



## New Zealand Red Cross submission on the Social Services Inquiry

*To the New Zealand Productivity Commission*

*Date due: 2nd December 2014*

### **1. About New Zealand Red Cross and the International Red Cross Red Crescent Movement**

New Zealand Red Cross has undertaken a range of welfare and emergency management programmes, both at home and overseas for nearly one hundred years. As part of the International Red Cross Red Crescent Movement (the Movement) we draw upon the capacity and knowledge of the largest humanitarian network in the world. National societies like New Zealand Red Cross have a distinctive relationship with the government in each country of operation, and are recognised as auxiliary to public authorities in the humanitarian field.<sup>1</sup> Whilst we retain our independence, in New Zealand we have translated this auxiliary status to mean that we deliver services alongside government in areas such as health and social services, disaster management, migration support and the promotion of international humanitarian law.

### **2. General comments on the Social Services Inquiry**

New Zealand Red Cross welcomes the initiative taken by the Minister of State Services in commissioning this inquiry into the commissioning and delivery of social services in New Zealand. The state sector is a key enabler within our society, and the inquiry's aim to improve outcomes for New Zealanders as a result of services resourced by the state sector is a worthy one.

### **3. Comments on the role of volunteers in social service provision (Q2)**

New Zealand Red Cross has a significant volunteer base. We note that the nature of volunteering is changing, and that there are a broad range of volunteer opportunities on offer and brokers to facilitate these e.g. Volunteer Wellington. Many volunteers now prefer to commit for shorter periods and have higher expectations in terms of training and support. The investment required by our organisation in recruitment, training and support volunteers is considerably greater than in the past, and continues to evolve. This is heightened by new Government health and safety regulations that apply to volunteers.

We also note that reliance on volunteers as a component of a contracted service, adds a level of risk compared to the stability of paid staff. If we are unable to recruit sufficient, suitable volunteers to deliver on contract commitments on an ongoing basis, we must mobilise to address this so that

---

<sup>1</sup> Auxiliary status of national societies have been recognised by all States Parties to the Geneva Convention in the Statutes of the International Red Cross and Red Crescent Movement, adopted by the XXVth International Conference of the Red Cross and Red Crescent, Geneva (1986) and also successive resolutions of the International Conference of the Red Cross Red Crescent Movement.

service provision is not compromised. This mobilisation requires flexibility, responsiveness and staff resource.

**Recommendation:** The time and resource required to recruit and maintain volunteers be factored into service commissioning, in addition to the value provided by the volunteer workforce.

**Recommendation:** The risk of relying on volunteers be taken into account in service commissioning, along with the recognition that paid staff are most appropriate for some roles.

#### ***4. Comments on the engagement of government agencies with appropriate people when commissioning a service (Q38)***

The most effective way for government agencies to achieve input into front line service delivery is to engage at community level. This facilitates an understanding of the nuances, interaction and effect of the service(s) amongst the people the services are intended to benefit.

We note that it is not only whom the government engages with, but also the way in which appropriate people are consulted with, that is important.

**Recommendation:** The government ensures consultations are conducted in a manner accessible to those that the services are designed to support. Factors such as the time of the day, the venue and style of engagement must be appropriate to each audience.

#### ***5. Comments on the benefits of flexible service delivery and its relation to government accountability, and experience of outcome based contracts (Q21, Q42)***

Some forms of government contract allow for flexible service delivery without compromising on accountability. For example, a current New Zealand Red Cross contract with the Ministry of Social Development is based on the achievement of outcomes. The details service configuration to accomplish these outcomes, including resourcing, is determined by the provider.

The reporting requirements of some contracts do not link directly to outcomes, and therefore may place a burden on organisations with limited resource.

The importance of communication, particularly with flexible service delivery contracts, cannot be underestimated. It is essential to be able to discuss issues with the contract manager throughout the contract, not only at the end. The building of relationships and clear lines of communication means that there are no surprises for either side of the partnership.

**Recommendation:** Consider outcome based contracts as applicable.

**Recommendation:** Ensure reporting requirements are proportional to the level of funding provided.

## ***6. Comments on the place of culture in social service delivery (Q17)***

There are examples of cultural needs being incorporated into contracts. A recent New Zealand Red Cross contract with government included provisions for interpreting and cross cultural support, a welcome and essential inclusion. Many non-profit or private services contracted by Government departments do not have this provision included (for example, Family Start and Social Workers in Schools).

In moving towards the mainstreaming of services, there is potential for the cultural competencies of those providing the service to be reduced. For example, with the move to a sole provider of welfare, ensuring specialist knowledge regarding relating to diverse groups receiving services (refugees, superannuates, persons with disabilities etc) becomes more challenging.

The New Zealand Police is a good example of an organisation with supports in place to assist with the cultural complexities they face, for example having a local ethnic advisor and an ethnic work stream. When it comes to decision making, they have a significant amount of material, such as booklets advising on different cultures.

**Recommendation:** While some services must be mainstreamed for consistency and/or efficiency, service providers need to be appropriately trained and supported to ensure culturally appropriate service delivery. Provision for interpreting services, such as Language Line must be made and the service used whenever possible.

**Recommendation:** For certain services, it should be recognised that specialist organisations are best placed to provide and/or advise on appropriate and effective service provision. This is particularly relevant to vulnerable populations.

## ***7. Comments on service integration (Q13, Q14)***

It is acknowledged that service integration aims to increase efficiency. However, there are instances of this leading to a risk of a loss of service quality. In some cases the transition of services to a national model, results in the loss of valuable local knowledge. For example, housing for quota refugees is now being allocated at a national, rather than regional, level. The adoption of a national allocation model has resulted in important local information being lost, such as proximity of houses to health services, bus routes, ethnic community, and even renovation schedules not being taken into account. In practice this means houses have been found to be inappropriate or inadequate and people have had to be booked into hotels or other accommodation, resulting in higher costs as a result.

Integrating services also risks isolating vulnerable minority groups. This was evidenced in recent years with a government decision to fund training courses of a minimum size (only). This meant that many smaller programmes, such as ESOL scholarships for refugees, were lost, with significant and cumulative effects for the individuals concerned including in terms of integration into the community, prospects for employment and self-sufficiency.

Further alignment across various government contracts would ensure that when combined the conditions under each contract do not result in unintended negative consequences for the target group. For example, former refugees having to refuse employment opportunities in favour of

completing an ESOL course, so as to ensure the (language) provider met their performance targets to maintain funding.

**Recommendation:** Consider that centralisation of services is not always appropriate, and that regional input needs to be taken into account. Social services are complex, and streamlining for efficiency may be counterproductive to achieving the desired outcomes for the target group.

**Recommendation** Take care to avoid excluding minority groups from service provision when streamlining services. Such groups are already vulnerable, and integrating services may risk further isolation.

#### ***8. Comments on contestability of social services contracts (Q27, Q28, Q30, Q31, Q32)***

Contestability opens service provision to multiple providers, and may offer the prospect of increased service quality and innovation.

However, the risks associated with contesting contracts must be taken into account, including a culture of arbitrary cost cutting amongst bidders, and compromising of service quality as a result.

Some organisations do not have specialists in grants or contract management or the capacity to engage in tendering processes which can be time consuming, particularly for smaller organisations. It may be that some organisations are unable to adequately contest a contract, even though they are the best placed to provide the service. Government agencies could have a role in providing specialist support for organisations tendering for contracts, including through the Department of Internal Affairs community funding advisors. This may be of benefit to smaller organisations.

The tendering process can be very formal, with limited or no dialogue between the parties. This can limit opportunities for improvement and innovation, and does not encourage cross-sector collaboration.

All parties contesting a contract are generally required to complete all steps in the tendering process. This represents a significant duplication of effort particularly for smaller organisations. A simple staged process to shortlist contenders may enable interested parties to provide a high level expression of interest, and be selected to progress to detailed design on a needs basis only.

**Recommendation:** Quality of service is considered, as well as cost efficiency during the contract contesting process.

**Recommendation:** Government agencies promote and make available support services to assist smaller organisations to contest contracts.

**Recommendation:** Organisations be required to provide a high level expression of interest, and be advised early in the tender process if they are not suitable to progress to the detailed design phase.

**Recommendation:** Providers meet with government agencies during the tender process to allow the opportunity for questions, and concept exploration.

#### ***9. Comments on measuring performance (Q43, Q44)***

For some services qualitative measures may be more appropriate than quantitative (measures). In some cases quantitative data may be influenced by other factors and be unable to be linked to a particular aspect of service provision.

Where the service or the measure is new, there needs to be some acknowledgement and an openness to assessing and recalibrating outcome (targets) after a defined time period – for example after an initial period when sufficient data is available. Alternatively measures may be required to demonstrate a trend towards (as opposed to exact achievement of) the agreed outcome.

Any performance measures need to take into consideration the impact of external factors. For example, a down turn (or up swing) in the economy and its effect on an employment placement service.

An open dialogue between provider and funder during the contract term is key to tracking and managing provider performance. This is ideally done to an agreed timeframe for the purpose of ensuring measurements are helping achieve the right outcomes, where issues are occurring, and to ensure shared understanding of environmental factors.

Databases used for data collection, monitoring and reporting are generally expensive to build and maintain. With some exceptions, the ability to easily make fundamental and ongoing changes to data base structure is generally limited. New governments and contract terms often request new measures, deeming previous measures as no longer relevant. This compromises baseline data, and the tracking of trends over time. A long term view of data collection is required.

**Recommendation: Government agencies take a longer term view on data collection to support the achievement of outcomes, and acknowledge the cost and challenge associated with adapting database systems on an ongoing basis.**

**Recommendation: Government agencies remain open to recalibrating outcomes as data becomes available and allow flexibility for environmental factors outside of the provider's control.**

*New Zealand Red Cross is happy to discuss any aspect of this submission to the Productivity Commission if required.*