

**In Confidence**

Office of the Minister for Disability Issues

Office of the Minister for Social Development and Employment

Cabinet

**Improving the sustainability of Disability Support Services**

**Proposal**

- 1 This paper:
  - 1.1 reports back to Cabinet on phase one of the independent review into the sustainability of Disability Support Services (DSS) administered by the Ministry of Disabled People – Whaikaha (MoDP),
  - 1.2 seeks agreement to transfer DSS to a new branded business unit in the Ministry of Social Development (MSD),
  - 1.3 seeks agreement to establish the MoDP as a standalone public service department, responsible for system leadership and facilitating societal change, strategic policy, system level monitoring, disability information and advice, and managing government relationships with disabled people, and
  - 1.4 seeks agreement to a three-stage DSS review programme to be completed by an interagency taskforce within MSD.

**Relation to government priorities**

- 2 This relates to the Government’s priorities for fairer access to DSS in New Zealand, ensuring those with the greatest needs receive quality support services. The recommendations are also consistent with Government’s priorities for more effective public services and improved fiscal management.

**Executive Summary**

- 3 On 29 April 2024, Cabinet agreed to establish an independent review to provide advice on the cost pressures and future sustainability of DSS administered by MoDP in two phases [CAB-24-MIN-0141 refers].
- 4 The review has provided its phase one report, with six findings and seven recommendations. The full report is attached as **Appendix 1** and the Chief Executive of MoDP’s response is attached as **Appendix 3**. I seek agreement to replace phase two of the review with a three-staged DSS review programme (the programme) to implement the review’s recommendations.
- 5 Critically, I seek Cabinet’s agreement to transfer DSS (and associated functions) from MoDP to MSD, in response to the panel’s seventh recommendation. This will be implemented by the programme.

## IN CONFIDENCE

- 6 The programme will be undertaken by an interagency taskforce of experienced senior officials, to be resourced through existing appropriations and agency baselines:
  - 6.1 Stage One will focus on recommendations 1, 2, 3, and 7 (with some aspects coming into effect immediately and the remainder expected to be actioned by 30 September 2024)
  - 6.2 Stage Two will focus on recommendations 5 and 6 (expected to take decisions by the end of 2024), and
  - 6.3 Stage Three will focus on recommendation 4 and any remaining components of recommendation 7 (expected to take decisions by the end of 2024).
- 7 I intend to reallocate the system transformation funding of \$15.6m in 2024/25 to resource the DSS review programme.

### Background

- 8 Cost overruns for DSS and concerns that its ongoing and future appropriations would be breached are longstanding issues that pre-date the establishment of MoDP as a departmental agency hosted by MSD.
- 9 The magnitude of these challenges were brought to the forefront in September 2023 through a stocktake undertaken by the Department of the Prime Minister and Cabinet (the DPMC Stocktake)<sup>1</sup>. The Stocktake warned the previous Government that MoDP's "operating budget is not necessarily scaled to meet the demands of its large, complex \$2.2b annual commissioning function and new system leadership and policy functions....it will remain challenging for Whaikaha to close capability and capacity gaps necessary to fulfil its full range of functions"<sup>2</sup>.
- 10 A Rapid Assurance Review by Link Consulting subsequently commissioned by MoDP, ranked MoDP's commercial management practices as failing and deteriorating. I received a copy of the Rapid Assurance Review during the independent review.
- 11 As well as finding there were inadequate policies and procedures to mitigate against critical risk and staff are spending less than half their time on commercial management matters, the Rapid Assurance Review concluded that, "...commercial management practices are not adequately organised, supported, or enabled to meet the needs of staff or providers. Collectively, the identified issues are resulting in confusion and frustration, a growing lack of confidence and accountability, and ultimately lack of progress."
- 12 The Rapid Assurance Review explicitly stated that the problems will worsen without action: "We are concerned for the confidence Whaikaha can have in its practices and expect issues to grow and progress to slow further if left unchecked." This underscores why the Government needs to move urgently and decisively to get on top of these significant challenges.

---

<sup>1</sup> DPMC Implementation Unit (September 2023), *Briefing to the Minister of Finance: Stocktake of Whaikaha – Ministry of Disabled People*

<sup>2</sup> *Rapid Assurance Review: Commercial Management*, Link Consulting, May 2024

- 13 Both reports stressed the importance of monitoring progress. Among the issues suggested to be monitored was ensuring MoDP could effectively deliver on its mandate of service delivery and system stewardship, which some have seen as an advocacy function.
- 14 In response to the operational challenges, MoDP introduced in March 2024 a series of measures to avoid overspending its DSS appropriation for 2023/24. Further information on the actions taken by MoDP is attached as **Appendix 2**.
- 15 Cabinet became aware of the urgency of these challenges in March 2024 [CAB-24-MIN-0102 refers]. On 29 April 2024, Cabinet agreed to establish an independent review to provide advice on the current and future fiscal sustainability of DSS administered by MoDP [CAB-24-MIN-0141 refers].

**The phase one report has practical and informative findings and next steps**

- 16 On 27 June 2024, I received the panel’s phase one report, which is attached in Appendix 1. The report highlighted six key findings and made seven recommendations:

*Table 1: Findings*

1	Delivery of DSS is inconsistent
2	The DSS 2024/25 appropriation will be breached if spending is not controlled
3	There is inadequate budgetary control and commercial rigour
4	The two areas of largest cost growth are flexible funding provisions and residential facilities-based care
5	The new departmental agency is not set up in a manner that enables it to manage effectively the nature and scale of its appropriation
6	Current policy settings and service design do not allow the Ministry to administer and deliver DSS effectively

*Table 2: Recommendations*

1	<p>Reinstate:</p> <ul style="list-style-type: none"> <li>• indicative budgets for Needs Assessment and Service Coordination organisations (NASCs)</li> <li>• fixed budgets for Enabling Good Lives (EGL) demonstration sites and Equipment and Modification Services (EMS) providers, and</li> <li>• monitoring and reporting requirements for NASCs, EMS providers, and EGL demonstration sites.</li> </ul>
---	--

**I N C O N F I D E N C E**

2	Freeze current levels of funding for residential facility-based care for FY 2024/25 pending commissioning and completion of a detailed and urgent review of the contract and pricing models.
3	Take no action on a price increase for providers in 2024/25.
4	Establish an effective function within MoDP itself to monitor the assessment and allocation performance of NASCs and EGL demonstration sites.
5	Update the assessment and allocation settings for individuals based on level of need.
6	Establish criteria for access to flexible funding and review the flexible funding guidelines to improve clarity and consistency.
7	Strengthen: <ul style="list-style-type: none"><li>• the departmental agency arrangement with MSD, and</li><li>• the shared services agreements with MSD, the Ministry of Health (MoH), and Health New Zealand – Te Whatu Ora (HNZ).</li></ul>

17 In considering next steps for the recommendations, I want to emphasise that:

17.1 disabled people deserve certain and consistent DSS, no matter where they live

17.2 prioritising funding for those with the highest needs, and who would benefit most from early intervention, is consistent with our social investment approach

17.3 the Government is committed to the EGL vision and principles<sup>3</sup>, and

17.4 it is important to strengthen the long-term sustainability of DSS to provide disabled people and carers with services that are both fair and affordable.

18 The panel identified that, given the need to urgently implement the recommendations, that phase two of the review should be replaced with an interagency taskforce located in MSD, consisting of experienced staff, to oversee implementation. I am also mindful that in considering and implementing the response to the panel’s recommendations, there is a risk of unintended cost shifts to other Votes. Greater interagency collaboration will help mitigate this risk while addressing the DSS challenges.

19 Having held this portfolio for three months, and based on the three reports (the DPMC Stocktake, Rapid Assurance Review, and independent panel’s) I have reached the conclusion that MoDP cannot successfully achieve both its functions, to deliver DSS and to drive improved outcomes for disabled people across government, in its current form.

---

<sup>3</sup> The EGL vision is that “In the future, disabled children and adults and their families will have greater choice and control over their supports and lives, and make more use of natural and universally available supports.”

- 20 We have to take action now to ensure certain and consistent access to disability support services that are sustainable into the future. I consider the service delivery responsibilities for DSS will sit much better in a large department with mature models of practice and national and regional infrastructure.

### **I intend to establish a taskforce to implement the DSS review programme**

- 21 MSD's Chief Executive will be responsible for this taskforce and will appoint a deputy Chief Executive to lead it. Alongside implementing the recommendations, it will focus on building the necessary systems, processes, and capabilities. It will be responsible for any advice and decision making on policy or operational changes relating to the review.
- 22 The composition of the taskforce will be agreed following the public announcement of the programme. At a minimum, it will require expertise in public finance, policy settings, contract management, service delivery, risk management, auditing, and evaluation. I expect agencies to facilitate secondments, allowing us to leverage the public service's collective skillset.
- 23 There will be multiple points of engagement with the disability community and DSS stakeholders throughout the programme. As such, opportunities will be created to enable disabled people, their families and whānau, and carers to provide input throughout the programme. Following the public announcement, officials will communicate with the community and DSS stakeholders on decisions taken and what to expect. More specific engagement will occur in Stages Two and Three. I will be taking advice from officials on options for a consultation and engagement strategy.

### **Progress will be undertaken in three stages**

- 24 I propose changes to agency arrangements to support improvements to DSS while also strengthening the role of MoDP in influencing government policy:
- 24.1 shifting DSS into MSD as a branded business unit; and
- 24.2 establishing MoDP as a standalone public service department.

#### *Stage One: shifting DSS into the Ministry of Social Development as a branded business unit*

- 25 Stage One will focus on recommendations 1, 2, 3, and 7, providing immediate steps towards financial stability.
- 26 In relation to recommendation 7, it is clear that for DSS to be financially viable now and in the future, the Crown needs greater oversight over its delivery. I consider that the departmental agency model is not appropriate for an appropriation of this scale. To enable me to meet my responsibilities, I require absolute clarity of accountability for the administration of the appropriation and delivery of these services to disabled people. I therefore seek Cabinet's agreement to transfer DSS functions to MSD, including:
- 26.1 core DSS functions currently delivered by the Commissioning, Design and Delivery group within MoDP; and
- 26.2 policy and quality assurance functions relating to DSS services and other supporting functions.

- 27 As a branded business unit within MSD, DSS can remain visible to the disability community. Practically, this would mean while it sits in an operational part of MSD, it will have its own branding, with a senior leader responsible for its day-to-day operations.
- 28 The Chief Executive of MSD would be accountable to me for the policy and delivery of DSS, the management of the associated appropriation, and advice on policy changes and implementation of the panel's findings and recommendations.
- 29 While MSD's scale and expertise in financial management, capability and performance evaluation will be of assistance, MSD is under considerable pressure at the moment and is already responsible for delivery of two Government targets. While transferring DSS to MSD will severely limit its ability to take on new responsibilities, on balance, it remains the best option.
- 30 Following Cabinet agreement, I will direct officials to undertake the necessary work to support a smooth transition of DSS to MSD and the establishment of the new standalone department. This will include implementing the transfer of relevant DSS resources, contracts, appropriation funding and staff to MSD, and the transfer of remaining resources, contracts, appropriation funding and staff to the new department. I expect both the transfer of DSS to MSD and the establishment of MoDP as a public service department to be cost-neutral (i.e. no new funding will be required).

*Establishing the Ministry of Disabled People as a standalone department*

- 31 Following the transfer of DSS to MSD, I propose MoDP be established as a standalone department to ensure there is a strong focus across government on the diverse needs of disabled people.
- 32 My vision for MoDP is that it will provide strong leadership across Government on disability matters to help improve outcomes for disabled people. Placing the delivery of DSS in MSD will ensure MoDP can focus on critical system leadership issues, and bring its expert advice to the work of Government.
- 33 MoDP would have roles and functions similar to other population-focused agencies including:
  - 33.1 **System leadership and societal change** – provide coherent system-level leadership and stewardship that aligns priorities and focus across government. This includes accessibility, the New Zealand Sign Language Board; the New Zealand Disability Strategy; and compliance with the UN Convention on the Rights with Persons with Disabilities.
  - 33.2 **Strategic policy** – provide strategic policy advice on matters affecting disabled people such as education, health, employment, transport and housing.
  - 33.3 **System Level Monitoring** – evaluate and monitor progress and outcomes for disabled people against key government goals.
  - 33.4 **Disability Information and Advice** – provide an integrated source of government information for disabled people including the coordination of alternate formats.

**33.5 Manage government relationship with disabled people** – support other government organisations to connect with the diverse needs of disabled people.

*Stage Two*

- 34 Stage Two will focus on recommendations 5 and 6, addressing DSS eligibility and guidance to improve fairness, prioritise those with the highest needs, and reduce regional variability in how DSS and EGL operate across New Zealand. I propose that a review of existing policy and operational settings be undertaken in consultation with the disability community, and decisions to be taken by the end of 2024.
- 35 Work to stabilise DSS must consider the authorising environment and eligibility, the latter which is only provided for in a 1994 Cabinet decision. This is best placed in Stage 2 because it will be linked to the work to be undertaken in response to recommendation 5. Any decisions will directly impact services for disabled people, through creation of new policy for the allocation and use of DSS funding. I will return to Cabinet to seek agreement to these final policy settings.

*Stage Three*

- 36 Stage Three will address recommendation 4 which concerns strengthening monitoring and assessment, and the remaining aspects of recommendation 7 in relation to shared services. It will also address the panel's findings, aiming to introduce much-needed rigour to DSS. This is essential to address the long-standing issues MoDP inherited during establishment.
- 37 Demand for DSS is increasing, with expenditure increasing from \$1.17b in 2015/16 to \$2.33b in 2023/24 – representing an average growth of 9.0% per annum. While the various reviews and reports shed some light on the reasons for this, further robust and rigorous analyses of the cost drivers are needed to adequately inform the options the Government can take to deliver fair, predictable, and sustainable support services to disabled New Zealanders.
- 38 Actions will include increasing visibility of financial and non-financial performance, establishing an effective monitoring function, and reviewing service lines to improve simplicity and national consistency. DSS has become opaque and overcomplicated, when it should be simple and transparent.
- 39 I believe the changes proposed will bring greater certainty and fairness to the delivery of DSS and enable MoDP to focus on cross government leadership. While there may be some disappointment from the community at the changes to MoDP, I consider the risks and issues identified in various reviews mean disabled people will be served better through the changes I am proposing.
- 40 I expect to seek Cabinet's agreement to critical decisions and any further work, as well as report back on progress by the end of 2024.

**No further funding is required to undertake this work**

- 41 As a part of its establishment through Budget 22, MoDP was allocated funding for disability system transformation. This funding (\$73.7m over four years and \$40.5m in

outyears) is managed as a separate line item within MoDP's baseline, and was drawn down in September 2023, with \$15.6m allocated for 2024/25.

- 42 Significant work is needed to update allocation and pricing tools and to implement NASC and EGL site budgets to ensure that the system can operate within its baseline. Therefore, I am proposing that the system transformation funding of \$15.6m in 2024/25 be allocated to progressing the programme. This means that the national roll-out of the EGL approach will be paused until work on the three stages has been completed. Due consideration of the future of this transformation funding in outyears will need to be undertaken to ensure its appropriate use.
- 43 Additional funding to commence the work of the programme, and undertake any engagement or consultation, is not required as it will be resourced through existing appropriations and agency baselines.

### **Cost-of-living implications**

- 44 There are no cost-of-living implications in this paper.

### **Financial implications**

- 45 Any savings from progressing recommendations 1 to 3 would only be in place from implementation partway through FY 2024/25, and there continues to be significant year-on-year growth in the number of people accessing DSS. Further actions and decisions will be needed through Stages Two and Three to ensure the longer-term fiscal sustainability of DSS alongside other Government priorities.
- 46 As part of the overall cost pressure funding, Budget 2024 provided \$92 million in time-limited funding for 2024/25. This means the funding currently allocated in 2025/26 is less than in the current financial year. As part of Stages Two and Three, further work is needed to estimate the potential impact of the proposed actions and how they will impact on funding requirements for DSS.

### **Legislative implications**

- 47 Orders in Council are required to establish MoDP as a standalone department and list it in the relevant schedules to the Public Service Act 2020 and the Ombudsmen Act 1975; and to disestablish the MoDP in its current form by removing it from the schedules to those Acts.

### **Impact analysis**

#### **Regulatory Impact Statement**

- 48 The Ministry for Regulation has determined that the proposals in this paper are exempt from the requirement to provide a Regulatory Impact Statement, on the grounds that the proposals have no or only minor impacts on businesses, individuals, and not-for-profit entities.



### Climate Implications of Policy Assessment

49 A Climate Implications of Policy Assessment is not required for this proposal.

### Population Implications

50 These recommendations will support disabled people and carers throughout New Zealand by reducing unfairness across the disability support system.

### Human Rights

51 The proposal in this paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### Use of external resources

52 External resources have not been involved in the preparation of this paper.

### Consultation

53 The Treasury, Public Service Commission, the Department of the Prime Minister and Cabinet, the Ministry of Social Development, and the Ministry of Disabled People – Whaikaha were consulted in the development of this paper.

### Communications

54 As consistent and clear communication to the disability community is crucial, I intend to publicly announce these changes on 15 August 2024.

### Proactive Release

55 I intend to proactively release the two Cabinet papers and Minutes [CAB-24-SUB-0141 refers] (including this paper and associated Minute) on the MoDP website, in accordance with my public announcement. This will include the appendices to the Cabinet papers, including the DPMC Stocktake, the panel's terms of reference, the panel's phase one report and the MoDP Chief Executive's written response. I will also proactively release the Rapid Assurance Review. Alternate formats will be published as they become available.

### Recommendations

The Minister for Disability Issues recommends that Cabinet:

- 1 **note** the independent review panel providing advice on Disability Support Services (DSS) administered by the Ministry for Disabled People – Whaikaha (MoDP) has submitted its phase one report, articulating six key findings and seven recommendations;
- 2 **agree** not to progress with phase two of the independent review;
- 3 **agree** to replace phase two of the independent review with a three-stage approach beginning immediately:

**IN CONFIDENCE**

- 3.1 Stage One will focus on recommendations 1, 2, 3 and 7 (with some aspects coming into effect immediately and the remainder expected to be actioned by 30 September 2024)
- 3.2 Stage Two will focus on recommendations 5-6 (expected to take decisions by the end of 2024)
- 3.3 Stage Three will focus on recommendation 4 (expected to take decisions by the end of 2024)
- 4 **note** the Minister for Disability Issues will establish a taskforce within the Ministry of Social Development (MSD), consisting of senior officials from select agencies, to ensure the implementation of the recommendations
- 5 **agree** to transfer Disability Support Services (DSS) and related functions from MoDP to MSD as a branded business unit, including:
  - 5.1 core DSS functions currently delivered by the Commissioning, Design and Delivery group within MoDP; and
  - 5.2 policy and quality assurance functions relating to DSS services and other supporting functions;
- 6 **note** transferring DSS to MSD will severely limit MSD's ability to take on new responsibilities for the foreseeable future
- 7 **s9(2)(f)(iv)** [REDACTED]
- 8 **note** that the Chief Executive of MSD will be accountable to the Minister for Disability Issues for the policy and delivery of DSS, the management of the associated appropriation, and implementation of the reviews findings and recommendations
- 9 **agree** to establish the MoDP as a standalone public service department (the new department) before the end of the year, replacing the current departmental agency, with responsibility for leading and influencing policy as it pertains to disabled people, monitoring the effectiveness of government services for the disability community, and assisting the government to engage and manage its relationships with the community;
- 10 **agree** that the functions of the new department will include:
  - 10.1 System leadership and facilitating societal change – provide coherent system-level leadership and stewardship that aligns priorities and focus across government. This includes accessibility, the New Zealand Sign Language Board, the New Zealand Disability Strategy, and compliance with the UN Convention on the Rights with Persons with Disabilities;
  - 10.2 Strategic policy – provide strategic policy advice on matters affecting disabled people such as education, health, employment, transport and housing;
  - 10.3 System level monitoring – evaluate and monitor progress and outcomes for disabled people against key government goals;

**IN CONFIDENCE**

- 10.4 Disability information and advice – provide an integrated source of government information for disabled people including the coordination of alternate formats;
- 10.5 Manage government relationships with disabled people – support other government organisations to connect with the diverse needs of disabled people;
- 11 **note** that, subject to undertaking consultation with impacted staff, the Chief Executive of MoDP intends to transfer existing MoDP staff to MSD or the new department, as appropriate, under the Public Service Act 2020;
- 12 **invite** the Minister for the Public Service to issue drafting instructions to the Parliamentary Counsel Office for Orders in Council to:
- 12.1 establish MoDP as a standalone public service department by adding it to Part 1 of Schedule 2 of the Public Service Act 2020 and Part 1 of Schedule 1 of the Ombudsmen Act 1975;
- 12.2 disestablish MoDP as a departmental agency by removing it from Part 2 of Schedule 2 of the Public Service Act 2020 and Part 1A of Schedule 1 of the Ombudsmen Act 1975; and
- 12.3 provide for any transitional matters connected with the transfer of functions as necessary;
- 13 **agree** that formal communication of the decision to create MoDP as a standalone public service department, its expected establishment date and its role and functions, and the decision to transfer DSS to MSD can commence prior to the making of the Orders in Council;
- 14 **note** that the Chief Executives of MSD and MoDP (departmental agency), and the Chief Executive of the new department (once appointed), will work to implement the transition to the new arrangements for DSS and MoDP, including transfers of staff and other contracts currently held by MoDP and the continuation of shared services arrangements;
- 15 **note** that the decision to establish MoDP as a public service department will create an impending vacancy in the Chief Executive role for the new department, and the Minister for the Public Service will return to the Cabinet Appointments and Honours Committee to seek agreement to a position description for the substantive Chief Executive role, following consultation on priorities with the Minister for Disability Issues;
- 16 **note** that the Public Service Commissioner will undertake an appropriate process for chief executive arrangements for the new department, including any acting arrangements necessary through the transition and the option to fill the substantive chief executive role using chief executive transfer provisions under the Public Service Act 2020, in consultation with the Minister for Disability Issues;
- 17 **authorise** the Minister for Disability Issues and the Minister of Finance jointly to approve any changes to operating and baselines necessary to enable the establishment of MoDP as a standalone public service department and to transfer DSS and related functions to MSD, including establishing a new Vote and new appropriations (and categories) as necessary;

**IN CONFIDENCE**

- 18 **agree** to the transfers of funding and baseline changes authorised by the Minister for Disability Issues and the Minister of Finance jointly are fiscally neutral;
- 19 **note** that the multi-category appropriation “Supporting tāngata whaikaha Māori and disabled people” will remain in place within Vote Social Development to fund the delivery of DSS, with some funding transferred to the new Vote Disability for the new department, with the breakdown to be determined;
- 20 **note** that the Ministry of Disabled People (departmental agency) had funding approved through Budget 2022, (drawn down in 2023) to support the national roll-out of the Enabling Good Lives (EGL) approach, with \$15.6 million in 2024/25, increasing to \$40.5 million from 2027/28 onwards;
- 21 **agree** to pause work on the national roll-out of the EGL approach until work on the three stages has been completed;
- 22 **agree** to move the funding originally allocated for the national roll-out of the EGL approach in 2024/25 into a new category in the multi-category appropriation (MCA) to support the sustainability of DSS;
- 23 **agree** to add the following category to the MCA “Supporting tāngata whaikaha Māori and disabled people”:

<b>Title</b>	<b>Type</b>	<b>Scope</b>
Sustainability of Disability Support Services	Departmental Output Expense	This category is limited to activities supporting the sustainability of Disability Support Services

- 24 **agree** that expenses associated with the new category will be met in a fiscally neutral manner from within the existing amount of the MCA;
- 25 **approve** the following indicative spending profiles for the new category and changes to indicative spending profiles for existing categories, with no corresponding impacts on the operating balance and net debt:

<b>Vote Social Development Minister for Disability Issues</b>	<b>\$m – increase/(decrease)</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29 &amp; Outyears</b>
<b>Multi-category Expenses and Capital Expenditure</b>					
Supporting tāngata whaikaha Māori and disabled people MCA					
<b>Departmental Output Expense:</b>					
Stewardship of the Disability System (funded by revenue Crown)	(6.800)	-	-	-	-
Connecting people with supports and communities (funded by revenue Crown)	(2.770)	-	-	-	-
Sustainability of Disability Support Services	15.600	-	-	-	-

**IN CONFIDENCE**

(funded by revenue Crown) <b>Non-Departmental Other Expense:</b>					
Community Capacity and Support	(2.000)	-	-	-	-
<b>Non-Departmental Output Expense:</b>					
Community-based support services	(1.830)	-	-	-	-
Connecting and strengthening disability communities	(2.200)	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-

- 26 **agree** that the new category be included in the 2024/25 Supplementary Estimates and that, in the interim, expenses may be incurred against it under Imprest Supply;
- 27 **note** that joint Ministers approval will be required for any transfers between this and other categories until future transfer restrictions are agreed;
- 28 **note** the Minister for Disability Issues will update Cabinet on progress, and will seek required Cabinet decisions on any outstanding issues by the end of 2024.

Authorised for lodgement.

Hon Louise Upston  
Minister for Disability Issues

**Appendix 1: Independent Review of Disability Support Services – Phase One Report**

## Appendix 2: Steps that the Ministry of Disabled People – Whaikaha has taken to address its risks

Ministry of Disabled People - Whaikaha (MoDP) has taken steps within its available resource to address the risks identified by the Department of the Prime Minister and Cabinet's stocktake of the Ministry<sup>4</sup>. These include:

### High community and stakeholder expectations

- identifying a reset of the transformation of the system with a fiscal lens as a Ministerial priority.
- implementing a Transformation Management Board and Strategic Advisory Group as formal structured mechanisms for engaging with the disability community and working through stakeholder expectations. In addition to these two mechanisms, MoDP has numerous working groups and stakeholder groups across the disability sector and community that it engages with.
- developing its Statement of Intent and areas of focus over coming years, which is an opportunity for MoDP to have clear expectations and objectives, which will support a better understanding of the role and challenges faced by MoDP.
- appointing a permanent Kaihautū Māori to support improving relationships with iwi Māori and hapu and bring a focus on outcomes for tangata whaikaha Māori.

### Financial

- creating a financial sustainability work programme that has identified a range of savings options (many which informed the independent review's recommendations), and the contracting of EY NZ to develop new financial modelling (actuarial and forecasting) capability and capacity.
- creating a finance sub-committee of the Executive Team to provide strategic finance oversight and strengthening financial capability through the establishment of a larger finance team.
- establishing an external Risk and Assurance Committee and appointment of a Manager, Planning, Risk and Assurance focused on strengthening risk and assurance frameworks, with recruitment of Risk and Assurance specialists underway.
- establishing a Programme Management Office to drive project and programme management disciplines to ensure successful delivery of projects and programmes.
- building contractual and procurement capability through the establishment of a Commissioning & Procurement Board.
- developing a new payments system and online contract management (led by Health New Zealand – Te Whatu Ora, HNZ). Access to online contract management system will be in 2025.

---

<sup>4</sup> DPMC Implementation Unit (September 2023), *Briefing to the Minister of Finance: Stocktake of Whaikaha – Ministry of Disabled People*.

**Operational services and policy**

- establishing a commissioning function and work programme to lift commissioning practice in the Ministry. Actions include developing a commissioning framework, associated policies and practice, and working in relationship across government and the sector.
- reviewing shared services provision by HNZ completed and actions to address areas of improvement agreed by HNZ and under regular management between the two agencies.
- improvements in Privacy Maturity and information management practices, including to resolve access to historical records at HNZ to support information management contract management and compliance.

**Legal**

- appointing a Chief Legal Advisor and increased legal resourcing.

- s9(2)(h) [REDACTED]

[REDACTED]

**People**

- progressively implementing a strengthened organisational design, which builds capability in key second line assurance functions not transitioned from the Ministry of Health.
- building leadership capability across the organisation, focusing on capability in tier 2 and 3 leaders.
- a programme of work to align terms and conditions across its workforce.
- programme to develop positive workplace culture – a benchmark survey has been completed and programme is being delivered to lift engagement and improve culture consistent with public service expectations.

**A Rapid Quality Assurance Review**

- an external assurance review of the Ministry's commissioning and contract management practice and approach was undertaken to strengthen the contract management lifecycle, with critical recommendations currently under active management, and a programme to address remaining recommendations being developed.



**Appendix 3: Letter from the Chief Executive of the Ministry of Disabled People  
– Whaikaha**