



Hauora
Hokianga

Hokianga
Health

Hokianga Health
Parnell Street
Rawene
Private Bag, Kaikohe
ph: (09) 4057 709
fax: (09) 4057 875

Submission to NZ Productivity Commission Effective Social Services

November 28, 2014

Submitter: Hokianga Health Enterprise Trust
163 Parnell Street
Rawene
Hokianga

Contact: John Wigglesworth
CEO
John.wigglesworth@hokiangahealth.org.nz
021457701
094057322

Thank you to the Productivity Commission for the opportunity to present this submission. Unfortunately we were not aware of this review until the very last day for submissions and we did not have sufficient time to prepare a response in the detail that we would have preferred after reading the issues paper. Therefore please receive this brief response and apology for it being sent one day after the close.

We would be willing to meet with the Commission should the opportunity arise.

Hokianga Health Enterprise Trust

Brief Background to Hokianga Health Enterprise Trust:

Hokianga is a distinct geographic region of Northland enclosed by forested mountain ranges on three sides with a fourth side adjoining the west coast. The Hokianga Harbour extends inland by over 40 km and has numerous tributaries that both connect and separate the people. Essentially Hokianga is a single rurally isolated community with over a dozen small settlements.

According to Maori oral history, Hokianga is the place that the great Pacific navigator, Kupe settled over 800 years ago and named as his returning place before his departure back to Hawaiiki. His grandsons later returned with their whanau and settled in Hokianga. Hokianga is known by Maori as the cradle of the nation.

Hokianga, which has a population of 6,300, 70% of whom are Maori, has some of the highest levels of socio-economic deprivation in New Zealand. This has not always been the case. In pre-European times and during the first century of European settlement, Hokianga was one of the most important centres of economic activity in Aotearoa.

Hokianga Health Enterprise Trust is a not-for-profit (NFP) community organisation that provides integrated and comprehensive health care and social services to the people of Hokianga. The people in turn, both Maori and non-Maori, in partnership, own and govern the Trust and its health services.

Hauora Hokianga, the health service delivery arm of the Trust has its roots that go back to the construction of the first hospital in Rawene over 100 years ago. Hauora Hokianga has considerable experience, as an integrated health care provider and has a deep understanding and knowledge of its community.

The Trust's revenue is derived from service contracts it holds with Northland District Health Board, Te Tai Tokerau PHO, Ministry of Health and ACC. The Trust provides a wide range of services and is the only major provider of social services to the Hokianga community. There are considerable gaps in the availability of some services particularly community social services that would normally be commissioned by the Ministry of Social Development.

In Answer to the Questions:

Due to our short timeframe to prepare a submission, we have selected what we consider to be the most important question and one where we think can add the most value to this discussion.

Q 21 How can the benefits of flexible service delivery be achieved without undermining government accountability?

Pages 44 – 47 of the Issues Paper contain a very interesting and well written section in relation to social service providers, devolving decisions, and the tension between accountability and flexibility.

The issues are accurately presented here and we are very pleased that the authors of the document have presented a balanced view of these tensions.

Hokianga Health holds over 80 Government contracts, each on the whole defining a narrow, mostly inflexible range of service outputs and often detailed but inconsistent, reporting requirements. The level of reporting across these contracts is varied and relatively arbitrary and do not appear to reflect the relative public sector

performance risks. For example, some of the larger contracts have the least onerous reporting expectation whereas some of the smaller contracts have some of the most onerous.

Feedback on reports is also very arbitrary with some detailed and regular responses and concerns expressed by the funders for small contracts and in contrast, entirely absent feedback for larger and riskier contracts for over twenty years.

For the Hokianga community, Hokianga Health is a one stop shop, the single provider of all health and social services. The Trust meets the needs of its population by providing a full continuous spectrum of horizontal and vertically integrated services – many that fall within the sharp definition of the service contracts, others that fall into the grey area in between, and some services that do not receive any funding.

The PHO primary health service contracts have a range of very complex information based performance measures with a very high contractual expectation that the population health 'performance' will be continually improved upon, often beyond the range of influence of the provider.

There is also an increasing trend to introduce more outcome based reporting within these contracts, but instead of reducing output reporting, they add another layer of expectation and compliance upon the provider.

In addition to the reporting requirements, the contracts have expectations that a very wide range of quality standards have been demonstrated by the provider to have been met. As a result the Trust undertakes multiple annual internal and external audits to ensure compliance with the quality expectations.

The organisational cost of compliance of meeting the reporting and auditing requirements is proportionally extremely high for our relatively small organisation and unbalanced with the level of performance risk. It would be somewhat more efficient if the external reporting and quality compliances aligned with the Trust's own internal need for management reporting and quality assurance, but unfortunately they are often entirely unaligned.

The current method of contractual compliances to ensure public sector accountability are inconsistent, unbalanced, expensive, and inefficient and fails to achieve its accountability objective for the Government.

Turning the question around reveals the underlying paradigm issue:

How can Government accountability be achieved without undermining the benefits (and encouraging the development of) of flexible service delivery?

The issues paper strongly articulates the benefits of integrated services, devolution and flexible service delivery that can innovate and respond to daily changing local needs.

The Government manages its requirement for accountability by a range of strategies that undermine these benefits. For Hokianga the undermining affect includes all of the concerns of the non government providers listed on page 44, in addition to the high cost of compliance, inequitable population funding, one sided risk transfer, and short term contracts.

A considerably more effective way that Government accountability can be achieved without undermining the benefits of flexible service delivery is by:

- More flexibly defined contracts
- The development of skilled contract relationship managers within funders

- A focus by funders on the systematic reduction of the undermining factors that discourage flexible service delivery
- Service contracts that are balanced in the sharing of risks with providers
- The development of risk stratification contract management – i.e. recognising through close relationships that some providers are riskier than others