

**This submission is written on behalf of Community Networks Aotearoa, the national body for Community and Non Profit organisations provincially based nation-wide.**

**About us:**

Community Networks Aotearoa (CNA) is the national umbrella organisation for local Community organisations, Councils of Social Services (COSS's), Community Houses, REAPS and other social service networks throughout Aotearoa New Zealand.

We recognise that by working together, we can more effectively support local communities and member organisations to achieve social well-being. The membership of regional and local community organisations and other networking organisations includes both people in Local Government and Wellington-based Central Government, as well as those working for not-for-profit and voluntary social service organisations throughout New Zealand.

We place high value on Maori and Pakeha working together in partnership, based on the Treaty of Waitangi, along with full engagement in our multi-ethnic and multi-cultural society.

It is important to understand our vision of our organisation as being the voice of the regions, and the voice of often smaller but still important regional nonprofit entities.

We wish to make a submission on the More Effective Social Services Draft Report which has been circulated by the Productivity Commission.

**Preamble**

C.N.A have taken opinions from our member's responses, from sector meetings and from multiple conversations and this submission is an accumulation of those inputs. We wish to respond from a broad group of views that will adequately represent our membership and our sector viewpoints.

There are a couple of overarching issues that need to be directly addressed.

The input to all areas of this draft report does not reflect the issues for the work of Maori and Pacific people. Maori and Pacific people are by far the biggest groups and for them seems to have been almost ignored is surprising.

This is of extreme concern as to the reader it reflects a complete lack of awareness or knowledge. Just one example of this is cited below.

*Increasing statistical evidence supports the view that, overall, Pacific peoples are disadvantaged compared with other populations in New Zealand across a range of socio-economic factors (Ministry of Pacific Island Affairs 1999a). In terms of overall health status, Pacific people generally fare poorly compared with Palagi New Zealanders. Over the past decade, marked differences in the health status of Pacific New Zealanders and Palagi New Zealanders have been well documented showing high levels of disparity and continuing negative trends (Ministry of Health 2003a, 2004, 2007). These differences are observed in mortality and morbidity rates, excess deaths, and various health factors*

*(Ministry of Health 2005). The Pacific Health Chart Book, produced by the Ministry of Health in 2004, shows the leading contributors of poor health amongst Pacific peoples in New Zealand to be cardiovascular disease, diabetes, injuries, respiratory diseases, cancers (lung cancer and primary liver cancer among men; breast cancer and cervical cancer among women), and infectious diseases. Life expectancy of Pacific males is 4.8 years shorter than the average for New Zealand and 4.4 years shorter for Pacific females.<sup>i</sup>*

Another oft repeated comment is regarding the disjoint between the findings and the recommendations. We read a great deal of good commentary in the findings, that many will agree with, but the recommendations in many places seem to us likely to aggravate the situation rather than take steps to solve it. For example there is mention of the issue of collaboration frequently but the recommendations regarding voucher system and competitive funding show a lack of understanding that this could destroy collaboration rather than enable it.

We wish to comment on the language used in this paper. We are all aware that the government is interested in a business approach to funding social services and is committed to the 'Investment and Insurance' approaches. In the community and voluntary sector we have received a great deal of feedback however, about the choice of words in the draft report. Many insist that people are clients not customers. There will be further in this submission a strong objection to the suggestion of voucher systems. Our sector is based on helping people and being their 'go-to' in times of crisis, we do not see ourselves as shops.

Institutional architecture means organisational set ups perhaps? Could plain English not be used? We acknowledge the 'Commonly used terms' section, but these terms are not often commonly used in the community and voluntary sector, and this creates misunderstandings and distance between the people the paper is written about, and those that wrote the paper.

We note many people acknowledge the problems of lack of collaboration, joined up services etc, but in this submission we challenge these oft-repeated mantras. We believe that Voluntary and Community agencies have in many cases collaborated in their communities for years. We have seen many examples of joint projects, organisations placed and working together sharing resources in community houses; representatives of organisations working together with local and central government. Where this does not occur often has to do with external circumstances such as privacy issues, or the inability of government departments to drop their silos. We would like the conclusion about collaboration to lie more truly where we see it, in the advent of contracting and competition and the inability of government to make such collaborations easy via their funding mechanism.

Also within this consideration we wish to reiterate the autonomy and independence of community organisations. We totally agree government can choose to fund who they wish, but with the advent of for-profit organisations contracting within this mix, we ask if government will continue to dictate how organisations are formed, how they employ, how they practically achieve their outcomes and if this amount of micro-management and interference is likely to be tolerated by new players.

We wish to make a broad comment on structural issues that affect disadvantage and vulnerability that social services are unable to influence. We find an underlying commentary that insinuates that results are due to 'ineffective' Social Services. We believe that most social services do, as they always have, an amazing job of providing a safety net for vulnerable people. The external structural factors however are severe and impacting on many families and communities who are now becoming trapped in poverty cycles. We think that this paper must acknowledge that the role of legislation, poverty and inequality is the driver for community services demand becoming larger.

Add to this the lack of funding increases over the last 7 years and the priorities of government which by their very existence mean those outside of priorities will fall through the gaps, and we would like to see a strong acknowledgement of how effective and miraculously well Social Services have delivered to their funding in the last 7 years with the odds stacked against them, even from the very places that should be there to facilitate their success for the sake of the population as a whole.

The Whanau Ora approach seems at first glance to be a great answer to how services can work together for 'whole-of-family' approach. We warn however that not everyone is enamoured with this concept as it is too easily high jacked by persons with vested interest.

The entire issue of person-centred service is flawed in as much as individuals do not exist alone and in a vacuum. They usually have communities and families around them and there needs to be a range of answers not simplistic single delivery. The very complexity of problems presented to agencies now require much broader community work and family orientated answers than is pointed to in this draft report.

There is a need to address the lack of resourcing to achieve many changes in the NGO sector in New Zealand. The mantra 'more for less' insinuates that social services have been over funded and wasteful in the past. The reality is social services have been providing more-for-less for years. With the use of low paid staff, voluntary labour, second hand furniture, and cheap office space plus multiple other cost cutting habits, plus rarely experiencing full funding. The non-profit sector has always been providing government with more for less. It is galling to have more and more asked of organisations that in many cases are hardly able to keep their doors open.

Finally, C.N.A believes in the diversity of voices. We know how many voices can be lost when organisations become too large or unwieldy. We caution against the promotion of mergers simply so government might find it easier to deal with. They are not always better or cheaper and without aligned values and aims can fail miserably. We consider at the moment a lot of ideas are held out as the big answer and the 'next new thing' without consideration and research into the validity of these ideas. There are very few ideas that are new or untried, and there are often reasons why they have been trialled and dropped in the past. We suggest if recommendations in this report are picked up

by government that they are researched to ensure unintended consequences and the well-being of both organisations and their clients is taken into account.

## General Issues

### LOCAL GOVERNMENT

There has been a strong indication from government insinuating that they would like Local Government to take up more responsibility for funding local social services. C.N.A. has been aware that since the removal of the four well-beings (social, economic, environmental and cultural) from the Local Government Act, (in 2012) many local councils are no longer interested in financial support for communities. To test this, C.N.A is about to engage in research with local councils and community groups to compare prior to 2012 with now. When completed this research will be publically available.

### SOCIAL BONDS

The idea of social bonds which involves devolution of funding to for-profit organisations where investors will be repaid with a return depending on the results, is an anathema to many. We do not believe that tax payers in the long run, would be happy to have their taxes (which they pay to ensure social services exist) filtered directly into profit making firms. We believe there is a fundamental responsibility of government to look after the NZ population and ensure their access to health, education, financial surety, accommodation and other necessities for life. It is our opinion that the devolution of that responsibility is anti-democratic; a misuse of taxes and an experiment with real people and their lives.

Negatives for Social bonds: <sup>ii</sup>

- SIBs do not raise additional capital, they displace funding for other programmes.
- They can be shown to be an expensive method of operating social programmes.
- Donors will seek to fund the outcomes. This will leave agencies addressing huge structural problems in society unable to access these funds.
- More donor influence. Donors will want to influence delivery of social services.
- Unfair competition amongst NGOs. Agencies able to secure funds will have greater resources more narrowly defined goals, and will set a standard for government funded agencies and their actions.
- Reduces Public Responsibility. Social services are part of our national social contract with government.
- They are not tradable, they favour existing institutions, are inherently narrow, short term in scope, and impose relatively high monitoring costs.

## PHILANTHROPY

Some Philanthropic organisations are also trying to mould NGOs to their idea of what will work for the philanthropic sector. They change focus and requirements, and now many of the Philanthropic Trusts are combining grants into large long term donations. Although the point is to make real difference over time to specified targets, the unintended consequence is to take small grants for little organisations (e.g.: to hire a bus to take children to swimming sports) out of the equation.

Recently a paper put out by Craig Fisher from RS Hayes Audit<sup>iii</sup> discusses how Philanthropic organisations acting as funders can leverage change from NGOs. We know of no other sector so open to being manipulated as the non-profit sector. We admire and consider the non-profit philanthropic trusts to be our peers in this modern world, but there is rising concern (at the moment ‘under the radar’) about the manipulation being experienced by some NGOs when working with some Philanthropic funding providers.

We understand the need for government in tough times, to consider all possible funding options to enable services to continue providing services to vulnerable people. We do consider however, that the best possible option, is the reallocation of some ‘wasteful’ funding and the prioritisation of people over unnecessary expenditure such as the flag debate which could take place in more stable times.

## VOUCHERS

We have very strong concern about the proposed use of the voucher system, where the client has the option to ‘shop around’. This is another ideal that seems based on common sense and perhaps in some cases it is ideal. However this requires thought and broader consideration about who would be able to use this system. Many of the organisations that we encounter are working with clients at the most vulnerable end of the spectrum and are often in a state of crisis.

As one member said “Have you ever tried to change your doctor? Especially when you are sick, and you just want someone to help you? Everyone has a different opinion, and one person’s doctor isn’t right for everyone, and it takes moving all your records, and then you have to get to know this new person, and you just want someone to look after you.”

For many recipients of care from the Social Service sector, there is

- Not a choice of services.
- No knowledge of what they should look for.
- No energy or ability to start ‘shopping’ around.
- A high chance they may go to an inappropriate agency, which in competitive times may not on-refer.
- Just the desire for someone – anyone to help them.

## **Comments on Chapters of Draft Report**

- 1.1 It is our opinion that the mantra often repeated that government does not evaluate impact or cost effectiveness to be untrue. Every Social Service agency that receives government funding undergoes frequent accountability regimes and audits. ISO has been encouraged in the NGO sector now for some years, and most organisations are well versed in looking for and providing proof of outcomes. The language of evidence is widely used.
  - 1.2 What is an issue is the assumption there are resources for data collection; the ability to use base line data when none has ever been collected by government, and governments own record keeping. If a government department is unable to keep track of where it puts its money and why or collate the information forwarded to it in its accountability collection this is scarcely the fault of the recipients. Yet we hear this all the time, as if it is the fault of NGOs.
  - 1.3 The NGO sector does not run the same way as it has for past decades. The sector is very nimble. This is proven every time a new government direction, or even a new government enters the scene. The NGO sector has stepped up to every new initiative, be it social sector trials; Whanau Ora; children's teams; streamlined contracting; or whatever. In fact it is possible more time is spent attempting to meet new terminology, and new ideas than focusing on what works.
  - 1.4 Where is the support for 'what works'? Throwing the baby out with the bathwater, and trialling constant new ideas, may be seen as being up to date and open to innovation, but this also leads to disjointed service delivery, insecurity of work and funding, and constant change for cliental who become disillusioned and fearful. This is particularly noticeable when along with constant new ideas there is no increased resourcing to enable smooth running, and continuity of service. The NGO sector is often working between ideologues, money and their clients. The nimbleness of this sector can be seen in its response to these constant and massive changes.
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- 2.1 We recognise that the Commission is tied to its terms of reference, however it is disappointing that there was no room to establish a balance between government support and support provided by community networks. This is because of a view expressed that government is negating its democratic responsibility to citizens to provide well beings for life when it passes this responsibility onto other funders, or does not fund adequately for human rights to be supported.
  - 2.2 We note the example of the Story of Chas (Box 2.2) where all the agencies at fault were government agencies and the organisations that sorted the issue were the local NGOs. Yet frequently through the report these kind of examples lead to criticism of NGOs. We ask if the Commission itself has become confused with the data and the responses that it has received. Although NGOs are not perfect, the difficulty with dealing with siloed and restricted government agencies does not seem to be clearly reflected in the Commission's recommendations.
  - 2.3 We note on P35 the comments that charities delivering social services get around 50% of their income from non-government sources. The discussion continues to list how non-profit agencies use a mix of incomes to meet the costs of their services. Yet often through the report we hear that

charities are inefficient, too expensive, and need to deliver more for less. In fact the title 'More Efficient Social Services' is the title of this report. It seems clear however, that not only are the majority of NGOs efficient, they are more efficient than imagined. Information from the research report, Outcomes Plus<sup>iv</sup> shows that not only do the majority of NGOs deliver on their outcomes, but deliver more added value for communities and clients over and above their contracted requirements and funding.

## SYSTEM STEWARDSHIP

3.1 C.N.A has canvassed some members on the issue of System Stewardship and an Office of the Social Sector. Some of the responses to this issue are : (there were very few positive responses)

- This is a strange idea when the rationale is cutting costs.
- Why set up another office of bureaucracy?
- Will this lead to yet more compliance and monitoring requirements in addition to current ones (that government obviously does not read anyway as it seems unable to answer basic questions about what it spends and who it gives money to.)
- Will this be like the Office of the Community and Voluntary Sector which was disempowered and useless?
- Does the Commission consider this Office would direct NGOs? They are autonomous agencies and not mini arms of government.
- Will this office affect service delivery, and would there be integration of Maori and Pacific interface at both regional and national levels?

## FUNDING SUGGESTIONS

4.1 C.N.A believes when a Government is elected it has an agreement (social contract) with the population, that it will provide the necessities of life. We are concerned that this contract can be weakened when profit-making options are considered for delivery of social services to the most vulnerable. We have yet to be convinced that for-profit providers would be able to deliver the same outcomes as non-profits especially taking into account the added value received from the non-profit sector. We are also concerned about issues like cherry-picking and the dominance of for-profits which can be achieved by better resources, advertising and promotion. This is not an even playing-field for all participants.

4.2 The strong push in a lot of literature is towards the privatisation of Social Services within the for-profit business model. C.N.A. would like to take the opportunity to quote from Tim Kessler.

*“Privatisation is being pushed by international governance institutions, the governments that control them, and the corporations that lobby both groups, even though the dangers that privatisation entails can seriously—and permanently—harm the livelihoods of the world’s poorest people. The position of «privatise first and ask questions later» and the naïve confidence in the processes and*

*outcomes of market reform have imposed hardship on precisely the groups those organisations are entrusted to protect. It is time to shift the burden of proof from those who question risky solutions to those who propose them.”<sup>v</sup>*

4.3 For many in the non-profit sector, we simply cannot see how we can be outbid in a value for money contract. Our only conclusion is that we can be outbid either by economies of scale, or through providing less service.

The VAVA report (Counting for Something) prepared by Pricewaterhouse Coopers (PwC)<sup>vi</sup> states the following;

*“\* For every one dollar provided to a voluntary agency, between \$3 and \$5 worth of services are delivered in the community.  
\* \$42 million was received in cash donations and grants.  
\* A conservative estimate is that \$177.5 million\* was voluntarily contributed by these 10 agencies in 2002.”*

The VAVA report also notes;

*“\*Kiwis give more than cash – they donate equipment ranging from computers to cars, subsidise services and assets, such as property – are part of the inputs combined to deliver goods and services.  
\* The agencies received at least \$3.6 million in donated goods and \$5.9 million in subsidised services in one year:  
- Donated goods and assets include vehicles, furniture, computers and consumables such as food and stationery.  
- Services range from rent to telephone, postage and electricity.”*

**This kind of contribution will be lost with the devolution of contracts to the for-profit sector.**

## A SYSTEM THAT LEARNS AND INNOVATES

5.1 Several responses indicated a strong impression that the Commission has a lack of understanding about what is going on in the sector. This comes from the lack of acknowledgement about how existing organisations do find innovative ways to provide services. C.N.A believes however that it would be helpful if the commissioning agents were able to learn and innovate. We often experience very narrowly focused and ideological based conversations, specifically with politicians from every hue. Yet it is from the political factions that overarching policy and the Vote decision in budgets come from.

C.N.A would love to see the decisions on social sector funding and services for the most vulnerable coming from an apolitical and pragmatic space. Then the government system would be open to learn and innovate.



5.2 The community and voluntary sector however, is contrary to what we read, extremely agile. Most of the agencies that C.N.A. is aware of, when required to change systems, focus, or asked to try something new, attempt to immediately fit the need of the funders and adapt their processes.

5.3 It is important to stress the issue of short-term funding, and short term outcomes not being the answer for many complex issues. Long term gains take time and resourcing, and continuous experiments cannot give the results that funders often say they want to see.

5.4 Prioritization of goals is extremely problematic. If only the issues faced by vulnerable people could fit within a few priorities. Once several issues are prioritized the risk is all those needs external to those priorities slip through the cracks. The uselessness of this, is not only tragedies for people, but in a few years those issues not prioritized, will then have to become priorities and the cycle continues.

5.5 Data sharing is a complex and difficult issue tied up in legalities. Although in some cases it is a positive, especially regarding vulnerable children, and although government is currently grappling alongside the Privacy Commission how to do this data sharing in the Children's Action teams, some of our members have these following concerns

- People including some in ethnic minorities have great fear of sharing information with government. This can lead to lack of reporting issues.
- Concern about confidentiality which hasn't been helped by Ministers sharing private data and the failing of particular systems in government departments on a reasonably regular basis over the last few years.
- Questions about how the data will be identified, and what are the safeguards about the data being skewed and used inappropriately for other reasons.
- How robust would data be and how robust would the system collecting it be?

5.6 The huge issue of Intellectual Property Rights. C.N.A wishes to make these points.

- Most funded NGOs are not funded solely by Government. Partial funding does not give government rights to research done by these organisations.
- NGOs are not working as a research arm of government but rather as providers of services.
- Often research is undertaken via funding from other sources. This cannot automatically belong to government.
- If government owns the ideas/innovations from sector the Sector loses control over who else uses them, if they can be recompensed for the work they have done, and how the work is interpreted.
- Information pertinent to specific contracts paid for by government can usually be passed on via accountability regimes.

## INVESTMENT AND INSURANCE APPROACHES

C.N.A is aware that these approaches are tied with calculations on future welfare liability. But we are concerned that looking purely at the financial return on investment is an ideological concept which could be at the cost of human rights.

We note the language of early intervention, and sincerely hope this does not translate into the current discussion about predictive modelling, which is an assumption of vulnerability based on family circumstances, and which we find extremely concerning.

We do translate the idea of investing into supporting early intervention which is indeed a worthy idea and the ‘ambulance at the top of the cliff’ is infinitely preferable to the ‘ambulance at the bottom’ however we also note some cuts or losses to intervention schemes (EG; note loss of suicide prevention co-ordinators or funding to the Police budget) by the current government, and ask how much is genuine support for true early intervention.

When C.N.A thinks about insurance we consider the volatility of the regular insurance market, and the rising costs of premiums. We hope that social insurance costs for future welfare spending are not open to the vagaries of the market, as they may well become too expensive for government or the public to manage, and this could directly affect how the population may be able to access social services. Compulsory insurance is unfair. We also argue that throughout this report we read findings that talk about issues like “social insurance incentivising good decisions about service delivery”<sup>vii</sup>. Once again we reiterate that most social services are very well incentivised and have very clear views about good service delivery. What is lacking is the inclusion of their wisdom in government decisions, and a lack of respect for their ideas regarding the best way to fund social interventions.

C.N.A notes frequent mention of ‘what society cares about’. This nebulous concept is used to describe future welfare liability and the Investment approach. C.N.A would be interested to know how this society is canvassed, and what factors could be used to skew statistics to suit political will.

We may find that Society under one system cares about some priorities, when under a different government, cares about somethings that are completely different. How does the Government propose to take the pulse of what society (inclusive of all participants) cares about, and how much consideration would actually be given to this by those in power.

We agree that ‘slavish application of an investment approach might lead to perverse outcomes’ and suggest this idea needs to be considered in more depth.

## SERVICE INTEGRATION

One of the reasons that information does not easily flow between organisations and government departments is the influence of the Privacy Act. Although C.N.A believes this act does need revision,

we also caution care. In a mad dash to share information we must be cognisant of an individual's right to privacy especially regarding sensitive personal information. The clients also have the right to choose who will access that information, and for what purpose.

We understand that many organisations contracted within the Community Investment framework are also tied into legislative requirements which make sharing of information impossible or very difficult. These issues are being grappled with currently by Community Investment.

Regarding Collective Impact, the ideals behind this are really good and need to be considered. Not all integration means merge, but all collaborative efforts need to be lead. The idea of a lead agency is a good one. We do however want to mention the below.

- As noted in the draft report, many of the most difficult barriers actually exist between Government Departments.
- Social service agencies have a history of collaboration although we acknowledge in some sectors (eg: health) this seems to be more difficult to achieve.
- C.N.A has several membership who have been collaborating for years in the construct of Community Houses. Where several agencies are housed together, share power, electricity and bulk suppliers. In Dunedin 16/17 agencies have purchased a building together and are able to interconnect with each other through telephones, and have regular joint meetings. Their rent is lower than that of a commercial landlord, and they have been able to pay off mortgage and maintenance costs.
- Not all integration is cost saving. We know of organisations becoming one, and instead of each group being independently funded they applied for single funding, which was greatly reduced by the commissioning agent. This meant the previous services supplied by the groups were severely cut with the diminished funding, and staff were lost. The service to the community in these cases was less than before, and the expertise and community connection was lost. In this case the funder needs were primary and the community needs were secondary, and this is not ideal.
- We agree that bottom-up is a good way to approach this idea. The sector finds top-down decrees to often be ill informed and dictatorial, with little knowledge of community needs.
- For service integration there needs to be shared values and goals. If these are not in line the integration is likely to fail in the long term.
- Change takes time. C.N.A has been concerned at the speed of change over the last few years, and how it has not given organisations or communities time to adjust and instigate changes well.
- We believe that note 10.5 encompasses issues.

## CLIENT CHOICE AND EMPOWERMENT

### VOUCHERS AND EMPOWERMENT

This is an example of wording that implies democracy and a good idea, when in fact it may be code for the opposite. This underlies some implicit idea that clients of social services, especially those in crisis are able to understand enough to make choices; have the time to make choices; and will be empowered by that ability rather than put in a position of disempowerment and panic with no place to turn. It also assumes that choices will be available in all areas of New Zealand.

C.N.A. cautions great care with assumptions regarding the ability of many vulnerable clients to pick up these suggested choices. In some cases where the issues are not based in crisis, but perhaps in more long term vulnerability, these models may be appropriate, but then looking from the other side of the coin, you are not talking in many cases about providers who have been well enough supported to enable them to develop resources.

How will these providers maintain staff; develop long term innovation; do an annual budgets or even advertise to promote their presence in the marketplace? The suggested client choice ideas strongly therefore, favour for-profit providers which sets up an unfair and skewed market place which does not necessarily mean better or more community appropriate services.

C.N.A totally rejects any form of voucher system for organisations who are dealing with communities and clients in crisis. If this is understood by the government, then there needs to be cross sector discussion including the non-profit sector regarding the definition of crisis.

What is very important to promote however, is the empowerment of community service delivery by more respectful and consultative behaviour by commissioning agents. One of the biggest issues discussed in this sector behind doors, is the distress felt at the disrespect and lack of acknowledgement of the professionalism, innovation, knowledge of communities, knowledge of our clients and our ability to provide services with ethical and trained staff.

C.N.A would like to see less judgement of an entire sector when one or two incidents occur, and more consideration of what as a whole we achieve. We are staffed by human beings of all sorts, and it is to be expected that occasionally as in the law sector, the political sector, the finance sector and every other group, there are people who will let the rest of us down. This does not mean the entire sector should be treated as amateurish or open to broad fraud.

Government and other commissioning agents, do not know the issues in communities like the people who work in those areas do. This is a fact and if we are talking about empowerment, then we would like to see some time given to the resource and the knowledge of the non-profit organisations and how empowerment of them, can make the biggest difference in the provision of more effective social services.

## CORE CHOICES

We would like however, to enable clients who are recipients of some services to be able to change their service providers if necessary. This would need to be recipients who are not in immediate crisis, but are in need of long term care. Once again this needs to be extremely carefully managed.

Who makes the choice? What choice is there? What information is available to enable people to make a choice? How do people know if the service delivered is good enough?

Core choices can in fact lead to serious tragedies. We strongly urge caution.

We conclude this section with a nod to your comment F11.13 about the expense of client-directed models. We are a small country with a small population. Not only is the choice of agencies limited, but the ability to have well planned and executed models depends on the capability of agencies and the expertise of the workers and the knowledge of the clients. Currently governance issues and training methods are issues that are being grappled with. Career Force which is an industry ITO, is currently working on a new set of qualifications, but there is a need for training in change; in application of change and planning strategies for NGOs and for-profits that are specifically related to client provision to enable successful client-directed models.

## BETTER PURCHASING AND CONTRACTING

Currently with the focus of MSD on community investment, it is vital that government departments start to work together, so their provision of contracts matches up to decisions made by other contractors. There needs to be an understanding that many NGOs survive on multiple contracts from different departments.

The inefficiency of government at marrying up accountability; financial and service audits; risk assessments and reasonable funding has left the sector struggling to meet multiple and ridiculous amounts of accountability requests.

Funding can go towards hiring someone whose sole job is to manage the accountability requests from Government. With this in mind back in 2014 MBIE via Malcolm Morrison started consulting with members of the Community and Voluntary Sector on Streamlined Contracting. We acknowledge the section on P252 on this issue.

The Community Investment Strategy is the current plan from the joint CYFS and FACS (now called Community Investment) to improve and focus purchasing and contracting.<sup>viii</sup> So already Government is starting to look at how to best purchase via choosing the service model best suited to a social service and its intended clients. The problem is however, that much of this commissioning is related to Government needs and may not take into account community needs.

C.N.A has a major problem with the contracting via GETS system. We know it to be a case that NGOs we are aware of have been awarded contracts via a 'blind' system. For efficient services and good results, Government must take into account the added value that NGOs provide over and above for-profit services. NGOs often cannot compete with For Profits who have resources and abilities to hire contract lawyers. If the decision makers do not take into account the history, the community connectedness and the success of NGOs and look only at a value for money proposition, they risk making huge costly mistakes.

Sometimes when an NGO loses one contract which might be the major one, the NGO can be forced into closure. With that comes the loss of possibly several other minor contracts with other government departments and a community can be left with no services except that which is supplied by the for-profit. The community is measurably worse off.

The entire contracting system needs to have perimeters and needs to be reviewed. People are complex and contracting for social services is a lot different to contracting for a fleet of cars. The current system does not take the human factor into account and is quite brutal.

#### RBA

We are aware that this system of accountability is wide spread and being picked up by other Government departments. We are concerned that although we understand the philosophy behind this, that RBA does not actually give government the information that Minister may want.

Attribution of results to individual agencies can be difficult to prove, and lack of outcomes well might be due to external factors and not the inability of an agency to provide service.

If something goes very wrong, we wonder how the Minister would be able to answer media questions regarding 'woolly' outcomes ?

We also wish to bring up the issue that in some regions RBA is based on an assumption that base data has been collected. This is not always the case, and it cannot be the responsibility of a small struggling agency to do regional data collection.

We do see value in finding out what kind of difference funding an agency would bring to the community. However we believe that the system needs to be tweaked to bring the best of several systems together to ensure more clarity and transparency.

#### MANAGING RISK

A representative of C.N.A was able to view a risk assessment not always available to the commissioned organisation. It was with horror that they noted one of the risks was the number of times the organisation was mentioned in the media. This was considered a high risk.

This is what stops democratic and vital discussion between government, agencies and communities.

We suggest that the use of gagging clauses in contracts may be more prevalent than realised.

*The survey results presented in this report depict widespread alarm among NGOs about their lack of ability to speak in support of those they represent without risking revenge in the form of personal abuse from Government representatives, public disparagement and withdrawal of funding. Nine out of ten NGOs surveyed do not believe that individuals and organisations that dissent from current government views are valued by the Government as part of a robust democracy. And nine out of ten believe that dissenting organisations risk having their funding cut (Maddison, Denniss & Hamilton., 2004, p.43).<sup>ix</sup>*

C.N.A does however support relational contracts, long term contracts and High Trust contracts.

We note a strong line throughout the draft report encouraging competitive tendering and contracting. At the same time we note the author (s) lamenting the lack of collaboration and innovation, and data sharing. These things are not mutually compatible. In a competitive environment there is no faith or trust between organisations fighting for the same dollars.

Competition is in most cases is strongly disliked by this sector. We prefer to work collaboratively; to share resources and to work together for communities good. That is how you achieve more effective Social Services, not via pitting organisations against each other, but getting them to work in partnership together. C.N.A is against competitive tendering.

We do however have no problem with new providers who may provide better results, entering the field. We acknowledge that some NGOs do not measure up in their performance, and need to close.

We only ask that if new providers do take over older ones, that it is due to fair and honest system decisions on a level playing field. Very few providers in this sector would promote continued funding of unstable and inefficient services. That reflects on all of us, and we would usually support the removal of funding from such organisations.

#### POPULATION BASED FUNDING

It is generally accepted that this form of funding in a pure form is highly discriminatory and can leave rural areas without services. There needs to be some form of acknowledgement of distance and service variety issues. Although we understand the need to send the most money into areas of highest need, we also feel that neglect of lower population areas can lead to serious issues and in the long term this neglect is extremely counter-productive.

## IMPROVING CAPABILITIES

It is nothing short of miraculous that organisations still continue to offer services on the funding they receive. The ability of this sector to do this however, is quickly ending.

Many organisations have run out of capacity; reserves and the capability to continue service in their communities and we predict closures in the next couple of years. MSD via its Capability Investment Fund has recognised that many of their agencies needed aid to build their capability back up.

This era of no funding has cut into the NGO sector with viciousness, and cannot be continued.

## THE MAORI DIMENSION

We believe that Maori need to respond to this section. However it is noticeable that throughout the rest of the report, the dimension of Maori statistics are not widely mentioned or incorporated into earlier discussion.

We also cannot find any mention of Pacific Island peoples. We wish to tautoko any respondent of this sector regarding the need for cultural responses and the need to incorporate Tiriti values into the work of social services.

## IMPLEMENTATION

### Theme One

We have issues with the idea of Government providing system stewardship, and frankly fear what that would mean.

### Theme Two

We agree that there needs to be an effort to help organisations improve capability and tool development.

### Theme Three

*When poorly thought out and executed, data can be used as a weapon to screw over many communities. Usually this is unintentional, but I've seen way too many instances of good intentions gone horribly awry where data is concerned.<sup>x</sup>*

### Theme Four

We have strong concerns about the suggestions regarding choice and do not support all the suggestions from the Commission.



### **Theme Five**

We support Government getting its act together. This has been already realised via the Better Public Services Report.

### **Theme Six**

Continued improvement, although seeming to make sense can create extreme stress in an organisation. There also needs to be support for the working status quo, and recognition of what works. Continued improvement also needs to be resourced.

### **Theme Seven**

We agree with encouragement for consultation.

**We thank the Productivity Commission for the opportunity to put this submission in. We have consulted with others regarding this submission and many of the themes in here are directly taken from their views.**

**We suspect it may read as if we do not want and are resistant to change. This is untrue. We just do not want change for changes sake. We want change to be fair, and equitable, and the people who put their heart and soul into their non-profit work to feel valued and appreciated.**

**Any questions please contact**

#### **Ros Rice**

Ros Rice

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*"A Collective Voice Supporting Local Communities"*

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- <sup>i</sup> Kōtuitui: New Zealand Journal of Social Sciences Online, 2008, Vol. 3: 21–33 1177–083X/08/0301–21 © The Royal Society of New Zealand 2008
- <sup>ii</sup> [https://en.wikipedia.org/wiki/Social\\_impact\\_bond](https://en.wikipedia.org/wiki/Social_impact_bond)
- <sup>iii</sup> Craig Fisher RSM Hayes Audit. Who holds the keys to change? 2015
- <sup>iv</sup> Outcomes Plus Brent Neilson, Charles Sedgwick and Sandra Grey. 27 May 2015
- <sup>v</sup> From Social contract to private contracts: The privatisation of health, education and basic infrastructure. Tim Kessler - Citizens' Network on Essential Services (CNES)2003
- <sup>vi</sup> Counting for Something; Value Added by voluntary Agencies 2004
- <sup>vii</sup> Reasons for compulsory social insurance P197 More effective social services Draft report 2015
- <sup>viii</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/community-investment-strategy/community-investment-strategy>.
- <sup>ix</sup> Fears, constraints and contracts. Dr Sandra Grey and Dr Charles Sedgwick 26 March 2013
- <sup>x</sup> <http://nonprofitwithballs.com/?s=data>