsive to the needs of the most disadvantaged and to inform central and local government of the issues and gaps to ensure that resources and services are directed where they are most needed in an effort to reduce inequality and increase the health and welfare of citizens. A worrying trend is that being a ‘voice’ for the most disaffected and contributing to the making of good policy at a local and central level is seen

merely as 'advocacy' and as a somewhat subversive role to undermine government. We stress that advocating for new solutions and informing policy plays an extremely important and necessary role in the wellbeing of communities. Agencies need to be able to alert government to important factors and issues and of opportunities and the desirability of changes around service delivery. The making of relevant innovative and therefore effective policy needs to be a collaborative exercise between communities, agencies and government. This process is critical to the design of 'Better Social Services delivery.'

The draft report does not appear adequately to recognise the critical importance of developing skills and resourcing data analysis and interrogation of evidence. The importance of tertiary institutions in this regard is not really raised. Rigorous research and a clear overview and understanding of social structures and of services are extremely important in any decision making around proposed models and future structures. We urge that key people in universities who understand the history and analysis of social services are brought into the conversation and assist with evidencing good practice and models of working. Also it is important to recognise the importance of training in the community sector. Training in what can be sophisticated evaluation and evidence gathering techniques, requires concerted resourcing. Evaluation needs to be encouraged and to be funded and resourced adequately so that service organisations can assess and improve their performance and particularly what impact both innovative and continuing services are having. Community organisations often do not have the time or expertise to effectively design and deliver a good evaluation model, and this is seldom funded (apart from MSD and its promotion of the RBA model in Auckland). We discuss the limitations of a single outcomes framework later in our submission. Lack of appropriate design and place based outcome models are a flaw in the current funding/contracting framework.

#### **In Summary:**

##### **Some of the things we like in the draft report:**

- the development of better forms of evaluation and data collection across social services and hopefully supported adequately financially.
- better coordination of the provision of services.
- building models of best practice that can be followed by other providers.
- funding set at levels where providers can invest in training, evaluation, data analysis and innovation.
- the concept of an 'enabling government'.
- the encouragement of a diversity of service models.
- some good points for choosing 'system architecture' and service models.
- the importance of harnessing local knowledge.
- promotion of a shared service model that which reflects the view that complex social problems are best addressed by the organisations closest to the clients working together.

##### **Some of our concerns:**

- the more commercial model proposed by the Commission will overall erode the vital wider role of social services have in New Zealand in building individual capabilities, cohesive communities and a more civil society. The shift to a competitive model rather than building on co-ordination and co-operation is a serious concern and involving the private sector

risks generating personal wealth accumulation and even corruption at the expense of vulnerable people.

- we would like to reinforce the important role played by government and social service providers together in addressing complex and dynamic social problems that rely on robust dialogue for continual improvement. (There needs to be 'skin in the game' from both government and community. Will 'system stewardship' do this?).
- recognising that community organisations/social service providers should not be seen simply as government service delivery arms, but as co-producers of solutions and key participants in decisions of best models of practice.
- where providers identify and publicly advocate for policy, regulatory or service improvement this should not put their funding or contracts at risk as many current believe they would be based on the experience of the Problem Gambling Foundation and others.
- we recommend much more than 'consultation' of community and urge an 'engagement' approach where all parties work together from the outset in all facets of delivery and outcome visioning.
- recognising that in some cases government, through its Departments, is best placed to deliver services rather than contracting out and having more tenuous responsibility.
- we have concerns about the concept and reality of choice in the case of social service clients. Providing contracts to a number of agencies so that people can choose some and reject others means that there are extra costs of duplication and redundant provision. Alan Gibbs report "Unshackling the Hospitals" was rejected in part because of the unnecessary costs competition would cause. Choices may not be informed nor best suit a particular client but be based on slick marketing or limited understanding.
- We believe that competition and for-profit provision in social services may not necessarily improve the quality of social services and gains in efficiency, quality, adaptability and innovation. The providers that attract most clients may well be those that provide the most attractive marketing, particularly private providers, rather than those that best meet client needs.
- there does not appear to be any consideration of a 'strength-based' approach to service delivery, which goes beyond intervention and prevention and seeks to build on the real strengths that exist in every community. We recommend this approach be considered by the Commission, particularly looking at the successes of this approach in Canada and which is well understood by New Zealand social work trainers and many social service and community development practitioners.
- the investment approach adopts investment and insurance tools to prioritise clients and services but provides no guidance on effective interventions. In spite of the very limited application and successes and significant failures of this approach internationally it is still enthusiastically advocated for.
- the inquiry has avoided examining how specific government economic and social policies impact on social services outcomes and this is such an important factor where specific policies impact negatively on social outcomes.
- the Commission recommends that 'funding for community development should be through grants for that purpose, and co-funded in some form by the relevant community'. We agree that more parties should have 'skin in the game' but do not agree with the silo mentality of community development being seen as somehow separate as a programme in

itself. We would like to see a community development approach being applied across all social service delivery and service provision.

- the Commission's recommendation to introduce programmes of social bonds is based on very few overseas successes and rather more overseas failures and risks. We should await the results of research on the application of social bonds in practice by evaluating overseas trials rather than using clients of social services as guinea pigs for this unproven approach.
- the proposed Office of Social Services carries with it the risk of developing a bureaucratic dampener on innovation or alternatively being a portal to government like the Office for the Community and Voluntary Sector that was largely ineffective in helping the sector.

Many of the recommendations in the draft report are positive, insightful and valuable but there is concern that while recognising the value of existing social services, the Commission through its draft report has made clear its view that further commodification of services, shifting to a private contracting model and exposure to the rigours of the market are required.

ADCOSS believes that Social Services are vital forms of investment in people. They help build capabilities so that people can realise their hopes and aspirations, contribute to more cohesive and inclusive communities, and are there for people during times of crises in their lives. The role of social services is a vital function of the state and countries, like New Zealand, rely on interplay between community service organisations, government and broader civil society to continually develop and improve collective responses to complex social problems. This relationship between government and social services is a much deeper and complex function than other simpler purchaser-provider relationships that government engages in.

ADCOSS contends that the view of shifting to a market orientated approach oversimplifies the role played by social services in creating a strong community and participating in the necessary processes of public debate and together working out solutions to social problems. Social services often exist as a response to the failures of the market and have a significant social, collaborative and participatory dimension that is fundamentally at odds with the commodification and competition that the Commission endorses.

Genuine diversity, choice and innovation in social service provision is possible and desirable, but requires collaboration and partnerships between organisations that are driven by a strong sense of civic duty, as well as a genuine commitment to building relationships and networks that empower people and communities. Applying competition principles to social services can undermine many of these important features. The winners of contracts may not be service users or communities, but for-profit providers who may not be so concerned that the services go to those most in need, nor that they have a lasting sustainable beneficial impact and promote fairness and social justice. They may simply pick the low hanging fruit while the deeper and more complex problems of some individuals and most communities continue to intensify.

ADCOSS does not discount the value of competition in many contexts, and we do not believe in keeping the status quo either. We support efficient and effective social services that build capabilities, strengthen the social fabric of our communities and continuously look at new ways of

doing things. One risk with competitive funding is resulting in people performing key functions without being adequately trained and are somewhat lacking in capability, skills and empathy.

We welcome the recognition of the importance of choice for service users. Providing genuine choice would be supported by many across social service providers. However, there are barriers and limitations to genuine choice, and, it is dependant on the level of control accorded to service users by the government and services providers and the availability of the right service types to meet users' needs. Choice should not simply mean being able to choose between different services offering the same thing but be between diverse ranges of services offered meeting a particular need. A concern in a tight fiscal environment is that quality, diversity, speciality and choice, may disappear where contracts are let to large-scale providers offering minimal options of service delivery.

The commission recognises that the current system of social service delivery is not well designed to deal with the complex problems facing society's most 'vulnerable'. Services are often designed in silos without the full picture of what a client might need. This not only means a poor outcome for clients, but a less efficient and more expensive system.

"Clients should be at the centre of the social services system, not politicians and providers. However, decisions that impact clients' lives are often made in Wellington, many kilometres away from the messy realities of social problems, and often without good information on what works or what doesn't.

"Our current system of public administration is not well designed to deal with the complex problems facing many of society's most vulnerable members. Services are designed and commissioned in administrative silos, without the full picture of what an individual might need. This not only means a poor outcome for clients, but a less efficient and more expensive system overall.

"New approaches are required that can better match services to the needs of clients, give clients and particular communities greater control and choice, reduce paperwork and the cost of government processes, and encourage service providers to innovate and continually improve their services. There are already pockets of successful innovation within the sector. One challenge is to encourage those innovations to be used more widely.

"We advocate for new arrangements that reshape the roles of governments, providers and in some cases clients, to empower clients and give service providers more autonomy. The role of central government would shift, from its current emphasis on controlling the provision of services to one of conscious stewardship of the social service system.

"There is also scope to improve current purchasing and contracting practice in order to reduce the cost of these processes to all parties – including government agencies.

"The Government needs to put more effort into setting goals and standards as well as monitoring performance, and evaluating effectiveness of whole programmes. It needs to put less effort into telling providers how these goals should be achieved."  
(Productivity Commission draft report).

With the investment approach the commission is outlining and a more competitive funding approach, there is concern that many community agencies are 'cash strapped' and need certainty of operational base funding to continue and any implementation of new service models require considered planning with high levels of stakeholder and client engagement right from the outset.

In determining an appropriate model for contracting and service delivery, we commend the Commission in its recognition that a 'one size fits all' approach fails to recognise that solutions to serious long-term problems must be tailored and premised on the understanding of specific localised problems. Solutions must be flexible enough to meet multi faceted issues. Causes are complex and require multiple methods and approaches.

We endorse as we did in our earlier submission the 'whanau ora' approach that puts the extended family at the centre. We stress the importance of other relationships and that the focus on the individual is not enough to solve complex problems. Social service delivery must provide for a range of service types and relationships that cater to people with single simple issues through to people with a complex range of needs. Here in Auckland the feedback we receive from agencies is that more individuals are presenting more complex issues than they used to.

ADCOSS firmly stresses that specialisation, professionalism and training play an important role in developing expertise at the delivery and policy and procedures level. Too little is made of the benefits and importance of well-trained highly skilled social workers and other social service practitioners in achieving better social services. Simple 'self-help' models may well be a valuable part of an integrated system but do not necessarily offer the right approach on their own for a varied client base. This latter point recognises the inherent sophistication of integrated models and collective impact frameworks allowing for more choice and the right service for the right person.

The new models of collective impact are highly demanding and sophisticated requiring strong leadership and facilitation. Our view is that this is the way of the future but there must be recognition that this requires considerable resourcing. Many community organisations are struggling working often on low salaries, long hours unpaid or dependant on volunteers. We urge that the funding/resourcing of the community to deliver social services should have some 'parity' with the cost of resourcing government service delivery. This is even truer if valued monitoring, evaluation and data analysis is to occur effectively. We need to empower communities rather than only focus on the individual. A thriving social services sector is vital to a well-functioning society.

Attempts to establish a more joined up, wrap around, consolidated, collaborative and integrated sector is a worthy aspiration in our view but we also believe that it is important to think further about why social services have developed the way they have around separate programme areas? Often this is to meet a specific social need. Specific specialisation may be meeting an important need in the community and a particular programme may have delivered many lasting gains and outcomes that a new contracting model cannot afford to lose.

Along with a more place-based approach to social services, we also want to advocate the benefit of the smaller providers who often know their own local areas 'backwards' and are very familiar

with history and development of local social issues. They can be extremely responsive to local issues and understand what is required to solve these specific issues locally. We warn against a model, which sees big national providers taking over the work of smaller providers. Many significant gains and important knowledge would be lost with this particular model. A joined up approach however that allows for specialisation is a much-preferred option.

Improvements in social service provision do not appear to require a revolution. Rather there needs to be more data, other information, research, monitoring, evaluation and identification and pursuit of appropriate outcomes. Resourcing social service agencies and tertiary institutions to do these, to provide better training and support for trainees and interns, and to carry out pilot schemes appears to be a more appropriate and cost effective response to the issues the social services are facing.

### **Summary of questions from the Commission.**

#### **Chapter 5 – Institutional architecture**

Q5.1 Which communities of interest would like to be part of greater devolution of service commissioning?

**Answer: Those which apply community development processes and principles. Those organisations which provide social and community services rather than provide financial benefits. Those which operate in a particular region or locality or with a particular ethnic group.**

#### **Chapter 6 – Commissioning**

Q6.1 What mechanisms are appropriate to determine whether prices for “fully funded” services are set at a level that allows an efficient provider to make sustainable returns on the resources they deploy? Should there be an independent body to resolve disputes? If so, should it take the form of an arbitrator or a regulator?

**Answer: Yes there should be an independent body to resolve disputes.**

**It should be a regulator rather than an arbitrator. This is because a regulator will independently develop, consult on and apply consistent principles and guidelines. They can also use their practical experiences of effective and appropriate funding to develop and change policies over time to meet emerging needs and developing innovation and best practice.**

#### **Chapter 7 – A system that learns and innovates**

Q7.1 How can government agencies manage contracting processes in a way that best leads to the development and dissemination of innovative approaches to service design and delivery?

**Answer: As recommended in the report they should seek to contract for outcomes rather than specify and detail how the activity or service is to be conducted**

#### **Chapter 8 – Leveraging data and analytics**

Q8.1 What difficult-to-solve social problems would be amenable to new solutions developed by data-sharing partnerships between the Government, non-government organisations and academics?



**Answer: Obesity; problems related to disability; problems related to aging; developing culturally appropriate and effective responses to social issues; housing related social problems; mental health issues; and addiction services.**

## **Chapter 9 – Investment and insurance approaches**

**Q9.1 What non-government organisations have the potential to become social insurers for enrolled populations? What are the potential advantages and problems of a multipleinsurer approach?**

**Answer: We can see no advantages to this approach for complex or multiple issues. There have been few successes overseas and more failures. An almost entirely objective issue such as accident compensation is appropriate and possibly applicable for a very specific illness or disability. Otherwise the likelihood is that insurers and investors will only take on the cheap low hanging fruit of people who are competent and have only one or two clear issues leaving those most in need of the service to miss out. The experience of so-called “community care” for mentally ill people in some US States is a clear and shameful example of this. There is also the commercial risk of an insurer falling over. The benefits of comparative success will accrue more to the investors and shareholders rather than to the clients.**

**This is equally true of proposals to institute a programme of social bonds. One problem that can be anticipate is that private sector investors will recognise the high level of financial risk that outcomes will not be achieved and therefore will demand high financial returns to mitigate against these high risks. Another major problem is that defining and measuring meaningful outcomes is very difficult and imprecise. The time period for achieving outcomes, particularly for early intervention and preventative measures is very long, as much as a generation, e.g. early intervention to stop children becoming criminals. Collecting, monitoring and evaluating outcomes may be beyond the resources of some agencies. The key outcomes may be trust, social cohesion, social inclusion, ethical behaviour, empowerment, tolerance. These are difficult to measure but are the key building blocks of a healthy society, economy and democracy. External factors, particularly unemployment and recessions, can have a profound effect on a programme’s outcomes. A range of other agencies and events are impacting on social service clients and it is very hard to identify which agency had the most effect on the outcome. We therefore recommend policy prudence in relation to social bonds and await the results of overseas research and experience before testing it on vulnerable clients.**

**Your draft report in the section “Integrating Services for Better Outcomes” notes that in the very area that MSD is proposing to introduce a social bonds system- employment services for those with mental health issues- a result is that it “could come at the cost of making it more difficult to have good links between mental health and domestic violence services “, which would be a very harmful outcome.**

## **Chapter 10 – Service integration**

**Q10.1 Should the government seek to align the geographical boundaries used by its social delivery agencies for defining service responsibilities? What are the advantages and disadvantages of aligning boundaries?**

**Answer: Yes they should. However there is a need to bear in mind that sometimes these boundaries will need to shift with population movements caused by urbanisation and urban sprawl, new communities developing in response to new tourism and resource development opportunities and migration by new ethnic communities such as by Philipinos in very recent years. Services to smaller ethnic communities or specialised health services will require more extensive geographical boundaries to be effective. Local authority boundaries should often be used because they respond to community boundaries for many services. We disagree with the draft report's dismissal of the opportunity to use local authorities themselves to provide, co-ordinate, support or commission social service provision. Particularly where social services or a local authority apply community development principles and practices, such a role for local councils and local boards is particularly appropriate.**

### **Chapter 11 – Client choice and empowerment**

Q11.1 The Commission is interested in hearing from people with first-hand experience working under Individualised Funding and Enabling Good Lives. Have any specific studies been undertaken into the impact of these two programmes on workers?

**Answer: We have only anecdotal responses to these which are mixed. The more competent, knowledgeable and confident clients are generally benefitting while the dependent people with complex problems appear worse off.**

### **Chapter 13 – The Māori dimension**

Q13.1 Has the Commission adequately understood the challenges of devolving funding on the basis of a population group or community of interest?

**Answer: Not entirely. The agencies don't usually exist to make these devolved decisions. For example neither Iwi nor Urban Maori Authorities on their own would meet all the appropriate requirements to make such decisions. There is also a greater risk that some people with unusual characteristics such as transgender people or those with unpopular views would miss out.**

### **Some Comments on the Report's Findings and Recommendations**

We generally agree with findings F2.1, 2.2, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 3.1, 3.2, 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 4.9, 4.10, 4.11, 5.1, 5.4, 6.1, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 7.1, 7.3, 7.4, 7.5, 7.6, 7.7, 7.9, 7.10, 7.11, 7.12, 8.1, 8.2, 8.3, 8.4, 8.5, 9.2, 10.1, 10.2, 10.3, 10.4, 10.5, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.11, 11.12, 11.13, 11.14, 13.1.

We disagree with findings F2.3, 3.3, 4.7, 5.2, 5.3, 5.5, 5.6, 6.2, 6.9, 7.2, 7.8, 9.1, 9.3, 9.4, 11.10, 13.2.

We generally agree with recommendations R5.1, 5.2, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.13, 6.14, 7.1, 7.2, 7.3, 7.4, 7.5, 7.7, 8.2, 8.3, 8.4, 8.5, 8.6, 10.2, 10.3, 10.4, 11.1, 12.2, 12.3, 12.4, 12.5, 12.6, 13.1.

We clearly disagree with recommendations R5.3, 6.12, 7.6, 8.1, 9.1, 9.2, 10.1, 12.1, 14.1, 14.2.

Re R5.3 we disagree that the government on its own is responsible for social services stewardship and overarching responsibilities. The role of government is important but stewardship should rest mainly with social service providers and the clients and communities they work with.

Re 6.12 we disagree that government funding for community development is fundamentally different from that for social services generally and should be funded through partial grants only. We believe that community development is an approach rather than a type of service and that community development and strength based approaches should be fundamental to the provision of most services. Full funding, including for monitoring and evaluation, should apply for community development as appropriately as for any other social and community service provision.

Re R7.6 we disagree that any one agency should develop just one uniform set of principles for evaluation. These principles should be contestable and constantly being developed by a diverse range of experts.

Re R8.1 we are not convinced of the utility of developing another quango in the form of a Social Sector Board, nor that it should carry out this particular project.

Re R9.1 and R9.2 we are opposed to the further utilisation of the Investment Approach. It appears to us to be generally inappropriate, risky, opaque and wasteful.

Re R10.1 we do not believe that institutional-design and commissioning choices are major causes of system fragmentation. Competition between providers for contracts, different cultures and value systems between providers and the desire to protect intellectual property appear much more important causes of fragmentation.

Re R12.1 we do not agree that just one agency should be given the role of developing contracting guidelines and enforcing those guidelines rigidly in obliging all contracting agencies to apply them in full.

Re R14.1 we do not agree that the social services system should be “owned” by ministers and they should be responsible for it to be reformed.

Re R14.2 we are not convinced that a new agency, the Office for Social Services, nor is it clear how it would interact with a new Social Sector Board, should be the best body to carry out what are, nevertheless, a clearly useful set of roles.

We are happy to elaborate on these comments if requested.

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