TO THE PRODUCTIVITY COMMISSION 2 December 2014

Submission on
More Effective Social Services Issues Paper
Te Rūnaka o Ōtākou

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Ōtākou Rūnaka is near the end of Otago Peninsula, Dunedin. Traditionally, the Otago Harbour has been of significant importance as a food source for the Ōtākou people and in particular, the cockle or tuaki as they are locally known. Tuaki have been an important food source for Muaupoko (Otago Peninsula) Maori for generations. The whole area was once speckled with many kaik (villages) and Pukekura (Taiaroa Head) was an important fortified pa.

Ōtākou is 'home' to Waitaha, Rapuwai, Kāti Hawea and Kāti Māmoe; where in the early 19th century, Ngāi Tahu, Ngāti Māmoe and Waitaha had blended into a single tribal entity. Of significant importance is that Ōtākou marae was one of the places where the Treaty of Waitangi was signed in 1840. Those who signed were descended from ancestors of all three tribes. As a consequence, Te Rūnanga o Ngāi Tahu as our corporate entity, expresses our collective vision "that our Papatipu Rūnanga (marae communities) are the beating hearts of our tribal identity. Our goal is that Papatipu Rūnanga is economically strong and culturally vibrant". Papatipu Rūnanga is the home of Ngāi Tahu identity and the seat of our traditions.

Te Rūnaka o Ōtākou believes significant gains in productivity and effectiveness can be made through changes to the way the government commissions and purchases services from non-profit providers. Our responses to some of the Commissions questions are italicised below.

1. **What are the most important social, economic and demographic trends that will change the social services landscape in New Zealand?**
    - *An aging population*
    - *An inability to understand the demographic trends of an aging Maori population*
    - *Low levels of wellness among Maori*
    - *Loss of wealth generation from an under-educated sector of our population*
    - *Christchurch rebuild – lack of regional investment*
    - *Entrenched and generational inequalities*
    - *Burgeoning gap between the rich and poor*
    - *Our reliance on primary industries*

2. **How important are volunteers to the provision of social services?**

   Statistics NZ's Non-Profit Institutions Satellite Account reported that more than one million volunteers gave more than 270 million hours of unpaid labour to non-profit institutions in 2004. While Ōtākou Rūnaka employ staff, a large proportion of our responsibilities are dependent on a few who volunteer their time in order to uphold the mana of the marae.

   Papatipu Rūnaka such as Te Rūnaka o Ōtākou are the vehicle through which Ngāi Tahu express their citizenship and contribute to our communities through active engagement in tribal affairs. There is strength and good economic sense in mobilising an unpaid workforce through marae volunteers, but this enthusiasm will be lost if communities are unable to direct their own development.

3. **What role do iwi play in the funding and provision of social services and what further role could they play?**

   Currently Te Rūnanga o Ngāi Tahu invest a third of our annual spend into Ngāi Tahu communities through local Papatipu Rūnaka. Another third is utilised in projects that Te Rūnanga o Ngāi Tahu commission on behalf of Ngāi Tahu Whānui. Increasingly there are calls for even greater devolution and investment in Papatipu Rūnaka to plan, design and commission those services that will lead to greater self-determination for whānau.

4. **What contribution do social enterprises make to providing social services and improving social outcomes in New Zealand?**

   In the past six months we have seen a courageous move to Commissioning bodies administered by Māori and Iwi organisations. The challenge in this will be the ability of the Commissions to avoid the 'iron law of oligarchies' and to instead focus on their core function to build the capacity for whānau to design their own solutions. Consequently there is a trend away from centralised commissioning to localised solutions that invest in models of social enterprise that build capability and resilience in communities. While planning for social services are part of the landscape that we find ourselves in. The outcomes that Ōtākou Rūnaka seek are related to investing in whānau to co-design and co-produce strong communities. The role of Commissions and Iwi within a social enterprise model is to recognise and enable co-investment models between business, philanthropic and government, not lead them on our behalf.

5. **What are the opportunities for, or barriers to, social services partnerships between private business, not-for-profit social service providers and government?**

   Not for Profit Service Providers will benefit from increased collaborations across the broader sectors. A barrier identified here is that whānau are currently passive recipients in this model. Our collective success is not driven or defined by relationships with social services. The social sector network is only one tool that we might utilise to achieve self-determination. Te Rūnaka o Ōtākou promotes a deeper level of engagement that positions us as both co-designer and purchaser of services that build self-determination. We do not believe the current model of service provision is conducive to whānau self-determination because it is grounded in an historical model of charitable patronage and government-led policies. "None but ourselves can free our minds", is a tangible reminder to us of our responsibilities to lead and change our circumstances.

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

   Private investment can only be effective when it occurs as a partnership with a model that recognises manawhenua (tangata whenua with mana over a specified area or region) as a central stakeholder within communities. Currently private investment occurs between government and philanthropic organisations where government has previously used its purchasing influence in order to capture these funding bodies. What is required going forward is a focus on co-investment by government, philanthropic, iwi and business interests of Māori communities focused around Papatipu Rūnaka aspirations.

7. **What capabilities and services are Māori providers better able to provide?**

   Māori providers who are kaupapa-based will have strong connections to manawhenua. Because of this their services will generally reflect the local needs of the community. The notion that providers can represent communities' is not valid in this context as non-Māori models of care will not always present value for manawhenua. The challenge to mainstream services is in their capacity to develop inclusive models that reflect the aspirations of whānau. Statistically access and success to mainstream services for Māori remains an ongoing issue and has resulted in deeply entrenched inequalities. An uncompromising focus and belief that "none but ourselves can free our minds" strongly suggests that by Māori for Māori resonates still.

   Māori providers with the requisite qualifications, resources and accreditations are the most appropriate to provide services for Māori. The fact that the majority of resources sit in non- Māori organisations is an unrelenting barrier to Māori self-determination.

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

   Commissioning is markedly different whereby for-profits are treated differently from not-for-profits. This is evidenced in the 'claw-back' clauses dominating funding agreements with not-for-profits who are often required to pay back funding not used in the commission of services, even when there is clear evidence that outcomes have been met. Anecdotal evidence suggests that even if not-for-profits, specifically Māori, delivered 50% of an outcome, the purchaser still received value for money (pers. Comm. with a DHB employee). Not-for-profits are encouraged to be less efficient while current funding arrangements allows some services to be profitable and others not to be. Rates paid by government for community services are usually lower than those paid for the same services in for-profits. This was highlighted in the recent aged care sector's pay parity campaign "Who Cares?", and again in the mental health and addiction "Fair Funding" campaign.

   Another example is the funding discrepancies between DHBs and the inconsistency in purchasing models that compromise community providers' ability to deliver nationally consistent services and equity of access. This leads to a 'postcode lottery' for people using the health system. The complex procurement process of different funding models used by multiple government funders requires a significant volume of administration that is often not funded. Some services are purchased as a fee-for-service. This is inefficient for provider and Māori communities and illustrates a dimished value attached to some communities.

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

   The recent Whānau Ora Commissions are the beginning of improved efficiencies and the most substantive response to addressing inequalities. It is as mentioned above the beginning. The challenge in this will be the ability of the Commissions to avoid the 'tyranny of oligarchies' and to focus instead on their core function to build the capacity for whānau to design their own solutions.

10. **Are there other innovations in commissioning and contracting in New Zealand that the Commission should explore? What lessons could the Commission draw from these innovations?**

    There are a number of models that have been trialled here in New Zealand. Co-Production is a model that was trialled with a number of iwi and is particularly pertinent for Māori communities. Co-Production is based on a model of co-design and co-investment. Co-investment is also a method for quantifying the volunteering in iwi communities. Co-production in an iwi and hapū context:

    - *Focuses on commissioning for 'outcomes', meaning the long-term changes that services and other activities achieve;*
    - *Promotes co-production to make services more effective and bring in new resources, by working in partnership with the people using the services; and*
    - *Promotes social value by placing social, environmental and economic outcomes at the heart of commissioning.*[1]

    The value of co-production is that it shares both risk and success and is based around the collective needs of a community.

11. **What other international examples of innovative approaches to social service commissioning and provision are worth examining to draw lessons for New Zealand?**

    There are a number of international commissioning models that focus exclusively on outcomes for service-users and communities. The Camden 'Sustainable Commissioning' (2006) model that proposed that commissioning to be effective it must be;

    - *Outcome focussed, and capture the value of outcomes created by services at both the service level and wider community level;*
    - *Inclusive of economic, environmental and social outcomes (the 'triple bottom line'); and*
    - *Tracks the value to the service to consumers, council and wider public sector of the achievement of these outcomes.*

    Similarly the Vale of Glamorgan Council Social Services Commissioning Framework in Wales (2011) identified that ineffective commissioning may:

    - *mean that the right services are not available; or*
    - *produce unnecessary dependence; or*
    - *undermine strategies for managing risks to vulnerable groups.*

[1] D. Matahaere-Atariki, D. McKenzie, K. Goldsmith T. Whiu (2008) 'Co-Production in a Māori Context', *Social Policy Journal of New Zealand*. Issue 33.

This Welsh model notes that commissioning should be underpinned by the core values of social care - promoting independence and personal development enabling service-users to keep control of their lives. Additionally, commissioning social care must have regard for the wider local government context, one that requires central government and local councils to encourage social inclusion and sustainability while delivering best value.

There is clearly a wealth of international models that we can draw from and yet the most successful are those that are whānau-based and strongly rooted in communities. Community-based enterprise (CBE) provides a potential strategy for sustainable local development within disadvantaged communities. This emerging form of entrepreneurship typically rooted in Maori cultural mores notes that natural and social capital is integral and inseparable from economic considerations transforming the community into an entrepreneur and an enterprise in its own right. It is the most tangible identifier of self-determination.

12. What are the barriers to learning from international experience in social services commissioning? What are the barriers and risks in applying the lessons in New Zealand?

Testing and implementing new commissioning models requires a far higher level of cooperation and change for it to be successful. Policymakers must work closely with diverse and at times competitive stakeholders – often in mixed teams. Some of the most thorough market tests have involved heavy engagement with the provider community, service users, other government departments and local government. Openness to wider experience appears to be essential for success. More importantly it requires strong political leadership to drive the changes required for collaborative commissioning.

New Zealand has a long tradition of transplanting ideas from international literature in order to solve local problems, often with very little value to the most vulnerable populations. The unique status of whānau as tangata whenua is not analogous to minority populations in the UK or North America. The challenge will always be defined in relation to self-determination and in this context mana motuhake. The testing of Co-Production in a Māori context illustrated a relationship of high trust, recognition and value of the iwi partners and serves as an exemplar of partnership not present within much of the international literature.

13. Where and when have attempts to integrate services been successful or unsuccessful? Why?

Integration has long been an outcome that is promoted by the public sector. Its failure is noted in the obvious fact that the public sector is unable to model what integration will look like. The silo nature of government agencies, increasing overheads generated and the lack of public sector monitoring of expenditure to outcomes achieved has meant that calls for integration, its drive and method must come from improved identification of consumer need and citizenship entitlement.

The Southern Alliance between primary care and secondary is thwarted by the fact that the Alliance reports back to the CEO of the DHB. There is no mechanism to drive change in the way that DHBs commission. The failure of clinical leadership internal to secondary care, the failure to direct secondary clinicians to accept referrals from primary care has

stunted any ability to develop health pathways. Alliances would work more effectively if they reported directly to the community through a ministerial representative.

If the public sector insists on leading then political direction is crucial to avoid the public sector tendency for 'business as usual' and a narrow focus on 'bottom lines'.

14. What needs to happen for further attempts at service integration to be credible with providers?

Success noted in local and international literature states that service integration can only occur when each of the stakeholders understands and respects each other's jurisdictions. This was a key finding in the piloting of a co-production model with iwi and Māori organisations. Each stakeholder should also be resourced equitably in order to be able to co-design services. The shift from central and local government provision to resourcing a joined-up purchasing model with communities is fundamental to co-production.

15. Which social services are best suited to client-directed 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?

The home-based care and disabilities sectors are directly suited for client-directed budgets. This principal needs to be taken further utilising a Co-Production model for commissioning across all service purchasing areas.

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

In an ideal world all services and purchasing arrangements would follow the client and be co-ordinated across a defined community.

17. What examples are there of contract specifications that make culturally appropriate delivery easy or more difficult?

Contracts that co-design outcomes rather than specified outputs allow for a much more culturally specific response to human need. Narrowly defined outputs produce a silo that capture human experience inhumanely, as data and diminishes their status as citizens. A broad focus on outcomes, value added and strong communities requires contracts that reflect these complexities. I am struggling here to find an example of one.

18. How could the views of clients and their families be better included in the design and delivery of social services?

Co-production and co-design is an important structure for ensuring that the views of clients are part of the overall design, purchasing and implementation of services. It will also make an important shift away from clients as passive to a self-determining community.

19. Are there examples of service delivery decisions that are best made locally? Or centrally? What are the consequences of not making decisions at the appropriate level?

Service delivery decisions should be community-specific however there are times when decisions, specifically when they are about responding to inequalities, should be directed by and monitored centrally.

20. Are there examples where government contracts restrict the ability of social service providers to innovate? Or where contracts that are too specific result in poor outcomes for clients?

The funding attached to Māori services through Tamariki Ora and Disease State Management Māori Mobile Nursing is still concerned with counting 'widgets', i.e., the numbers of health plans etc. The decision of the MoH and DHB to start up another clinic within an already defined region has resulted in competition impacts negatively on the potential for continuity of care. In this example Māori are being offered opportunistic healthcare whereas Tamariki Ora and DSM is working alongside other primary care professionals.

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

Accountability in an active democracy extends past accountability to ministers out to accountability to citizens. Flexible arrangements with communities as commissioners of their own services are direct examples of rigorous accountability mechanisms.

22. What is the experience of providers and purchasing agencies with high-trust contracts? Under what circumstances are more relational contracts most likely to be successful or unsuccessful? Why?

A relevant question to ask is how many Māori services are the recipients of 'high trust' contracts?

23. Do Crown entities and non-government commissioning agencies have more flexibility to design and manage contracts that work better for all parties? Are there examples of where devolved commissioning has led to better outcomes?

Note op.cit., Co-Production in a Māori Context.

24. Are there examples of where government agencies are too dependent on particular providers? Are there examples of providers being too dependent on government funding? Does this dependency cause problems? What measures could reduce dependency?

As long as government continues to be the primary commissioner a relationship of dependency will be produced that is complicit, one with the other. The notion of dependency is not necessarily negative but a necessary step towards independence. Problems occur when the Commission or Purchasing Agency is a stand-alone entity because by its very nature it will emulate the community it is intended to represent.

Dependency can be avoided through an uncompromised focus on self-determining communities. Accountability is achieved through community ownership and co-design of services.

25. What are the opportunities for and barriers to using information technology and data to improve the efficiency and effectiveness of social service delivery?

Information technology is essential as a tool for development. Data in its own right is unhelpful but to be effective must only ever be one tool for analyses and not an end point or rationale. This is because technology is too blunt an instrument to tell us anything other than what we might measure. Imperative is the rationalisation of technology so

that data can be cross-analysed. Privacy issues can be managed through ethical considerations.

26. **What factors should determine whether the government provides a service directly or uses non-government providers? What existing services might be better provided by adopting a different approach?**

    Government is not the ideal context for effective service provision that is not the subject of statute. Being clear on where this line is requires further analyses that is premised on the need for self-determining communities.

27. **Which social services have improved as a result of contestability?**

    Unsure of evidence on this

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

    Uncertainty in the tenure and viability of short-term contracted services creates anxiety for health consumers in the wider community and is a particular issue for the most vulnerable populations. Competition will only work when the environment is 'flat'. An improved model would be to identify the 'most appropriate agency' and resource them to provide the best service for its community.

29. **For which services in which parts of New Zealand is the scope for contestability limited by low population density?**

    See above 28.

30. **Is there evidence that contestability is leading to worse outcomes by working against cooperation?**

    Unable to cite evidence

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

    32. See above 28.

33. **What additional information could tender processes use that would improve the quality of government purchasing decisions?**

    N/A

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

    35. See above 28.

36. **For what services is it most important to provide a relatively seamless transition for clients between providers?**

    Vulnerable and disadvantaged Māori*, especially those with high/complex needs due to disability or mental health issues need seamless transitions.*

37. **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?**

    Most often when the client has not been informed and agencies act in their own interests.

38. **What are the most important benefits of provider diversity? For which services is provider diversity greatest or most limited? What are the implications for the quality and effectiveness of services?**

Māori and Whānau are entitled to services that identify and can respond to their needs. Paramount is an entitlement to mana motuhake or self-determination. To be effective for Māori diversity has to be about our right to self-determine and not merely be passive recipients of services.

39. **How well do government agencies take account of the decision-making processes of different cultures when working with providers?**

Government agencies have to be repeatedly reminded of the need for longer consultation periods to allow for meaningful input from Māori community and voluntary organisations, which often have branch systems to filter information to or only meet on a monthly basis.

Equally government agencies need to understand the hierarchical nature of iwi and Papatipu Runanga and who has a mandate for what.

40. **Do government agencies engage with the appropriate people when they are commissioning a service?**

Sometimes – but health is usually too focused on the DHB clinicians and GPs and does not broaden their scope to the wider sector and allied health services or social determinants that impact on people's wellness.

41. **Are commissioning agencies making the best choices between working with providers specialising in services to particular groups, or specifying cultural competence as a general contractual requirement?**

Cultural competence should be a fundamental clause in a contract purchasing services in New Zealand.

42. **How well do commissioning processes take account of the Treaty of Waitangi? Are there examples of agencies doing this well (or not so well)?**

I believe that some agencies take account of the Treaty in the most effective way possible. I do not however believe that all agencies do, specifically government agencies.

43. **Which types of services have outcomes that are practical to observe and can be reliably attributed to the service?**

Services to address a single issue or health need are easier to measure and attribute to a provider/service. Complex issues that have multiple causes and where individuals are working with multiple agencies and Māori are difficult to attribute.

44. **Are there examples of outcome-based contracts? How successful have these been?**

Unknown

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

Clear measures that record and monitor the co-existence of an active and engaged stakeholder in the co-design and implementation of services over a specified period of time within a community setting:

- *When people are informed*
- *When they are demanding*
- *When communities are self-determining*

46. Do government 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?

Much of the data collected is transactional and does not inform practice or outcomes in a meaningful way. Support for small/medium NGOs with reporting templates and IT systems that were aligned to reporting to multiple funders would be of assistance, but these also need to fit with the clinical reporting systems providers use for their client outcome tracking to avoid time-consuming 'repackaging' of data.

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

Government's recent streamlined contracting initiative and commitment to reduce the audit burden are welcome moves, but so far they have only impacted on a very small number of providers. As long as DHBs and other government agencies are not part of the streamlined approach, the burden of compliance will not reduce significantly for non-profit health providers.

48. Is there sufficient learning within the social services system? Is the information gathered reliable and correctly interpreted? Are the resulting changes timely and appropriate?

Much of the information collected through contractual reporting seems to be ignored or filed away, never to be used in any meaningful way. A system that encouraged learning, the sharing of successful approaches and interpretation of trends would be a great boost for providers and the families they work with.

49. Does the commissioning and purchasing system encourage bottom-up experimentation? Does the system reinforce successful approaches and encourage reform of less successful ones?

The risk-averse nature of most government contract managers makes bottom-up experimentation and innovation virtually impossible.

50. Would an investment approach to social services spending lead to a better allocation of resources and better social outcomes? What are the current data gaps in taking such an approach? How might these be addressed?

A prevention/public health approach (prevent, promote, protect) is less costly than treatment[2] and Māori communities are the most obvious vehicle to achieve this.

There is a desperate need for cross-party approaches to issues like the child poverty and the unequal burden for Māori children, have a huge impact on demand for health and social services. These are not quick-fix problems that can be solved in one, two or even three political terms – they need consistent support and long term strategies over

[2] Morgan and Simmonds, *Health Cheque (2009)* cite US evidence of a 4:1 return (in terms of quality adjusted life years gained) from investing in prevention and primary healthcare, as compared to hospital treatment.

decades to ensure an enduring focus on building sustainable and enterprising communities.

Treat Māori self-determination as an investment, not a cost.

51. How can data be more effectively used in the development of social service programmes? What types of services would benefit most?

More sharing of data collected through government surveys and contract reporting would be useful to providers and communities and build a better picture of need and outcomes achieved.

Government could also make better use of the data it collects about providers. The Charities Register holds significant detail on providers, which is often not accessed by other government agencies, which ask providers to provide the same information over and over again.

52. What are the benefits, costs and risks associated with using data to inform the development of social service programmes? How could the risks be managed?

Complex social issues are difficult to capture effectively in data as so many factors impact on people and the outcomes achieved. The growing inequalities experienced by Māori can also make measures based on 'general populations' misleading – especially when used as a quasi-measure of risk or poverty.

53. 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?

Central and local government agencies continue to struggle with improved methods for commissioning. There may be a number of reasons for this but from a Māori perspective and years of engaging with agencies I do not believe that there is a high level of trust or relationship management. Culture, the Treaty and for Ngāi Tahu our act of parliament defines the parameters under which we will engage. This is not always known but even when it is there is often a distinct lack of leadership coming from the public sector. Policy and practice are at times miles apart.

54. 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?

Ngāi Tahu Rūnanga, agility and flexibility are vital to addressing chronic disparities among our population. Our commitment is life-long and cannot be traded out of. Māori advocacy often draws attention to inequalities and works to change public attitudes over many years. Government, however, is often slow to get involved and first to leave. Then, when progress is made, government is too quick to turn its attention and resources to a new issue.

Innovative an investment in Māori community enterprise and consistent solutions are needed to address the growing inequalities that threaten social cohesion. Investment in self-determination and co-design requires enhancing workforce capability across sectors and are examples where iwi and hapū can work closely with government agencies (including DHBs) to achieve a system wide approach.

55. **What institutional arrangements or organisational features help or hinder the uptake and success of innovative approaches to service delivery?**

    If government wants greater accountability and evidence of service effectiveness to support funding decisions, it needs to fund research and evaluation when purchasing services, as current service provision rates do not enable NGOs to fund this themselves.

    The NGO voice is absent from too much decision-making. Ministerial appointments to DHBs and other statutory bodies can address gaps, such as the need for particular skills or representation of ethnicity.

    Our analysis of DHB members' profiles shows good levels of clinical, financial and governance experience on most Boards, but we perceive a lack of non-profit experience, and therefore limited knowledge of the range and value of effective community services.

    While we recognise the need for balance when making decisions on Ministerial appointments, we recommend Ministers and their advisors view experience in the non-profit community sector as a useful and important factor that can make a valuable contribution to DHB/statutory body governance.

56. **Have recent amendments to the Public Finance Act 1989 made it easier to coordinate across government agencies? Are there any examples where they have helped to deliver better social services? What further measures could be effective?**

    Unknown

57. **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?**

    Absolutely, the Commission should not be focused on case studies alone but looking more deeply at an outcome of a cohesive and self-determining citizens. Case studies are too limiting.

58. **Are you willing to meet with the Commission? Can you suggest other interested parties with whom the Commission should consult?**

    I am happy to discuss meet with the Commission to talk through the main points of the submission in person.

Donna Matahaere-Atariki

Chairperson

Te Rūnaka o Ōtākou