

**Evaluation of the New Zealand
Productivity Commission Report
“More Effective Social Services”**

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Evaluation of the More Effective Social Services Inquiry Report

Introduction

This analysis provides an independent evaluation of the New Zealand Productivity Commission inquiry Final Report “More Effective Social Services” issued in August 2015. The Productivity Commission report was prepared in response to a Government request for the Commission to undertake an inquiry into enhancing productivity and value in the state sector, focussing on the purchasing of social sector services. This included services currently delivered by the state sector.

The Terms of Reference set out for the Report asked the Commission to carry out an investigation into ways of improving outcomes for New Zealanders from the services resourced by the New Zealand state sector. This included institutional arrangements to support smarter purchasing or commissioning; and arrangements, technologies and tools which would support this objective.

The Commission was asked to explore academic research and international experience, though to focus on practical applications relevant to New Zealand experience. It was also asked to consult widely, including NGOs, other providers, academics, and international agencies as required.

The outcome of the process was a 412 page final Productivity Commission report which identified key issues in the social services sector, and produced a series of recommendations to grapple with these issues. The Commission also produced an initial draft report, several “Cut to the chase” summaries of issues, and a substantial online website. In addition to the report material, the website included case studies and the submissions made to the Inquiry.

This review assesses the Commission Inquiry Report “More Effective Social Services”, and follows the format set out in the Reviewer’s Terms of Reference.

Summary Assessment

The Inquiry Report is notable for the breadth of coverage of the background to the issues required to be addressed in the Terms of Reference. The Commission has taken a wide interpretation of its brief and explored a range of social service access issues as well as underlying factors which drive poor outcomes for part of the population. Though wide ranging in its analysis of issues, the eventual major focus of the report is on services for people experiencing significant degrees of disadvantage rather than mainstream consumers of broadly defined social services.

The report identifies the range of institutions and networks which enable individuals to cope with crises or ongoing problems, including family/whanau, friends, NGOs, and clubs, churches and social networks as well as government agencies. It notes that accessing formal social services represents only part of the mix by which people cope with problems in their lives.

In analysing purchase arrangements for formal social services funded in some degree by the public sector, the report avoids the oversimplified “make or buy” paradigm. In its place it identifies seven alternative types of arrangements with service suppliers which might be selected depending on the type of situation being dealt with.

The report notes that many of its findings are not new, and some have been repeated frequently in other reports of the last 20 years. These include the problem of “silo” approaches to service delivery which make it difficult to deal with complex problems which overlap departmental and agency boundaries. Other issues include system fragmentation, poor communication of information between departments and agencies, onerous contracting arrangements, limited evaluation of the effectiveness of existing programmes and activities, difficulties of encouraging innovation, and the need for “navigators” to assist part of the client population in accessing available social services.

Much of the focus of the report is on improving “system architecture” as well as the purchase and commissioning arrangements which operate within the system, and these are explored in some depth. Proposed recommendations to address issues identified are set out systematically in the report recommendations.

Overall, this is a landmark report which is impressive in its scope and analytical detail. Considerable thought has gone into designing a report structure which covers the wide range of issues examined.

Criteria for Assessment

The Terms of Reference for the evaluation of the Inquiry Report set out seven criteria which need to be given consideration. Findings for each of these are summarised below. More detail is given in the main body of the evaluation report which follows:

Focus: The report has focussed on issues and programmes affecting disadvantaged groups, and ways of improving the commissioning, funding and evaluation of the social services programmes they utilise. While this is not the only possible interpretation of the Inquiry Terms of Reference, it is very relevant to the current “investment” focus of government.

Good process management: The Inquiry is an impressive example of good practice in obtaining a wide range of information and analysis relevant to the Inquiry focus. The seeking of and responding to feedback in preparing the final report represents a high standard of professional process.

Work Quality: The overall quality of the report is excellent, particularly given the relatively short time frame within which a very large work programme had to be managed. Some areas and recommendations could have been more fully explored, and represent initial considerations. Comments on these and on some external constraints which affect options are set out in in the body of this evaluation.

Effective engagement: The Inquiry Team have engaged with a very wide range of interested parties in New Zealand, and responded to feedback on their initial

findings with further development of their analysis in the final report. Most engagement has been with the groups referred to in the Inquiry Terms of Reference. If the Inquiry had been given a longer time frame, then ideally there could also have been more direct feedback from a range of social service user clients. This includes Maori and Pacific people who make up a very large proportion of the disadvantaged groups focussed on in the Inquiry Report. However, there was significant engagement with organisations representing disadvantaged groups.

Clear Delivery of Message: The key findings and recommendation of the report are set out clearly in a well-structured report. However, the length of the report and the complexity of many of the issues means that a fuller appreciation of the analysis will tend to be amongst those with a professional interest in the topics and time to invest in analysing the report material.

Overall quality: The “More Effective Social Services” Inquiry Report is of high quality. It represents the most significant broad coverage New Zealand report in the social services areas for a considerable period of time.

Having Intended Impacts: It is too early to assess the acceptability of the full range of Report findings and recommendations. In some respects this is not surprising since development of many issues is still in a “work in progress” stage. However, many of the recommendations particularly those on commissioning, funding and evaluation of social services have standalone merits irrespective of any machinery of government decisions. Overall, the report usefully broadens out the discussion on the current government “investment approach” for beneficiary populations.

The Focus of the Report

The report is notable for the breadth of its coverage and the wide range of information and assessment which has been included. In substance though the main focus of the report is on the subset of social services which deal with the disadvantaged rather than the wider field. Two key messages were stressed by Commission Chair Murray Sherwin in his foreword:

- System wide improvements can be made and should be pursued
- New Zealand needs better ways to join up services for those with multiple complex needs

The exact scope and range of the social services intended to be covered in the Inquiry is not specifically identified in the Inquiry Terms of Reference, nor is it completely explicit in the Inquiry Report. A range of alternative definitions are possible with somewhat different implications for the priorities of the issues to be addressed in the Productivity Commission Inquiry Report and its follow up.

At one end of the spectrum “social services” may include all health, education and welfare services except perhaps income support. This broad definition would also include things such as social housing, Maori Development, and law and order. Outside the government

sector it would also include most of the activities of the Not for Profit entities. A broad definition is used in the estimate cited on page report 41. This identifies \$34 billion spent by the New Zealand Government on Social Services in 2014/15. However, most of this figure represents the cost of “mainstream” services for the majority of the population.

The relative success of mainstream social services in coping with the needs of the majority of the population may provide part of the explanation of why many Wellbeing measures for New Zealand are higher than might be expected given its relatively mediocre ranking in terms of GDP per capita by OECD standards.

Non mainstream services

At the other end of the spectrum the focus of most of the social services currently contracted out to Non-Government Organisation (NGOs), or provided by the Ministry of Social Development is on services for disadvantaged people who have significant difficulty in coping with their circumstances, and whose particular needs were not addressed or not adequately addressed by the mainstream health, education, income support or other services. The cost to government (and to NGOs) of this end of the social services spectrum is not estimated in the report, although partial data is cited. This includes the estimate (pages 54-55) that the most costly 10,000 clients of the system will cost the government \$6.5 billion over their lifetimes, with each of the 10,000 costing at least \$500,000.

Admittedly there are conceptual problems in attempting any precision in estimating “non-mainstream” social services or even those mainstream services focussing specifically on the disadvantaged. This can probably be done for services funded by the Ministry of Social Development. In Education the boundary is more difficult to define and ambiguous in its meaning. Programmes for the disadvantaged would include special needs services, and perhaps decile based funding in schools. But conversely students from the more advantaged parts of the population tend to stay longer in secondary education and utilise more publicly funded tertiary education services. Hence the disadvantaged, some of whom also access tertiary education, may receive a lesser share of “mainstream” services than their proportion of the relevant population. In the case of the Health sector most activities deal in some way with people experiencing problems, though most health services clients are not people who would normally be classified as lifetime disadvantaged people.

Impact of the focus chosen

Even so, the definition used is important. If a broad definition is used the main focus of future policy activity could be on the effectiveness of mainstream social services such as health and education in meeting the needs of the majority of the population, and whether there are more cost effective ways of meeting these needs. However, if the orientation is narrower, more focus would go on services which deal with individuals or groups experiencing significant degrees of disadvantage.

Explicitly the focus of the Productivity Commission report concentrates mainly on social services dealing with the most disadvantaged New Zealanders without attempting too closely to define what these are. This focus on disadvantage would seem to be a reasonable

(though contestable) interpretation of the Terms of Reference concerns about improving outcomes, and more particularly the specific citation of the new “investment” approach to beneficiary populations.

The wide exploration of possible mechanisms for the procurement of services and the focus on “system architecture” would also seem to fit well with the Terms of Reference requirement that the report focus should be “on the institutional arrangements and contracting mechanisms that can assist improved outcomes rather than commenting on specific policies.”

This focus on disadvantage means that the Productivity Commission Inquiry Report is not dealing mainly with the possibility of redeploying \$34 billion in expenditure but with perhaps only a tenth of this amount, and somewhat less on services which are currently contracted out.

Even so, a number of findings and recommendations also apply to the more broadly defined social services sector. This includes the need for evidence based policies and independent evaluation of effectiveness.

Good Process Management

The Report is impressive in the wide range of consultation undertaken and the depth of material cited. The inquiry team and its overseeing committee have met the Terms of Reference requirement to consult widely and usefully with a wide range of NGOs and other interested parties, academics and International Agencies. The process was also managed to allow preliminary findings to go out in the form of a draft report, and for feedback from this to be incorporated in the final report. This part of the process was necessary as the early “Cut to the Chase” summary material covered only part of the range of issues examined by the Inquiry, and the draft report itself had some gaps in coverage of issues.

Timing slipped to a degree from the initial 12 months allocated. The Terms of Reference required the Commission to “publish a draft report and/or discussion document for public comment, followed by a final report that must be presented to referring Ministers by 30 June 2015.”

The Commission published a discussion document and summary by October 2014, an issues paper in October 2014, and a draft report by April 2015 together with a “Cut to the Chase” summary. However, the final report was not completed till August 2015. In his foreword the Chair Murray Sherwin noted that the initial analysis included in the draft report was incomplete, and that the team had needed to “re-examine where the system was failing most.” This had led to a greater concentration on “people with multiple and complex needs and little capacity to access services.”

While the timing slippage is noted, the response to the feedback appears to have allowed a more fully developed approach in the Inquiry Report.

It is suggested that for future reviews of this scale and complexity the Productivity Commission should negotiate for a longer reporting time frame which builds in sufficient time for absorbing feedback from initial findings and proposals.

High Quality Work

The Inquiry Report reads extremely well and, while very long, is laid out in a logical manner. The range of citations indicates that the Inquiry Team have read widely and assimilated key material from a range of academic studies as well as recent innovative practices in a number of countries with which New Zealand traditionally compares itself. The findings of the Inquiry follow from the material examined, and the recommendations build up from these findings.

Given that there is an ambiguity in the social services definition which is identified but not entirely resolved, the Inquiry Report develops a very useful “four quadrant” approach to service accessibility. This conceptualises how effective access to available services is impacted by the interaction of the complexity of the problems and the capacity of the individuals concerned to “navigate” the available social service systems.

While it may be noted that much wider spectrums of complexity and client capacity are probably the reality, the four quadrant approach certainly provides a way of conceptualising issues related to how services access can be designed to better fit the intended client group. Further, the approach can apply to a degree to access to mainstream services as well as to special needs services.

Overall the Inquiry Report and the online website material provide a major resource for advancing the debate and analysis on improving social services for the disadvantaged in New Zealand. The online material available on the Commission website is substantial, and includes case studies plus the submissions made to the Inquiry.

However, there are some matters on which further comment may be made. Some relate to the proposed changes in the structure used for governance and policy development in the publicly funded social services sector. Others relate to more rational process for commissioning, funding, and evaluating the effectiveness of social services interventions. Comments on each of these areas follow.

A wider range of service purchasing or commissioning models

A very positive feature of the report is its discussion of a much wider range of relationship options for purchasing publicly funded social services. The report rephrases this in terms of options for commissioning social services. This adds a greater depth to the current “make or buy” dualism which has tended to dominate earlier thinking. Instead it proposes fitting the commissioning model to the nature of the clients and the effective services needed. The Inquiry develops seven possible models:

- In house provision
- Contracting out
- Managed markets

- Trust models
- Shared goals models
- Client directed budgets
- Voucher systems

The Report notes that careful thought needs to be given to the option chosen. For example client directed budgets where a client determines how an allocated budget is spent can work well with some client groups (e.g. well informed adults with physical disabilities), but not necessarily with some other types of social service clients. Voucher systems work best where the service required to be supplied is relatively straightforward and there are realistic alternative providers. Determining the system which best fits each situation is where the hard work and judgement need to apply. The Inquiry Report hence incorporates a degree of recognition that attempting to push all commissioning of social services into a private sector market contracting model is often not the optimum way of delivering particular services. It also risks undermining community support for many NGOs, and with it the donations and unpaid volunteer time which resource a substantial degree of social services provision in the NGO sector.

The Inquiry Report also notes variants of the contracting out model, including the social bonds option based on paying for defined outcomes.

The Report recommends development of a single set of guideline “Rules for Sourcing” for commissioning social services. This will need considerable work to accommodate the range of commissioning options proposed.

Payment options

The report usefully summarises potential funding relationships between public commissioning entities and NGOs providing social services. These are:

- Full funding
- Partial Funding
- Tied grants
- Untied grants
- No funding

While in most respects this is simply a description of the status quo, the significant change is in recommendation 6.6 which proposes that “full funding” for priority social services should involve funding at a level which allows an efficient provider to make a sustainable return on resources. This is a very significant change from the recent pattern of frozen grants for NGO providers. It tends to create a more level playing field between private commercial firms contracted to provide services and NGOs. Determining what is an efficient producer and what price levels permit sustainable returns is where the hard work on analysis and negotiation would need to focus. For the fully funded group of NGOs (provided contracts are of sufficient duration) this would enable longer term work on things such as systems development and staff training.

It is noted that the “no funding” model does not actually mean no government support. NGOs registered as charities benefit from the donations tax rebate as well as non- taxability of their direct investment income.

Contracting for Outcomes

The report discusses greater use of contracting for outcomes rather than simply supplying a given volume of services. This is a forward step, but one which needs to be approached with awareness of feasibility. The use of outcome measures is easiest where what is required to be achieved is simple and relatively easy to measure – e.g. did an unemployed person get a job and did that job last. It is much more difficult when very complex situations are being dealt with – e.g. improving outcomes for neglected and abused children. Is their situation better if they are removed from their families and physically safer in a placement with strangers, but in a state of emotional turmoil, acting out for their foster carers, and truanting from school?

In substance, shifting commissioning orientation towards a focus on outcomes is a good beginning, but in many situations only the beginning of a process of analysing what needs to be measured in terms of programme effectiveness.

Costings

One key recommendation is that for those services which government has decided to fully fund, the price negotiated should allow an efficient provider to make a sustainable return on the resources deployed. This has cost implications which will need to be fully assessed.

A related issue is whether measures to improve service access for the disadvantaged will drive up fiscal costs in existing programmes. This may be fiscally justified in circumstances where the “investment approach” lowers long run cost. There may also be savings if ineffective programmes can be identified and axed. However, at any stage programmes will have to operate within fiscal constraints.

More generally additional thought needs to be given to what is actually meant by the “investment approach,” in a whole of government context. This is recognised in the Inquiry analysis. A more activist policy in social service intervention for disadvantaged people may save the whole of government sector money in the long run. However, the savings are likely to show up in reduced costs in income maintenance, mainstream health costs, and in the justice and corrections sectors. Cost in the relevant social services sectors which provide interventions may actually rise significantly in the process. Further, for services dealing with children in particular the time lag between the additional costs of early intervention and the payoffs in terms of lower health, income maintenance, and justice or corrections costs may be quite long.

It is probably unrealistic to expect that savings from axing low effectiveness programmes in the (narrowly defined) social services sectors will be sufficient to fully fund a substantial

investment in preventive and rehabilitative social services. In the short run costs will almost inevitably rise.

A concern of the NGO sector expressed to the Evaluator is that restricting “fully funded” contracts to government key result areas may end up undermining provision of services in areas which do not have high visibility to the government of the day.

Solvable Problems

Not all social or wellbeing problems can be resolved or at least significantly reduced by improvements in the social services delivery system or an increased focus on the individual. An example is the health problems generated by the fact that many New Zealand houses are cold, poorly insulated, and often damp. Indeed the Inquiry report notes (Page 54) the Statistics New Zealand finding that 6.2% of the population consider that their house or flat has a major problem with dampness or mould.

For any individual disadvantaged person or family moving from a cold and damp house to a warm and dry one will tend to improve their health status. However, given the shortage and high cost of adequate housing in many areas of the country, as the fortunate family moves out of the cold or damp house some other disadvantaged family or household moves in. This type of problem cannot be resolved solely by individual case management. It also needs sustained policies to upgrade the condition of the housing stock, and the necessary volume of housing availability in areas of significant housing need.

There are a range of other situations where similar aggregate supply or resourcing constraints apply (e.g. the available supply of high cost health services). If providing more aggregate resources is not an option then there needs to be a substantial degree of realism about what individually focused social services interventions can actually achieve – or some hard decisions on prioritisation taken.

A distinction between problems which can be resolved or improved at the individual level, and those which also require changes in the external environment could have been usefully made in the report.

Role of Navigators

The Inquiry Report places significant stress on the role of “navigators” in assisting disadvantaged people to access the more complex areas of social services, health, education and housing. The term seems to fit most closely with the role of employees designated as “case managers” in the Accident Compensation system.

Exactly where these navigators or case managers would fit within the system, how clients would be allocated to them, and what budgetary resources they would command would need to be elaborated in future governance development.

A focus on funding raises the issue of whether the proposed “Navigators” assisting disadvantaged clients to access services will also have to operate as “Gatekeepers” restricting and prioritising access to expensive services. The role of a Gatekeeper is not very

compatible with that of a client advocate. Alternatively, if the Navigators are not budget holders their role is more that of Client Advisors.

The Maori Dimension

The Inquiry Report notes that Maori have a particular interest in Social Services issues. In part this is because Maori tend to be overrepresented amongst client groups. In part it is because Of Treaty of Waitangi and associated Rangatiratanga issues. And in part it is because mainstream social services often do not fit well with Maori culture or result in good outcomes for Maori clients.

The report recommends that Government be open to proposals from Maori for devolved commissioning of social services, though how this approach is to be progressed is largely left open.

While the Report notes significant material on the views and approaches of Maori organisations, the voice of individual Maori as clients of social services is not explicitly researched. As noted, this was not a requirement of the Inquiry Terms of Reference.

Data leveraging

The Inquiry Report makes a number of recommendation for increased data collection on clients and appropriate data sharing compatible with informed consent issues. These recommendations are positive, though building standardised data collection systems into a wide range of contracts will have significant resource costs and is likely to require an extended period of development.

Innovation in Social Services

The primary mechanism by which the Productivity Commission seeks to encourage innovation in the social services is through greater use of devolution in the social services system (Rec 5.1). This makes sense, though more particularly so if knowledge of effective innovations can be spread to other social service providers.

However, a cost of devolution is reduced political control and oversight in the short term. This is the trade-off.

Machinery of Government Superstructure

The recommendations in the Implementation section of the report involve some significant changes in the machinery of government in the social services area. They include a new policy development superstructure as follows:

- A new Cabinet Committee for Social Services Reform
- A Transition Office to help develop and oversee the reform plan
- Expanding the role of the Social Policy Evaluation and Research Unit
- A Social Sector Advisory Board to provide independent expert advice.

This new policy development superstructure proposed would certainly give a higher profile to social services reform, and provide some momentum to ensure necessary policy and

systems development work is undertaken. However, in the Inquiry Report itself there is only limited analysis of why the Commission thinks this new structure would work better than a range of other options. This would include different central policy co-ordinating mechanisms, or developing and implementing clearer policy guidelines within the existing policy development and resource allocation structure. The key issues in either case are the need for evidence based policy in social sector reforms, and appropriate commissioning and funding arrangements. Possible Machinery of Government responses to this section of the report recommendations could include either:

- 1) The new separate dedicated policy setting approach proposed by the Productivity Commission Inquiry Report, or
- 2) Some other central mechanism for co-ordinating policy responses and ensuring the ongoing policy and systems development work is undertaken, or
- 3) A dispersed response where work programmes covering the social services policy areas are distributed amongst the range of existing government departments and agencies, with consideration by existing Cabinet Committees.

Commissioning Agencies

The Inquiry Report also proposes new service commissioning agencies for purchasing services for the most disadvantaged, either in the form of either District Health and Social Boards, Better Lives Agencies, or alternative models.

There are a number of risks with the **District Health and Social Boards** model. One is that this presupposes that a regional based delivery model is optimal for all types of services. Another is that this would simply be the District Health Boards taking on social service responsibilities with funding provision at a level which is below that applied to professional health services. This in itself is likely to create staffing and administrative friction which make the social services programmes more difficult to manage. A third risk is that the priority the Boards now give to hospital based and other tertiary medical services will tend to crowd out preventive social services for the disadvantaged. These and other risks need further consideration in follow up processes.

The exact scope and client coverage of the **Better Lives Agencies** model is unclear. The role envisaged is cited as being somewhat similar to that of the ACC, though whether this involves one national agency with regional offices or regional or other subdivisions as separate entities is left open. The Agencies are seen as obtaining Health, Education and Housing for disadvantaged clients. But exactly what client populations they would cover is not clearly specified, nor the magnitude of the budgets they would have. The ACC has a clearly defined client base, a defined set of objectives, and a substantial funding base. Its “navigators” are case managers also with defined roles. The Better Lives Agencies model is only partly developed in the Inquiry Report and needs more consideration.

It may be noted that a social services commissioning agency without a “navigator’ or case manager function looks very like the former Community Funding Agency (CFA), though with

a wider brief. The CFA operated for a period, but was subsequently re-absorbed into what is now the Ministry of Social Development in later Machinery of Government changes.

While alternative commissioning models to the two main options are mentioned, what this could mean is not really explored apart from brief references to Maori options.

Effective Engagement

The breadth of engagement of the Inquiry Report process was notable. The inquiry team received 246, submissions, with the listing of submitters covering a very wide range of respondents. The team also held engagement meetings in New Zealand with 182 organisations or individuals, some more than once, and 12 in Australia. A total of 14 relevant conferences were attended by team members. The bibliography published with the report lists 336 academic and other references.

While it was not required in the Inquiry Terms of Reference, direct feedback from a range of individual social service clients does not really feature in the Inquiry report. The perspectives given are mainly those of providers, funders, advocacy groups, and academics. While the views of a number of Maori organisations are cited, the view of individual Maori as social service clients has not been sought out. The same could be said for Pacific peoples. However, there was significant engagement with organisations advocating for disadvantaged people.

Engagement with NGOs was very significant. This relationship is particularly important as NGOs provide a very large proportion of those social welfare services not directly provided by government agencies. However, engagement is not always the same thing as agreement with the conclusions and recommendations of the Inquiry. Discussion by the evaluator with representatives of major NGO groupings indicated a number of areas of concern, particularly as regards funding.

The funding model in recommendation 6.5 set out five types of public financing stance towards NGOs and other suppliers of social services. These were full funding, contributory funding, tied grants, untied grants, and no funding. The accompanying recommendation 6.6 specified that full funding should allow an efficient producer to make a sustainable return on resources.

While this latter recommendation was welcomed, NGO concerns expressed to the Evaluator were:

- In practice over the past seven years contracted public funding had provided a reducing share of actual NGO costs of service delivery.
- NGOs, especially the smaller ones were finding it harder and harder to raise funds from the public. Donor fatigue in the general public was setting in, and many grant making trusts and estates faced declining income streams in a low interest rate environment. Available grant funding was tending to be channelled to fewer and larger organisations.

- Some NGOs were concerned that concentration on key result areas for the government of the day would see other previously funded and still necessary social services dropped down to a lower funding tier, or even no longer publicly funded.
- While the idea of effectiveness evaluation was accepted, there was scepticism that fully funded services provided directly by public sector agencies would be subject to the same frequency or rigour of review as those provided by NGOs, or that cuts in funding to some NGOs would actually be based on strong evaluation evidence.

Clear Delivery of Messages

The Inquiry Report gives a clear message for professional readers about options for improving the commissioning and funding of social services. It also clearly stresses the possibility for significant longer term gains in wellbeing and also fiscal saving in some programme costs by appropriate investment in the disadvantaged.

The length and complexity of the final report means that a great deal of the material will only be assimilated by those with a professional interest in the field, and time to study the findings. However, use of the 4 page summary papers entitled “Cut to the Chase” does open up a number of key issues to a wider audience.

The report provided a 25 page “Overview’ summarising key issues and approaches used in the report. A 25 page overview is useful for readers with a professional interest in the issues. However, for some other groups of readers an initial “Executive Summary” which was as short as or shorter than the “Cut to the chase” papers would have been a useful addition in the main report itself.

The recommendations read clearly, though a number focus on issues which need to be examined in more depth. This is inevitable in a report which is so wide ranging in its depth and coverage. In some respects what is delivered on a number of topics is a “work in progress” indicating areas where future policy development should take place. However, the messages of the need for improvement in social services dealing with the disadvantaged, and options which may help achieve this goal are set out very clearly.

The Report findings should add significant depth to the current government focus on an investment approach for beneficiaries. This at present concentrates mainly on long run benefit costs. Bringing in both wider “whole of government” costs and the effects on the lives of currently disadvantaged individuals usefully widens the scope of the policy discussion.

Overall Quality

Overall the New Zealand Productivity Commission report “More Effective Social Services” is a high quality report which brings together much new and incisive material on options for improving the effectiveness of social services in New Zealand. It is certainly the most comprehensive analytical report on policy for Social Services in New Zealand made for more

than two decades – and probably the largest since the 1988 Royal Commission on Social Policy.

Much work still needs to be done on further developing some of the approaches covered in the Inquiry Report. Overall though, the balance of priorities chosen as to where the work effort of the Inquiry has been put seems sound.

Having Intended Impacts

At this stage it is difficult to assess how far the recommendations of the Inquiry Report will be taken up.

Measuring the intended impact will be at least a two stage affair. To begin with the first round impact will be Government's response to the report recommendations. At a later stage the issue will focus on the impact on social service effectiveness of the policy and delivery system changes which come about as a result of Commission recommendations being implemented.

A point that needs to be stressed is that even if the Government does not accept the whole "package" of changes proposed by the Commission, many of the individual recommendations have "stand alone" merit.

Process Issues

The Terms of Reference for the evaluation ask the reviewer to "note any lessons which can be taken and make recommendations for any future improvements."

Overall this is a well-run Inquiry in a difficult and complex field. However, areas which could be kept in mind for future inquiries of high complexity are:

- Clarifying at the outset the intended scope and focus of the Terms of Reference, with the aim of eliminating possible ambiguities of interpretation.
- Negotiating an adequate time frame to carry out the Inquiry and provide for adequate feedback from interested parties.
- Identifying where economic or other environmental factors impinge on the ability of policy options within the terms of reference to be adequately effective.

Annex Terms of Reference of this Evaluation

The deliverable is a report of your review of the Commission's inquiry report "More Effective Social services."

The review should evaluate (based mainly on the final report) the quality of the More Effective Social Services inquiry against the following performance measures.

- The right focus – the relevance and materiality of the inquiry report
- Good process management –the timeliness and quality of the inquiry process
- High quality work – the quality and of the analysis and the recommendations
- Effective engagement –how well the Commission engaged with interested parties
- Clear delivery of messages –how well the work is communicated and presented
- Overall quality – the overall quality of the inquiry taking into account all factors

Note that the Commissions performance framework also contains another dimension;

- Having intended impacts – what happens as the result of the Commissions work.

While it is mainly too early to judge this aspect, you should make any observations that you feel you can make.

The review should note any lessons that can be taken and make recommendations for any future improvements.

The report must also contain a "summary assessment" (or alternate name) that summarises your perspective on each of the performance dimensions (a short paragraph on each) – that is useful for the Commission's Annual Report.