

## **MSD Budget announcement - information for Community Participation, Very High Needs, Transition, Disability Allowance and Resettlement providers**

Kia ora

The Government announced today that Budget 2020 provides additional funding for community-based services for disabled people to address cost pressures and historical funding differences between contracts.

This funding is part of an MSD-funded NGO and community package worth \$267 million over four years. It addresses cost pressures experienced by MSD-funded social services and supports organisations through the expected impact of Covid-19.

An additional \$43.3m is being provided over four years to address cost pressures.

*What this means in 2020/21 and 2021/22:*

All Community Participation, Very High Needs, Transition, Resettlement and Disability Allowance providers will receive standard increases of 6% in 2020/21 and 2021/22. These increases are cumulative. They will be calculated based on the funding for any of these services you have received in the 2019/20 financial year, excluding additional payments made for Gender Pay Equity.

Increases will apply from 1 July 2020. We will be varying contracts to include the 2020/21 and 2021/22 increases. We are aiming to get variations to you by mid-June.

You will be required to implement voice of the client surveys, to provide MSD with information on satisfaction with the quality of service and progress made towards individual goals. There is provision for this in your existing contracts.

*What this means in 2022/23 and 2023/24:*

We will work with the sector over the next two years to get a better understanding of the costs of delivering community-based services for disabled people so we can develop an agreed service cost model. This service cost model will be used to determine the cost pressure uplifts in 2022/23 and 2023/24 so funding can be targeted to address historical funding differences between contracts.

We want to take this opportunity to thank you for the work you do, and we trust that this investment will assist you with meeting some of the costs associated with undertaking this important work.

Ngā mihi

## **MSD Budget announcement - information for Business Enterprises**

Kia ora

The Government announced today that Budget 2020 provides additional funding for community-based services for disabled people, including Business Enterprises, to address cost pressures and historical funding differences between contracts.

This funding is part of an MSD-funded NGO and community package worth \$267 million over four years. It addresses cost pressures experienced by MSD-funded social services and supports organisations through the expected impact of Covid-19.

An additional \$43.3m is being provided over four years to address cost pressures.

All Business Enterprises will receive standard increases of 6% in 2020/21. The increase will be calculated based on the funding you have received in the 2019/20 financial year.

The increase will apply from 1 July 2020. We have already advised you that we will be extending your contracts for a further year to allow for continued work on a wage supplement as an alternative to Minimum Wage Exemption Permits. We are aiming to get variations to you by mid-June.

*Future work:*

We will work with the disability sector over the next two years to get a better understanding of the costs of delivering community-based services for disabled people so we can develop an agreed service cost model. This service cost model will be used to determine the cost pressure uplifts in 2022/23 and 2023/24 so funding can be targeted to address historical funding differences between contracts.

Ngā mihi

## **MSD Budget announcement - information for Employment Service providers**

The Government announced today that Budget 2020 provides additional funding for the Employment Service for disabled people. This funding recognises that disabled people are likely to be disproportionately affected by the COVID-19 pandemic, widening the employment gap between disabled and non-disabled New Zealanders as a result.

The Government is investing \$12.5 million of additional funding over two years to strengthen and expand Employment Service by:

- increasing the capacity of the service so more people can access it
- making the service available to young people in their final two years of school
- upskilling job seekers who face additional barriers to employment.

We will work closely with providers and employment support subject matter experts around allocation of the additional funding to ensure we achieve the best possible results for disabled people.

As we have previously advised, we are currently reviewing the milestones and outcomes-based payments in Employment Service contracts in response to changes in the labour market as a result of Covid-19. We will be in touch with further information about this shortly.

We will be offering all providers a further lump sum payment to cover the period from 1 July 2020 to 30 September 2020 while we complete the review of the contract and determine the allocation of the additional funding. We are aiming to have contract variations for this lump sum to you by mid-June.

Ngā mihi