



Briefing

Date:	24 August 2023
For:	Hon Priyanca Radhakrishnan, Minister for Disability Issues
Cc:	Hon Barbara Edmonds, Associate Minister of Finance
File Reference:	REP/23/8/750
Security Level:	Budget Secret

Disability Transformation Tagged Contingency Drawdown

Purpose

- 1 This paper seeks agreement to draw down a Budget 2022 tagged contingency for disability support system transformation.

Executive summary

- 2 The Minister of Finance and the Minister for Disability Issues have been delegated authority to approve the draw-down of a Budget 2022 contingency for disability support system transformation (with the amount of the contingency recently revised downwards (CAB-23-MIN-0344 refers)).
- 3 Drawdown of the contingency is subject to Ministers considering: a system operating framework; how the contingency will be used; an implementation plan; governance structures; risk management; and arrangements for ongoing reporting to Ministers.
- 4 We consider that the criteria for drawing down the contingency have been met, so Whaikaha now seeks your approval to draw-down the funding. More detailed implementation planning will be possible once the funding has been drawn down.
- 5 To build on work commissioned by Ministers in March 2022, officials from Whaikaha and the Treasury also recommend that you agree to establish a work programme on the fiscal sustainability of the disability support system, including the impact of the Enabling Good Lives (EGL) approach, to provide Ministers with better quality information on potential fiscal costs and risks, and the options for managing them.
- 6 The contingency funding will enable Whaikaha to deliver the following:
 - 6.1 *Improved safeguarding for people who are at risk of abuse (2,500 people will experience change over 4 years).* This enables the development and provision of a more robust response to disabled people identified as "in harm" within current services. Improving safeguarding will help respond to the issues raised by the Royal Commission on abuse in state care.
 - 6.2 *Extending EGL to historically under-served communities (1,000 people will experience change over four years)* [REDACTED]

████████████████████ This option will explore opportunities to integrate with Whānau Ora.

- 6.3 *Transforming existing disability support services (5,400 people will experience change over 4 years).* This initiative will change how existing disability support services operate.
 - 6.4 *Building community capability for partnership and stewardship (e.g. disability leadership groups).* This funds the establishment of regional leadership groups and the building of their capability and capacity.
 - 6.5 *System infrastructure changes.* Developing the data and payment system used in the demonstration sites into established systems. These will form the backbone of the transformed system.
 - 6.6 *Transformation management.* This will establish a Transformation Management Office (TMO) within Whaikaha to plan and implement the work programme. The TMO will oversee the detailed development and implementation of the contingency funded initiatives.
- 7 Treasury has been consulted on the paper and their feedback incorporated into it. The proposals for spending the contingency were developed through a process involving representatives of disabled people and whānau, disability NGOs and providers.

Recommendations

We recommend that the Minister for Disability Issues:

- a **Refer** this paper to the Associate Minister of Finance, Hon Barbara Edmonds, for her approval;

**Minister for
Disability Issues**
**Agree |
Disagree**

We recommend that the Minister for Disability Issues and the Associate Minister of Finance:

- | | Minister for
Disability
Issues | Minister of
Finance |
|---|---|--------------------------------|
| b Note that, in September 2021, Cabinet agreed to implement the EGL approach to disability support nationally, subject to Budget 22 decisions (SWC-21-MIN-0146 refers); | Noted | Noted |
| c Note that in Budget 22, Cabinet: | | |
| i agreed to establish a tagged operating contingency of up to the following amounts to provide for implementing the next stages of the EGL approach to disability support nationally: | Noted | Noted |

	\$m – increase/(decrease)			
	2022/23	2023/24	2024/25	2025/26 & Outyears
Implementing the EGL approach to disability support nationally Tagged Operating Contingency	14.600	17.500	27.400	40.500
Total Operating	14.600	17.500	27.400	40.500

- | | | |
|---|--------------|--------------|
| ii authorised the Minister of Finance and the Minister for Disability Issues to draw down the tagged operating contingency funding in recommendation c (i) above; | Noted | Noted |
| d Note that approval of the drawdown is subject to Ministers considering: a system operating framework; how the contingency will be used; an implementation plan; governance structures; risk management; and arrangements for ongoing reporting to Ministers; | Noted | Noted |
| e Note that in August 2023, Cabinet agreed to the following amended amounts for the tagged contingency (CAB-23-MIN-0344 refers): | Noted | Noted |

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Implementing the EGL approach to disability support nationally Tagged Operating Contingency	10.600	15.600	20.600	26.900	40.500
Total Operating	10.600	15.600	20.600	26.900	40.500

	Minister for Disability Issues	Minister of Finance
<i>Meeting the agreed criteria</i>		
f Agree to the implementation approach described in paragraphs 8 to 14, and Appendix One, below;	Agree Disagree	Agree Disagree
g Agree to the governance and advisory structures described in paragraphs 15 to 17 and Diagram One below;	Agree Disagree	Agree Disagree
h Agree to the operating framework for the transformed system described in paragraphs 18 to 23 and Diagram One below;	Agree Disagree	Agree Disagree
i Note that Whaikaha is still working with the disability community to develop partnership structures, but this does not impact on the implementation of contingency funded initiatives;	Noted	Noted
j Note the risk management issues and mitigations described in paragraphs 25 and 26 and Table One below;	Noted	Noted
<i>Fiscal sustainability work programme</i>		
k Note that the Minister of Finance has requested that officials develop a work programme around the fiscal sustainability of the disability support system and the impact of the EGL approach, and this has formed part of his recent delegation to Minister Edmonds;	Noted	Noted
l Agree to establish a work programme focused on the fiscal sustainability of the disability support system, including the impact of the EGL approach, with the purpose of providing Ministers with better quality information on potential fiscal costs and risks, and the options for managing them;	Agree Disagree	Agree Disagree
m Note that it is intended that the fiscal sustainability work will be combined with work commissioned by the Ministers of Finance, Social Development and Health in 2022 on options for improving fiscal management settings for Disability Support Services expenditure;	Noted	Noted
n Invite officials from Whaikaha and the Treasury to jointly report back to you in the next three months with a fiscal sustainability work programme, including opportunities to consolidate this work with previously commissioned work;	Invite do not invite	Invite do not invite
o Note the ongoing reporting to Ministers described in paragraph 34 and Table Three below that will include updates on progress and allow them to influence the future development of the operating framework;	Noted	Noted

Minister for Disability Issues

Minister of Finance

Financial recommendations

p **Agree** that the conditions described in recommendation d above have been met and the next stage of implementing the EGL approach to disability support nationally can now proceed;

Agree | Disagree

Agree | Disagree

q **Approve** the following changes to appropriations to provide for the decision in recommendation p above, with a corresponding impact on the operating balance and net debt:

Agree | Disagree

Agree | Disagree

Minister for Disability Issues	2023/24				
		2024/25	2025/26	2026/27	2027/28 & Outyears
Multi-Category Expenses and Capital Expenditure: Supporting tāngata whaikaha Māori and disabled people					
Departmental Output Expenses:					
Connecting people with supports and communities (funded by revenue Crown)	1.660				
Stewardship of the Disability system (funded by revenue Crown)	6.700	2.770	4.500	6.470	7.480
Non-Departmental Output Expenses:		6.800	6.410	6.030	10.760
Community-based support services	0.740				
Connecting and strengthening disability communities		1.830	4.200	7.120	10.190
Early intervention support services	-	2.200	3.000	4.100	6.700
Non-Departmental Other Expenses		0.000	0.490	1.180	2.870
Community capacity and support	1.500				
Total	10.600	2.000	2.000	2.000	2.500
Minister for Disability Issues	2023/24	15.600	20.600	26.900	40.500

r **Agree** that the proposed changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Agree | Disagree

Agree | Disagree

s **Agree** that the expenses incurred under recommendation q above be charged against the *Implementing the EGL approach to Disability Support Nationally* tagged contingency described in recommendation c above;

Agree | Disagree

Agree | Disagree

	Minister for Disability Issues	Minister of Finance
t Note that following the drawdown of the tagged contingency agreed to in recommendation q above, the tagged contingency will be exhausted and therefore closed.	Noted	Noted

Hon Priyanca Radhakrishnan
Minister for Disability Issues

Hon Barbara Edmonds
Associate Minister of Finance

Date:

Date:

Ben O'Meara
Deputy Chief Executive, Whaikaha

Date: 24 August 2023

Action for private secretaries:

Forward the paper to Hon Barbara Edmonds, the Associate Minister of Finance.

Disability Transformation Tagged Contingency Drawdown

Background

- 1 In September 2021, Cabinet agreed to implement the Enabling Good Lives (EGL) approach to disability support nationally, subject to Budget 2022 decisions (SWC-21-MIN-0146 refers). In Budget 2022, Cabinet agreed to contingency funding of \$100 million over four years, with outyear funding of \$40.5m from 2026/27 to enable the next stage of implementation to proceed.
- 2 The Minister of Finance and the Minister for Disability Issues were delegated the authority to draw-down the contingency at any time until 30 June 2024, if two sets of criteria are met. First, Ministers must agree to:
 - 2.1 A straightforward governance structure as well as advisory and partnership functions.
 - 2.2 A clear and comprehensive operating framework for the transformed system; and
 - 2.3 A clear and appropriately detailed plan to implement the transformed system;
- 3 Second, Ministers must receive information on:
 - 3.1 How the contingency funding will be used to further the implementation and/or design of the transformed disability support system;
 - 3.2 The key risks to the implementation and ongoing functioning of the transformed system and options for mitigating them; and
 - 3.3 How Ministers will be kept up to date with progress on the roll out and be given opportunities to influence ongoing implementation of the operating framework.
- 4 In August 2023, Cabinet agreed to amend the amount of the tagged contingency to the following (CAB-23-MIN-0344 refers)

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	Outyears
Implementing the EGL approach to disability support nationally Tagged Operating Contingency	10.600	15.600	20.600	26.900	40.500
Total Operating	10.600	15.600	20.600	26.900	40.500

- 5 The remainder of this paper addresses the criteria that need to be met to approve the drawdown of the tagged contingency, then sets out the financial implications if the draw down is approved.

Comment

- 6 Whaikaha will use the tagged contingency to carry out the next stages of the nationwide disability support system transformation that Cabinet agreed to in 2021. Implementing the transformation involves redesigning the disability support system from a set of predetermined services to instead build good lives for disabled people, tāngata whaikaha Māori, their families and whānau (disabled people and whānau) using flexible support arrangements.

- 7 The transformation draws on the EGL vision and principles, with the system guided by the purpose of 'disabled people, tāngata Whaikaha Māori, and their family and whānau live the life they are seeking'. Delivering the transformation requires changes to all elements of the system (a paradigm shift), which includes the following (see Appendix One for more detail):
 - 7.1 Community: investment in disability community leadership and in making the wider community more inclusive and welcoming to disabled people.
 - 7.2 Family and whānau: Build up and value existing and new support networks for disabled people and tāngata whaikaha Māori.
 - 7.3 Disabled people: Seen as experts and leaders in their own lives, with the support system understanding and responding to the disabled person's aspirations, will and preferences, and to their potential.
 - 7.4 Delivery: The development of providers and a workforce that support disabled people to exercise agency, choice, and control.
 - 7.5 Investment: Guidelines, tools, and processes for managing funding and its allocation. There is a range of options for managing personal budgets. Connectors | Kaitūhono (Connectors) work alongside people to help them plan for and build their lives. Providers and a workforce are in place to meet demand.
 - 7.6 Whaikaha System: system stewardship and governance are in place, a backbone for EGL expansion is built, outcomes, equity and finances are tracked and inform investment and financial risk management. There is appropriate legal authority for the transformed system.
 - 7.7 All of Government system: Leverage the investment in system transformation across the broader social sector (education, income and employment, housing, transport etc).

Implementation plan

- 8 The work programme required to make these system-wide changes is expected to take up to 10 years, with the actual changes made, and the speed at which they occur, being guided by ongoing Cabinet and Ministerial decision making. There are many matters in the work programme that meet the threshold for being considered by Cabinet (e.g., how to allocate funding), and additional resources will be required over time to support a full national roll out.
- 9 Whaikaha envisages that there will be three broad phases to implementing the required changes:
 - 9.1 *Phase One (2023/24 to 2025/26): Preparing for Full Implementation.* This phase involves the work programme described in this paper in the section entitled "how the contingency funding will be used." The focus is on:
 - 9.1.1 Creating the underpinning systems and process required to effectively manage the transformed system, developing the monitoring and reporting systems, building community capacity, beginning to transform residential care ("My Home, My Choice" and "My Time, My

Choice”¹) and beginning small-scale transformation initiatives in two new regions (in addition to Christchurch, Waikato and MidCentral).

- 9.1.2 Providing advice to Cabinet on a range of policy issues, including how to allocate funding, the most appropriate organisational form for the regional EGL sites, and addressing the wide-ranging policy issues raised by the envisaged Disability System Bill that will provide the necessary legal foundations for the transformed system.

As soon as approval is given to draw down the contingency, Whaikaha will recruit a team to carry out in-depth planning of this Phase. At the conclusion of this Phase, Whaikaha will present a business case for funding for full implementation of system transformation.

- 9.2 *Phase Two: Intensive development across Whaikaha (2026/27 to 2029/30).* This phase involves embedding the EGL principles into all aspects of support funded by Whaikaha. The development of systems and processes during Phase One will allow Whaikaha to implement the core underpinnings of the transformation. The primary focus will be on the following:

- 9.2.1 The progressive introduction of full regional EGL sites across the country, so that all people supported by Whaikaha can benefit from person-directed support options. This process will require a lead time of about 18 months before each site can be established.

- 9.2.2 Continuing to transform existing supports, over and above the changes being made to residential care. This means implementing changes to other services such as Home and Community Support, Equipment and Home and Vehicle Modifications, and Child Development Services.

- 9.3 *Phase Three: Embedding the transformation (2030/31 onwards).* This phase shifts the focus to full implementation. This involves the roll-in of the transformed system for all people within regional sites, the continued transferral of providers of existing services to new support models and retiring existing systems and processes. This reflects a shift towards the transformed system becoming ‘business as usual.’

During this phase, everyone supported by Whaikaha will benefit from the transformed system. In addition, development work shifts to:

- 9.3.1 Ongoing improvements to the transformed system;

- 9.3.2 Making complementary changes in other government agencies; and

- 9.3.3 Further work to transform disability supports funded through other government agencies.

10 The maturity model in Appendix Two describes in more detail the broad-ranging changes that Whaikaha expects will be made over time.

11 More detailed implementation planning will be possible once Whaikaha has drawn down the contingency funding, a part of which will be used to enable further development of the EGL model in ways that support a nation-wide roll out.

¹ My Home, My Choice focuses on transforming, and reducing entry into and increasing exit from, residential services. My Time, My Choice complements My Home, My Choice through giving people in residential care choice and control over what they do and when.

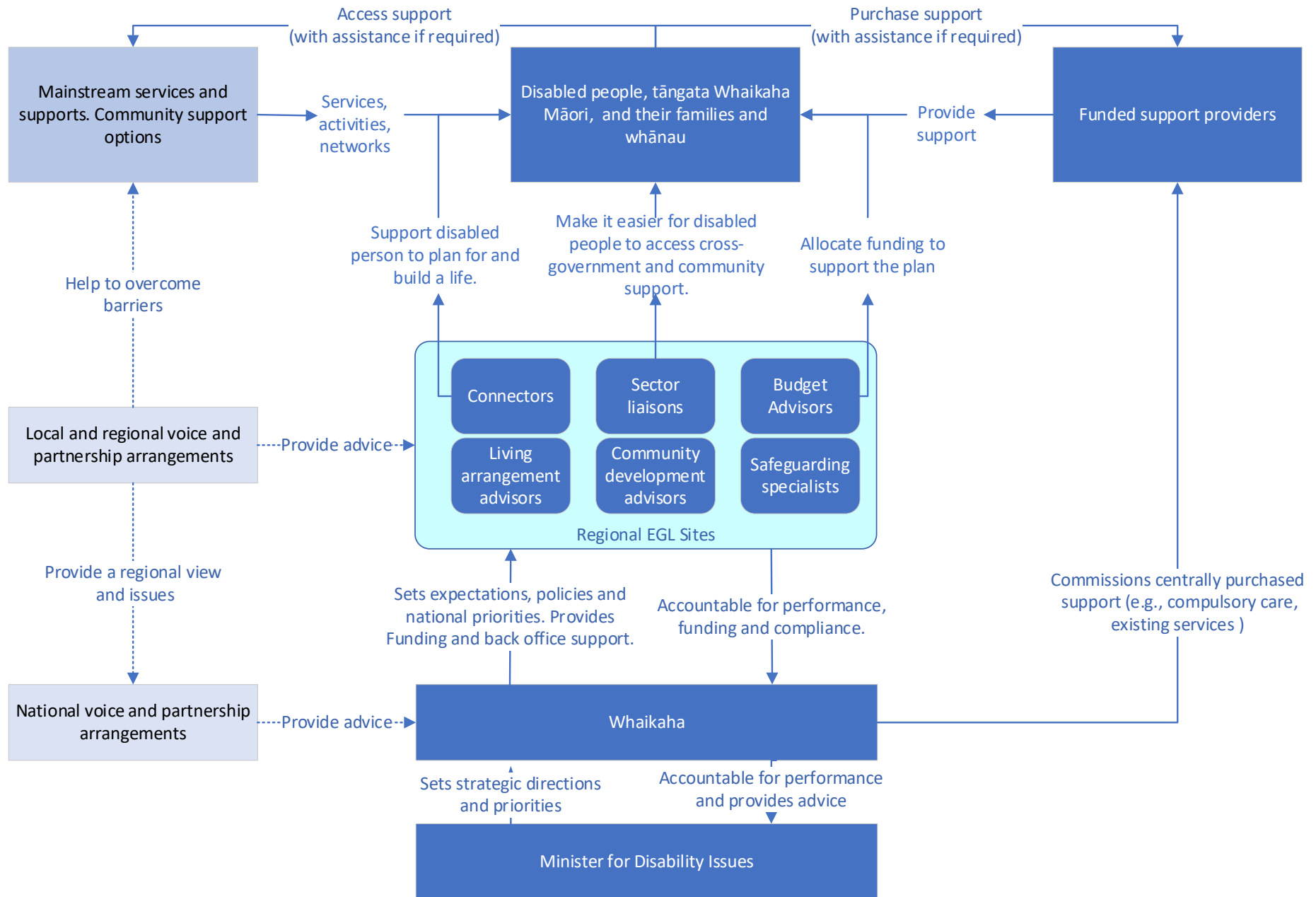
Differences from 2021 Road Map

- 12 This approach to implementation differs from the three-year phased road map that Cabinet endorsed in 2021 (SWC-21-MIN-0146, Appendix 5). That road map emphasised the following elements:
 - 12.1 Establishment of Whaikaha;
 - 12.2 Community capability building;
 - 12.3 Development of tools and practices to support person-directed commissioning and funding; and
 - 12.4 Transition from NASCs to new regional EGL entities.
- 13 That road map was predicated on the following assumptions:
 - 13.1 The full investment needed to transform the system being provided in Budget 22; and
 - 13.2 An expectation that the required development work could be carried out in about 18 months.
- 14 Whaikaha considers that the 2021 road map does not reflect the complexity and breadth of the changes required to fully transform the existing system. For example:
 - 14.1 It did not allow for investment in or development of Whaikaha's commissioning, funding, and data systems to enable Whaikaha to monitor and evaluate system transformation;
 - 14.2 It did not recognise the time required to develop and test policy and operational changes before significant changes could be implemented on the ground; and
 - 14.3 It did not recognise the lead time (at least 18 months for each region) required for regional EGL entities to begin operating, and the challenges of establishing several sites at the same time.

Governance, advisory and partnership arrangements

- 15 As shown in Diagram One on the following page, Whaikaha is accountable for the disability support system. This includes the management of the existing system, the funding allocated for it, its transformation, and the management of the transformed system.
- 16 Within Whaikaha, responsibility and accountability for the transformation itself will sit with a Transformation Board, chaired by the Chief Executive of Whaikaha. The Transformation Board will be supported by a Transformation Office, led by a Transformation Director.
- 17 These governance arrangements will be complemented by partnership arrangements with the disability community. Whaikaha is working with representatives of disabled people, tāngata whaikaha Māori, and their families and whānau to establish enduring arrangements for working in partnership with the community. These partnership arrangements will continue to develop through the early stages of implementing transformation throughout the 2023/24 financial year.

Diagram One: Governance Arrangements and Operating Framework for the Transformed Disability Support System



Operating framework

18 The operating framework for the transformed system is also summarised in Diagram One on the previous page. Key features of that framework are the following:

18.1 Whaikaha is accountable to the Minister for Disability Issues for the operation of the disability support system, including managing within the available funding and setting the framework within which other parts of the system operate.

18.2 Responsibility for the day-to-day operation of most of the disability support system will be delegated to 10 to 11 regional sites (apart from those functions which are managed nationally, such as compulsory care under the Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003).

18.3 National level partnership and voice mechanisms will provide advice to Whaikaha on what matters to disabled people and whānau, and how well the system is working for them. They will not, however, have decision making responsibility.

19 A Regional Director will be responsible for the operation of the transformed system within each site, including expenditure that they control. The regional sites will:

19.1 Invest in building up the capacity, capability, and confidence of disabled people and whānau to act for themselves.

19.2 Employ² Connectors who will support disabled people and whānau to plan for and build lives that are connected to their local community.

19.3 Employ Budget Advisors who will:

19.3.1 Allocate funding for personal budgets after reviewing funding proposals, with the amount of funding sought assessed against indicative ranges for the whole population in similar situations. Where necessary, indicative ranges may be adjusted to allow for early investments with a future payoff. Note that Connectors and people from the disability community are not involved in making funding allocation decisions.

19.3.2 Agree the purposes that funding can be used for, with purchasing guidelines agreed to by Cabinet³.

19.3.3 Allocate funding to enable a person to move on from a crisis. This funding is not, however, included in personal budgets, which means that it is not managed by the person themselves.

19.4 Employ sector liaisons who work behind the scenes to make it easier for disabled people and whānau to access social supports provided by other government agencies, and to access support available in the community generally (e.g., in Mana Whaikaha they are working with housing developers to create houses that can be leased to disabled people).

20 The work of Regional Directors will be supported in two important ways by the disability community:

² Note that in a small number of cases, people will be contracted to carry out roles, e.g., to avoid conflicts of interest.

³ In 2018, purchasing guidelines were agreed to by Cabinet for Mana Whaikaha (SWC-18-MIN-0108 refers). Any changes to these purchasing guidelines would need to be agreed by Cabinet.

20.1 Disabled people and whānau collectively will lead change within their community through e.g., removing barriers that disabled people and whānau face to living the life they are seeking. Removing barriers can help reduce the demand for disability support as funding is not required to overcome those barriers.

20.2 Regional Leadership Groups will advise the Regional Directors on the priorities for transformation and investment within their local communities. This can make it more likely that investments will benefit those communities. Note, however, that ultimate decision-making on funding and investment will sit with Regional Directors, under delegation from the Chief Executive of Whaikaha.

Purchasing guidelines

21 Subject to any future changes by Cabinet, Whaikaha will apply the purchasing guidelines that Cabinet has agreed for Mana Whaikaha (SWC-18-Min-0108):

21.1 A personal budget can be used to purchase goods and services that help a disabled person and their whānau to overcome barriers they face because of living in a disabling society;

21.2 A personal budget cannot be used to pay for:

21.2.1 Family carers who are not eligible to be funded under the government's funded family care policy;

21.2.2 Illegal activities, gambling, or alcohol;

21.2.3 Support for personal injuries that are covered by ACC;

21.2.4 As a general supplement to household income;

21.3 A personal budget can only be used to purchase a good or service that another government agency (other than ACC) has funding responsibility for after they have made reasonable efforts to access that support through the other government agency and the support is either not available in a timely manner or is not suitable.

22 Cabinet also agreed that a MidCentral Regional Governance Group (drawn from the Regional Leadership Group), appointed by the Minister for Disability Issues, would be responsible for decisions about whether an individual's funding can be used to pay for:

22.1 Alternative therapies that do not otherwise attract public funding; or

22.2 Goods and services that may lead to adverse public perceptions.

23 This reflected the view that the Governance Group was closest to the affected disabled person and their whānau, so had good access to the necessary information.

Risk management

24 The most significant risks to the implementation of the transformation of the disability support system are:

24.1 The possibility that transformation will exacerbate already high rates of cost growth occurring in the disability support system. There is a particular concern that the transformation might lead to an increase in the number of eligible people who seek support, over and above the increases currently occurring (which is discussed further in paragraphs 27 to 30 below).

24.2 The legal, operational, and financial risks arising from the current paid family carers litigation, with a Court of Appeal decision on some of the cases due to be released soon. Dependent on the Court’s approach, the decision may make it difficult to implement central aspects of the transformed system such as a defensible funding allocation process.

25 To manage this risk, legislative change may be needed to provide a clear framework for funding allocation. Policy advice on this and other legislation needed to create the legislative framework for the disability system is being developed by Whaikaha. Cabinet approval is likely to be sought early in 2024.

26 Other risks and their mitigations are described in Table One below.

Table One: Implementation Risks and Mitigations

Risk	Mitigations
Whaikaha is not able to implement at the pace anticipated	<ul style="list-style-type: none"> • Whaikaha is establishing an internal Transformation Management Office to oversee the system transformation programme and has appointed a Transformation Director. • Whaikaha will recruit the workforce to lead implementation as soon as the contingency draw-down is approved.
The community feels frustrated at the pace of EGL implementation	<ul style="list-style-type: none"> • The wider service improvement plan will begin to shift the whole system to align to EGL principles. • The Regional Leadership Groups will help to prioritise who can access the EGL features in their region.
Recruiting the right workforce in regions takes longer than anticipated	<ul style="list-style-type: none"> • Whaikaha is undertaking workforce planning and modelling. • Regional roll-out plans will be regularly reviewed based on recruitment progress, to enable different regional phasing if needed.
Personal budgets are not allocated fairly	<ul style="list-style-type: none"> • A budget range tool will be developed by Whaikaha to measure personal budget spend against benchmarks. • Budget advisors will determine funding allocations, with scope for escalation. • Separation of duties between being the disabled person’s ally in planning and implementing the budget, and the person agreeing the level of funding for the budget.
Misuse of personal budgets	<ul style="list-style-type: none"> • Cabinet mandated purchasing guidelines will govern the use of personal budgets. • Upfront support to build capability to manage a personal budget well. • A stepped approach of escalating support and responses where issues emerge.
System changes don’t deliver to EGL principles	<ul style="list-style-type: none"> • Overall roll-out will be overseen by arrangements involving Whaikaha, disabled people, tāngata whaikaha Māori, and their family and whānau.

Fiscal sustainability work programme

27 There are already high rates of cost growth in the disability support system and there are concerns around the impact that system transformation may have on the medium to long-term fiscal sustainability of disability supports. While Cabinet has taken an in-principle decision around the national roll-out, this was taken with limited visibility of the financial implications of this decision. Moreover, the current fiscal environment means there is more pressure on overall public funding.

- 28 The Minister of Finance requested that officials develop a work programme around the fiscal sustainability of the disability support system and the impact a shift to the EGL approach would have on this. Responsibility for this work programme has formed part of the recent Associate Finance portfolio delegation to Minister Edmonds.
- 29 Some of these issues are already being considered through work that the Ministers of Finance, Social Development and Health commissioned in March 2022. Those Ministers directed Whaikaha officials to investigate and report back ahead of Budget 2024 on options for improving fiscal management settings for Disability Support Services expenditure with a focus on options that:
- 29.1 Reflect the demand driven nature of the spend;
 - 29.2 Increase the transparency and accountability of expenditure;
 - 29.3 Provide a pathway for addressing key challenges to equitably funding clients and providers;
 - 29.4 Better manage spending growth fairly and sustainably for clients, the Crown, and providers; and
 - 29.5 Support strategic management of the spend.
- 30 We recommend that you invite Whaikaha and Treasury officials to jointly develop the details of this new work programme, including identifying opportunities to consolidate this new request with the earlier commissioning noted above. We will, along with the Treasury, provide you with advice on the detailed work programme for your agreement in the next three months. This advice will include a timeline of the proposed report backs. Indicative timing is provided in table three below, but this may be revised in the next report.

How the contingency will be used

- 31 The contingency will be used for the following initiatives:
- 31.1 *Initiative one: System infrastructure changes.* Developing the "boot-strap" data and payment system used in the demonstration sites into properly established systems. These will form the backbone of the transformed system. The intention is to use software-as-a-service options, rather than capital investment.
 - 31.2 *Initiative two: transformation management.* This establishes a Transformation Management Office (TMO) within Whaikaha under the Director, Transformation, to plan and implement the work programme. The TMO will oversee the detailed development and implementation of the contingency funded initiatives.
 - 31.3 *Initiative three: Improve safeguarding for people who are at risk of abuse (2,500 people experience change over 4 years).* This enables the development and provision of a more robust response to disabled people identified as "in harm" within current services. Improving safeguarding will help respond to the issues raised by the Royal Commission on abuse in state care.
 - 31.4 *Initiative four: Extending EGL to historically under-served communities (1,000 experience change over four years).* [REDACTED]
[REDACTED] This option continues the expansion of EGL through enabling us to learn what it means for EGL to work for Māori and to integrate with Whānau Ora.

9(2)
(f)(iv)

31.5 *Initiative five: transforming existing disability support services (5,400 people experience change over 4 years).* This initiative will change how existing disability support services operate, with a primary focus on two issues:

31.5.1 Reserving connector capacity to support disabled people considered "at risk" or "vulnerable". This will support, for example, outcomes under the My Home, My Choice, project.

31.5.2 Adding aspects of personal budgets, such as facilitation, to Individualised Funding, to improve the management of those service lines.

31.6 *Initiative six: building community capability for partnership and stewardship (e.g., disability leadership groups).* This funds the establishment of regional leadership groups and the building of their capability and capacity. Community leadership plays a central role in the transformed system, as the community collectively works to address barriers disabled people face. It also enables independent voices to provide valuable input into decision making.

Table Two: Expenditure on Contingency Funded Initiatives by year

Initiative	Intended Expenditure (\$millions)				
	2023/24	2024/25	2025/26	2026/27	Outyears
Initiative one: System infrastructure changes	\$4.0	\$4.0	\$3.6	\$3.2	\$3.2
Initiative two: Transformation management	\$2.7	\$2.8	\$2.8	\$2.8	\$2.8
Initiative three: Improve safeguarding for people who are at risk of abuse	-	\$2.2	\$3.0	\$4.1	\$6.7
Initiative four: Extending EGL to historically under-served communities	-	-	\$2.1	\$4.3	\$9.80
Initiative five: Transforming existing disability support services	\$2.4	\$4.6	\$7.1	\$10.6	\$10.7
Initiative six: build community capability for partnership and stewardship	\$1.5	\$2.0	\$2.0	\$2.0	\$2.5
Risk Pool	-	-	-	-	\$4.7
Total	\$10.6	\$15.6	\$20.6	\$26.9	\$40.5

32 Table Two on the previous page sets out contingency expenditure by component for each year. Following the decisions on the recent savings exercise:

32.1 Initiative three, Improve Safeguarding for People who are at Risk of Abuse, will now start in 2024/25.

32.2 Initiative four, Extending EGL to Historically Under-served Communities, will now start in 2025/26.

33 There is also a risk-pool in the out-years of \$4.7 million a year, which reflects the need for Whaikaha to manage the considerable uncertainty over medium term costs during transformation processes. Separating out a risk pool (rather than incorporating the risks into each line) reduces the chance that the risk reserve will not be spent on the transformation.

Ongoing reporting

34 There will be several opportunities for Cabinet to influence the design of the transformed system, how it performs, and how the next stages of the system transformation are approached. Indicative reporting dates are set out in Table Three below.

Table Three: Indicative Cabinet Reporting Dates

Date	Issues
Early 2024	Responding to the issues raised by the family carers litigation (timing is dependent on when the Court of Appeal releases its decision). Advice on a nationwide approach to funding allocation for the transformed system
Late 2024	Initial reporting to Ministers on the financial sustainability work programme.
Mid 2025	Reporting on the outcomes and costs of existing EGL demonstrations and the contingency funded changes.
September 2025	<ul style="list-style-type: none"> Any changes to high-level policies, the system transformation operating model and ways of working required to reflect Whaikaha's commitment to the Treaty. The feasibility of, and requirements for implementing, an approach in which community-based entities take on more responsibility for the operation of the transformed system. How the disability support system could be integrated more closely with other social services. Reporting to Ministers at the conclusion of the financial sustainability work programme.
Budget 2026	Funding sought for the next stage of system transformation.

Te Tiriti o Waitangi Analysis

35 Articles and treaty principles are interdependent. Progressing one article or principle frequently has a positive impact on others. The system transformation work aligns well with all articles of Te Tiriti and individual Te Tiriti principles, so funding and implementing this policy should significantly improve the alignment of the disability support system with Te Tiriti o Waitangi.

36 Māori have concerns about the disability support system that are currently being heard by the Waitangi Tribunal in the ongoing Health and Disability Kaupapa Inquiry (Wai 2575). Those concerns include:

36.1 The current disability support system does not work well for tāngata whaikaha Māori me o rātou whānau, as evidenced by the disproportionately low uptake of disability support services by tāngata whaikaha Māori.

36.2 Tāngata whaikaha Māori have also expressed that their identities as both disabled people and Māori are not acknowledged by government systems.

37 The transformation of the disability support system will promote improved outcomes for tāngata whaikaha Māori me o rātou whānau and alignment with Te Tiriti o Waitangi.

37.1 **Article One - kāwanatanga:** Transforming the disability support system in line with Enabling Good Lives and Whānau Ora principles is a direct expression of both kāwanatanga and the principle of *whakamaru* (active protection). The

Crown has identified inequities and is developing policies to remedy them in partnership with tāngata whaikaha Māori. Through system transformation, the Crown is also acting to embed those changes into the future disability support system and will monitor the success of those investments in relation to outcomes that matter to disabled people and tāngata whaikaha Māori.

The future system transformation work aligns well with the Crown’s obligation to work in *pātuitanga* (*partnership*) with Māori. To date, tāngata whaikaha Māori have actively participated in developing and making real the vision expressed in Enabling Good Lives, including through a Whānau Ora Interface Group. The next stage of transformation includes developing a partnership with Iwi and tāngata whaikaha Māori.

37.2 Article Two – tino rangatiratanga: The continued implementation of system transformation will enable more tāngata whaikaha Māori me o rātou whānau to have a greater degree of choice and control over their supports and broader lives. This shift helps to support *tino rangatiratanga* as it enables tāngata whaikaha Māori to determine for themselves what a good life looks like for them in the context of their communities and to receive support on their journey to achieve it.

By growing choice and control, more tāngata whaikaha Māori me o rātou whānau will be able to allocate their resources towards supports that respond to what is important to them, including more culturally appropriate supports. This will create the space necessary for communities to promote more community-led, culturally appropriate supports and thus effective *kōwhiringa*.

37.3 Article Three - ōritetanga: Māori experience higher levels of disablement than non-Māori in Aotearoa and the rebalancing of current inequities in access to support promotes *ōritetanga* (*equity*). [redacted] opportunities to develop and implement a Te Ao Māori approach to system transformation, which will help to improve equity.

9(2)(f)
(iv)

Engagement

38 The approach to system transformation forming the core of this paper was developed through a process involving representatives of disabled people and whānau, disability NGOs and providers.

39 Treasury has been consulted on the paper and their feedback incorporated into it.

Financial Implications

40 Following Cabinet’s decision in August 2023, the tagged contingency, which expires on 30 June 2024, is for up to the following amounts:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	Outyears
Implementing the EGL approach to disability support nationally Tagged Operating Contingency	10.600	15.600	20.600	26.900	40.500
Total Operating	10.600	15.600	20.600	26.900	40.500

41 The plans described in this paper for implementing the next stages of system transformation require the following changes to appropriations, with a corresponding impact on the operating balance and net core Crown debt:

Vote Social Development	\$m – increase/(decrease)				
Minister for Disability Issues	2023/24	2024/25	2025/26	2026/27	Outyears
Multi-Category Expenses: Supporting tāngata whaikaha Māori and disabled people					
Departmental Output Expenses:					
Connecting people with supports and communities	1.660	2.770	4.500	6.470	7.480
Stewardship of the Disability system	6.700	6.800	6.410	6.030	10.760
Non-Departmental Output Expenses:					
Community-based support services	0.740	1.830	4.200	7.120	10.190
Connecting and strengthening disability communities		2.200	3.000	4.100	6.700
Early intervention support services	0.000	0.000	0.490	1.180	2.870
Non-Departmental Other Expenses					
Community capacity and support	1.500	2.000	2.000	2.000	2.500
Total	10.600	15.600	20.600	26.900	40.500

42 The expenses described in paragraph 41 above will be charged against the *Implementing the EGL approach to Disability Support Nationally* tagged operating contingency. The proposed increases to appropriations for 2023/24 will be included in the 2023/24 Supplementary Estimates and, in the interim, will be met from Imprest Supply.

43 Funding for future tranches of implementation will be sought in the usual way through future budget processes. The plans for using the tagged contingency set the system up for further system transformation but allow Cabinet to determine when the next stages of the national roll-in will be funded.

Next steps

44 Once the contingency draw down is approved, Whaikaha will finalise its detailed planning for, and commence implementing, the contingency funded initiatives, as well as continuing the fiscal sustainability work programme.

Ends.

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Appendix One: Transforming the system so disabled people have agency and an eco-system of safeguards

	Current state	Future state: Disabled people have agency, and an eco-system of safeguards	Actions needed to transform the system
Community disability-focused and wider	Ad hoc processes for hearing and responding to the voices of disabled people and tāngata whaikaha Māori Low investment in disabled people and tāngata whaikaha Māori community leadership capacity, capability, and confidence.	Effective, representative national partnerships, to guide Whaikaha’s strategic priorities. Networks of people invested in for the wellbeing of disabled people and their whānau. Community safeguards: build the capacity, capability, and confidence of the community to create and maintain inclusive and welcoming places and spaces.	Investment in community leadership, regional leadership groups, Disabled People and tāngata whaikaha Māori Organisations to create a ‘network of networks’ Investment in mainstream community, so it develops more inclusive and welcoming places and spaces.
Disabled person’s whānau	Existing networks are expected to continue supporting disabled people. This can lead to feeling unsupported and stretched to beyond coping.	Have sustainable expectations of what family and whanau members can provide. Relationship safeguards strengthen relationships between disabled people and their whānau, expand their networks and increase their community connections (both for disabled people and for whānau).	Existing networks built up and valued, and new networks developed. Resources to support family/ whānau, education, tools, and options on how supports and funding can be used to maximum effect. Investment in intentional networks / circles of support.
Disabled people	Often the focus is on what disabled people can’t do (deficit and needs-based) Funding is siloed, with low flexibility. Mainly get a set of services based on ‘need’, (and what the system has already contracted) Often seen as passive recipients of services. Enabling Good Lives approach in 3 locations (only one - Mana Whaikaha- reaches the whole eligible population).	Supported to build a life they are seeking across the full range of disability and mainstream supports. Have genuine options, including where they live, who they live with, and what they do each day. Able to access a flexible personal budget. Have the skills, agency, confidence, and support to form, express, test and enact their will and preference. Access to a peer-to-peer advocate supporting them to express their voice. Are supported in gaining foundational skills: <ul style="list-style-type: none"> self-regulation and attachment (communication, behaviour, consequences, choice) forming boundaries (e.g., bodily consent) and other decision-making habits re-negotiating boundaries in adolescence and adulthood (identity, sexuality, perspectives, contributions) creating a strong set of life-skills to exercise practical agency (e.g., financial literacy). Personal safeguarding through: <ul style="list-style-type: none"> building disabled people and tāngata whaikaha Māori capability to make informed choices about their lives, including the dignity of taking everyday life risks supported decision-making is widely used in all contexts to enable agency, choice, will and preference ensuring strong, healthy relationships and community connections are seen as foundational, and are invested in and strengthened ensuring every person’s rights to be free from abuse and violence. 	Disabled people and tāngata whaikaha Māori are seen, and treated as, experts and leaders in their own lives Self-directed planning and facilitation, to reflect the disabled person’s aspirations, will and preferences, progress, and possibilities Build independent voice and feedback mechanisms into decision-making Kaitūhono workforce and peer-to-peer workforce are available (and are skilled and representative) Disabled person is seen in their wider context, not in their ‘funded support’ context Flexible personal funding options in place Investment in supported decision making (+ contractual expectations that all involved in ‘the system’ keep the disabled person’s will and preference at the forefront of decision making).
Delivery	Funding approach tends to be siloed, and focuses on ‘needs’, ‘crises,’ and escalated situations Focus predominately on social services, and often misses broader life outcomes and contexts	Supporting disabled people to exercise will and preference Ensure planning is person-directed, and supports ordinary life outcomes, with a tailored mix of equipment, technology, accommodation, capability building and support (from family, peers, community, support workers, facilitators, Kaitūhono and professionals if needed). Disability and community services safeguards: mechanisms to protect and promote people’s rights against the risks that arise within the disability support system and wider community.	The development of a workforce that can enable disabled people and tāngata whaikaha Māori to exercise agency, choice, and control. Greater investment in Kaitūhono (connectors) with parallel investments in communities, to: <ul style="list-style-type: none"> ensure they become more inclusive and welcoming assist with self-directed planning and flexible use of funding.
Investment	Decisions on funding are made by a third party (NASC, Individualised Funding host, service provider), often initiated in response to a crisis. Funding reflects contract lines rather than what is important to the person	Allow for flexible investments, supported by parameters for allocation and prioritisation. Broaden investment from social services to capability building (people, peers, community) and broader life outcomes (e.g., education, employment, enterprise, home ownership etc) Investment safeguards: build funding, prioritisation and allocation approaches that allow for flexible responses to disabled people’s will and preferences and needs.	Guidelines, tools, and processes are in place for funding, allocation, and prioritisation. Range of options for managing personal budgets. Connectors work alongside people to help them plan for and build their lives Workforce planning (including pay equity), diversity and development is in place to meet current and forecast demand
System: Whaikaha	Focus on a sub-set of disabled people Challenge in tracking or matching investments to outcomes (personal and population level) Some funding decisions have been successfully challenged in court.	EGL principles are increasingly visible in funding, support and services across all agencies who support disabled people. Enable disabled people the dignity of ‘everyday’ risks, while ensuring they are not placed in situations where they are at risk of abuse (financial, physical, emotional etc) Understand population-level demand, and key transition points. Whaikaha system safeguard: in collaboration with disabled and whanau experts, monitor and review strategies, policy, and practice to ensure they work to increase agency, choice and control, safety, and wellbeing for disabled people and their whānau.	Stewardship and governance for system transformation is in place. Backbone for EGL expansion is built. Options to improve cross-government funding and build EGL principles into all forms of disability support are developed Outcomes and equity are tracked, and inform investment, and fiscal risks are managed through fit-for-purpose financial tracking mechanisms. There is legal authority to support flexible funding approaches and decisions.
System: All of Government	Lack of data, data consistency and data sharing on the issues faced by disabled people Low awareness of responsibilities to the UNCRDP including work to eliminate poverty and inequality for disabled people Centrally-set barriers to person and whānau-centred ways of working, investing, and assessing outcomes.	Better alignment across disability and mainstream services and supports, and EGL principles are applied by all government agencies supporting disabled people. Government agencies take responsibility for improving outcomes for disabled people, their whānau and communities. Potential changes are made to the broader social support system. This includes responsibility for mainstream family violence responses that are safe and accessible Population outcomes and public value is improved through earlier, more holistic support and investment, for disabled people, family/ whānau and communities. All of government systems approach to safeguarding: to promote disabled people’s rights, wellbeing and safety through legislation, regulations, policy, and other mechanisms that have a broader focus than disability support.	Leverage policy and investment across the broader social sector (education, income and employment, housing, transport etc) Leverage enablers (e.g., IT and workforce development in health and MSD, improved legislative underpinning across Employment, Health and Safety, Adult Decision-making Acts, and possible amendments to other acts, as well as improving outcome measurement to support investment decisions, including early investment and capability development (people, whānau, communities, community leaders, peer workforce etc).

Appendix Two: Maturity model - what the transformed disability system looks like over time

Time	Current state	1-2 years	3-5 years	10 years
Te Tiriti o Waitangi	<p>Tino rangatiratanga (self-determination) requires Māori self-determination and mana Motuhake in design, delivery and monitoring of services and systems. Ōritetanga (equity) requires the Crown to commit to achieving equitable wellbeing outcomes for Māori. Whakamaru (active protection) requires the Crown and its agents to work towards equitable wellbeing outcomes for Māori, including across broader psychosocial and environmental determinants of wellbeing. Kōwhiringa (options): requires properly resourcing kaupapa Māori services, support for Māori models of care and ensuring all services are culturally safe. Pātuitanga (partnership) requires the Crown and Māori to work in partnership in the governance, design, delivery and monitoring of services and systems.</p>			
	Commitment to building strong partnerships with tāngata whaikaha Māori and developing mechanisms to apply Te Tiriti o Waitangi to policy and service delivery design.	Growing application of Te Tiriti o Waitangi principles in policies, strategies, tools, processes, and monitoring. Building mechanisms for whānau voice.	Te Tiriti o Waitangi principles are embedded into core organisational policies and practices.	Te Tiriti o Waitangi principles are embedded into all organisation policies and practices.
Community disability-focused and wider	Ad hoc approach to disabled people's – and their communities' – voice. Low investment in community leadership. Communities can be inaccessible or unwelcoming to disabled people.	Mechanisms are in place to capture the voice of disabled people and their communities, and the 'network of networks' begins to grow. Resources are directed to supporting community and regional leadership (led by the disability community), DPOs and helping the wider community to become more accessible and welcoming.	Disabled leaders and partnerships are more visible at the national, regional, and local levels, for disability and broader wellbeing issues (social, economic, education, housing etc). Communities are more accessible and welcoming.	Disabled leaders and partnerships are influential at all levels, and across all sectors, and shape strategic priorities. Communities are inclusive and welcoming places and spaces for disabled people.
Disabled person's whānau	Expectation of continued support, even when stretched. Low investment in networks of support.	Resources are in place to support family/ whānau: education, tools, and options on how supports and funding can be used to maximum effect.	Networks of support are becoming established.	Strong support networks in place. Family/ whānau feel valued.
Disabled people	Often seen through a deficit and needs-based mindset, and as passive recipients of services. Funding is siloed, with low flexibility. Get what the system thinks they need. Safeguarding focuses on protection from abuse and harm.	Strengths-based and holistic, with a focus on building skills, agency, and confidence to form, express, test and enact their will and preference. Flexible funding options are available to more disabled people. Safeguarding broadens from protection from harm to building healthy relationships and community connection. Build independent voice and feedback mechanisms into decision-making.	Self-directed planning and facilitation, to reflect the disabled person's aspirations, will and preferences, progress, and possibilities. Funding is flexible and seamless. Safeguarding occurs across many levels.	Disabled people are experts and leaders in their own lives, and are supported to build a life they are seeking (across the full range of disability and mainstream supports). Have genuine options, including where they live, who they live with, and what they do each day. An 'eco-system' of safeguarding exists (across community, relationship, personal levels, services, the disability, and wider government system). Disabled people are at no greater (or less) risk than other New Zealanders.
Delivery	Focus on services to address needs. Third parties make funding decisions. The workforce has a primary focus on 'doing things to' disabled people. EGL principles applied in specific locations, and to parts of disability support.	Greater investment in Kaitūhono (connectors). Development of the peer-to-peer workforce. Increased support for disabled people to exercise will and preference. Services and other supports are more holistic, and strengths-focused. Application of EGL principles evident in more locations, and across more disability supports (e.g., residential) and specialist services.	Connector and peer-to-peer workforce become more skilled and representative. Planning becomes more person-directed. Increased options in the range of supports available, providers and workforce (e.g., peer support). EGL principles continue to expand across all parts of the disability support system.	Connector and peer-to-peer workforce are skilled and representative. Planning is person-directed and supports ordinary life outcomes. EGL principles evident in all parts of Whaikaha's disability support system and are also increasingly shaping other forms of disability support across government.
Investment	Focus is on social services. Funding is siloed, focused on services, 'crises and escalated situations. EGL sites operate as extended pilots.	Investment to understand how to embed EGL approach at scale (what are core elements, and parameters of flexibility, for processes and priorities). Tools and processes are in place for funding, allocation, and prioritisation. Develop the EGL backbone, to support expansion. EGL not yet the norm across the disability system.	Investment has expanded from social services to capability building (people, peers, community) and broader life outcomes (e.g., education, enterprise). EGL is increasingly becoming the norm across the disability support system.	Allow for flexible investments, supported by parameters for allocation and prioritisation. EGL is the norm across the disability support system. Increasing devolution of funding to disabled people and partnerships, recognising their leadership role.
System: Whaikaha	Transformation activity is subsumed by everyday delivery requirements. Focus on a sub-set of disabled people. Tracking is output focused. Some funding decisions have been successfully challenged in court.	Effective governance drives the transformation work programme. EGL is increasingly shaping how Whaikaha operates. Options to improve cross-government funding and build EGL principles into all forms of disability support are identified. Information management system developed. Legal authority for funding decisions in place. Workforce planning is underway.	Transformation stewardship, governance and results help inform organisational practices and investments. EGL shapes how Whaikaha operates. EGL principles are increasingly visible in funding, support and services across all agencies who support disabled people. Fiscal risks are managed through fit-for-purpose financial tracking mechanisms. Workforce development is underway.	Transformation mindset is embedded into everyday practice. EGL principles are enacted by all agencies who support disabled people. Outcomes and equity are tracked and inform investment. Workforce dynamics across sectors are well managed.
System: All of government	Limited data and awareness of shared UNCRPD responsibilities. Barriers to person and whānau-centred ways of working and investing.	Growing understanding of disability issues and shared responsibilities across all of government. Re-shaping ways of working and investing to become more person and whānau-centred.	Government agencies take responsibility for improving outcomes for disabled people, their whānau and communities. Potential changes to the broader social support system.	Population outcomes and public value is improved through earlier, more holistic support and investment, for disabled people, their whānau and communities.
Māori-Crown relationship	Tāngata whaikaha Māori were key partners in the work to establish Whaikaha. Whaikaha has an ongoing tripartite partnership with the disability community and Māori.	Work to build capacity and capability in te ao Māori within Whaikaha and across the wider disability sector, including meaningful outcome measures. Working with Te Ao Mārama, tāngata whaikaha and whānau on next steps for Whāia Te Ao Mārama (Māori Disability Action Plan).	Ongoing work with whānau, hapū and iwi so tāngata whaikaha Māori and their whānau realise their aspirations across all domains; disability and wider wairua, social, cultural, economic, education and general wellbeing domains.	Increasing leadership and decision-making from tāngata whaikaha Māori in shaping Whaikaha's priorities and investments. Outcome reporting is now meaningful for tāngata whaikaha Māori and other disabled people.