

# **New Zealand Productivity Commission**

## **Submission on Issues Paper – More Effective Social Services**

The Southland Interagency Forum Incorporated (S.I.F.) has a membership of over fifty Southland social service and community agencies. The forum meets monthly in Invercargill. Member organisations represent a wide cross section of the Southland NGO sector, with the majority providing social service and health support services. We are an affiliated member organisation of the New Zealand Council of Social Services (NZCOSS).

### **Preamble**

Whilst we acknowledge that the issues paper defines specific questions, we feel obliged to make comment on how NZ has arrived at its current condition in regard to the social sector and Government contributions to that condition.

Past and current Government policy has steadily dismantled effective community social services provided by Non-Government Organisations (NGOs) and Not for Profit Charitable Groups (NFPs).

The development of NGOs and NFPs occurred because of Government retraction from provision of meaningful services provided by various Government departments. The majority of NGO and NFP organisations are cheap to run, rely on the good will of their communities, and are effective providers of services tailored to meet the specific needs of their respective communities. There is effectively an element of trust and relationship networks that enable and empower NGO and NFP organisations that Government departments simply cannot achieve because of the very nature of their structure and policy focussed activities. Thus policy driven activities often appear at odds with the tangible and actual need of recipients.

We believe that Government need to take a long look at themselves, and the various Government Departments working within the social sector. To those outside, it often appears the Government services are stacked from the top down, with heavy emphasis on their own management, and less and less resource devoted to “on the ground” staff. However demand on NGO/NFP providers appears to increase every year. This is noted because of punitive and overtly dictatorial reporting requirements, protracted and resource draining contract negotiations, onerous audit requirements for all (even if the contract value is less than \$10,000), continual threat of either tendering contracts on the open market, or changing the rules and accepting of tenders that don't meet original “Request for Proposal” criteria, all of which have come about in the last two years.

It is also our experience that those enforcing Government policy tend to be people who have little or no experience in the community sector, have little interest in meaningful conversations with NGO/NFP organisations, do not problem solve, and are often simply not interested in a resolutions based dispute management process.

In order for social services, be they Government or NGO/NFP, to be effective it is our opinion that there needs to be a cohesive effort by Government to work together within their own departments, thus avoiding the need for some organisations to provide more than one service audit and one funding audit per financial year. We have heard of one small organisation that undergoes up to five service audits and two financial reporting audits in each contracting year.

The following comment was made by an agency; 'In one week we received support funding from MSD recognising the need for govt support to prop up service provision. This was to be four year funding, not adequate but at least a little support. However a grant application to DIA for Lotteries funding was declined the same week due to lack of funds and instability. Do Government Departments not communicate? In addition, local community funding was cut due to the perceived increase of funds due to government support. '

Government provision of services currently provided by NGO/NFPs is not the answer. Government could not provide the same levels of targeted community social services for the same money that NGO/NFP organisations do. This is because of the levels of needless and onerous bureaucracy that Government departments often create within any service provision they undertake, at the expense of actual social service provision. Government departments are also retrenched into larger centres and many (MSD/ACC) no longer provide rural provincial services either.

There is a definite sense in community services that the Government want to control all NGO/NGP organisations more, especially those that may be critical of Government action/inaction in the social sector. We look at the case of the Problem Gambling Foundation as an example of this.

It is our view that Government needs to put its own house in order before it decides to tell NGO/NFPs what they can improve on. The state of education, healthcare (especially in DHBs), corrections, and the judicial system in general following "improvements" to family law and the legal aid systems should all be cause for considerable concern. Within the groups we have consulted a common theme arose "How can Government expect standards of our services, when they don't even meet them themselves?"

In regard to funding and contract grants it has become apparent that Government are leaning towards population based funding. Such a tendency will disadvantage rural and provincial areas even more. Outcomes based contracts do NOT fit all services, neither do results based contracts. The use of technology can only be effective if the technology is affordable and reliable. We note that some areas of NZ don't even have reliable cell phone coverage, let alone internet connections. Those using community social services are more often than not, those that really need face to face discussions with service providers. This is because their issues are multi-faceted, their levels of communication are often challenged, and also because relationships of trust have to be developed first. Such relationships cannot be formed via a Skype connection.

No one contract model suits all social sector services. Any contracting regimes need to be flexible and reflect the service provision needs of each community.

**Q1 – What are the most important social, economic and demographic trends that will change the social services landscape in NZ?**

Population based funding will not work in a country the size of NZ. People live in rural areas, often without any access to public transport to the larger centres in their province. One of the community groups we have consulted with asked if non-availability of services would mean that taxation rates for rural areas would be cut as well!

Continued poverty in rural and provincial areas of NZ needs to be considered. A lack of local services, be they education, health or social support, will impact on the quality of life in those areas. The costs of neglect will increase the drain on resources further down the line e.g. if someone with early onset diabetes does not have ready access to health care support, then they will develop further symptoms, and eventually may require hospitalisation.

## **Q2 – How important are volunteers to the provision of social services?**

Many social services in NGO/NFP organisations depend heavily on volunteers. Many would not survive if the volunteer pool dissipated.

It should also be noted that where an NGO/NFP actually employs staff, the average wage is normally set at 75%, or less, than that of a Government sector worker performing similar work. Comparisons with the private sector are even worse – at last report, we understand a comparison between NGO/NFP providers with private providers showed a 30 – 40% difference in wage rates for some occupations.

## **Q3 – What role do iwi play in the funding and provision of social services and what further role could they play?**

No comment with regard to funding.

However, it is our view that working together to ensure iwi input is sought and valued by providers is a work in progress. Some providers do this better than others.

## **Q4 – What contribution do social enterprises make to providing social services and improving social outcomes in NZ?**

A huge impact, simply because Government does not fund some social sector community services adequately, if at all.

However, social enterprise in itself can be fraught. We are aware of a number of registered charities that are currently being threatened with deregistration **because** they have initiated social enterprise activities to fund themselves.

## **Q5 – What are the opportunities for, or barriers to, social service partnerships between private business, not-for-profit social service providers and government?**

De-registration as a charitable entity is already a threat to any partnership arrangements.

Profit making entities (and some NGO/NFPs) often forget why they are there – the end consumer.

We have noticed that NGO/NFPs who manage to secure sponsorship or external funding often have Government funding cut, so that they are no better off.

**Q6 – What scope is there for increased private investment to fund social services? What approaches would encourage more private investment?**

Comment from one community group we met with “Why would they? That is what Government is meant to do – why do we pay such a high tax rate?”

Comment from another community group we met with “Although that sounds like a good idea, is NZ big enough to support such private investment? Would that mean “investors” expect a dividend and some sort of financial return? Would that mean that NFPs would be pushed out of the equation, because if they made a financial return that was not ploughed back into the service, they would no longer be charitable?”

**Q7 – What capabilities and services are Maori providers better able to provide?**

Maori providers are culturally safe, often open their doors to all ethnicities and are built on cultural support, whanau involvement, inclusiveness and relationships. If Government are really interested in reaching Maori effectively, then they need to build in the time needed to meet the requirements of building those trust relationships, ensuring adequate and safe services into the contracts.

The same can be said for providers to Pacific people.

**Q8 – Why are private for-profit providers significantly involved in providing some types of social services and not others?**

Money! Lack of other providers. Monopoly on service provision.

If one reviews Rest/Retirement homes – there are very few who make a loss.

If one looks at GPs – one calculation we have seen shows that GPs make between \$200 and \$300 an hour for general practice activities, despite moves to lower the cost of GP visits by subsidies. As for specialist services – again \$300 per hour is the norm.

We must acknowledge however that some of these providers do offer lower cost services for those in financial difficulties, and often do provide community services on a pro bono basis in some areas in special circumstances.

These hourly rates do not reflect rates for GPs working in NGOs. Some make less than \$100/hour

**Q9 – How successful have recent government initiatives been in improving commissioning and purchasing social services? What have been the drivers of success, or the barriers to success, of these initiatives?**

If look at the provision of services such as prevention/support for problem gamblers, we would suggest that they have failed.

We acknowledge that the Salvation Army are an excellent social service provider. However, it has come to our attention that many believe that the Problem Gambling Foundation lost their contract simply because they were critical of Government action/inaction regarding the Casino's and legislation.

**Q10 –**

No comment

**Q 11**

No comment

**Q12 – What are the barriers to learning from International experience in social service commissioning? What are the barriers and risks in applying the lessons in NZ?**

New Zealand is a tiny country with a small population. There are pockets of our population scattered in rural provincial regions where accessibility to services is really an issue. These are often people with high needs.

Giving control of contracting/service provision to local communities would be preferable.

The pitfall of following an example from overseas is that the modules put in place often do not fit with the needs of our community.

If one looks at the legal aid/public defence service, one has to worry that it will go the way of many before it in other countries. For example, the public defence service in the United States is virtually bankrupt and simply getting to court with representation can take more than two years.

**Q13 – Where and when have attempts to integrate services been successful or unsuccessful? Why?**

A few “integrations” that we have seen have looked more like corporate takeovers, at the expense of the consumer. We have seen some integrated services collapse completely and shut their doors.

Collaborative partnerships are often more successful, where providers working together don't feel the need to “do it their way” or fight others off in order to preserve their own identities.

**Q14 – What needs to happen for further attempts at service integration to be credible with providers?**

Stop contestable funding and tendering of service contracts. Contestable funding only pits organisations against each other, often to the detriment of the consumer.

Tendering out of contracts does not necessarily mean that the best service provider achieves the contract. Recent years have shown that the cheapest bid has been accepted, and later on the services decrease because the bid was pitched too low, and funds ran out. Again this is at the expense of the consumer.

If tenders are called for, then ensure that those achieving those contracts actually comply with the tender criteria. We are aware of a large national provider who put in a tender for services

outside the parameters of contract criteria, and who did not have the capacity for service provision, but regardless won the contract at the expense of a provider who met all the criteria and had already developed the capacity to deliver the service.

Contestable funding and tendering of contracts does not fit all services.

**Q15 – What social services are best suited to client-direct budgets? What would be the benefit of client-directed budgets over existing models of service delivery? What steps would move the service in this direction?**

If by “client-directed” you mean an amount is attached to every citizen to be used then generalised funding for Health, & Education might work.

Some aspects of Justice could also work in such a funding climate, but not all.

One size does not fit all services!

**Q16 – Which social services do not lend themselves to client-directed budgets? What risks do client-directed budgets create? How could these risks be managed?**

Corrections/Probation

Part of the risk of any funding model would have to include mismanagement of funds, or not enough funds being available per person.

Risks can be mitigated and managed through implementation of a meaningful and thorough audit system (that does not overtly burden the provider), properly resourced and with some authority to direct organisations to improve.

**Q17 –**

No comment.

**Q18 – How could the views of clients and their families be better included in the design and delivery of social services?**

Actually ask them and value their input!

We note however, that some, but not all clients, are afraid of repercussions should they make negative comments or suggestions for improvement to services. Comments some of our consultation groups have come up with from clients are:

“They won’t help me next time”

“They will go out of their way to ruin my life if I tell them how bad they are.”

“They have the power to take my kids away, so I won’t criticise them in any way”

“It depends on who you get there, as to what type of support you get. Too scared to let them know that though, in case they cut me out.”

**Q19 – Are there examples of service delivery decisions that are best made locally? Or centrally? What are the consequences of not making decisions locally?**

Local decision making is preferred, especially in rural districts. Often decisions are made in Auckland or Wellington that affect Southland without consideration being given to geographical catchments or community isolation.

However structures, conflict management practices and sound funding/service provision policies need to be in place so that no one is disadvantaged by local decisions makers.

For big ticket items, then collaboration and partnerships for specialist service coverage should be in place.

There would also need to be checks put in place to ensure that bureaucracy does not take over – e.g. how many managers does a DHB really need as opposed to clinical staff?

**Q20 – Are there examples where government contracts restrict the ability of social service providers to be innovative? Or where contracts that are too specific result in poor outcomes for clients?**

We are aware of some child protection services that are contracted to provide support to a finite number of families. When they have reached that target, despite significant need over and above that number, they have been instructed by the government service that funds them that they must turn away any further families; unless they can self fund the “extra” families they assist. Such contracting is outrageous in a service so important. Contracts therefore should be tailored and flexible enough to fit the needs as they arrive.

Communities do not fit into tidy little boxes.

**Q21 – How can the benefits of flexible service delivery be achieved without undermining government accountability?**

Things could work better if there was consistency in government reactions and decision making for similar services.

In recent years it would appear that dollar values are placed on people within a commercial business model, rather than in a community and social wellbeing module.

**Q22 -**

No comment

**Q23**

No comment

**Q24 –**

No comment

**Q25 – What are the opportunities for and barriers to using information technology.**

Technology is not always affordable by end users. For example, more than 60% of community law centre clients do not have land line connections, and wireless internet does not work in the area they live because of coverage issues.

The use of technology can only be effective if the technology is affordable and reliable. We note that some areas of NZ don't even have reliable cell phone coverage, let alone internet connections. Those using community social services are more often than not, those that really need face to face discussions with service providers. This is because their issues are multi-faceted, their levels of communication are often challenged, and also because relationships of trust have to be developed first. Such relationships cannot be formed via a Skype connection.

**Q26- What factors should determine whether government provides a service directly or used non-government providers?**

If there are cost effective, quality services available that are provided by NGO/NFP providers why would the government take over service provision.

The reality is that Government has not provided social services at required levels for some years now, so why would they consider doing so now?

**Q27 – Which social services have improved as a result of contestability?**

Good question – you tell us! We are hard pushed to find a positive example.

**Q28 – What are the characteristics of social services where contestability is most beneficial or detrimental to service provision?**

Contestable contracts invariably go to the cheapest bid, whether or not the organisation making the bid has capacity to provide services.

A good example from Southland is the letting of a contract for provision of home help services. A local provider, with huge local support lost a contract to an Australian provider who under bid them. It is apparent that the provider is now struggling to provide what they said they would under the funding structure they received. The result is that a number of consumers have been disadvantaged and that services to them have been reduced or redacted entirely.

**Q 29 – For which services in which parts of NZ is the scope for contestability limited by low population density**

Health (hospital/GP services), Child/Young Person Welfare, Law, Education, Community Mental Health

Northland, East Coast North Island, West Coast South Island, parts of Nelson/Marlborough, Southland.

**Q30 –**

See comment for Q28

**Q31 – What measures would reduce the cost to service providers of participating in contestable processes?**

Contestability processes are resource reliant  
Government funded services should be managed by one Government department, not 5 or more, who all use different funding models and funding rounds.  
Fairness in decision making – e.g. best services for dollars, not just the cheapest option.



Restrict bids to NZ providers

**Q32 –**

See above

**Q33 – What changes to commissioning and contracting could encourage improved services and outcomes where contestability is not currently delivering such improvements?**

Comments from our consultation group/s:

Ensure Government are not placing exacting standards on providers which they do not meet themselves.

Long term contracts with funding stability attached to them along with annual CPI adjustments.

Relationship building between NGO/NFPs and Government that actually enhance understanding rather than allowing Govt to undercut and undermine services.

A transparent process.

Discard the business model, focus on the clients.

**Q34 –**

No comment

**Q35 – Are there examples where the transition to a new provider was not well handled? What were the main factors that contributed to the poor handover?**

Comments from consultative group/s:

When Govt can't even "transition" to themselves in a good way, it is worrying that they expect better from NGO/NFP providers. For example the changes to Legal Aid were disastrous for clients. Some years later (2014) information about the changes to the Family Court processes was not well set out. Training was not well planned and lack of that training caused serious issues among some FLAS providers **AND** Court staff, let alone clients. Without Community Law Centres and some CABs taking the initiative and providing support, we would not have got there as quickly as we did.

Govt needs to listen to providers and work with them on transition matters.

The changes to settlement support services were handled badly despite vociferous input from community groups around NZ.

**Q36 –**

No comment

**Q37 –**

No comment

**Q38 – Do government agencies engage with appropriate people when they are commissioning a service?**

Comments from consultative group/s:

NO!

Even if government do pay lip service to “consultation” one often gets the impression that they have already made up their mind and we have wasted yet more resources on providing views.

Why bother – they seem to always go for the cheapest, rather than the best service for \$\$

I have seen community groups go to great lengths to provide feedback etc, only to find they have been ignored.

How would someone in Wellington know what Northland or Southland needs? We have seen decisions made, with or without consultation, that follow the “one size fits all” mantra despite our efforts to educate and engage.

Another example of roll out changes/services without proper consultation or Government agencies working together is, Community Links being established in towns where a Heartland Service Centre was already in place. These two initiatives in effect worked against each other.

**Q39 –**

No comment

**Q40 –**

No comment

**Q41 –**

No comment

**Q42 –**

No comment

**Q43 – What is the best way to specify, measure and manage the performance of services where outcomes are not easy to observe or attribute?**

Comments from consultative group/s:

Who is doing the managing, Govt or the service provider?

Hours spent on service provision v \$\$ received has worked before.

Utilisation of services, (how many come through the door and what for).

Consumer surveys by independent reviewers.

**Q44 – Do Govt agencies and service providers collect the data required to make informed judgements about the effectiveness of programmes? How could data collection and analysis be improved?**

Comments from consultative group/s:

Often providers are saddled with reporting programmes that are archaic and just don't work properly.

Anyone like the system they use for mental health service providers? Meaningless and resource heavy.

Data can be misinterpreted in order to suit a specific policy or directive!

Data systems are only as good as the people who design them, or do the inputting.

We have found we have to watch our funding Govt entity like a hawk because they don't know how to interpret the data we provide. We run a second collection system as an audit tool – time consuming but it has saved our bacon for years now!

Capturing soft outcomes, or qualitative data is where valuable outcomes can be captured.

**Q45 – What have been the benefits of government initiatives to streamline purchasing processes across agencies? Where could government make further improvements?**

Comments from consultative group/s:

Have there been improvements? Where, what, who, how?

Govt departments don't work together where agencies have multi-department contracts. Well not that we have seen anyway, so we end up having to negotiate with two or three different ones every year.

**Q46 –**

No comment

**Q47**

No comment

**Q48**

No comment

**Q49**

No comment

**Q50**

No comment

**Q51 – How do the organisational culture and leadership of government agencies affect the adoption of improved ways of commissioning and contracting? In what service areas is the impact of culture and leadership most evident?**

Comments from consultative group/s:

Acknowledging that there are some great people to deal with working for Govt, we have seen some not so great leadership, and a lack of a supportive/helpful culture within departments.

Some govt folk come across as incredibly arrogant, and incredibly ignorant, of what is happening at our level. We joke about “Wellingtonisms” in regard to directives that come from some people working in Govt departments.

There has been a culture of imposition, which we know they (govt depts.) are trying to turn around, but it will be a long road for some of them as their image is one of a punitive funder, rather than a collaborative, well led one.

Pity that some Govt. Depts. seem to be focussed on “catching out” people on minor stuff, rather than dealing with the big organisations that foul up and disadvantage vulnerable members of our community.

**Q52 – How do the organisational culture and leadership of providers affect the adoption of improved ways of supplying services? In what service areas is the impact of culture and leadership most evident?**

Comments from consultative group/s:

The providers are not normally the problem. Government seems to have an attitude that they know best, even though they don’t know our community or its needs.

It is disheartening, and taxing on resources, to see us change service structures to suit funders, and then be asked to change back again because Govt policy (as in politicians) is wanting something different again. Our trustees work very hard to do the right thing, for the right reason.

We have been around for decades and see a recurring pattern – old ideas that failed are being revived as “new” ideas. They didn’t work last time, what makes funders think they will this time round? Despite that our leadership and manager do a really good job – they constantly focus on our end users, rather than the politics.

A leadership that embraces improvements, where they are true and required, is great. In our case we have that, but we also have a leadership group that will stick their neck out and challenge government when it knows the “improvements” asked for actually will destabilise our client services, or cause loss of services. So far they have managed to retain our funding and our services and have enabled and empowered us to constantly improve quality and effectiveness of those services.

**Q53**

No Comment

**Q54**

No Comment

**Q55 – Are there important issues for the effective commissioning and contracting of social services that will be missed as a result of the Commission’s selection of case studies?**

Justice (legal aid, community law, public defenders, family court)

Some of the Corrections services (inmate support in prison, youth safety in prison)

Mental Health Services (especially those provided by DHBs)

Finally;

Thank you for the opportunity to comment. We do not wish to appear in person to present this submission.