



PRODUCTIVITY COMMISSION INQUIRY MORE EFFECTIVE SOCIAL SERVICES IN NEW ZEALAND

BACKGROUND

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power.¹
3. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand.
4. This submission has been approved by Commissioner Robert Donaldson, the Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.

GENERAL RESPONSE TO THE INQUIRY

5. The Salvation Army understands the value of these types of inquiries. We have tried to respond to this inquiry as comprehensively as possible. However, we have made some important decisions that shape the content and style of this written submission. These are;
 - 5.1 We have opted to not answer all of the Productivity Commission's 56 questions. But we submit that our recorded responses will answer several of the Productivity Commission's questions.

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

- 5.2** We have surveyed various National Directors and Principal Advisors of our Salvation Army Social Programmes to gather their responses on key areas that are relevant to the Commission's areas of inquiry. These responses form the majority of our written submission.
- 5.3** Our intention is to provide comprehensive and direct responses to what we believe are the critical areas of inquiry. We believe our responses can help ensure that the social services sector is more effective, but also help ensure that realistic, honest, and direct feedback is given to government agencies.
- 6.** The Salvation Army contends that, while these inquiries are crucial, the timing of this and other government inquiries near the end of 2014 is problematic. There are at least five major inquiries or consultations from various local and central government agencies that we are aware of that have submissions closing in December 2014. We submit that this approach from government agencies is questionable for the following reasons;
- 6.1** This places greater pressure on non-governmental organisations (NGOs), charities and community groups to make submissions to these important public documents during a traditionally very busy and intense period of service provision for these groups
- 6.2** The Salvation Army questions whether government agencies can arrange amongst themselves to coordinate the time tables of their inquiries. This Government and its agencies have consistently pushed rhetoric calling for greater collaboration between organisations and working across the silos of government. We submit that greater coordination is required between government agencies, particularly as it is highly unlikely that the written submissions for these inquiries will actually be read and analysed before or during the Christmas holiday period. Engagement between government agencies and civil society regarding the social services sector should be a two-way street.
- 6.3** Finally, this volume of community consultation by government agencies can sometimes prove difficult for some smaller NGOs or community groups. The Salvation Army as a larger NGO and charity is often more capable than other groups to make submissions to most, if not all, of the key government consultations. Yet crucial insights from other groups could be missed out with this un-coordinated approach by government agencies.
- 7.** Again, we reaffirm the importance of these government inquiries and consultations. But we contend that for the social services sector in New Zealand to be effective and efficient, then flexibility, innovation, and commitment is necessary from both members of civil society and government agencies.

OVERVIEW OF THE SALVATION ARMY SOCIAL PROGRAMMES

8. Alongside our numerous Corps or Christian church services and programmes, The Salvation Army has 13 major social programmes operating nationally across New Zealand. Most of these social programmes have some level of funding from government agencies. These include addictions services, early childhood centres, social housing, food welfare, budgeting, and so on.
9. For the purposes of this submission, we have chosen to gather responses from the following larger national social programmes that we deliver;
 - Education and Employment
 - Community Ministries
 - Addiction and Supportive Accommodation Services
 - Supportive Accommodation Service
 - Prisoner Reintegration Service
 - Alcohol and Other Drug Treatment Service
 - Preventing and Minimising Gambling Harm Service
 - We have also included general contractual feedback from our Social Programmes Principal Advisor, Dr Greg Coyle, into this submission.

SPECIFIC RESPONSES TO INQUIRY

10. THE SALVATION ARMY EDUCATION AND EMPLOYMENT SERVICE

10.1 Overview

- The Salvation Army Education and Employment has been in operation since 1978 delivering employment and education programmes across New Zealand.
- Education and Employment are funded by various agencies including the Tertiary Education Commission, Ministry of Social Development, and the Ministry of Education.
- Education and Employment have nearly 1,400 clients or students across its programmes.

10.2 Current Status

- Education and Employment are currently going through some major internal restructuring as a result of changes to government funding. These changes have primarily been since 2008 with the incoming National Government, particularly with the Better Public Service educational achievement targets.
- This programme is currently in a process of significant staff redundancies, and has also reduced its number of operating centres from 40 down to 18 across New Zealand. This has obviously been a difficult transition for the programme.
- Education and Employment have recently developed English as a Second Language (ESOL) courses across Auckland which has proved relatively successful.

10.3 Key Responses

- **Sustainability** – Education and Employment have acknowledged that to be sustainable in today's very competitive educational and employment support environment, it has to reduce staff costs and overheads while still maintaining quality services with limited funding. This has led to the key internal changes within Education and Employment mentioned above.
- **Outcomes based contracts / Wrap-around** - Education and Employment commented that the yearly outcomes based contracts, particularly the Youth Guarantees contracts, have been difficult to function with in practice. Education and Employment is not a purely commercial education and employment support provider like other providers because the overall mission of The Salvation Army is caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power. Therefore, programmes like Education and Employment are often taking students that other providers do not take. This clientele does affect the achievement of the contractual outcomes required as many of these students arrive with multiple and complex personal, educational, social, health and

mental health issues. However, Education and Employment strives to bring these students onto their programmes despite the potential future decrease in funding because of the Government's requirement to achieve educational and employment outcomes. This approach is fundamental to the history and ethos of The Salvation Army globally. For example Education and Employment could immediately improve the proportion of successful outcomes in our education and employment programmes if we refused to take the hardest and most complex clients. We understand that other commercial private training establishments are ensuring their survival by only taking clients onto their programmes who are very likely to succeed. We submit that many of this type of client would succeed without government funded interventions. The Salvation Army will not leave clients behind and we will continue to take the neediest clients despite the pejorative impact these clients have on our outcomes/success statistics.

Additionally, Education and Employment comment that for educational services, the generic contracts from agencies do not truly account for the realities of working with some of the most complex young people in our society. For example, Education and Employment's recent experience is that some alternative education programmes are running at the maximum capacity because schools are often holding onto their students because Tertiary Education Commission and Ministry of Education funding are essentially following the students. This clearly puts these programmes under greater pressure.

- **Innovation** – As stated earlier, Education and Employment are venturing into more services for refugee and migrant communities in New Zealand. The Auckland ESOL courses are an example of this. This innovation has been borne out of requests from community members and some government officers. Furthermore, Ministry of Social Development senior staff has at times been more open to engaging in discussions around new, innovative projects, than other agencies, particularly regarding these requests from specific communities or hard to reach young people.
- **Understanding The Salvation Army's DNA** – Education and Employment commented openly that there was a belief amongst their staff that government funders had very little understanding of The Salvation Army as an organisation, and also about their mission and their unique ways that they work. Education and Employment believed this understanding is crucial to ensure contract design and delivery is more realistic, rather than highly mechanical and rigid.
- **Maori** – Education and Employment attempts to provide culturally relevant services, particularly via employing Maori staff. Also, Education and Employment, as well as other Salvation Army programmes, have various discussions and projects in partnership with Maori groups in different parts of New Zealand. For instance, The Salvation Army has recently signed a MOU with the Tainui Tribe to develop innovative and joint projects.

11. THE SALVATION ARMY COMMUNITY MINISTRIES

11.1 Overview

- The Salvation Army has 72 Community Ministry centres operating across the country. These vary in size from fairly large centres located in metropolitan areas, through to smaller centres in smaller towns and rural areas.
- The Community Ministry centres offer multiple social services, including food parcels, social work support, budgeting, clothing, emergency accommodation, parenting courses, Positive Lifestyle Programmes, counselling, emergency accommodation and other practical help.
- These centres often house other Salvation Army social services. For instance, the South Auckland Community Ministry centre is on the same site as the Social Policy and Parliamentary Unit, the Salvation Army AOD (Alcohol and Other Drug), and Gambling Services, whereas the Waitakere Community Ministry centre (Faith Factory) also has an early childhood centre on site.
- Many other NGOs and community organisations frequently use these centres for meetings, workshops, and collaboration. In 2012, the Otara Community Law Centre opened a satellite service in the South Auckland Community Ministry centre with a lawyer working alongside Salvation Army staff serving clients.

11.2 Current Status

- The Ministry of Social Development is the primary funder of The Salvation Army Community Ministries in New Zealand. Various parts of Ministry of Social Development fund different social programmes operating at the Community Ministry centres.
 - Child, Youth and Family fund our social work services
 - Family and Community Services funds our budgeters, SAGES (South Auckland Community Ministry only)
- All Ministry of Social Development contracts have now been pooled into one major multi-year Ministry of Social Development contract for The Salvation Army. This total contract is worth approx. \$12m, with the Community Ministry component specifically being over \$3m per three year period.
- Community Ministry has commented that this Ministry of Social Development contracted work has had no consumer price index adjustment in over 7 years. The Ministry of Social Development has not renegotiated the value of this contract during this period. Yet costs for delivering these contracted services have risen massively during this same period. This approach is one-sided and places more risk on NGOs rather than agencies.
- At that same time, compliance requirements (e.g. two external audits, quarterly reporting) have increased for Community Ministry which places greater pressure on our staff.

- Community Ministry pursues external funding to cover the ‘shortfalls’ of providing these services. These external funders include The Salvation Army Family Stores, The Salvation Army Red Shield Appeal (annual The Salvation Army community appeal), philanthropic funders, and private donations. For example, in mid-2014, the South Auckland Community Ministry centre undertook a fundraising campaign focussed on raising public awareness around homelessness in New Zealand. This centre held fundraising music concerts around Auckland to raise funds for their services and pay staff.

11.3 Key Responses

- **Contracts** – Community Ministry acknowledged that their current contract placed immense pressure on their services and staff, particularly as the funding per client does not actually capture or cover the amount of work going on for that client. As aforementioned, there has been no CPI adjustment in over 7 years for Community Ministry which has placed further pressure.
- **Provider Return Reports** – These are quarterly reports filed with the Ministry of Social Development. These reports are an example of government’s shift to an outcomes based framework. Community Ministry has had to respond to these changes by ensuring internal reporting is efficient and captures the innovative and outcomes based work Community Ministry are doing nationally. Part of Community Ministry’s response to the changing government framework has been to develop plans around key communities such as Maori, Pacific, children, young people, and those with mental health issues. Getting these reports right is crucial, particularly as the Ministry of Social Development contract is possibly due for renewal in 2016.
- **Innovation** – Community Ministry does attempt to encourage innovation despite the very tight budgets they work within. They have approached Ministry of Social Development on some occasions to raise key issues and ideas. Community Ministry have also challenged and declined to bid for some Requests for Proposal (RFP) on the basis that the RFP required services were too risky or achievement of the outcomes for the funding being offered was highly unrealistic. Community Ministry also commented that partnerships between NGOs were important but sometimes difficult in reality. Smaller NGOs seemed to be overlooked in favour of larger providers when dealing with social service contracts. But there was definitely an acknowledgement that collaboration between providers was crucial to survival for some programmes, services or even NGOs. One recent example of this is the Step Up

Loans² project between Ministry of Social Development, Good Shepherd Trust, the BNZ Bank, and The Salvation Army. This was launched in late 2014 and is being piloted at the South Auckland and Waitakere Community Ministry centres. This programme has been receiving approximately 80 enquiries per week since the September launch. It has had a strong beginning. The programme is reaching people who are shut out of traditional bank lending but the microfinance programme will reach its maximum capacity very soon. There is a research and evaluation project examining this programme being managed by Ministry of Social Development staff and we anticipate the research will show that the scheme will need to be scaled up to meet the very high level of demand we have uncovered.

- **Added Value** – There is a strong belief that Community Ministry provides their services with large amounts of added value because this approach is fundamental to our mission. Moreover, there were comments about the added value that several Christian faith-based NGOs delivered in their work which was very different to the more clinical or direct services offered by purely private or commercial organisations. Often this added value work was not quantified or not part of the original contract. But providers like The Salvation Army fundamentally believed that working holistically with a person was more beneficial than just always focussing on the contracted outcome. One example mentioned was in homecare. Several current providers are contracted for and deliver health care services to elderly people. Groups like The Salvation Army have often provided additional services such as compassionate care, companionship, transport, group meetings and other similar services that are not reflected in modern day social service contracts which commercial homecare operators cannot easily provide.
- **Investment approach, competition and contestability** - Community Ministry submit that our services, as well as wider Salvation Army social services, are better equipped to provide wrap around, multiple services with added value for people than purely commercial providers. Yet the value or necessity of these services is not being reflected in government contracts. The Salvation Army cannot always compete with fully commercial private operators, particularly in the education, early childhood education centres and homecare sectors where local and overseas providers can afford to screen clients or students or deliver only the contracted clinical services. The Salvation Army submits that greater protections might be needed to ensure that local social service providers, particularly those providing effective services with added value, could be protected against overseas companies who often sub-contract to smaller local providers, or deliver services that are not always properly planned out for. The Salvation Army submits that provider capture based on the largest providers contracted on cheapest price by highly corporate social services should not

² <http://www.salvationarmy.org.nz/need-assistance/welfare/community-finance-low-income-loans/stepup-loans>

become the norm in New Zealand. Community Ministry has tried in recent times to account for this added value and wrap around holistic approach in proposals it has submitted for government contracts. But Community Ministry's recent experience is that they have not been very successful in securing these contracts or even shifting the focus from funders away from purely commercial, clinical contracts. These comments are very similar to those offered earlier by The Salvation Army Education and Employment.

- **Types of clients** – Community Ministry acknowledges that for many clients using Community Ministry services, The Salvation Army is the last service they have sought help from. Often this means that the types of clients are some of the most complex, hardest to reach clients in our society. Emerging out of medical and health research, hard-to-reach is a term used to identify a sector of society that a service provider or policy setting agency cannot connect with, influence or engage through existing prevalent approaches. Hard-to-reach is not a homogenous sector. It consists of those who share certain characteristics and attributes, and who experience social exclusion due to belonging to a particular marginalised group or community.
 - Disengagement by hard-to-reach whānau and communities due to a persistent sense of marginalisation is reinforced by negative experiences with school and government services, particularly justice agencies. As a result they tend to minimise contact with agencies, programmes, and conventional services. This can result in a negative subculture harmful to the people themselves, their dependents, and others. It is characterised by poor educational, health and social outcomes. A sense of hopelessness often pervades, and costs to government, communities and future prospects of whānau can be high. Traditional top-down approaches to service provision like health care therefore have little impact upon and reach into these communities.
 - Successful engagement occurs when barriers that inhibit engagement are identified and overcome. Therefore, there is no single approach to fit all who might be considered 'hard-to-reach', but a common recognition of the need to identify, penetrate and overcome barriers. No one is impossible to reach: it just depends upon the approach, cost, and the political will to support it.
 - Moreover, government agencies have on occasion referred clients directly to The Salvation Army Community Ministry or other Salvation Army services, especially around housing related issues. Furthermore, Community Ministry notes that over 20 per cent of Community Ministry clients are now single men. Programmes and initiatives for these types of clients are often not the key focus for government funding, tending to be centred on women, children and other key demographics. Therefore, single men are likely turning to Community Ministry services because

their wider social needs are not being met elsewhere. Options are becoming more limited for vulnerable groups like single men. Another recent example has been the recent cancelling of some mental health services by Capital and Coast District Health Board in the Newtown area of Wellington. Since the cancellation of these services, those suffering mental health issues have increasingly turned to the Hope Centre Community Ministry in Newtown for support. Hope Centre Community Ministry is not funded to provide these types of services; neither is The Salvation Army a qualified mental health provider. The Salvation Army clients are often high risk-high needs, yet The Salvation Army is funded to support low risk-high needs clients. Yet these clients are core to The Salvation Army's mission, regardless of the funding regimes of government agencies.

- **Remuneration** – There were comments that the restrictive nature of contracts often meant staff could not be paid adequately. Community Ministry has tried to reflect suitable remuneration amounts in their proposals for contracts. But there is a belief that contract amounts do not adequately reflect the value of paying for quality staff, particularly given the complex cohorts of clients Community Ministry and the wider Salvation Army services work with. There is always a real danger that good staff cannot be retained in Community Ministry due to funding pressures or more attractive pay offers in government agencies or overseas.
- **Capability Development process with Ministry of Social Development** – Community Ministry submits that crucial information gathered from this Capability Development process should be shared more with NGOs. This information from Ministry of Social Development is important to help shape Salvation Army services, and also help explain further the key outcomes and strategic direction that Ministry of Social Development is heading. Again this raises questions as to whether there is a true intention from agencies and funders to comprehensively understand the realities, operations, mission, and value of the NGO sector. This also highlights the need for some sort of consistency across different government departments. This might be wishful thinking. But cross-party consistency across key agencies, despite who is in power, would provide greater stability and continuation for NGOs who operate within constantly shifting strategic directions from agencies, whether this is from a change in Minister, or a change in government.

12. THE SALVATION ARMY ADDICTION AND SUPPORTIVE ACCOMMODATION SERVICE

12.1 The following sections will cover responses from The Salvation Army Addiction and Supportive Accommodation Services. Our Addiction and Supportive Accommodation Service is a nationally managed programme that includes four separate but interconnected services – AOD Treatment, Gambling Service, Supportive Accommodation, and Prisoner Reintegration. This first part will cover general responses to the Productivity Commission inquiry.

12.2 Overview

- More in-depth information about the overall services provided in this programme will be included in the responses from the four key services within this programme.

12.3 Key Responses

- **Investment Approach** – The early examples of contracting for services and an investment approach in the 1980s have led to a proliferation of complex businesses and structures springing up around the social services sector. Health and safety, consultancies, proposal writers, and research are some of the ‘industries’ that have developed since these early reforms. The general response is that these reforms have led to reduced funding which subsequently leads to reduced benefit for service users. In the end, the investment approach rhetoric sounds logical. Yet, The Salvation Army submits that this approach cannot clearly capture the reality of a person with complex high needs using social services. Nor does it account for variables within the market itself e.g. housing market in Auckland and Christchurch, overseas economic pressures. It is critical that the human aspect is not lost for the social services sector during these ongoing reforms. Therefore more robust evidence is required to document the true effects of the investment approach on a person.
- **Contestability and collaboration** – Recently, there has been an increased focus on NGOs collaborating in service provision. This has affected the contestability in social service contracts. Some of the challenges of collaboration include developing a common vision, and deciding between contrasting approaches to service delivery. However, benefits of collaboration include innovative service design and delivery, as well as bringing diverse organisations together. The Salvation Army views this move to greater collaboration as positive. We submit that good lessons can be gathered from the recent experience in Victoria, Australia in 2013/14 where NGOs could not submit proposals for addictions services contracts unless they applied for these contracts jointly with other providers in a

consortium. This push for collaboration leads to proposals from bigger groups, the selection of a lead agency, and sub-contracting between successful NGOs. This move to greater collaboration will clearly force providers to adapt and change internally to effectively respond to the funding and political climate. Again, there are both benefits and challenges to this reality. But it is clear that the investment approach coupled with this move towards collaboration and contestability has allowed for private commercial organisations to enter these new ‘markets’ and become more established in social service provision, particularly if their costs and business models are lower than traditional NGO providers.

- **Barriers to effective human or social services** – The Salvation Army contends that despite the prevailing rhetoric around investment, competition, markets and so on, the truly human element of social services cannot and should not be lost in New Zealand. The Salvation Army understands the requirement to be fiscally responsible. But these approaches and ideologies often do not work well within the social services sector because it is a sector that works with complex, unique human beings. Also, there is a perception that there is some form of splintering within the social services sector with a huge proliferation of providers in recent years. This diversity does have some benefits, particularly around specialised services. But from a client-led perspective, this proliferation can sometimes be confusing, especially for vulnerable clients. We propose that lessons can be learnt from the recent experiences with the Christchurch earthquake recovery in the addictions area where there is one single point of entry for clients seeking help, and all the key referral services are co-located together.

13. THE SALVATION ARMY SUPPORTIVE ACCOMMODATION SERVICE

13.1 Overview

- The Salvation Army's Supportive Accommodation service is the oldest social service programme run by The Salvation Army. Epsom Lodge, still operating in Auckland today, was established in 1867.
- Supportive accommodation services, including The Salvation Army's service, have traditionally worked with some of the most marginalised, vulnerable, and socially undesirable members of New Zealand society.
- With the major welfare reforms in New Zealand during the 1980s, the Social Rehabilitation Assistance Programme (SRAP) emerged to fund groups working around social rehabilitation.

13.2 Current Status

- This clientele largely remains the same for Supportive Accommodation, particularly with people with high social needs, and those completing prison sentences that urgently need accommodation assistance.
- The SRAP remains one of the primary sources of funding for Supportive Accommodation services.

13.3 Key Responses

- **SRAP** – The SRAP is a very unique Ministry of Social Development/Work and Income New Zealand programme whereby clients who are beneficiaries have a lump payment paid to Supportive Accommodation to effectively engage the services. This lump payment includes the Accommodation Supplement, Special Benefit and other payments. Supportive Accommodation raises the issue that since these clients have had this lump payment made to Supportive Accommodation; the client becomes excluded from receiving any other WINZ supports, including travel assistance and counselling support. The Salvation Army submits that since these clients using Supportive Accommodation are often very high needs with complex and historical social needs, then access to these other supports from government agencies is essential.
- **Innovation and contracts** – Supportive Accommodation commented that the SRAP does give the NGO some flexibility to arrange how the payments are used. For example, Supportive Accommodation tries to ensure that their clients have at least \$20.00 given to them weekly after their expenses have been covered. This is usually very difficult and requires 'topping

up' from Supportive Accommodation because most Supportive Accommodation clients have expenses (e.g. debt repayments, child support payments etc.) that far exceed their SRAP payment

- **Funding influencing service delivery** – Supportive Accommodation were clear that the way their funding contracts are designed greatly influences recent developments in their service provision. For example, Supportive Accommodation are 'hot bed' funded, funded per filled bed. Supportive Accommodation is not bulk funded up front like AOD or gambling addiction treatment services. Subsequently, Supportive Accommodation has often had to take in higher needs clients to ensure the continuation of the service and payment of staff. Additionally, Supportive Accommodation has in recent years extended their services to include women, and young people (at Epsom Lodge only), because they were presenting to Supportive Accommodation more frequently.

14. THE SALVATION ARMY PRISONER REINTEGRATION SERVICE

14.1 Overview

- The Salvation Army Prisoner Reintegration service is located in Christchurch, Napier, Wellington and Invercargill. This service works primarily with those released from prison and providing accommodation and wrap around support to aid their reintegration into mainstream society.

14.2 Current Status

- The current status for Prisoner Reintegration is fairly uncertain. The Resettlement Contract, one of their major contracts, finishes in 30 June 2015. The other major contract is the Supportive Accommodation/Reintegration contract with Department of Corrections. This contract will become contestable in 2015. Prisoner Reintegration will definitely bid for this contract in 2015.

14.3 Key Responses

- **Experience of the contracting process** – Overall, Prisoner Reintegration had found the contracting process very challenging. One of the reasons this was challenging was a firm belief that the Department of Corrections did not fully understand the mission or models of operation of The Salvation Army. Furthermore, Prisoner Reintegration submitted that the contracts put up for tender did not accurately account for the ‘messiness’ or complexity of working with very high needs clients.
- **Regional vs National** – Prisoner Reintegration commented that despite some difficult relationships with agencies, they did have some developing relationships with key staff. However, Prisoner Reintegration submitted that their relationships with regional teams were usually stronger.
- **Collaboration** – Prisoner Reintegration stated that their collaboration with other providers was positive. There was a clear belief that increased networking and collaboration would help facilitate a client-led approach to using services. This type of collaboration, as mentioned in other sections, would and has led to combined contract tenders from NGOs and community groups. Other benefits and challenges with collaboration have been discussed earlier

15. THE SALVATION ARMY ALCOHOL AND OTHER DRUG (AOD) TREATMENT SERVICE

15.1 Overview

- The Salvation Army's AOD Treatment Service has 11 treatment centres or locations across New Zealand working with over 7,000 clients with alcohol or other drug issues annually.

15.2 Current Status

- AOD has several contracts with local and central government agencies across New Zealand. These contracts vary greatly in size. AOD has two larger contracts. Firstly, AOD is contracted by various District Health Boards (DHBs) throughout New Zealand to deliver services in that specific region. Secondly, AOD has a national contract with the Ministry of Health focussed on methamphetamine treatment.
- The Salvation Army AOD in recent years has been heavily involved in two innovative projects in this sector. Firstly, since 2012 AOD has been involved in supporting the Alcohol and Other Drug Treatment Court pilot projects in the Auckland and Waitakere District Courts (Drug Courts). Secondly, AOD developed the Hauora Programme in partnership with the Notorious Chapter of the Mongrel Mob. Hauora is a methamphetamine residential treatment programme that works with the families of these Notorious members. Hauora has in the past been funded jointly by the Ministry of Health and The Salvation Army.

15.3 Key Responses

- **Funding experience with DHB** – AOD clearly affirmed that working across several funding arrangements with DHB's was very challenging. There were examples of DHB's, especially in the Central North Island region, where collaboration and connection between the funders and the providers was improving. But overall, the unique nature of each DHB meant that each DHB had different models of funding that providers had to function within. Furthermore, the CPI adjustment in the different DHB regions was inconsistent. Consequently, AOD acknowledged that these different funding regimes and operating models led to some uncertainty for AOD in their strategic planning, and service design and delivery. AOD submits that greater consistency is needed in this area and proposes that the Ministry of Health has a significant role to play in this process.
- **Cultural Relevance** – AOD acknowledged that this is an on-going area of development for them. AOD shares the same Bicultural Framework with The Salvation Army Gambling Service which shapes their engagement with Maori in their services. The Hauora Programme

mentioned above was a major step in enhancing AOD's responsiveness to Maori communities. But there was a clear acknowledgement that internal Salvation Army commitment to effective bicultural and multicultural engagement was growing rapidly.

- **Innovation** – AOD commented that innovation is a critical part of their service design and delivery. As aforementioned, The Salvation Army AOD has contributed to the Drug Courts, and developed the Hauora Project. Additionally, AOD have been a part of the Respite Services 'one entry point' project in Christchurch since the earthquakes. Also, AOD has employed a National Consumer Advisor to assist in research, service design, and consumer advice about the wider alcohol and other drug sector. Finally, Otago University is currently reviewing AOD's model of care and services and will begin publishing findings from this study in 2015. AOD submits that innovation in service design and delivery is more likely when funders allow for that space to be innovative. If there is no space to be innovative, then it is likely that community or client led innovation such as the Hauora Programme will become more frequent as clients seek assistance that might not necessarily be covered in existing contracts for services.
- **Outputs versus Outcomes** – AOD submits that most of their Ministry of Health contracts are essentially based on outputs. In recent years, AOD has contributed to and supported the development of some measurement tools within their sector. One tool is ADOM – Alcohol and Drug Outcome Measurement. The other tool is PRIMED which focusses on reporting for mental health addictions. AOD suggests that these tools will become more vital as government agencies grapple with outputs versus outcomes measurements of effectiveness. The Otago University and AOD study is another method in which AOD will try to broaden this debate and discussion between outputs and outcomes.
- **Contestability** – AOD acknowledges that in recent years, there had been an increase in providers, who were traditionally mental health providers, bidding for alcohol and other drug contracts. AOD did not highlight this as an area of concern. However, AOD raised this as a fairly recent phenomenon similar to the changes in the types of providers bidding for contracts in the homecare, early childhood, and prisons sectors in New Zealand. The consistent push for an investment approach and contestability is changing the make-up of the social services sector in New Zealand at a very rapid rate. The Salvation Army submits that these types of reforms should not progress at such an exponential rate that the actual people this sector is meant to support and serve do not inadvertently suffer greater harm or marginalisation.

16. THE SALVATION ARMY PREVENTING AND MINIMISING GAMBLING HARM SERVICE

16.1 Overview

- The Salvation Army's Gambling Harm service operates from six regions around New Zealand and was formerly known as the Oasis Centres for Problem Gambling.

16.2 Current Status

- The Gambling service has one national contract with the Ministry of Health. This contract provides for 18 full-time equivalents (FTE) in total. The Salvation Army has divided this into 14 clinical FTE staff, and 4 public FTE staff.
- The clinical FTE staff provide services including brief interventions, full (face-to-face) interventions, facilitation (facilitated referrals for clients to support services), and follow up 1, 3, 6, and 12 months following the client exiting the service.
- The public health component of the work involves policy development, supporting safer gambling environments, supported community's initiatives, aware community's initiatives, and screening environments.

16.3 Key Responses

- **Innovation in Public Health** – Gambling services commented that there is flexibility and scope within their Ministry of Health contract to develop and deliver innovative projects. This is most evident in the public health component of the contract. For instance, the Gambling Service in Taita, Wellington, has developed a unique working model with local Maori marae, iwi, community groups, and Taita College via the Tama Tu, Tama Ora project. Gambling Services affirm that innovation is encouraged from funders as long as the projects that are developed follow best practice standards. This flexibility in contract design here is refreshing.
- **Culturally relevant services** – Approximately 30 per cent of the Gambling Service clients are Maori. In recent years, the Gambling Service has developed a new internal Bi-cultural Framework (alongside the AOD Treatment Service) to help improve the cultural appropriateness of their service. Additionally, the Gambling Service works closely with Maori Gambling Service providers in service development and delivery. Finally, as aforementioned, the Tama Tu Tama Ora project in Taita, Wellington, provides a new, bold and innovative framework for The Salvation Army Gambling Service to engage with Maori communities. The

Gambling Service clearly acknowledged that they have some way to go in terms of ensuring the cultural relevance of their service. But major strides have taken place in recent years.

- **Measurement or performance** – The Gambling Service submitted that measuring public health initiatives is sometimes challenging. They provide a 6-monthly narrative report, as well as individual project plans, to the Ministry of Health about these projects. Also, with an increasing focus on outcomes related measurements, the Gambling Service submits that these outcomes need to be clearly defined. The public health approach does not always fit these parameters and it can be difficult to determine whether the outcome was a result of your work or from other factors or contributors. For complex, high needs gambling clients, there might be multiple service providers working with them. Clarifying who ‘owns’ any outcome for the client is very difficult. Therefore, Gambling Services submit that greater investment is needed in the future to provide solid evidence about these innovative public health projects. This might mean any more FTE staff gained would be devoted to research these services.

17. PRINCIPAL ADVISOR, THE SALVATION ARMY SOCIAL PROGRAMMES

17.1 Key Responses

- **Recent Contracting Experiences** – The Salvation Army does not expect to be successful in every contract bid we make. That is a given fact. However, in the last 2 years, there have been situations where The Salvation Army has not been successful in securing some social services contracts that have puzzled The Salvation Army. The Salvation Army has reflected on this process and attempted to learn key lessons from these unsuccessful bids that would aid in future contract bids for The Salvation Army, but also possibly give valuable insights to funders and government agencies about an NGO’s perspective of this contracting process. Therefore we submit the following general comments as some of our key lessons or insights;

Other providers - There have been several occasions where The Salvation Army has lost contracts to smaller regional providers. The Salvation Army is fine with this process if it has been robust, particularly when these providers can offer more effective services than The Army. However, there have been occasions where these other providers come to The Salvation Army for assistance, or refer their clients directly to our Community Ministry centres or other services, for support that they in fact are contracted to deliver. One example is the ‘Out of Gate’ services funded by Department of Corrections. The Salvation Army aims to support these people despite the fact that we are not contracted for these clients because of our overarching overall Christian mission. But in reality this creates immense pressure on our services to meet this added cohort of clients and offends the principles of justice as fairness.

Rationale for unsuccessful tenders - The Salvation Army submits that some of the rationale for declining The Salvation Army tenders has been baffling in recent tender processes. For example, one Salvation Army tender was declined because, among other things, the agency declared The Salvation Army as not a financially viable NGO. Furthermore, The Salvation Army believed our proposal for this contract was for an integrated and holistic model. The Salvation Army discovered that this integrated ‘whole case’ proposal was divided up and sent to different parts of the agency for consideration and so The Salvation Army single proposal was treated as several different proposals in isolation from other parts of the proposal. Decisions and processes like this from agencies can give The Salvation Army very little confidence in this contracting process.

- **Prescriptive contract design** – Contracts often aim to provide clarity by trying to clearly define via outputs and/or outcomes measurements what the agency requires. This

approach can often restrict the flexibility to be innovative in the ideas and service design presented in the proposals. The Salvation Army submits that the process should be where the key issue or need was presented by the agency, and then proposals were invited from NGOs essentially asking ‘what would you do?’ to address this issue or need. This kind of process is less restrictive or prescriptive, and also allows for greater innovation in service design and delivery. The contract requirements and details should not necessarily be written by agency officials and policy makers isolated from vulnerable communities, or who might not have the real life experience of social service provision to vulnerable and marginalised New Zealanders. As stated in other responses, this restrictive nature of contracts is usually at odds to the actual realities of working on the ground with these high needs members of our society.

- **Investing for Service Outcomes Project (Ministry of Social Development)** – The Salvation Army is one of 11 organisations involved in this project. Key components of this project include developing one standardised contract across the board for services The Salvation Army delivers for Ministry of Social Development, and developing a single approval process for the various arms of Ministry of Social Development. The Salvation Army has signed a blended or mega contract with Ministry of Social Development for 2013-2016 based on the lessons from this ISO project. The Salvation Army has found this ISO process both challenging, but also valuable in attempting to create more consistency across numerous contracts for services.
- **Investment Approach** – The Salvation Army submits that the investment approach ideology espoused by government agencies seems to focus on clients who clearly have social needs, but who are not necessarily the highest-needs clients requiring help. This ‘middle ground’ of clients is somewhat easier to work with for NGOs and measuring outputs and/or outcomes from these clients is more straightforward. The Salvation Army submits that clients with the most complex or highest levels of need often miss out from assistance as their requirements are usually very large, time consuming, and expensive. The Salvation Army submits that contracts do not usually account for these types of clients, but instead focus on that middle ground of clients. These hardest to reach or engage clients are in danger of missing out on essential support. We have stated throughout this submission that this reality has placed immense pressure on our services because The Salvation Army often aims to work with these hardest to reach or engage simply because they are not getting help elsewhere and also because this is fundamental to The Salvation Army’s overall mission. We also submit that government agencies claim to want outcome focused results but are not always clear on which outcomes they want. Some RFP’s ask the submitter to describe the outcomes to be achieved. This is furtive ground for misunderstanding and miscommunication between government agency and submitter and leads to frustration not to mention wasted valuable resources on putting together RFP responses.

KEY EMERGING THEMES

In closing, The Salvation Army submits the following key themes as a summary of responses to this Inquiry. We propose that these themes act as insights, lessons, or even recommendations for this inquiry, and also for government agencies working in the social services sector. This submission has focussed on specific lessons and experiences that The Salvation Army has had with contracting for social services. The feedback here is very direct and honest, and we hope this can help inform future developments in the wider social service sector.

- 18. The Salvation Army Mission** – The Army submit that there are some government agencies that do not have a good understanding of The Salvation Army’s overall mission and approach to working with and supporting vulnerable New Zealanders. We propose that greater and authentic coordination is required between these agencies, and service providers, to ensure these are effective, efficient and meaningful contractual relationships. This is very evident, as stated in our submission, that the clients that The Salvation Army works with in our programmes are often the most complex, highest needs, hardest to engage, and most vulnerable in our communities. The Salvation Army, as in the case of our Invercargill reintegration service or Hauora Programme, still opts to provide services for these people despite little or no funding because this is part of our fundamental Christian mission.
- 19. Two-way Street** – Throughout this submission, we have highlighted experiences and situations where The Salvation Army has felt dictated to in various parts of the contracting process. This speaks of an imbalance in power between funder and provider. The Salvation Army submits that all current and future contracts for social services should involve an inclusive, fair, and transparent process of engagement between agency and provider.
- 20. Innovation** – Innovation is seemingly a buzzword amongst government circles. Some agencies create space and flexibility in their contract for services to allow for greater innovation in service design and delivery. Other social service agencies offer very prescriptive contracts that are restrictive and do not really allow for service innovation. The Salvation Army submits that if innovation is truly valued in this sector, then greater consistency and opportunity is necessary within these contracts and funding arrangements to ensure providers can develop innovative solutions, and propose new or big ideas to funding agencies. The Salvation Army offers examples like the Hauora Programme, our involvement in the Drug Court pilot projects, and our public health work in gambling addictions as some examples of client led and innovative service design and delivery.
- 21. Collaboration** – Like innovation, collaboration is a term or process actively promoted in the social services sector. The Salvation Army, like other providers, has had varying levels of success when it comes to collaborating with other NGOs. But The Salvation Army affirms that we definitely have an appetite and desire to collaborate with others. However we

submit that any collaboration must be beneficial for all parties, and be in the best interests of the clients. We submit that the recent experience in Victoria around alcohol and other drug services where only consortiums could tender for contracts could provide valuable lessons for collaboration in the New Zealand social services sector. Furthermore, collaboration should be required in situations where The Salvation Army is providing services for vulnerable New Zealanders that other NGOs or providers are actually contracted for. Again, this places immense pressure on our existing services and clients when more clients are added who should technically be receiving this service from another provider.

- 22. Cultural relevance and responsiveness** – This is an area of on-going development for The Salvation Army. There has been some significant progress internally, including the Bicultural Framework used by our AOD and Gambling services, and the Hauora Programme. But more progress is needed and The Salvation Army is committed to progressing in this area. In the last 12 months, The Salvation Army has engaged in discussions and joint projects with some Maori tribes and groups in both the North and South Island focussed on social services to Maori. This is an example of a new, collaborative, and culturally responsive journey The Salvation Army is undertaking.
- 23. Most vulnerable might miss out** – The Salvation Army submits that there is a potential for some of the most vulnerable members of our society to miss out on important social services, supports, or benefits. Our experience has often been working with people who have become frustrated with government services, or who have not accessed other providers for support. It is vital that the human element of the social services sector is not lost in these current and any future reforms.
- 24. Relationships** – The Salvation Army contends that relationships between staff from government agencies and NGOs are extremely important in any social service contract. It is essential that both agencies and providers develop professional working relationships, despite personality differences, staff changes or variations in strategic direction. Furthermore, there should be accountability on both sides to ensure that social services are more effective and reaching vulnerable New Zealanders.
- 25. Investment Approach** – This Government has used this approach to shape its reforms and direction within the social services sector. This ideology might make some good, logical sense in theory. However, in reality there are significant challenges when applying this approach to real social need. This submission has covered some of these concerns. We recommend that a new contracting environment or approach is needed wherein providers and funders can work closely together during the different phases of the contracting process to ensure that the complex needs of those receiving social supports is accurately reflected in the design of the contracts. This new approach might also ensure that the actual service provision is more in line with the required deliverables from agencies, and also create more room for innovative responses to key social needs by the service providers.