

**Government Response to
Referral of Petition from Shary Bakker:
*Reinstate the Whaikaha Purchasing Guidelines for Individuals
from March 1, 2024***

**Presented to the House of Representatives
in accordance with Standing Order 380**

Office of Hon Louise Upston

Minister for the Community and Voluntary Sector
Minister for Disability Issues
Minister for Social Development and Employment
Minister for Tourism and Hospitality
Minister for Child Poverty Reduction
Deputy Leader of the House



12 MAY 2025

Petitions Committee

By email: petitions@parliaments.govt.nz

Tēnā koe Greg O'Connor,

Re. Response to petitions submitted by Shary Bakker to reinstate the previous disability support purchasing guidelines

Thank you for the opportunity to respond to the Petitions Committee regarding the petition presented by Shary Bakker to reverse changes made to flexible funding purchasing guidelines on 18 March 2024. I would like to acknowledge the concerns raised by Ms Bakker on behalf of the disabled community, the uncertainty these changes have caused, and the way they were communicated.

Background

Prior to 2 December 2024, Disability Support Services (DSS) was part of Whaikaha – the Ministry for Disabled People (Whaikaha). When Whaikaha was established, it aimed to transform the disability system in line with Enabling Good Lives (EGL) principles.

It did not, however, have strong fiscal controls in place, and as a result, was not able to appropriately manage its budget appropriation. The Government commissioned a rapid review of the system, which was delivered in June 2024, with Cabinet agreeing to all seven of its recommendations. In August, Cabinet also agreed to move DSS into the Ministry of Social Development (MSD) with the DSS taskforce established to action the recommendations outlined in the review.

March 2024 changes

The March 2024 changes to flexible funding aimed to mitigate an expected overspend of Whaikaha's budget allocation and ensure that funding was focussed on disabled people. The changes sought to disallow spending that was the responsibility of other agencies, but that Whaikaha was funding due to weak operational controls, and narrowing what could be purchased under flexible funding rules. Prior to these changes, DSS was often acting as the 'funder of last resort', where flexible funding was being used to fund supports that should be provided by other parts of the disability system.

The Government is aware of the difficulty that these changes have caused for some disabled people, their whānau and their carers. Many disabled people and carers who access DSS funding have told us that accessing flexible funding has improved their lives, and changes made on 18 March 2024 reduced that flexibility. Some of the concerns raised relate to the lack of consultation, the

pace at which the changes were made, and the way they were communicated. Whaikaha has since apologised and provided more information about how the purchasing rules should be applied.

I remain committed to ensuring that flexible funding remains flexible. However, in order to have a level of flexibility that meets the expectations of the disabled community, while also being fair and consistent across the country, transparent, and sustainable, work is required to correct the known issues in the system.

The independent review

On 30 April 2024, the Government announced the Independent Review of DSS. The aim of this review was to provide advice on the actions that should be taken in the 2024/25 financial year to better manage cost pressures faced by Whaikaha. The review recommended seven actions, which the Government accepted.

Of the seven recommendations, two relate to the request outlined in this petition:

Recommendation five: Update the assessment and allocation settings for individuals based on level of need.

Recommendation six: Establish criteria for access to flexible funding and review flexible funding guidelines to improve clarity and consistency.

The review found that flexible funding was one of the main areas of growth in expenditure for DSS and has been increasing rapidly since 2015/16. The review also found that there is a lack of established criteria for who should be supported and in what circumstances. This has led to a blurred distinction between income support and the provision of DSS.

The DSS Taskforce

The DSS Taskforce is currently actioning the review's recommendations, with focus on recommendations five and six. The first round of consultation, which ran from 29 October – 22 November 2024, sought to identify where the main issues with the DSS system were and received over 1500 survey responses. DSS has also recently finished a second round of consultation, which included nearly 1000 disabled people, whānau, carers and providers across 25 in person and online workshops. It also included over 800 survey and submission responses separate to in workshop feedback.

This consultation has told the Government where the inconsistencies and complexities lie within the system and have highlighted the need for urgent change. Officials are currently analysing the feedback in detail and developing policy proposals to respond to the Independent Review recommendations. We are due to take decisions soon with changes aiming to stabilise DSS and return fiscal control to the system before moving to phase two of this work, which aims to strengthen and improve the system in the longer term.

In addition to reviewing the system, establishing a taskforce and conducting nationwide consultation, DSS has also made progress in:

- providing greater consistency across Needs Assessments and Service Coordination and EGL sites and ensuring they are prioritising those in highest need.
- taking action to forecast expenditure and implement more fiscal discipline.
- developing a monitoring function to support continuous quality improvements.

Good progress has been made, but there is still work to do so the system is fair, equitable, transparent, and sustainable.

Looking forward

Through community feedback, including the recent consultations, we have heard how the March 2024 decisions have undermined people's trust and confidence in DSS. The actions we are taking to stabilise DSS so that it is fairer, more consistent, transparent and sustainable are critical to restoring that trust and to meeting disabled people's needs.

I remain committed to improving the DSS system so that it is consistent, transparent, fair and sustainable. As part of this, we need to take action to lift the performance of the system and introduce better financial management practises to mitigate increasing cost pressures. Returning to the pre-March 18 settings would not achieve that.

I would like to again thank you for the opportunity to make a written response to this petition.

Sincerely



Hon Louise Upston
Minister for Disability Issues