

Tena koutou katoa

Submission to New Zealand Productivity Commission: More Effective Social Services

Ensuring the purchase, contracting and delivery of effective social services is a subject of grave importance for New Zealand now, and increasingly so in the future. We have read your issues paper with interest, and as a group whose members have long-standing backgrounds in the social services sector, we have substantial experience in this area, particularly in the area of social services to Māori. Set out below are responses to many of the questions that you ask in the issues paper.

The needs of our respective communities stand at the forefront of our feedback to you, and although this particular review of social service purchasing is some 30 years after the groundbreaking report into social services *Puao Te Ata Tu*, we are hopeful that this long-needed investigation will result in the equally long-overdue move to ensure the delivery of timely, effective, efficient and appropriate services to the most vulnerable members of our society.

As you stated very eloquently in your discussion document, “Social services assist New Zealanders to live healthy, safe and fulfilling lives.” We are conscious that in Aotearoa, we spend around \$850 million per year on the purchase of social services via the Ministry of Social Development, services which have a focus on supporting people to gain independence from State support. By comparison, as a nation we spend over \$2 billion dollars per year on the Police and the Corrections system.

As a nation, we spend far more reacting to the problems caused by insufficient social services than we do on avoiding the problems in the first place. It is increasingly clear that the status quo has failed to make any significant inroads into social issues in recent decades, and in such a situation, new thinking is needed, along with the courage to try new ideas.

Our submission to you is part response to the questions you raise in your discussion document and part entreaty on behalf of the many thousands of New Zealanders who access social services, and who deserve the very best we can offer them. As Māori, we are calling for better purchasing systems, because Māori providers have a vested interest in the outcomes of the whānau they work with, not because they are contracted to do things, but because so often it is our own whānau and community members that our organisations are working with.

Many Māori providers across the country are involved in community affairs at a local government, iwi, or hapū governance level, as providers, and as whānau and community members alongside those who need help the most. We are responsible to our communities and to our people for the quality and effectiveness of the services we deliver, and we need to speak out on their behalf.

The status quo steals from all New Zealanders

We also submit on behalf of the citizens and tax-payers of New Zealand, who have been let down by decades of ineffective and inappropriate purchasing practices, resulting in the waste of millions of dollars of their money. Money which if invested more wisely, could have driven vastly improved outcomes, and a much brighter future for every New Zealander.

One of the biggest issues facing social services providers is that the procurement/purchasing playing field is skewed too far towards the views and preferences of largely Wellington-based or Wellington-facing procurement processes.

The focus of purchasers is also too heavily slanted towards requiring compliance with government requirements, and there is too little focus on the needs of the end user, or on the design and delivery of efficient, innovative, and more effective services. This results in repeated investment in

the wrong mix of interventions, a focus on transactions and process over efficacy and improved outcomes, and sees public funding wasted as consumers of services repeatedly return to seek the same help from government and providers.

Māori providers are intricately linked to their communities, but their stake in improving outcomes is not valued

All too often, Māori providers who are connected with their communities miss out to larger providers who can write better proposals, and who know how to play the contracting game. What were once nimble, responsive services that were ideally suited to the needs of Māori, quickly turn into rigid, meaningless affairs, where boxes are ticked and payments collected by providers with no real stake in the future of their clients. Despite the new, glossier, appearance, the services delivered by larger providers fail to meet the needs of those who need it most.

The users then go back to the original small Māori providers for the help that they need. These are the same Māori providers who are now get less or no funding because they don't know how to play the Wellington game, but unlike the larger, flashier providers, these Māori providers (who are often small, under-resourced, and lacking in infrastructure) are the ones who have real credibility and status on the ground, and who have a good reputation among the most vulnerable.

For Māori users of services, the relationship with the provider is critical, and the credibility and 'street cred' of the provider will play a huge role in who service users approach for help. These providers who often have a no-nonsense reputation and a track record of effectiveness and getting real results consistently face more demands for their help than they are able to supply.

The use of 'evidence' by government

The Māori providers who lose contracts are all too frequently told that there isn't enough evidence that what they do works, or that it doesn't align with other 'models' or 'best practice'. This is despite the reality that these same Māori providers have been delivering services that are appropriate for Māori, and which they know are making a real difference. Māori providers also regularly try to report on how their activities make a difference (via written reporting, audits, evaluation participation etc.), but purchasers show little interest in this evidence, discounting and disrespecting provider and service user experiences in favour of western 'models' and 'best-practice' that has demonstrably failed to work for Māori, and which are often themselves found to be ineffective for indigenous or minority groups.

The issue of evidence is hugely problematic for Māori providers and Māori service users. Government actively avoids doing any work that would assess the impact of investment in by Māori for Māori social services. Māori know this approach is critical to making any real difference to Māori outcomes, but are stymied by the lack of any resourcing for evaluation, and by the apparent lack of interest from government, who should be actively engaging with Māori to develop and deliver services that will have the greatest possible impact.

Government purchasers need to focus on the needs of service users, not on government needs for risk-free contracting processes.

In many cases, these Māori providers are role models for change in their communities, who are known, and relied on, for doing the right things, in the right way, and at the right time. The current approach to funding that prefers providers with the benefits of larger scale, fundamentally undermine the critical social benefits that Māori providers deliver within their respective communities, and further reduce the likelihood of improved outcomes.

The status quo is no solution. We have to move beyond the superficial, and focus efforts on purchasing services that will create real change, and move away from what passes for “best practice” currently. This will require a shift away from the current one-size-fits-all approach to intervention design, delivery, and accountability requirements currently demonstrated by government agencies. Instead, there needs to be a move towards a greater focus on purchasing services that are informed by the needs and aspirations of the users of these services and the communities in which they live.

Government ‘silos’ continue to be a problem

This wrong mix of interventions continues to be purchased by government agencies who are unable to work together, who do not place the interests of the citizens they serve above the “silo” for which they are hold the purse-strings, and whose aversion to any perceived risk results in contracting processes that serve only to reinforce a culture of dependence on the State.

For some of us, around 60% of staff work is devoted to facilitating access to government agencies so that people can try to obtain the services they need, and to which they are generally entitled by law. Too often, this role of trying to stop the most vulnerable from falling through the cracks created by government silos is unfunded, and not seen as valuable by the agencies who have created the silos in the first place.

A climate of fear among providers.

Perhaps most importantly, and most insidiously, there is an increasingly pervasive climate of fear amongst providers, who believe that if they say anything negative about purchasing agencies that might lose their funding and their contracts. This fear stifles innovation, stops suggestions that would lead to improved services, and perpetuates a climate of mistrust towards purchasers.

We firmly believe that the Commission investigation presents a real opportunity to make real and long-lasting changes to the way social services are purchased. Such changes could see a halt to the almost criminal waste of tax-payer resources on ineffective and inappropriate interventions, which treat the symptoms, but not the problem.

A better purchasing model is possible

A number of Māori providers are adopting approaches that would readily support the adoption of a genuinely outcomes focused purchasing model. These providers are seeking outcomes for their clients that are measurable, culturally appropriate, and which are closely linked to the factors that have been identified as mostly likely to drive improved outcomes.

We believe that an optimal purchasing model would:

- purchase outcomes that were appropriate for, and which had the support of, both the local community and the Crown;
- match service providers with service users to ensure the best chance of successful interventions;
- respect and equally value the expertise of Māori providers and practitioners, who often have a lifetime of real experience in delivering effective services;
- fund appropriately for long-term outcomes, not continually look to review and further reduce funding annually as happens now;

- use the measurement of positive change and movement towards better outcomes as the most important performance metric;
- see the delivery of effective and appropriate interventions that span ‘silos’ and which address the totality of the situation rather than continuing to treat symptoms in an ad-hoc fashion; and
- have an underlying assumption that wherever possible, the aim should be to build the strength and resilience of those in receipt of social services with a view to them moving towards independence and away from dependence on the State.

Characteristics of an optimal system

From a Māori perspective, an optimal purchasing system would be strongly focused on improved outcomes for service users. For services to Māori, this would be characterised by an emphasis on:

- Building whānau resilience and independence
- Supporting whānau and local communities for control their own lives and futures
- Supporting whānau and local communities to be the catalysts for their own improved outcomes.

Providers would be subject to a range of minimum standards in areas such as:

- Ability to meet Māori needs
- Genuinely applying tikanga Māori to service design, development and delivery
- Respecting and utilising Māori models of practice
- Understanding and supporting positive aspirations, rather than responding only to risk and negative events
- Openly adopting and facilitating the use of models that support Māori structures, including whānau
- Providers being required to demonstrate that they have some credibility with Māori and/or the local communities within which they seek to deliver services.

Funders would give greater thought to the range of requirements that they place on providers, particularly smaller providers who are subject to the same compliance burden as much larger providers. Small providers, particularly Māori providers with contracts of around \$100,000 are subject to exactly the same compliance regime and reporting expectations as a provider who is funded to deliver \$1,000,000 of services. The smaller providers do not have the economies of scale in terms of resourcing and back-office support that the larger providers have, which significantly reduces the small providers ability to go about their primary business of service delivery.

In an optimal model, the funder would tailor their accountability expectations to the scale of the services they are purchasing. For smaller purchasing exercises (e.g. less than \$200,000 per year), greater use of grant funding with a range of public accountability requirements, rather than service contracts with extensive reporting requirements could be a useful mechanism to foster better delivery.

<u>OUTCOMES</u>	<u>Funder accountability tools</u>	<u>Provider Criteria</u>
<p>Maori</p> <ul style="list-style-type: none"> • Whanau independence • Whanau control lives • Whanau change 	<ul style="list-style-type: none"> • Governance • Financial management • Report writing • Political influence • Database • Risk management • Qualifications 	<ul style="list-style-type: none"> • Maori needs (ToW) • Tikanga • Aspiration • Structure and whakapapa • Maori models of practice • Maori credibility

The Model above outlines the outcomes we believe all social services should be working towards, the criteria that all providers should use to deliver effective services. Instead of the current seemingly singular focus of government on reporting requirements and ‘accountability’ measures, it should broaden out to focus on genuinely effective delivery and on improved outcomes.

We have also enclosed in the following pages a range of responses that are specific to the questions you ask in your discussion document. We have not responded to all of the questions you ask, instead we have restricted ourselves to commenting where we felt it most useful. We trust that this acceptable, and wish to take this opportunity to thank you for the opportunity to make a submission on this very important issue.

Ngā mihi

The Māori Reference Group for Action on Violence within Families.

Q1 What are the most important social, economic and demographic trends that will change the social services landscape in New Zealand?

The trend that will most change the social economic and demographic landscape in New Zealand social services is the increasing Māori population, characterised by a very youthful population profile and a comparatively high fertility rate. Over 40% of the Māori population in 2026 is expected to be under the age of 19. Many of the parents of this future Māori population are currently consumers of social services.

If the current trend of Māori over-representation amongst those who access social services continues, it is likely that Māori reliance on social services, and the accompanying cost to society will be significantly greater than it is today. Coupled with a rapidly aging European population, and a reducing tax take, this suggests that New Zealand will face significant issues by around 2030 if current trends continue.

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

Volunteers are hugely important in providing social services, particularly in those areas of service delivery that focus on building strength and resilience among families and communities. This greater resilience has been found to play a significant role in mitigating harm, and promoting positive outcomes among those at risk.

Currently there is little support for building or developing pro-social communities, nor is there significant interest among government agencies in building resilience among families at risk of poor outcomes. Instead, volunteers play a key role in filling this important gap in the mix of support that is available.

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

Iwi are playing an increasing role in the provision of social services. Although the funding and delivery of these services is largely seen by Iwi as a core function of government, Iwi are increasingly dis-satisfied with the efficacy of the services that are currently available and are increasingly seeking better outcomes for Māori as a key component of Treaty settlement processes and post-settlement agreements.

In addition to looking for ways to maintain government accountability for the effectiveness of the money spent on social services, Iwi are also actively supporting and investing their time and resources into positive interventions where they can build the capacity and capability of Māori to address the issues they face.

Q4 What contribution do social enterprises make to providing social services and improving social outcomes in New Zealand?

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

For many providers, particularly Māori providers, their small size and tendency to operate in their own rohe (specific, historic geographic area) presents large barriers to taking advantage of delivery opportunities, despite their ability to adapt to changing circumstances, and adopt innovative new mechanisms for service delivery. These providers are often too busy delivering services to seek out

funding, and are not able to afford the specialist support that is generally needed to pursue funding from government.

Large providers, on the other hand, are advantaged by their size and ability to dedicate significant resources to seeking funding, but these providers are often not the best at flexible, or innovative delivery of services at the local level due to being further removed from the needs of the communities they are funded to service.

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

Realistically in the current environment, there is only limited scope for greater private investment in social services. A sector that is largely served by not-for-profit providers and by government currently has no need to make a profit. All other factors being equal, the introduction of a profit requirement for private investors can only result in less investment in the sector itself in an environment of fiscal austerity.

The time-horizon of private investment in social services would also have to be considered carefully, as while there may be short-term savings, it is likely that such arrangements could also lead to longer-term additional costs when agreed returns become payable.

Care needs to be taken that any private investment does not cost more in the long run due to longer-term costs, which will effectively remove resources from the sector in the long run.

Greater investment in not-for-profit providers to deliver a wider range of services, however, could be a superior option – potentially delivering better and more innovative services, with no requirement to maximise returns.

Q7 What capabilities and services are Māori providers better able to provide?

Māori providers often have an important advantage in service delivery, they have a better understanding of Māori clients, generally because of their localised area of operation, they also have strong linkages to, and are trusted by their local communities.

Often the holistic way these providers operate, looking at the totality of the situation facing their clients is more effective in improving outcomes, and services are able to be delivered in authentic ways that are appropriate for their clientele.

Their history of largely operating on very low levels of funding has made them highly adaptable, innovative and effective service providers, who are willing to try new things to obtain better results.

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

Anecdotally, it is often suggested that the for-profit providers have been significantly involved in providing particular types of social services for two main reasons:

1. The historic political decisions that have shaped the relationship between an agency and private providers (e.g. private prisons, rest-home and aged care etc.)
2. Return on investment. The sectors that traditionally have significant levels of for-profit involvement are those that traditionally have paid better (e.g. the health sector has long had a reputation for paying substantially more for comparable services than the social sector).

Q9 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?

Hard to be certain. Intuitively, the changes should see better results, but unless long-standing government agency attitudes change, the better results sought may not be realised.

The barriers that have to be addressed include: risk aversion within government agencies; and contractual paralysis where inputs, outputs and actions are overly specified in contracts, leaving no room for innovation in service delivery by providers.

Q10 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?

The work that was done within the Ministry of Social Development on making greater use of Results Based Accountability (RBA) represented one of the most innovative looks at commissioning and contracting in recent New Zealand history. A move to purchasing outcomes will enable innovation and obtain results.

Embedding an RBA type approach and changing attitudes towards the way government agencies procure social services will be far more effective than the status quo that purchases activities, not results and which is widely acknowledged to be ineffective.

Q11 What other international examples of innovative approaches to social service commissioning and provision are worth examining to draw lessons for New Zealand?

A number of changes have been made to key public sector legislation in light of international experiences. This is particularly so in the case of the changes made to the State Sector Act and the Public Finance Act, which will allow significantly greater flexibility in the way the public sector approaches and responds to a range of issues.

Making better use of these new public sector accountability tools to trial new approaches such as:

1. the establishment of executive agencies with the express aim of eliminating the Vote siloes that have traditionally been a barrier to effective service delivery at the local level.
2. allowing for the greater use of commissioning agencies with an express focus on supporting the development of innovative, widely acceptable and enduring solutions to entrenched social issues.

There is also scope to make greater use of public sector expertise by using this new state sector functionality to trial new things such as embedding public servants within social service providers to build provider capability and also to expose public servants to different ways of service design and delivery.

Q12 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?

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

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

One of the biggest barriers to service integration at the delivery level is the prevalence of departmental silos that consistently undermine successful service integration.

Furthermore, the all too frequent incidence of conflicting accountability and contracting requirements has to be eliminated to allow providers to return their focus to delivery and outcomes, not contract compliance requirements.

Q15 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?

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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?

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Q17 What examples are there of contract specifications that make culturally appropriate delivery easy or more difficult?

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

Traditionally, government agencies have focused heavily on responding to the risk factors (low educational attainment, poor health, unemployment, poor housing etc.) that are driving poor outcomes. This approach has been unable to significantly improve outcomes over recent decades.

An approach that has gathered momentum over recent years is the idea that clients, their families, and their local communities can play a key role in designing, developing and delivering interventions that play a positive role in building individual, whānau and a community resilience to address local issues and achieve better outcomes.

A number of key protective factors have been identified that play a key role in building resilience at multiple levels, and which complement and support the range of interventions already delivered by government agencies. The potential for greater resilience to act as a catalyst for better outcomes and more effective social service delivery is something that should be explored and trialled more widely.

Q19 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?

Ideally, service delivery decisions would occur at multiple levels. Government at the national level is best equipped to identify emerging and persistent problems, establish broad criteria and targeting requirements. Those at the local level are better at specific targeting of services to those who need it most. The local providers of interventions are also best placed to establish the required mix of services that will have the greatest chance of success.

Local level providers are not well placed to carry out the high level tasks that government agencies excel at, nor are government agencies as efficient or effective at working at the local level as the providers themselves. Allowing each to focus on the things they excel at offers the greatest chance for improvements in efficiency and effectiveness in future.

Q20 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?

Anecdotally, this is a commonly stated issue among providers and is prevalent across the majority of government purchasing.

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

This requires a greater focus on purchasing change, not contracting activity. Government agencies need to stop bogging providers down with specifying outputs and interventions. The purchasers must recognise that their current practices do not help, and all too often, successes are occurring despite government contracting processes, not because of them.

Ideally, providers would become accountable for achieving change in exactly the same way, and at a similar level to the way that agencies receive vote monies to facilitate the outcomes they have committed to through their Statement of Intent.

Moving providers away from delivering contracted activities, and instead purchasing outcomes will allow innovation to flourish, while also ensuring accountability at a level similar to that required of government agencies.

Q22 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?

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Q23 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?

Yes. Crown entities do often have greater flexibility in the way they contract. Probably the most substantial example of this is the way the DHB's are effectively operating under a devolved commissioning model, and are able to purchase the things that are required for their area of responsibility.

Q24 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?

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Q25 What are the opportunities for and barriers to using information technology and data to improve the efficiency and effectiveness of social service delivery?

There are many opportunities to use IT and data to improve delivery. There is also a real risk too, if quantitative data is relied on at the expense of also gathering qualitative information that allows us to zero in on the specifics of what works. The attraction of quantitative data (cheap, easily analysed,

and easy to interpret) is understandable, but the limitations of quantitative data must be acknowledged if real gains in efficiency and effectiveness are to be made.

Q26 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?

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

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

One of the biggest issues in social service provision is the government requirement for providers to compete with each other to access resources. While meeting government needs, this approach has negatively impacted collaboration and co-operation among providers, and has thrown up a range of barrier to effective service delivery.

It has also seen the rise of larger providers who can afford to hire specialists able to write successful funding applications. Smaller providers, who are often better connected to their communities, and who are often positioned to deliver better real outcomes, are unable to compete with these larger providers in seeking funding.

This reliance on funding proposals exposes the government to ongoing risk of wasted spend and failure to improve outcomes, unless they are also able to comprehensively engage with local providers to ensure they purchase the right mix of services, not just the most convincing proposal.

Q29 For which services in which parts of New Zealand is the scope for contestability limited by low population density?

Many social services are affected by this. Moves to increase contestability have in some cases led local providers to exit the market, and for larger, non-local providers to promise coverage but fail to deliver a comparable level of service.

Q30 Is there evidence that contestability is leading to worse outcomes by working against cooperation?

Anecdotally this has been an issue for many years, and many providers have expressed concerns about the issues raised by greater competition at the expense of the people they all aim to serve.

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

A more realistic RFI/ROI/RFP process is essential to reducing costs to providers. A significant amount of information is required, which has only marginal utility to the purchaser in reality. Purchasers need to better identify the key information that is required to make a purchase decision, and seek only that information.

Another measure that would significantly reduce the costs to providers, and which would result in much better purchase decisions would be for purchasing agencies to engage with providers, to better understand what they can actually deliver and judge them on that, not on RFP/ROI criteria.

This would be far superior to the current process of simply relying on proposals, which are often later found wanting in terms of coverage, capability or cost.

Another factor that impacts on providers is the fact that the accountability requirements imposed on providers who receive \$100,000 per year in funding are very similar to the requirements on providers who receive \$1,000,000 per year. The government compliance burden on a million dollar enterprise is much easier to absorb than the burden imposed on an organisation with one-tenth of that budget.

Urgent thought needs to be given to reducing the compliance burden on smaller providers, and ensuring that compliance requirements are appropriate for the level of funding they receive.

Q32 What additional information could tender processes use that would improve the quality of government purchasing decisions?

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

To improve services and outcomes, the focus of procurement has to shift away from being led by procurement and legal/contracts staff.

Ideally, delivery staff should set the tenor for the services and outcomes sought, and the contracts and legal staff should merely enable their efficient purchase. In practice this would see a total focus on effectiveness of the services purchased, and would reduce waste, inefficiency and poor outcomes.

Instead, the current environment sees contract requirements and procurement rules appearing to have greater sway than the effective use of limited resources, resulting in purchase of the wrong mix of intervention, poor outcomes, and ultimately wasted resources.

Q34 For what services is it most important to provide a relatively seamless transition for clients between providers?

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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?

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Q36 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?

A genuinely diverse base of providers will be a key driver of better, more effective services. Providers who can relate to, and share and understanding of the needs of their clients will be more successful, and through this will deliver effective services that are more appropriate to their clients.

This is particularly relevant to Māori providers, who are often located in the same community as their clients, who understand both the risk factors that exacerbate poor outcomes, as well as the protective factors within their locality which will mitigate risks, and drive and facilitate better

outcomes. Much of this understanding comes from their shared culture, values and experiences, factors that are not easily understood or utilised by other providers.

Q37 How well do government agencies take account of the decision-making processes of different cultures when working with providers?

Not very well. The imperatives of the government agencies and its needs almost always take primacy over those of the communities and individuals who will receive their services. Differing cultural imperatives are not well understood, and it is rare for them to be genuinely accommodated by purchasers in terms of beliefs, values and world view that require differing approaches to service delivery.

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

Not always. Some agencies, or key people within agencies, with strong links to communities and different groups are able to engage with the appropriate people at the point that is most appropriate (i.e. at an early stage). Many other agencies do not consistently engage with the right people, and engagement with the right people at the outset (rather than as an afterthought) is even less frequent.

This is a difficult area to get right, but agencies that have made the effort to understand who their key stakeholders are, particularly when dealing with diverse and changing communities, should be commended.

Q39 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?

No. More emphasis needs to be placed on effective services for respective groups. General requirements for cultural competence only set a minimum standard, and do not result in the improved outcomes that are achievable with providers who specialise in providing services to particular groups.

Q40 How well do commissioning processes take account of the Treaty of Waitangi? Are there examples of agencies doing this well (or not so well)?

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Q41 Which types of services have outcomes that are practical to observe and can be reliably attributed to the service?

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Q42 Are there examples of outcome-based contracts? How successful have these been?

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

Intervention logic. If outcomes are to be effectively purchased, they need to allowed the flexibility to do so. The best current mechanism to do that is via the use of the same intervention logic that government agencies use to describe the outcomes they will achieve in their Statement of Intent.

Robust logic models, clear links between the proposed interventions and the outcomes sought, supported by regular evaluation would create an environment that gives providers the flexibility to develop a wider range of innovative solutions to perennial issues that have not been solved to date.

Q44 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?

No. Government agencies are increasingly relying too heavily on quantitative data to make these judgements, and all too often quantitative data will be used to determine whether a purchased service worked.

Quantitative data can describe what happened, but it cannot explain why. *Qualitative* data is also needed to explore why something worked, and whether these factors can be applied to other areas. To make genuinely informed judgements, government agencies need to make much greater use of mixed-methodology analysis that appropriately incorporates **both** quantitative and qualitative data.

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

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Q46 Is there sufficient learning within the social services system? Is the information gathered reliable and correctly interpreted? Are the resulting changes timely and appropriate?

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Q47 Does the commissioning and purchasing system encourage bottom-up experimentation? Does the system reinforce successful approaches and encourage reform of less successful ones?

No. The current purchasing approach fundamentally undermines the effectiveness of the social services sector. The institution of competition for resources has created division among providers, and has acted as a barrier to collaboration and effective service delivery. Effectively, the introduction of competition has created a sense of suspicion and distrust between providers and established silos that preclude co-operation.

These silos can be compared to the ones that have long plagued government agencies themselves, and which have long been identified as a barrier to better, more effective service delivery.

Q48 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?

Yes. The real gap currently, is the lack of focus on how to build strength and resilience to adversity. The current focus of government agencies is almost exclusively on risk and responding after the fact.

To build the strength and resilience needed to improve outcomes, a greater focus needs to be placed on investing in the protective factors that are able to create them. Simply put, protective factors are those things that build a sense of belonging or community, a feeling of worth, and which empower those facing adversity to navigate a way forward. These factors span social capital and social connectedness, through cultural identity, and family attitudes, beliefs and behaviours.

E Tu Whānau, the excellent community-driven (and government supported) approach to building protective factors among those most affected by family violence, is a real exemplar of how a small

investment in building these protective factors can be harnessed to support and augment the activities delivered by government in the day-to-day business.

Q49 How can data be more effectively used in the development of social service programmes? What types of services would benefit most?

Continue to make use of quantitative data to identify issues at the national and regional level, and to identify broad targeting criteria for intervention. At the local level use qualitative data and local expertise to develop interventions.

Such an approach would make the greatest use of the strengths of each data type, and would provide an environment where providers can deliver the right intervention in the right place, at the best price.

Q50 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?

Most providers are not funded to be able to undertake the work required to answer this question. The key issue is ensuring that quantitative data is not relied on to inform service development at the expense of knowledge and expertise at the local level.

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?

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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?

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Q53 What institutional arrangements or organisational features help or hinder the uptake and success of innovative approaches to service delivery?

Fear. There is a huge level of fear among smaller providers that anything they say that could be perceived as negative towards purchasers might result in their losing funding.

This creates a climate where providers are too scared to propose innovative approaches, or suggest areas where improvements could be made. Instead they will continue to deliver the services they have been contracted to deliver, even though they know they are not as effective as they need to be. Again the losers in this are the public who have the right to receive effective services, and the taxpayer, who should not be forced to subsidise poor practice and inefficiency among government agencies.

The culture of government purchasers is an area that needs urgent attention, so innovation can flourish, and where ineffective and inefficient purchaser behaviour and attitudes can be eradicated.

Q54 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?

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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?

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Q56 Are you willing to meet with the Commission? Can you suggest other interested parties with whom the Commission should consult?

Yes, we are willing to meet with the Commission.