

Confidence

Office of the Minister for Disability Issues

Cabinet Social Outcomes Committee

Strengthening Disability Support Services: Initial policy direction to test and refine through disability sector engagement

Proposal

- 1 This paper seeks agreement to the initial policy direction for strengthening the Ministry of Social Development's Disability Support Services (DSS) to enhance the consistency, fairness, transparency and sustainability of its funded disability support. It is proposed that DSS test and refine the initial policy direction and any further operational improvements through engaging with a small number of disability sector leaders, which will inform public consultation. Authority is sought for the Ministerial Disability Leadership Group to approve materials for public consultation. Further advice will be reported back to Cabinet by mid-2026. Agreement to transfer a fiscally-neutral underspend in Vote DSS from 2025/26 to 2026/27 is sought.

Relation to government priorities

- 2 Relevant priorities are better public services, fiscal responsibility, and ensuring fairer, consistent and more sustainable access to services for people with the greatest need.

Executive Summary

- 3 Since August 2024, DSS has made improvements to its operational capability and stabilised its financial sustainability as recommended by external reviews completed in 2023 and 2024. In September 2024, DSS became a business unit of the Ministry of Social Development. A taskforce was established within it to deliver urgent actions, so that DSS managed within its appropriated funding.
- 4 There have been significant gains from this urgent work. Changes have, and will continue to, reinforce the role of DSS as a commissioner, funder and steward of funded disability support which is responsive to disabled people's needs. The range of improvements has focused on DSS' core functions of commissioning, procurement processes and contract management, systems and processes, and staff capability.
- 5 While these changes have made a positive difference, continuing reform is needed. As considered by Cabinet and signalled by external reviews, there are longstanding issues that need to be addressed. Further changes are required to strengthen DSS so it can become a purpose-led system of disability support that is consistent, fair, transparent, and sustainable into the future, where disabled people, families, whānau and carers have increased certainty and choices in accessing disability support.
- 6 Now that the immediate actions have, or are being, implemented, I propose that a phased approach to reform consolidates the gains made and progresses advice on the essential foundations required to strengthen DSS. A range of levers can be used, including clarifying policy settings, developing a legislative framework, and progressing operational improvements. This includes clarifying its purpose, scope, and outcomes to understand the difference made in disabled people's lives.

- 7 I seek agreement to progress policy work to clarify the expectations of what DSS does, the difference that DSS should make, and the range of disability support that it funds. A key focus will be on those disabled people with the highest needs, as well as identifying opportunities for investing early in support that maintains or enhances disabled people's independence. Continuing cross-government collaboration underpins this approach to ensure alignment in funded disability support.
- 8 I propose that DSS continues to actively involve the disability sector in this work. From late November 2025, DSS will test and refine the initial policy direction and further potential operational improvements with a small number of representative disability sector leaders. This will inform the development of materials for public consultation. Authority is sought for the Ministerial Disability Leadership Group (and other relevant Ministers) to approve materials to be used in public consultation.
- 9 Following public consultation that is intended to be run in April-May 2026, I will report back to Cabinet by mid-2026 with further advice and mechanisms to effect change, including the potential for DSS-specific legislation.
- 10 Agreement is also sought for a one-off transfer of an underspend in a DSS Multi-Category Appropriation. This will ensure that DSS maintains its service capacity to continue actions underway and progress actions to strengthen DSS.

Background

- 11 DSS funds essential disability support for over 50,000 disabled people¹, families, whānau and carers to help with their daily life, 100,000 people to access equipment and modification services, and 20,000 children and families to access Child Development Services. Total annual expenditure is over \$2.7 billion.
- 12 In response to external reviews, DSS has been progressing actions so it can operate within its appropriation and minimise disruption to services.² **Appendix one** summarises the range of actions, including establishing budgets and a performance monitoring framework for Needs Assessment and Service Coordination (NASC) agencies, a new residential pricing model, improvements for commissioning, procurement processes, contract management, financial systems and processes, and building staff capability. In September 2025, Cabinet agreed to improvements to assessment, allocation, and use of flexible funding [SOU-25-MIN-0088 refers].
- 13 While significant, those actions are not sufficient in themselves to ensure the longer-term sustainability of DSS. The Independent Review of DSS identified that DSS had suffered from conflicting directions and had not maintained its core business in supporting disabled people, families, whānau and carers who need support the most.

¹ DSS eligibility is for people who have a physical, intellectual or sensory disability (or a combination of these) which: is likely to continue for at least six months; and needs ongoing support to live independently, to the extent that ongoing support is required. Also, people who have some neurological conditions (such as Autism) that result in permanent disabilities, or some developmental disabilities in children and young people, such as physical, intellectual or sensory disability that co-exists with a health condition and/or injury.

² September 2023, the Department of Prime Minister and Cabinet stocktake of DSS as then administered by the Ministry of Disabled People; May 2024, the LINK report, *Rapid Assurance Review: Commercial Management*; August 2024, Cabinet considered recommendations from the Independent Review of DSS.

The focus now needs to shift to quality and system improvements

- 14 This paper is the first in a series relating to measures to strengthen DSS for the future. Building on gains in stabilising DSS, I have considered how to progress work on strengthening DSS while ensuring continuity in support for disabled people, families, whānau and carers and maintaining supply through contracted non-government providers. It is critical that users of DSS maintain confidence in accessing the support they need so they can get on with their lives. Their experience in accessing DSS-funded disability support should be consistent, fair, transparent, and sustainable.
- 15 I propose a phased approach to developing advice and implementing changes to DSS. Reform can be progressed over time and at different levels, so long as changes are aligned, integrated and coherent. DSS's legacy has seen it operate as disconnected pieces and service lines, various pilots in different regions, and distinct ways of delivery. This has contributed to inconsistencies in the experience of people accessing support, a lack of clarity of purpose, and reduced transparency. Reform is overdue.
- 16 DSS needs to be clear on its role compared with other agencies, so it can become a joined-up and purpose-aligned system of disability support. All relevant levers can be explored to make changes at policy and operational levels, including for legislation to reduce the risk of legal challenges. This approach will impact on those disabled people eligible for DSS-funded disability support.
- 17 In its defined role as commissioner, funder and steward of disability support, a strengthened DSS will contribute to wider activities across government that also improve the life outcomes of disabled people, such as set out in the New Zealand Disability Strategy and in the Enabling Good Lives (EGL) principles.

Getting the policy foundations right sets up reform for success

- 18 In community consultations undertaken by DSS in late 2024 and early 2025, many people expressed that they:
 - 18.1 have poor experiences with DSS
 - 18.2 do not feel their needs are being met adequately
 - 18.3 want change to improve DSS
 - 18.4 believe that DSS can be too focused on what people cannot do, rather than looking at improving life outcomes.
- 19 **Appendix two** has a summary of relevant themes from these consultations.
- 20 Informed by this feedback, the initial foundational policy direction for strengthening DSS has been developed to clarify:
 - 20.1 what DSS does – its purpose as a system of funded disability support
 - 20.2 the difference that DSS should make – the outcomes it contributes to achieving in disabled people's lives
 - 20.3 the range of support that DSS provides – the role DSS plays within the wider system of disability support, its relationship with other government-funded disability support, s 9(f)(i)(v)
- 21 I seek agreement to progress this initial policy direction for strengthening DSS, which will be tested and refined through phased engagement with the disability sector. These

foundational elements work together and will inform mechanisms to enact change, including through potential DSS-specific legislation and operational policy.

- 22 The policy direction informs how DSS prioritises funded disability support to deliver:
 - 22.1 meeting the basic needs of disabled people in daily living, including being safe, healthy, and well
 - 22.2 support for families, whānau, and carers to sustain their caring role where they are a significant presence in disabled people's daily life
 - 22.3 specific outcomes to be experienced by disabled people, such as social and economic participation.
- 23 In addition to these longer-term supports, I propose that DSS explore opportunities where investing early in support can result in maintaining or enhancing a disabled person's independence (and for some people prevent, reduce, or delay their need for funded disability support over time, for example behaviour support for children).
- 24 I consider that eligibility settings should be maintained. This will allow current settings to be clarified, and the necessary policy developed and implemented.
- 25 Outlined below is the initial policy direction that I propose to be tested and refined with a small group of disability sector stakeholders from late November 2025, which will inform materials for public consultation to be run in April-May 2026.

DSS's purpose is to contribute towards an opportunity to live an everyday life

- 26 I propose that strengthening DSS as a system starts by clarifying that its purpose is as set out in **Figure 1** below. What this means in practice may be determined by a combination of factors, including understanding what another person of a similar age and stage of life and access to resources may experience, as well as being affordable.

Figure 1: Proposed purpose for DSS as a system of funded disability support

The purpose of DSS is to make a reasonable contribution, through the provision of disability support, so that disabled people can have the opportunity to live an everyday life. This is in addition to other government-funded disability support and mainstream services. DSS operates within the resources made available to it by Parliament and the Government.

Under the proposed approach, DSS could contribute to disabled people living an everyday life by supporting them with (for example):

- identifying their aspirations for an everyday life
- assistance with daily living
- involvement in activities in their community
- involvement in activities in the economy, particularly in employment
- facilitating and navigating access to other disability support across government and mainstream services
- support for carers of disabled people, including respite.

DSS funded disability support could be underpinned by:

- a nationally consistent approach to the access and funding of disability support
- the protection of disabled people from experiencing harm.

- 27 Community feedback has indicated that disabled people and families, whānau and carers know what they need and DSS should respond to what matters the most to them. To ensure that the proposed purpose provides the clarity needed, I intend that DSS tests and refines it with a small number of disability sector leaders.
- 28 Applying this purpose in practice will require DSS to identify what disabled people value in their lives and the disability support that is required to help make it happen. Some disabled people will need help to identify their preferences, where they may have an impairment affecting their ability to understand and retain information, and/or communicate. The proposed purpose aligns with the Enabling Good Lives principles.³ In particular, the principles of ordinary life outcomes, mainstream first, beginning early, and self-determination.

DSS can make a ‘reasonable contribution’ to meet disability-related costs

- 29 As a key measure to ensure that DSS is sustainable into the future, I propose clarifying that DSS should make a ‘reasonable contribution’ to creating an opportunity to live an everyday life through its funded disability support. This approach recognises that public funding is limited and DSS must act responsibly in managing its use, for example through assessment and allocation settings. DSS must continue to manage expenditure within its appropriated funding and cannot meet every preference of every disabled person regardless of cost.
- 30 It is also important to be clear that DSS-funded disability support targets the additional costs that disabled people face in their lives due to their experience of disability, which non-disabled people do not have. The reasonable contribution from DSS would complement any other disability support, any other government funded support generally available, any mainstream services, as well as support from a disabled person’s community, whānau, family, or themselves.

DSS will identify the key outcomes that will align with its purpose and scope and that will measure its efficiency and effectiveness

- 31 I propose that outcomes are identified that are aligned with clarifying the purpose and scope of a strengthened DSS and ensures that it is fair, consistent, transparent, and sustainable. This has a dual purpose in enabling DSS to report on its performance in meeting the needs of disabled people that it serves and further reinforces what DSS is there to do and the range of support it funds.
- 32 Setting clear outcomes for DSS will require data and evidence to be gathered and analysed to understand whether its funded disability support makes a tangible difference in disabled people's lives and provides a return on investment. This approach will require a shift in accountability from the focus on inputs (for example, controlling how funding is used through rules) to understanding whether funded disability support is effective in achieving intended outcomes.
- 33 **Tables 1 and 2** below illustrate outcomes that could be used to measure the difference resulting in the lives of disabled people. Similarly, outcomes can be used to enable

³ The EGL principles were developed by the community to communicate what needs to change so that disabled people and families have greater choice and control over the supports they access in their daily lives.

measuring the performance of DSS as a system. s 9(f)(i)(v)

Table 1: High-level impact on the lives of disabled people

Outcome	Daily living	Autonomy	Connection	Contribution	Growth	Safety	Satisfaction
Description	Basic needs are met	Grow, maintain, or regain autonomy in daily life	Have meaningful personal, social, and community networks	Able to contribute in community	Develop skills and knowledge	Be safe from physical or psychological harm, and free from abuse or neglect	Feel good about the direction in life

Table 2: High-level performance of DSS as a system of funded disability support

Outcome	Sustainability	Effectiveness	Fairness	Consistency	Transparency	Responsiveness
Description	Resources are available to maintain provision within the authority of appropriations by Parliament or decisions by the Government	Intended impact of funding disability support is achieved	People with similar needs and situations access similar level and type of funded disability support	People have a similar experience in accessing funded disability support around the country	People understand the funded disability support they can access	People are actively involved and closely consulted on decisions that impact on their lives

DSS should have a clear role within the wider cross-government provision of disability support and its relationship with other government agencies

- 34 DSS needs to have clear boundaries between the support it funds and support available from other government agencies. Clarifying the scope of DSS will help reduce duplication of funded support and identify any gaps, as well as help disabled people, families, whānau and carers better understand how to navigate across various support and access what they are eligible to receive.
- 35 There needs to be good relationships and collaboration between government agencies funding support, so that disabled people and families are supported in a way that is simple, joined up, and easily understood. I will continue to provide leadership for this approach through my role as chair of the Ministerial Disability Leadership Group.
- 36 I have directed DSS officials to continue to work collaboratively with other government agencies and, informed by feedback from the disability sector, progress improvements

s 9(f)(i)(v)

All levers in relation to DSS will be explored to identify potential further operational improvements which reinforce strengthening DSS

- 37 In addition, there is the opportunity to identify areas where further operational improvements could be made which would improve how disabled people, families,

whānau and carers experience DSS. These could be progressed in the short to medium term in addition to the strategic-level policy reform, including for example:

- 37.1 improving navigating and accessing information on disability support
- 37.2 developing safeguarding measures, including complaints mechanisms
- 37.3 s 9(f)(i)(v)

Proposals will be tested and refined in disability sector engagement

- 38 I am committed to continuing to actively involve the disability sector in matters that have a direct impact on them. This is relevant to the work on strengthening DSS.
- 39 DSS intends to engage with the disability sector to test and refine advice on strengthening DSS. This will ensure proposals intended for Cabinet decision by mid-2026 have been grounded in the realities of what works for disabled people, families, whānau, and carers. Previous sector feedback has informed the advice in this paper, and it has been pivotal in supporting Cabinet decisions earlier in 2025.
- 40 If agreed by Cabinet, DSS will undertake focused engagement with a small number of representative disability sector stakeholders (around 14). This phase of informal engagement will maintain relationships, establish communication channels, and test and refine the initial policy direction, as well as any further potential operational improvements. **Appendix three** has material supporting the focused engagement. Informed by the focused engagement, DSS intends to refine the public consultation materials which will be within the parameters set out in this paper.
- 41 I propose that the Ministerial Disability Leadership Group (and other relevant Ministers) be given authority to approve materials for public consultation in February-March 2026. If approved, then DSS will run public consultation in April-May 2026. This honours a commitment made in the early 2025 public consultation.

Further decisions will be sought from Cabinet by mid-2026

- 42 By mid-2026, following the proposed public consultation, I intend to report back to Cabinet with further policy advice that sets out how DSS will progress an integrated and coherent approach to reform, priorities for change and investment, and how to best give effect to them. At that time, I will provide further advice on developing DSS-specific legislation that sets out options on scope and design. Detailed policy work will be undertaken and reported back to Cabinet in early 2027.
- 43 There are benefits to DSS legislation. DSS currently operates without a specific legislative framework, which has contributed to the problems identified by external reviews, such as inconsistent delivery of support, increased operational costs, and legal challenges. It could also be an opportunity to clarify the role and importance of the EGL principles and promote alignment and consistency across government.

Approval is sought to transfer an underspend to maintain service capacity and support ongoing operational improvements

- 44 I seek agreement for a one-off transfer of \$175.882m in the Disability Support Services Multi-Category Appropriation for 2025/26 into 2026/27. This funding will

be drawn from the 2024/25 underspend, which is being transferred into 2025/26 through the October 2025 Baseline Update (OBU). The proposed transfer into 2026/27 is subject to approval through the OBU process.

- 45 This action will ensure that service capacity is maintained to consolidate stabilisation actions and progress the design and delivery of operational and policy advice towards strengthening DSS. The underspend is derived from a combination of lower-than-expected costs across DSS categories and one-off time-limited funding provided in 2024 to address general cost pressures. The lower-than-expected costs in 2024/25 were driven by operational changes including the implementation of NASC budgets, and is expected to continue with changes to residential care in community group home pricing and flexible funding. For transparency, DSS has centralised these underspends within Community Services. It has not been driven by cessation of services.
- 46 The transfer is sought to address expected cost pressures in 2026/27 from actions to stabilise and strengthen DSS. It is a supporting factor in building long-term fiscal sustainability. As more detailed forecasting is developed that takes into account the implemented recommendations of the Independent Review of DSS, expenditure will be better understood and a long-term approach to cost pressures will be developed.

Cost of Living implications

- 47 This paper does not have cost-of-living implications.

Financial implications

- 48 There are no additional financial implications proposed in this paper. The cost for the proposed public consultation intended for April-May 2026 will be met from baseline. A fiscally-neutral transfer of \$175.882m from 2025/26 to 2026/27 is sought. s 9(f)(i)(v)

Legislative implications

- 49 This paper does not have any direct legislative implications.

Impact analysis

- 50 A Regulatory Impact Statement is not required.

Population implications

- 51 Eligible disabled people and families, whānau and carers will be able to have their say in the proposed public consultation. DSS will ensure the public consultation process is representative of the different experiences of disability in New Zealand. The Māori disability rate is higher than the national rate and the rate for all other ethnic groups.

Human rights

- 52 These proposals are not inconsistent with the New Zealand Bill of Rights Act 1990, the Human Rights Act 1993, or the Convention on the Rights of Persons with Disabilities

Use of external resources/

53 No external resources have informed the proposals in this paper.

Consultation

54 Previous disability sector feedback informed this paper. Agencies consulted: Accident Compensation Corporation, Health New Zealand, Oranga Tamariki, Public Service Commission, Social Investment Agency, Ta Tari Whakatau, The Treasury, Te Puni Kokiri, and the Ministries of Disabled People, Education, Ethnic Communities, Health, Housing and Urban Development, Social Development, Transport, Women, and Youth Development. The Department of the Prime Minister and Cabinet was informed.

Communications

55 I intend to announce that DSS will run public consultation following approval by the Ministerial Disability Leadership Group in February-March 2026.

Proactive Release

56 I will proactively release this paper and the relevant minutes in advance of further public consultation. Alternate formats will be published.

Recommendations

The Minister for Disability Issues recommends that the Committee:

- 1 **note** that the Ministry of Social Development's Disability Support Services (DSS) has responded to all recommendations made by the 2024 Independent Review of Disability Support Services [CAB-24-MIN-0301 refers] and has progressed operational capability improvements recommended by other external reviews
- 2 **note** that the Minister for Disability Issues intends to progress strengthening DSS to ensure its sustainability, through an integrated and coherent approach to developing advice and implementing changes over time and at different levels, so that it can operate as a joined-up and purpose-led system of funded disability support
- 3 **agree** to test and refine the initial foundational policy direction for strengthening DSS:
 - 3.1 its purpose as a system as specified in Figure 1
 - 3.2 clarifying that it makes a reasonable contribution of funded disability support as allowed within appropriated funding
 - 3.3 the outcomes it contributes to achieving in people's lives and for measurement of performance as a system as illustrated in Tables 1 and 2
 - 3.4 the role that DSS plays within the wider system of disability support, its relationship with other government-funded disability support, s 9(1)(v)
- 4 **agree** that, in addition, DSS considers opportunities for investing early in support that maintains or enhances a disabled person's independence
- 5 **agree** that DSS engage with a small number of representative disability sector stakeholders from late November 2025 to test and refine: the initial policy direction

for strengthening DSS, subject to recommendations 3 and 4 above; and any potential further operational improvements which could be progressed in the short to medium term and reinforce the direction of reform

- 6 **authorise** the Ministerial Disability Leadership Group (and other relevant Ministers) to approve materials to be released by DSS in public consultation intended to be run in April-May 2026
- 7 **invite** the Minister for Disability Issues to report back to the Cabinet Social Outcomes Committee by mid-2026 with further policy advice for strengthening DSS, including how DSS could progress an integrated and coherent approach to reform using all available levers, priorities for change and investment, and how to give effect to them (including the potential for specific legislation)
- 8 **note** that cross-government collaboration will continue to identify opportunities to align and improve access to funded disability support
- 9 **note** that the proposed fiscally-neutral change proposed in recommendation 10 below is dependent on the confirmation of the 2024/25 DSS in-principle expense transfer being confirmed through the October 2025 Baseline Update
- 10 **agree in-principle** to the following fiscally-neutral changes to the Disability Support Services Multi-Category Appropriation to maintain service capacity within DSS whilst actions to strengthen the sustainability of DSS continue in 2026/27, with no impact on the operating balance and/or net core Crown debt across the forecast period:

Vote Disability Support Services Minister for Disability Issues	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Disability Support Services MCA					
Non-Departmental Output Expenses:					
Community-based support services	(175.882)	68.478	-	-	-
Connecting and strengthening disability communities	-	4.316	-	-	-
Early intervention support services	-	4.263	-	-	-
Environmental support services	-	16.239	-	-	-
High and Complex Framework services	-	6.386	-	-	-
Residential-based support services	-	76.200	-	-	-
Total Operating	(175.882)	175.882	-	-	-

- 11 **authorise** the Minister Finance and the Minister for Disability Issues to jointly agree the above fiscally-neutral changes, following confirmation of the 2024/25 DSS in-principle expense transfer being approved through the October 2025 Baseline Update.

Authorised for lodgement

Hon Louise Upston
Minister for Disability Issues

Appendix one: Summary of actions taken to stabilise DSS

Since August 2024, a series of actions have been taken to improve the organisational capability and stabilise DSS so that it can improve its financial sustainability and ensure continuity of support for disabled people who need it the most. Figure 2 presents the relationship between the external reviews of DSS, public consultation, and actions.

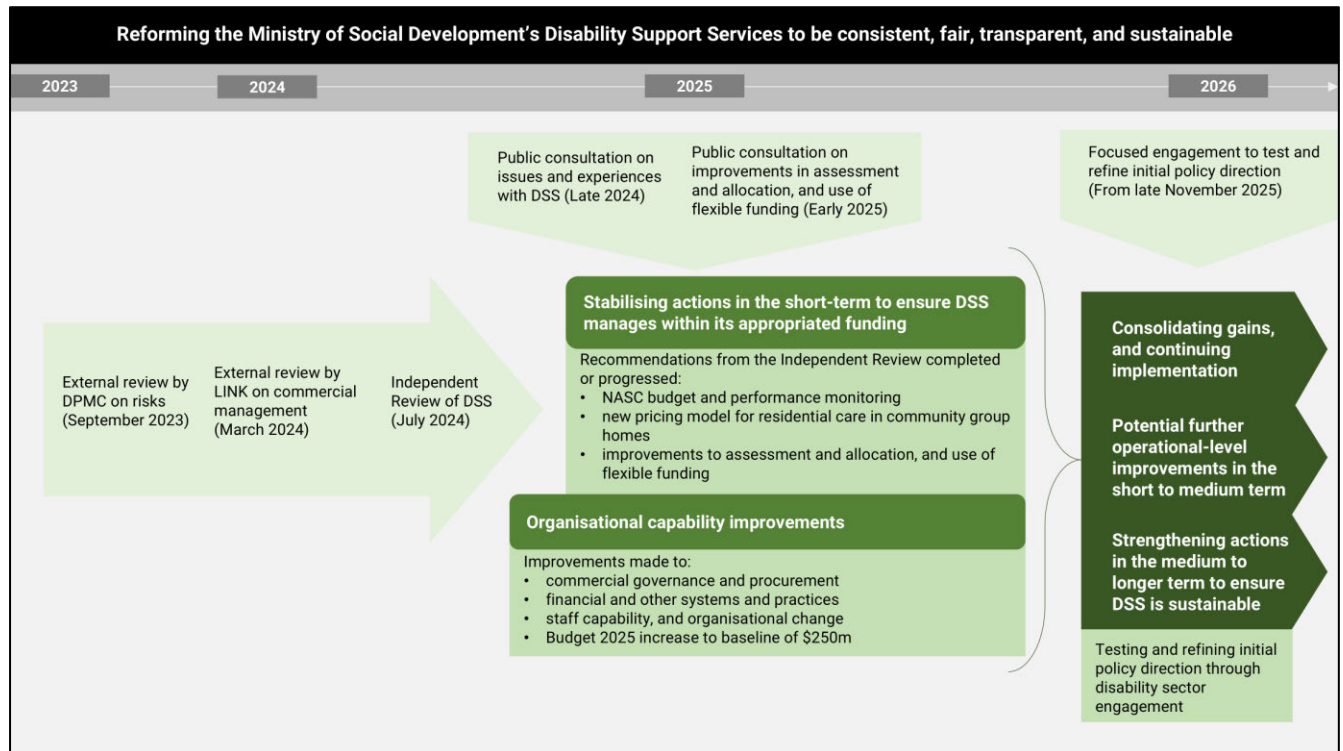


Figure 1: Relationship between recommendations from external reviews of DSS and actions

Recommendations from the 2024 Independent Review of DSS

Recommendation 1: Implement Budgets for Needs Assessment and Service Coordinating organisations (NASCs), Enabling Good Lives (EGL) sites and Equipment and Modification Services (EMS) providers

A performance management framework was developed to manage site budgets and monitor system performance. For the year ending March 2025, NASCs budgets were less than 0.5 percent over budget (\$5.55 million over \$1.59 billion). DSS has updated the methodologies for setting budgets for the next financial year.

Recommendation 2: Freeze funding for residential care

A Review Panel was established to assess high-cost residential care support packages to ensure that disabled people with similar needs and circumstances are receiving consistent levels of support packages and residential placement decisions. Guidance was issued to prioritise entry into residential care. Funding for residential care and service providers was maintained at 2023/24 levels while a rapid pricing review was undertaken.

A new residential pricing model was developed to support the stabilisation of allocations and spending for residential care in community group homes (which commences on 1 December 2025). The funding freeze for residential care was lifted from 1 July 2025 when funding increases were made for 2025/26.

Recommendation 3: Take no action on a price increase for providers in 2024/25

This recommendation was implemented in August 2024. DSS continues to improve procurement, commissioning and contract management.

Recommendation 4: Monitor NASC and EGL sites

A performance management framework was developed to monitor NASCs and EGL sites performance. Internal monitoring will include tracking implementation of recommendations 2,5, and 6.

Recommendations 5 and 6: Update assessment and allocation settings and establish flexible funding criteria and review guidelines

In September 2025, Cabinet agreed to changes to assessment, allocation and flexible funding. Phased implementation begins from February 2026.

Recommendation 7: Strengthen how DSS works with other agencies

This recommendation was superseded by the decision to transfer DSS into MSD. DSS core functions transferred in September 2024, with supporting functions transferring in December 2024. DSS continues to improve how it works with other agencies, including where we pay for services from another agency and joint-funding arrangements.

Operational and capability improvements

Work has also progressed to build core capability in DSS in response to external reviews.

In September 2023, the Department of Prime Minister and Cabinet's stocktake of the then Ministry of Disabled People's administration of DSS identified significant risks, including financial risks, and people leadership and management challenges due to staffing capacity and capability gaps

In May 2024, the LINK rapid assurance review found that processes and capability in the then Ministry of Disabled People's administration of DSS were not up to standard. Since then, commercial governance and procurement practices, staff capability and the development of systems and processes to increase efficiency have been strengthened. This is in addition to work in response to the Independent Review's recommendations.

Budget 2025 allocated \$1 billion in new funding over the forecast period to support DSS demand and inflationary pressures, in addition to the more than \$2.7 billion per annum existing funding for DSS.

Key allocations include:

- \$760 million (\$190 million annually) for increased supports and services, including those provided in the community (where an additional \$144 million annually goes to NASCs and EGL sites to coordinate services and supports)
- \$240 million (\$60 million annually) as additional funding for residential care, to enable DSS to implement the new pricing model for residential care in community group homes and to develop new contracts with providers.

DSS now has a proactive stakeholder engagement approach and has been working closely with the sector and with key stakeholders so that DSS understands what is working well and where improvements can be made. This ongoing engagement is core to the DSS approach and ensures that DSS can respond to issues and opportunities effectively.

In 2025, a change process has been undertaken to ensure DSS has the capability and capacity to effectively administer its role as a commissioner, funder, and steward of disability support which is responsive to disabled people's needs.

Appendix two: Summary of themes from previous community consultation that inform strengthening DSS

Relevant themes informing advice on strengthening DSS are presented below. These have come from two rounds of public consultation with the disability sector.

Feedback on performance issues of DSS (October-November 2024)

DSS have variable outcomes for disabled people and their families. Some DSS funded services and supports do not meet needs because of the inflexible support available, and there are inconsistent practices and access to services across the country, which resulted in inequitable outcomes between services, regions, and impairment types.

Changes are hard to understand due to inadequate and inaccessible information. The restrictive purchasing guidelines introduced in March 2024 should be reversed.

The role and purpose of disability support services are not well defined, and the system is unclear and hard to navigate.

DSS requires better planning and stronger investment, and DSS must genuinely consult and value the disability community.

Assessors play a big role in understanding needs and matching disabled people to the appropriate service coordination needs.

Flexible funding is a key pathway to support needs that were either not properly understood by DSS or not provided for.

Feedback on options for improving assessment tools, processes, and flexible funding (February-March 2025)

Assessment tools and processes

Needs assessment and allocations should be easier, more consistent and streamlined.

Disabled people and families should have an easier experience of the assessment process. Help should be available to prepare for the assessment process or to understand what information is required.

Assessment process should better reflect a disabled person's whole life and be more tailored to an individual's situation.

Assessors should better support disabled people through the assessment process. More information should be provided on the outcome of the assessment to disabled people, their families, whānau, and carers.

The purpose and approach of the reassessment process is unclear. There are also a wide range of challenges faced by families, whānau, and carers looking after a disabled person that assessments do not acknowledge.

Many people were supportive of developing a specific assessment for families, whānau, and carers. Needs assessment for families, whānau, and carers should be flexible to accommodate the diverse range of caring situations.

There were differing views on whether an assessment for family, whānau, and carers should be done jointly or separately to the disabled person.

Flexible funding

People want a flexible funding system where they are trusted to use their flexible funding in a way that best meets their needs.

There was significant support for using a plan for flexible funding that reflects the disabled person's needs. However, people expressed concern that prescribed lists are too restrictive and inflexible.

There are benefits to having prescribed lists, especially for those who are less familiar with flexible funding. There was support for combining a plan reflecting the disabled person's needs with a list.

There is little guidance on how to access flexible funding.

People were strongly opposed to introducing criteria for receiving flexible funding but some thought it could bring clarity and consistency.

There was support for having criteria to provide options for disabled people, or those acting on their behalf, to manage flexible funding.

IN CONFIDENCE

Appendix three – Materials intended to be shared with a small number of disability sector leaders in focused engagement

IN CONFIDENCE

Strengthening DSS to be fair, consistent, transparent, and sustainable into the future

TO STAKEHOLDERS IN ADVANCE OF MEETING

**Disability
Support Services**



Te Kāwanatanga o Aotearoa
New Zealand Government

November 2025

We have started to build advice that will strengthen DSS

1

DSS has no clear underlying purpose, nor does it function as a coherent system

The Independent Review of DSS found that DSS had:

- conflicting directions which had contributed to inconsistencies in service provision and in ensuring sustainable delivery of services
- some settings, such as eligibility, have not been substantively reviewed since 1994.

In community consultations, we heard that many people:

- have poor experiences with DSS
- do not feel their needs are being met adequately
- want change to improve DSS.

We heard that DSS can be too focused on what people cannot do, rather than looking at improving life outcomes.

The recommendations made by external reviews have been actioned or are being implemented

Actions have been, and continue to be, implemented that stabilise DSS so that DSS operates within budget, minimises disruption to current services, and ensures support is consistently available to those who need it the most. This includes:

- increased fiscal control through operational, policy, and procurement measures so there is monitoring and forecasting of Needs Assessment and Service Coordination (NASC) and Enabling Good Lives (EGL) expenditure
- improved contract management through changes to commissioning and procurement
- evidence-informed pricing model and allocation approach for residential care in community group homes, which will be reviewed regularly
- revisions to assessment and allocation of flexible funding
- capability improvements across DSS, including for quality and safety.

Change is required to strengthen DSS into the future

Over the rest of 2025 and into 2026, MSD is leading the strengthening DSS work programme to develop policy advice on:

- s 9(f)(i)(v)



The strengthening work programme is developing advice that will clarify:

- the purpose for DSS, which will ensure there is consistency with what DSS seeks to achieve through funded support
- outcomes that should result and which can be measured
- opportunities for early investment, where there are benefits to disabled people and families
- s 9(f)(i)(v)

In mid-2026, MSD intends to provide further advice to the Government on next steps for reform.

In its defined role as commissioner, funder and steward of disability support, a strengthened DSS will contribute to wider activities across government that also improve the life outcomes of disabled people, such as set out in the New Zealand Disability Strategy and in the Enabling Good Lives (EGL) principles.

There are strategic questions that we want to discuss with you

Purpose – What does DSS do?

There are choices regarding what DSS is intended to achieve in providing disability support, its relationship to support available from other government agencies and mainstream services, and the relationship between natural supports in a disabled person's life and the role of DSS.

Outcomes – What should result from DSS?

There needs to be clarity on the benefits from accessing disability support, so there is greater focus on the effectiveness of support provided (for example, the difference made) in a disabled person's life. This will also help improve monitoring of the quality of support.

Scope – How can DSS and other government agencies make it easier for disabled people and their families to navigate across the range of disability support?

It needs to be easier to access support funded by DSS and other government agencies. Getting clearer on the support funded by DSS will help disabled people and families better understand what support they could access. Increased clarity will also help identify any gaps and reduce inefficiencies across government funded support.

Early investment – How can DSS more actively help disabled people increase or maintain their independence?

There needs to be a continued focus on disabled people who have lifelong support needs. However, there are also opportunities for providing support early that could result in greater benefits for disabled people and maintain or enhance their independence.

We want to talk with you about our approach

Building on stabilising actions, a strengthened DSS will be:

- Fair and consistent**

 - Disabled people and families will have a similar experience when accessing support around the country.
- Transparent**

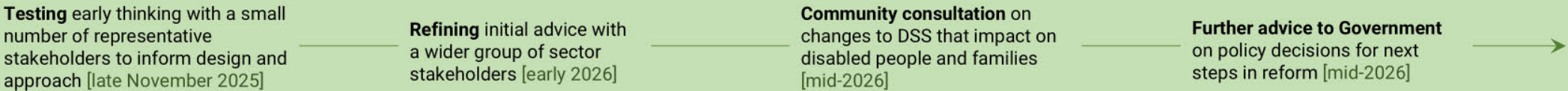
 - Disabled people and families will understand what support they can access.
- Sustainable**

 - Disabled people and families will have certainty on the support funded by DSS.

Our approach in developing advice will ensure that a strengthened DSS will:

- Support opportunities that are relative to other people at similar age and stage of life
- Enable the opportunity for disabled people to exercise their aspirations
- Allow for innovation, and early support
- Align with Enabling Good Lives principles
- Align with other government-funded disability support
- Simplify interactions with DSS that reflect the level of a person's support needs
- Manage within its allocated budget

There will be opportunities for feedback to inform advice



There are choices and trade-offs that need to be considered...

- scope within which DSS operates in providing supports
- focus on what should be achieved as the result of DSS providing support
- the extent to which choice and control is the mechanism for achieving all outcomes across DSS
- financial sustainability.

... which range across



We want to share our early thinking on clarifying the purpose of DSS

The purpose of DSS is to support disabled people to live an everyday life

Clarifying the purpose for a strengthened DSS is intended to:

- focus on supporting the opportunity to have an everyday life, with flexibility for disabled people to achieve self-directed outcomes and their aspirations in life
- provide enduring support to meet the daily living needs of disabled people, either in the community or in facility-based care
- enable opportunities for specific outcomes, such as supporting social and economic participation and/or investing early to promote or maintain independence.

An everyday life describes the expectation of what disabled people experience as the result of accessing DSS-funded support, and can guide how their funding allocation is used.

The opportunities to experience an everyday life should be comparable to other people who do not access DSS-funded support and are in similar situations.

What an everyday life looks like may vary and change over time. This is because it is informed by the preferences of a disabled person within their life context.

Disabled people may need help to identify their preferences, including from their natural supports, particularly if they have not had experience with choice and control over their life.

A person’s preferences may develop over time and will need to be reassessed, so that they can continue to express their aspirations in life as other people do.

Relevant Enabling Good Lives principles

Ordinary life outcomes: Disabled people are supported to live everyday lives in everyday places. They are regarded as citizens with opportunities for learning, employment, having a home and family, and social participation – like others at similar stages of life.

Mana enhancing: The abilities and contribution of disabled people and their families are recognised and respected.

Self-determination: Disabled people are in control of their lives.

Relationship building: Supports build and strengthen relationships between disabled people, their whānau and community.

‘Disability support’ is supports and services that are intended to remove or reduce a barrier arising from a person’s functional limitation, which the person experiences when carrying out an activity during their life or interacting with their environment

Government agencies may fund disability support that relates specifically to their responsibilities, for example:

- access to learning and education system (Ministry of Education)
- lifelong support resulting from an injury (ACC)
- alternative transport, via the Total Mobility scheme (NZ Transport Agency/regional councils)

DSS-funded disability support is in addition to disability support and mainstream services funded by other government agencies.

Relevant Enabling Good Lives principles

Beginning early: Invest early in families and whānau to support them to be aspirational for their disabled child, to build community and natural supports, and to support disabled children to become independent, rather than waiting for a crisis before support is available.

Person-centred: Disabled people have supports that are tailored to their individual needs and goals., and that take a whole life approach rather than being split across programmes.

We would like to talk with you about our early thinking on the foundation of a strengthened DSS

4

DSS needs to be responsive to the range of disabled people and families/carers who access funded disability support

There is a wide range of people who access DSS-funded disability support, including for example:

- people who receive a one-off intervention (for example, equipment or home modification)
- families/carers who access carer support or respite so they can take a break
- specific disability support, including early intervention, for children who may have indications of development delay
- disabled people living in their own home who may be supported with household management tasks
- disabled people with high support needs who may have lifelong support needs, such as living in residential care.

A strengthened DSS needs to respond to the opportunities across this range that is more effective and efficient in making a positive difference in people's lives.

What does DSS do?

Supporting people to have an everyday life can look different for different people.

DSS delivers its purpose by:

- helping disabled people identify their preferences for an everyday life
- making a contribution by funding disability support in relation to their needs, which is in addition to other government-funded disability support and other support and mainstream services.

- What do you see are the core components of supporting disabled people to lead an everyday life?
- What do you see is DSS's contribution to supporting disabled people to have opportunities for an everyday life?

What difference does DSS make?

We need to know if DSS is making a tangible difference in disabled people's lives and providing value for money. To do this we need to be clear on the outcomes DSS aims to achieve.

Determining the outcomes will inform the quality of evidence and information that needs to be collected and evaluated.

- How far should DSS go in supporting people beyond their basic needs, for example supporting people into work or participating more broadly in their community?
- How would we know that DSS and its services and supports are working?

How can DSS more actively help disabled people increase or maintain their independence?

DSS could increase its focus on providing support early, which could prevent, reduce, or delay a disabled person's potential increase in need for support over time. This may happen when a person's support needs are low (or high but are changeable). Early support may happen once, or at various points through a person's life, such as during transition stages.

Early support is separate from other DSS-funded support that may be lifelong, such as in-home care or residential care. Evidence can inform how early support is provided, based on the benefits and improved outcomes.

- What do you think the balance should be between providing early support and longer-term support?
- Should early support target specific cohorts within DSS?

How can DSS and other agencies make it easier for disabled people and their families to navigate across the range of disability support?

DSS needs to have clear boundaries between support it funds and support available from other government agencies. This is to reduce duplication, help with access and navigation, and understand if there are any gaps.

There also needs to be good relationships and collaboration between government agencies funding support, so that disabled people and families are supported in way that is simple, joined up, and easily understood.

- What opportunities are there to streamline access to other disability supports and services for people who access DSS?
- What could work better to help disabled people access mainstream services ahead of support provided by DSS, as part of their everyday life?

We would like to talk with you about potential further operational improvements to DSS

5

There has been significant operational capability improvements to DSS over 2024 and 2025

In response to external reviews of DSS in 2023 and 2024 (as then administered by the Ministry of Disabled People), a range of improvements to its organisational capability have been implemented.

These include:

- commercial governance, commissioning, and procurement processes
- staff capability
- systems to increase efficiency, such as for financial management, contracts, and payments
- organisational change to increase effectiveness as a commissioner, funder, and steward of disability support which is responsive to disabled people's needs.

The focus now shifts to ongoing quality and system improvements

While implementation of stabilising actions continues, and the policy direction for strengthening DSS is developed, there is an opportunity to consider further operational improvements in the short to medium term.

Any changes would need to reinforce the momentum of reform toward strengthening DSS into the future. It will also be important to ensure continuity of support for disabled people and families, as well as maintain supply through contracted providers.

What further operational improvements to DSS could be progressed?

Any further operational improvements would need to build on the gains from actions completed or being implemented, as well as reinforce the direction for strengthening DSS.

We would like to understand how changes could simplify and streamline the experience of disabled people, families, whānau, and carers in accessing disability support.

For example:

- improving support for navigating and accessing information on disability support
- further developing safeguarding measures, including complaints mechanisms
- s 9(f)(i)(v)

- What further potential operational improvements do you consider could be progressed?
- How would you prioritise these further actions?
- How would these further actions ensure continuity of support, maintain supply, and reinforce strengthening DSS?