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New Zealand Productivity Commission  
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To the New Zealand Productivity Commission

## **Submission on the “More effective social services” draft report**

Auckland Council congratulates the Productivity Commission on the development of the *More effective social services* draft report. This substantial piece of work draws on many of the same innovative ideas that are informing Auckland Council’s approach to improved service delivery and more effective partnership. Council commends the scope, insights and frankness of the report and the acknowledgement of the systemic issues identified by the Commission. The analysis and findings in the draft report are consistent with Auckland Council’s experience and the feedback we receive from our community partners. In particular the issue of underfunding or partial funding of service provision is seen as problematic for both social service agencies and the people who these agencies serve.

While supportive of the overall findings of the draft report Auckland Council has some specific concerns and a number of recommendations that are outlined in this submission. The devolution of social service provision has the potential to empower communities to make choices that work for them, rather than the agencies that serve them, and deliver a step change in achieving better social and financial outcomes for New Zealand. Auckland Council sees an important opportunity for a multi-sector, partnership based approach to the design, development and implementation of these reforms.

### **1. The Auckland context**

The Auckland Plan is a 30 year strategy which articulates the kind of place Aucklanders have told Auckland Council they want to live in, and outlines what is needed in a ‘whole of Auckland’ approach to achieve these aspirations. People are at the heart of the Auckland Plan and the well-being of all Aucklanders is critical to creating a better future for Auckland and New Zealand. Auckland is home to over a third of New Zealand’s population, accounts for a third of all national employment, and contributes 35 per cent of national GDP. Auckland is the city most capable of connecting the New Zealand to the global economy.

Auckland is home to New Zealand’s largest population of Māori (25% of all Māori in NZ). Auckland also has New Zealand’s largest populations of Pasifika and Asian peoples, and continues to attract a growing number of migrants from around the world. While some of Auckland’s migrants are able to bring personal wealth and resources with them, many rely heavily on social services delivered by community providers.

Prioritising and constantly improving residents' health, education and safety will support our goal of Auckland becoming the world's most liveable city. Auckland Council is encouraged by the draft report's assessment that "a one-size-fits-all architecture across social services is not a viable proposition." Auckland's context is unique and this should be recognised in the development of public policy and decision making about the future of social service provision. Auckland's size, scale and diversity provide both significant advantages and challenges. Auckland requires leadership, strategies, systems and responses that are specific to Auckland's context, and this is not sufficiently recognised or addressed in current public policy. Auckland Council advocates that all new legislation should have an Auckland impact statement or similar.

## **2. Elevate the Treaty Partnership**

Auckland Council is committed to elevating the Treaty partnership. A key way to do this is for the public sector party to recognise that when any partnerships are being formed or developed, there is an inherent and abiding interest for Māori in having a fair, reasonable, and equal opportunity to participate. As noted in the *More effective social services* draft report "Māori are disproportionately represented in the client base of services that aim to target and help those at risk of poor outcomes." It may be useful for the Productivity Commission to acknowledge that the social service sector ecosystem is *Pakeha* (European) in its origins and its orientation. For this reason social service provision is a fundamentally contentious issue for many Māori individuals and organisations, and a source of tension rather than affinity between the state and non-Māori providers on one hand, and iwi, Māori providers and Māori users on the other. These tensions can be positively addressed and constructively engaged with through an authentic partnership process that acknowledges the central role that Māori have in the design and delivery of social services. Government agencies, including those concerned with delivery of social services have an important opportunity to move on from a compliance based approach to Treaty of Waitangi 'obligations', to a strengths based relationship built on the principle of partnership with Māori.

## **3. Partner with other 'System Stewards'**

The concept of 'system stewardship' is compelling and Auckland Council encourages the Productivity Commission to extend this thinking and apply the same logic of devolution and empowerment to both the design and the implementation of the changes recommended in the draft report. The draft report appears to take a government centric approach to the issue of social service provision, which is understandable given the problems identified within the government's current approach to social services and the primary role that central government plays in both policy development and the contracting of social services in New Zealand. However this approach may also be an example of seeing and analysing a system from the perspective of one part of that system.

The draft report argues that "existing institutions are not well placed to deal with multiple and inter-dependent problems". The social services ecosystem is complex, has a large number of actors, is fragmented, has numerous feedback loops and is characterised by failure demand. Demand for social services is growing as our population ages and intergenerational poverty becomes more entrenched. Social sector funding has been highly competitive for several decades and collaboration between agencies and/or providers is largely non-existent. Transforming this system will require a systemic approach and the *More effective social services* draft report goes a long way to addressing this challenge within government.

While Auckland Council endorses the broad direction of the *More effective social services* draft report, Council would like to see more emphasis placed on the potential for partnership and participation from local government, iwi, community organisations and other actors in the design, development and implementation of the changes outlined in the draft report.

#### **4. Take a Collective Impact approach to transforming the system**

Auckland Council acknowledges the benefit of an 'Office of Social Services' to drive change inside government. However this office may not be ideally placed to support changes outside government, and it may not be the most innovative approach available. Central government has already demonstrated the ability to effectively partner with the Auckland and Christchurch to host innovative social service delivery initiatives including the *Auckland Co-Design Lab* and *The New Zealand Health Innovation Hub*. There may be advantages to locating some of the 'institutional architecture' of these reforms outside of government and outside of Wellington. Taking a collaborative, devolved, place based approach to the design, development and implementation of the recommendations in the draft report could deliver significant benefits.

There is an argument that no single organisation or sector can bring about systemic change on its own, which is why the Collective Impact approach is being used internationally to solve complex social challenges. Collective Impact can be described as a commitment from a group of leading actors from different sectors to a common agenda for solving a specific social problem. International experience suggests that commissioners can play an important role in 'nudging' agencies to work in a more collective way. Te Pou Matakana, the Whānau Ora commissioning agency for the North Island, is funding Collective Impact as its primary commissioning tool. Auckland Council recommends that the Productivity Commission consider a Collective Impact model for developing and implementing the recommendations of the draft report. This would, however, require a clear commitment to a collaborative and multi-sector approach, and to commit the necessary resources for the Collective Impact approach, such as an independent 'backbone' organisation to coordinate the initiative.

#### **5. Proactively invest in the supply side**

The *More effective social services* draft report clearly describes the potential for improved purchasing (commissioning) processes and the benefits this can have for empowering clients. Again Auckland Council supports this thinking but notes a tendency in the draft report to focus on the demand side of social service provision. Council encourages the Productivity Commission to apply the same analysis and innovative thinking to investment in the supply side of social service provision. While moving from contracting to commissioning will likely lead to significant improvements, the demand side can only reform as quickly as the supply side can respond.

The draft report provides little information about how community sector and private sector providers will be supported to participate in, or help shape the reforms, or change their business and operational models to help implement the reforms. Investment in building new capacity and capability in the social services supply chain would help ensure that these reforms have the desired impact, and in a timeframe that helps build momentum for the reforms.

The draft report appears to assume that ‘the market’ will simply respond to changes in government procurement and commissioning. Auckland Council recommends a more proactive and pragmatic approach that sees government ‘investing in the transition’ and working collaboratively with social sector partners to get the best result possible for New Zealand. A common driver of risk aversion in social services agencies is the perception that there will be long term funding consequences for any under achievement, which leads to a ‘play it safe’ culture. Changing this culture will require Government to more actively share both financial and reputational risk with providers.

## **6. Value local government as a partner**

In New Zealand local government does not play a major role in social service provision, however local government does have significant influence over the environment and context in which social services are delivered and can play a vital enabling role in supporting central government agencies in the devolution of social service provision. Councils have the local knowledge, the relationships and a neutral trusted advisor position. There is almost no reference to local government in the draft report. Local government is responsible for key infrastructure and services that have a major impact on public health, wellbeing and resilience.

Local government should be central government’s natural partner in investing in the most cost effective intervention in social services, for example parks, sport and recreation facilities are vital to supporting a more healthy population. Local government also plays a key role in supporting community organisations and local business in delivering social services for government and ensuring the viability of the supply chain for social service provision. For example community facilities (premises and events) are often provided by local government agencies at cost to community organisations.

## **7. Value Auckland Council as a partner**

Auckland Council plays a unique role in enhancing the wellbeing and resilience of the people and communities of Auckland. Our strengths include: strategic capability; leadership (e.g. the Auckland Plan); operation of important social infrastructure such as libraries, parks and community centres; and place-based insight across the region. These strengths, combined with council’s size, geographical coverage and scope provide added value to central government and the NGO sector in Auckland.

One example of this was Auckland Council’s role in initiating and facilitating Auckland’s (and New Zealand’s) first multi-sector, integrated (including across different forms of violence), primary prevention action plan on family, whānau and sexual violence, *E tu Tāmaki! Working together to end family, whānau and sexual violence in Auckland*. The motivation behind its initiation was that, despite significant resource in these areas (particularly family violence), isolated efforts have only resulted in incremental progress. This ‘joined up’ approach appears to fit well with the goals of the Productivity Commission; however the potential for working with Council in this way is not visible in the *More effective social services* draft report.

The goals of the *More effective social services* draft report are also an excellent fit with Auckland Council’s *Empowered Communities Approach* to transforming the way that Council delivers services and supports community led development. This approach builds on the *Thriving Communities Action*

*Plan Ngā Hāpori Momoho* (Auckland Council's Community and Social Development Action Plan – 2014) and will help shift the focus away from direct service delivery, to supporting community-led initiatives. Auckland Council is working to embed this new way of working across the Council family. The proposed operating model for Council's Community Development and Safety unit will consist of two components: local strategic brokers and the community practice hub. Together these components present an opportunity to better respond to community priorities expressed in local board plans, the *Māori Plan for Tāmaki Makaurau* as well as Auckland-wide issues as identified by the governing body.

Auckland Council, and in particular local boards, can also play an important intermediary role in supporting the devolution of services from the national and regional level, down to the local level. Auckland Council has considerable research, monitoring, policy and implementation capability that make it a logical partner in helping central Government meet its goals in developing more effective social services. The recommendations of the draft report in the area of procurement and commissioning are a good fit with Auckland Council's new *Procurement Strategy* and *Procurement Policy*.

## **8. Value Māori as a partner**

Auckland's Māori population is unique. There are 19 mana whenua authorities that represent the customary authority of those iwi and hapū who are indigenous to Tāmaki Makaurau, Auckland. Auckland is also home to many Māori who are third, fourth and fifth generation Aucklanders whose tribal affiliations are from outside of Auckland, and who comprise the majority of the Māori population.

In implementing the Commission's recommendations it is crucial that both mana whenua and mataawaka organisations are equally recognised as representing Māori cultural interests and aspirations in Auckland and as partners to achieving, in particular, the Māori outcomes sought by the Productivity Commission. A framework that may be useful is to consider how Māori organise themselves in Auckland:

1. Whakapapa-based – those related through whakapapa – iwi, hapū and whānau groups whether of mana whenua descent or those with tribal affiliations outside of Auckland e.g. Ngāti Porou ki Tāmaki
2. Place-based – e.g. Manurewa Marae
3. Kaupapa-based e.g. service providers, kapa haka and sports groups

Putting this framework into practice will require effective, honest, and equal partnership between the Crown, Auckland Council and iwi. While the partnership approach can be challenging for government agencies, it has the potential to transform the way that Māori experience social services and social service agencies. A more devolved, partnership approach from the Crown can also enable further business and provider level partnerships with iwi, mataawaka, and other Māori providers. Improving Māori access to services, participation in the sector, and stewardship of the sector will not only improve outcomes for Māori, but will lead to better outcomes for the whole sector. All of this aligns with the Commission's drive away from a 'one-size fits all' approach to social service provision.

As noted in the *More effective social services* draft report Whānau Ora is an important example of the innovative approaches Māori are developing to the design and delivery of social services. Services designed and delivered by Māori have many unique characteristics only found in New Zealand. Auckland Council sees considerable scope for the Productivity Commission to go further in celebrating the contribution of Māori cultural values in the development of more responsive and effective social services in New Zealand.

The draft report notes a series of characteristics of a 'system that learns'. In the New Zealand context, given contemporary discourse and jurisprudence, Auckland Council believes that social services eco-system needs to have a strong bicultural character. To achieve this outcome the system would need to have the capacity to learn about biculturalism, and demonstrate this learning through values and behaviours that lead to tangible improvements in the culture and efficacy of the whole system. From the perspective of Māori well-being policy, there is strong awareness that systems, processes and programs that do not specifically address the issue of biculturalism almost always fail to deliver for Māori. New Zealanders are well aware of the statistics and media stories directing us to address Māori outcomes; it's time to hear these stories and act on them.

### **9. Value the community sector as a partner**

The community sector has a vital role to play, not just in delivery of social services, but in the co-design and co-delivery of the reforms the *More effective social services* draft report recommends. While the private sector also has an important role to play in social services delivery, Auckland Council would like to strongly advocate for the need to invest in supporting community organisations through the changes recommended in the draft report. Not-for-profit agencies have institutional knowledge, intellectual property and social capital that will be vital to achieving the improvements that the Commission is looking for. Council sees a very real risk that these assets may be lost if community organisations do not survive the transition from charity and contracting to commissioning and a more commercial model.

The Kia Tutahi Partnership Accord was signed by the Prime Minister and Minister for the Community and Voluntary Sector in 2011. This document could provide an excellent framework for guiding the ongoing development and implementation of the ideas presented in the draft report. Auckland Council recommends a more collaborative approach to achieving the outcomes sought by the Productivity Commission. Auckland Council is pleased to see the Productivity Commission's acknowledgement of the 'role and value of volunteers as an important part of social services' provision in New Zealand, and agrees that care needs to be taken in drafting any new legislation to ensure that community volunteers are not alienated or 'crowded out' by new regulation or reform process.

Social enterprise is an innovative, hybrid approach that can help both traditional for-profit businesses and traditional not-for-profit agencies deliver a combination of financial and social outcomes. This approach has been used to good effect in the UK and other developed nations to support collaboration between not-for-profit and for-profit agencies. Auckland Council is encouraged by Government's support of social enterprise through its support of the Ākina Foundation to build capability in the sector, and recommends that the Productivity Commission consider a similar approach to resourcing and enabling partnership with the community sector.

## 10. Conclusion

Auckland Council notes the draft report's statement that the case for 'large scale devolution of responsibility for social services to local government does not appear strong in New Zealand' and generally agrees with this position. Auckland Council is currently delivering a small number of social service contracts and while these are being delivered to good effect there is no reason that these kinds of contracts should not be devolved further to community providers with the appropriate capacity and capability building support.

While Auckland Council does not see its core business as the delivery of social service contracts, Auckland Council is in a unique position to partner with the proposed Office of Social Services and central government agencies to help design and implement the changes that the draft report describes. Auckland Council can contribute considerable data, local knowledge, strategic relationships, capacity and resources to this partnership. Auckland Council's support of MBIE and Treasury's Auckland Co-Design Lab initiative is a good example of what is possible. The Southern Initiative and Te Papa Manukau project are also areas for enhanced collaboration.

Auckland Council sees the reforms outlined in the *More effective social services* draft report as a significant opportunity to consolidate the Crown's partnership with Māori in the social services sphere, by elevating the Treaty relationship from the status of a vaguely defined 'obligation' to a vital and informative statement of intent. This shift is highly relevant in Tāmaki Makaurau as Auckland Council develops stronger relationships with Mana Whenua iwi, and with Mataawaka organisations through a wide range of initiatives. The scale and reach of the unitary authority provides an environment in which decentralised models of social service provision can be effectively implemented and developed, while providing unique opportunities to reach some of our most at risk communities.

The *More effective social services* draft report is clearly focused on a large number of structural, procedural and cultural issues identified within central government. This focus is commendable but tends to imply that the Productivity Commission believes that the solutions to these issues will primarily come from within central government. System stewardship is the right goal however it is unlikely to actually be 'systemic' unless government can effectively partner with other sectors of New Zealand society. Devolution and commissioning are powerful ideas and Auckland Council recommends that the same logic of partnership and collaboration is applied to the next stages of designing, developing and implementing these positive reforms.

Yours sincerely



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