



24 November 2025

Tēnā koe

Official Information Act request

Thank you for your email of 23 September 2025, made to the Ministry of Social Development (the Ministry). You requested information about the changes to flexible budgets announced by the Minister for Disability Issues.

I have considered your request under the Official Information Act 1982 (the Act).

1. Total funding reductions and reallocations

- *The total amount of flexible funding that will be reduced, reallocated, or otherwise redirected by the Government in April 2026 as a result of these changes, including any amounts arising from:*
 - *"aligning budgets to previous spends"; and*
 - *"reallocation based on previous spend."*

2. Breakdown of totals

Please provide a breakdown of these totals by:

- *Region/site (EGL Waikato, Mana Whaikaha, Christchurch, and other NASC regions)*
- *Funding type (flexible funding, standard packages, early investment funds)*
- *Reason for change (underspend alignment, removal of purchase guidelines, adoption of new funding allocation tool)*

4. Baseline methodology

- *Confirmation of the baseline period used to calculate reductions (e.g., June 2023 – June 2025 spending).*
- *Details of how this baseline was applied to determine the April 2026 reallocations.*
- *Dollar-for-dollar, those with plans that just so happened to be largely voided by policy changes made in March 2024 & August 2024, appear to be potentially disproportionately impacted -- what plan (if any) does the cabinet have to ensure that retrospective*

disenfranchisement of the country's most vulnerable does not occur, through absolutely no fault of their own?

I am refusing the above parts of your request under section 18(e) of the Act. Decisions relating to the methodology used to calculate funding reallocations have not yet been made. Disability Support Services is in the process of developing this methodology, informed by initial forecasting and modelling that was undertaken during the policy development process. Details of this forecasting fall in scope of the relevant part of your request as below.

3. Forecasts and modelling

Any forecast, modelling, or impact assessment documents that show the expected financial impact of these reallocations on:

- *Individual disabled people and their whānau*
- *Regional Leadership Group budgets*
- *National disability support expenditure*

I have identified two documents in scope of this part of your request.

The Cabinet paper on *Action to Stabilise Disability Support Services: assessments, allocations, and flexible funding* is publicly available on the Ministry's website at the following link:

- www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2025/action-to-stabilise-disability-support-services-assessments-allocations-and-flexible-funding.html.

I have also identified an Aide-mémoire, *REP/25/5/409 Action to stabilise Disability Support Services: assessments, allocations and flexible funding* to be related to your request, including Appendix 1 of the report. The report contains information that is largely outside the scope of the above part of your request. As such, I have provided you with the relevant excerpt from the report in the attached **Appendix**, in accordance with section 16(1)(e) of the Act.

I am releasing a copy of Appendix 1 of the report to you in full. This Appendix includes initial analysis that is indicative and illustrative only. The purpose of this analysis was to understand the potential population impacts of basing changes to funding allocations on an individual's past spend, not to calculate or make final decisions on the changes.

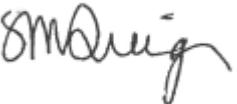
This analysis was based on a proposed approach to transferring funding allocations that is currently being refined ahead of implementing the changes to Flexible Funding. The figures within the Appendix do not reflect the methodology that will be used to calculate the funding reallocation. Further work is being done to understand and address the potential population impacts identified in this indicative analysis ahead of making these changes.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham
General Manager
Ministerial and Executive Services

Appendix – Excerpt from REP/25/5/409 Action to stabilise Disability Support Services: assessments, allocations and flexible funding

Population impacts

We have undertaken analysis to understand whether the transition arrangements would disproportionately impact different population groups of flexible funding users, noting there are pre-existing inequalities in how funding is allocated. Based on this initial analysis:

- there is no indication that users will be disadvantaged by ethnicity
- there are some regional variations. Users in Capital and Coast, Hawke's Bay, and the West Coast may receive a larger average reduction than users nationally
- female DSS users may receive a larger average reduction in allocation based on previous spend
- younger DSS users (under 24) may receive the lowest reductions in allocation
- DSS users aged 25 plus may see proportionately greater reductions in allocation.

Further analysis is required to confirm and understand some of the underlying reasons for these impacts. This will be considered in the design of the transition arrangements.

A breakdown by ethnicity, age, location type (e.g. urban, rural) and region is available at **Appendix 1**.



Visual description: A green Disability Support Services logo sits to the left of the New Zealand Government crest in black.

Appendix 1: Transitioning users to a new allocation

- On 31 May 2025 there were 36,599 DSS users with a flexible funding allocation, over 3,000 more people than in 2024.
- In 2024, there were 33,551 DSS users with a flexible funding allocation. We have categorised these users in the diagram below as those who spent:
 - 100% of their flexible funding allocation
 - some, but less than 100% of their flexible funding allocation
 - none of their flexible funding allocation.

Diagram 1: The number DSS users with a flexible funding allocation that ended between 1 January 2024 and 31 December 2024





Visual description: A green Disability Support Services logo sits to the left of the New Zealand Government crest in black.

Proposed approach for transitioning DSS users with flexible funding allocations¹

- We will transfer only those service lines with flexible funding allocation to a new capped allocation, based on historic spend (proposed as the highest level of spend for each person for any one year over a two-year period (1/1/23 - 31/12/24)).
- Users who have had a flexible funding allocation for less than one year will stay on their existing allocation until their scheduled reassessment date, when they will be assessed using the new assessment tool.

Likely impact of reductions

- Total proposed reductions (reduced fiscal liability risk) is \$93.9M (18.8%).
- 18,538 (56%) those who spend some, but less than 100% of their allocation, will receive an average reduction in allocation per person is \$4,295 (23.1% reduction in their allocation).
- There are two ways that we count people and allocations to understand overall impact²:
 - 33,296 distinct people with an allocation
 - 48,567 distinct allocations for different service lines.
- Table 1 below shows how many people will be affected across any of their distinct allocations. The data shows us that 10,319 of the 33,296 total number of people would have no change to their allocations (which means 22,977 people would have at least one reduced allocation).
- This data and analysis is indicative only and based on past spend.

¹ All data and analysis in this section is indicative only

² Note, there can be minor variances in the numbers due to the incompatibility of our data systems, making it hard to match 'like for like'. This will improve over time as part of the stabilisation of DSS.

Table 1: Proposed approach for transferring flexible funding allocations

Category	Action	Amount allocated	Proposed reduction (reduced fiscal liability risk)	Number of allocation packages impacted*	Average allocation	Average reduction
Allocations with 100% spend	Transfer with existing allocation (no reduction)	\$79.45M	\$0 (0%)	0 (15,602 people)	\$5,092	\$0
Allocations with between 1% and 99% spend	Transfer service lines based on historic spending (considering up to the last two full years of funding allocations), with an approach to provide safeguard pending reassessment**	\$397.42M	\$74.33M (18.7%)	23,774 (18,524 people)	\$16,716	\$3,127
Allocations with no spend	Transfer to revised, reduced allocations specific to service line to provide safeguard pending reassessment**	\$21.66M	\$13.30M (61.4%)	6,358 (4,448 people)	\$3,407	\$2,091
Total		\$498.53M	\$87.63M (17.6%)	33,296 people (45,734 allocations)	\$11,794	\$1,916

**Note that these figures relate to allocations, not individuals. DSS users may have allocations across more than one service line with differing rates of spend. So, while the allocations reductions relate to service lines, the average reduction per person is estimated to be \$2,632.*

***Based on allocations being reduced to the equivalent of around three months' worth of services and support.*

An approach and options for reducing allocations of the 'zero-spenders'

- As outlined in the Aide Memoire, we have developed an initial approach to transferring allocations for this group, that recognises the level of uncertainty around the reasons why individuals have not spent any of their funding, and that ensures no user has their flexible funding allocation removed entirely.
- For example, we could reduce the allocation for users with no past spend to the equivalent of either three- or six-months' worth of services and support, to provide a safeguard pending reassessment.
- Table 1** illustrates what a reduction to the 3 months' worth of services and support might look like - there would be a fiscal risk reduction of around \$87.63M.
- All these numbers are illustrative only and will be refined during implementation.

How these reductions might impact people differently, including by ethnicity, age, gender, location type and region

- In summary:
 - there is nothing to indicate that anyone would be disadvantaged by ethnicity
 - there are some regional variations, with Capital and Coast, Hawkes Bay, the West Coast looking to receive the highest average reductions
 - twice as many males as females receive a flexible funding allocation, and female allocations are on averages of a higher value. Females are expected to receive a slightly larger average reduction in allocation based on previous spend.
- By far the largest age cohort of people with flexible funding allocations are those under 15 (16,000) followed by 15-24 (9,000)
 - These cohorts also have the smallest average allocations, and under 15s will receive the lowest reduction of all age groups, followed by 15-24 cohort
 - Those aged between 25 – 65+ have much higher average allocations than the younger cohorts, and receive a larger reduction in allocation.

See **Tables 2-8** below for more detail.

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Table 2: Breakdown by ethnicity

Ethnicity	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
European	17,016	\$276.50M	\$60.74M	\$16,250	\$3,570
Māori	8,676	\$117.74M	\$25.02M	\$13,571	\$2,883
Pacific Island	3,127	\$45.57M	\$7.79M	\$14,573	\$2,491
Asian	3,719	\$47.15M	\$9.03M	\$12,679	\$2,427
MELAA	656	\$10.00M	\$2.24M	\$15,237	\$3,412
Unspecified	39	\$442.5K	\$116.7K	\$11,346	\$2,992
Other	59	\$1.02M	\$156.2K	\$17,219	\$2,648

- While reductions are slightly above average for European and MELAA, this could be because MELAA/European disabled people could be offered supports more easily or know how to navigate the system
- To really understand the ethnicity data, we would need to test for many different variables, as reductions are affected by:
 - how much support people use
 - how much people were allocated
 - how much people spend (price of support).

Table 3: Breakdown by gender

Gender	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Male	21,578	\$294.58M	\$63.64M	\$13,652	\$2,949
Female	11,643	\$202.82M	\$41.10M	\$17,420	\$3,530
Unknown	28	\$500.3K	\$148.7K	\$17,868	\$5,309
Other	43	\$516.8K	\$187.6K	\$12,019	\$4,362

Table 4: Breakdown by age

Age group	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Under 15	16,356	\$134.51M	\$29.91M	\$8,224	\$1,828
15-24	9,169	\$135.74M	\$31.70M	\$14,804	\$3,457
25-34	2,906	\$81.11M	\$14.84M	\$27,912	\$5,107
35-44	1,408	\$44.94M	\$8.82M	\$31,920	\$6,265
45-54	1,176	\$37.14M	\$6.74M	\$31,579	\$5,735
55-64	1,298	\$39.45M	\$8.06M	\$30,394	\$6,208
65+	979	\$25.53M	\$5.01M	\$26,082	\$5,119

Table 5: Breakdown by impairment type

Impairment	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Physical	4,426	\$134.96M	\$24.40M	\$30,493	\$5,513
Intellectual	11,691	\$197.66M	\$40.11M	\$16,907	\$3,431
Other	714	\$14.01M	\$3.59M	\$19,615	\$5,022
Autism	17,199	\$164.65M	\$40.39M	\$9,573	\$2,348
Sensory	844	\$16.02M	\$2.87M	\$18,984	\$3,396
Neurological	130	\$3.63M	\$792.6K	\$27,904	\$6,097

- Around half of people with flexible funding have Autism (17,199), and almost a third have an intellectual impairment (11,691). Further analysis is needed to confirm that most with Autism are younger males (but given that there are many more males and under 15s, this is very likely)
- People can have up to two primarily impairment categories listed, there is no hierarchy, therefore the count of people in this table will be higher than reported elsewhere.

Table 6: Breakdown by location type

Location type	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Small urban area	3,288	\$46.47M	\$9.67M	\$14.1K	\$2,940
Major urban area	17,240	\$247.82M	\$54.11M	\$14.4K	\$3,139
Rural other	4,571	\$73.36M	\$14.21M	\$16.0K	\$3,109
Medium urban area	2,855	\$43.06M	\$9.66M	\$15.1K	\$3,384
Rural settlement	639	\$10.95M	\$2.20M	\$17.1K	\$3,445
Large urban area	4,510	\$73.26M	\$14.45M	\$16.2K	\$3,204
Inlet	158	\$3.20M	\$676.8K	\$20.2K	\$4,284
Oceanic	23	\$182.1K	\$98.0K	\$7.9K	\$4,262

Table 7: Breakdown by region

DHB	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Auckland	2,636	\$42.57M	\$8.73M	\$16.1K	\$3,313
Bay of Plenty	2,469	\$41.97M	\$8.56M	\$17.0K	\$3,467
Canterbury	4,866	\$63.70M	\$16.03M	\$13.1K	\$3,295
Capital and Coast	1,748	\$32.47M	\$8.88M	\$18.6K	\$5,081
Counties Manukau	4,797	\$62.22M	\$12.09M	\$13.0K	\$2,521
Hawke's Bay	901	\$21.13M	\$4.03M	\$23.5K	\$4,478
Hutt Valley	1,080	\$17.28M	\$3.94M	\$16.0K	\$3,646
Lakes	876	\$13.91M	\$2.55M	\$15.9K	\$2,909
MidCentral	246	\$3.25M	\$692.2K	\$13.2K	\$2,814
Nelson Marlborough	750	\$13.50M	\$2.42M	\$18.0K	\$3,232
Northland	1,763	\$23.74M	\$3.28M	\$13.5K	\$1,860
South Canterbury	392	\$5.91M	\$1.31M	\$15.1K	\$3,341
Southern	1,745	\$25.79M	\$5.18M	\$14.8K	\$2,968
Tairawhiti	325	\$4.62M	\$803.2K	\$14.2K	\$2,471
Taranaki	957	\$16.59M	\$3.12M	\$17.3K	\$3,260
Waikato	2,749	\$24.50M	\$5.19M	\$8.9K	\$1,889
Wairarapa	251	\$5.11M	\$903.4K	\$20.4K	\$3,599
Waitemata	3,959	\$67.49M	\$14.40M	\$17.0K	\$3,636
West Coast	229	\$4.98M	\$1.20M	\$21.8K	\$5,261
Whanganui	523	\$7.38M	\$1.65M	\$14.1K	\$3,153
Area outside District Health Board	23	\$182.1K	\$98.0K	\$7.9K	\$4,262

- Regions with the biggest average reduction in allocation are:
 - Over \$5000 per person: – West Coast, Capital and Coast
 - Over \$4,000 per person: Hawke's Bay
 - Over \$3,000 per person: Nelson Marlborough, Auckland, Bay of Plenty, Canterbury, Hutt Valley, Taranaki, Wairarapa, Waitemata, Whanganui.
- Further analysis would be needed to understand what this means.

Table 8: Breakdown by Urban and Rural

Category	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
Urban	27,893	\$410.60M	\$87.89M	\$14,721	\$3,151
Rural	5,210	\$84.30M	\$16.41M	\$16,181	\$3,150

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NASC	People	Currently allocated	Proposed reduction	Average allocation	Average reduction
NorthAble	1,763	\$23.74M	\$3.28M	\$13,464	\$1,860
Kaikaranga	11,392	\$172.28M	\$35.22M	\$15,123	\$3,092
Tairāwhiti - YWKR	325	\$4.62M	\$803.2K	\$14,206	\$2,471
Disability Support Link	2,749	\$24.50M	\$5.19M	\$8,913	\$1,889
Support Net	3,345	\$55.87M	\$11.11M	\$16,704	\$3,321
Taranaki - YWKR	957	\$16.59M	\$3.12M	\$17,331	\$3,260
Hawke's Bay	901	\$21.13M	\$4.03M	\$23,457	\$4,478
Whanganui - YWKR	523	\$7.38M	\$1.65M	\$14,111	\$3,153
Focus	251	\$5.11M	\$903.4K	\$20,354	\$3,599
Enable - Mana Whaihaha	246	\$3.25M	\$692.2K	\$13,214	\$2,814
Hutt - YWKR	1,080	\$17.28M	\$3.94M	\$15,999	\$3,646
Capital Support	1,748	\$32.47M	\$8.88M	\$18,575	\$5,081
Nelson-Marlborough NASC	750	\$13.50M	\$2.42M	\$17,997	\$3,232
LifeLinks	5,487	\$74.60M	\$18.55M	\$13,596	\$3,380
Otago/Southland - YWKR	1,745	\$25.79M	\$5.18M	\$14,777	\$2,968



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