



**Leading and influencing change that supports inclusive lives**

## **Briefing for Incoming Ministers**

**November 2020**

**Investing in better lives for disabled people and families**



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## About NZDSN

The New Zealand Disability Support Network (NZDSN) is a national network of over 170 organisations – predominantly Not for Profit - that provide support services to disabled people, mainly through contracts with government, and which employ approximately 25,000 people. NZDSN members provide approximately 80% of the volume of contracted disability support services. Our membership covers a wide variety of provider interests including employment support, respite services, residential services, supported living, community participation and other specialised services.

NZDSN is a values-driven network that is committed to social change to achieve inclusive lives and active citizenship for disabled people. NZDSN takes a pan-disability perspective on the sector and works collaboratively with disabled people, their families and allied agencies.

NZDSN is governed by an elected Board from the wider membership and employs a full time Chief Executive with a small support team mostly based in Wellington. We provide a strong voice and policy advice to government on behalf of our members and facilitate innovation and quality with providers.

NZDSN publishes regular sector briefings in which we outline issues and concerns that are significantly impacting service providers and the lives of disabled people and their families and whānau. These briefings offer recommendations to government for addressing these matters and NZDSN's own commitments to support change.

Here is the link to our [2020 NZDSN Sector Briefing](#) which we strongly encourage you to read.

## How NZDSN can work with Government

NZDSN is committed to working with Government and to contribute in the following ways:

1. We value the current engagement with the Ministry of Health around a joint work programme focused on new approaches to commissioning, sustainable funding and a coherent workforce development strategy. We will continue to contribute constructively while an agreed outcome is in sight.
2. NZDSN will continue its participation and contribution to a range of working parties and reference groups that advance the governments' work programmes and priorities in relation to disability policy and services. We value these opportunities to offer the wide range of skills, knowledge and expertise that exists within our membership.
3. We will continue our programme of work which focuses on growing provider leadership, innovation and quality, particularly in relation to the impact of system transformation and the implementation of Enabling Good Lives principles. This programme has involved hundreds of events with thousands of participants over the last 5 years – including disabled people, family members, support workers and those in leadership roles.
4. NZDSN undertakes various pieces of work and projects that contribute to the development of data, evidence and quality. Some of this work has been in active



partnership with government agencies and we look forward to continuing opportunities in this regard.

5. NZDSN appreciates and looks forward to the opportunity for regular engagement and discussion with Ministers whose portfolios cover various aspects of disability related policy and services. Ministers can anticipate invitations to attend and speak at our regular conferences and forums.

## **Format of Briefing**

We have begun by summarising what we think should be the five critical priorities for incoming Ministers regarding service provider organisations in the disability sector. These focus on some well-established and long-standing issues that are placing the sector under unsustainable pressure. We then go on to provide further background and supporting information to assist incoming Ministers to understand how these issues have evolved and what their impact is on providers, disabled people and families and whānau.

We want disabled people to be included in everyday life to enrich our society, meet our UN commitments and because it is the right thing to do. To move toward this, and away from the current situation where they are crushed under the weight of governmental indifference, we propose the following priorities for incoming Ministers:

- 1. Develop an approach to commissioning for outcomes based on fair and transparent pricing**
- 2. Develop a social insurance based approach to the funding of disability support through the establishment of a Disability Commission.**
- 3. Develop a coherent workforce development strategy**
- 4. Commit to an NZDSN and DSS joint work programme**
- 5. Implement the planned accessibility legislation**



## Priorities for Incoming Ministers

### 1. Develop an approach to commissioning for outcomes based on fair and transparent pricing

While Budget 2020 in May delivered the largest increase in funding for the disability sector for many years both in relation to vote: Health and vote: MSD, the additional funding really only just paid down a “mortgage” that had been accumulating for some time. MSD announced 6% price uplifts for 2020 and 2021 (which still leaves at least a 40% gap between funding and actual costs) while Health is still grappling with the reality of “catch-up” funding and the dilemma of how to balance demand and cost pressures. The recent MOH Disability Support Services increases in spending have been largely driven by the number of people accessing support increasing. The end result was a paltry 1% contract price uplift following several years of nil increases. **The reality for providers is year on year net decreases in funding.** At the beginning of 2020 the system was short year on year by at least \$574 million<sup>1</sup>. **By July 2021 we estimate that despite this year’s budget increases the system as a whole will still be short year on year by approximately \$600 million –** based on a conservative estimate of well-established cost and demand trajectories.

#### **We need an approach to commissioning that:**

**Is focused on outcomes** so that providers have the flexibility to implement changes informed by the Enabling Good Lives (EGL) principles.

**Pays a fair and transparent price** based on consensus between provider and funder about reasonable cost.

**Acknowledges the need for providers to maintain the quality** of current service options **and** to invest in changes that bring about innovations that embed EGL principles in practice.

**Deals to the long-standing discrepancy** between what government funds itself to deliver services and what it is prepared to pay the NGO sector to deliver the same services. This discrepancy is acutely revealed in the lack of parity in regards to wages between Government and NGO provided services – up to a 25% difference for some roles.

**Develops a systematic and ongoing approach that automatically addresses the wage relativity costs** that result from pay equity settlements and future fair wage agreements. The cumulative effect has been an additional 3-5% in costs each year for providers over the term of the current pay equity settlement. It is also essential to the recruitment and retention of leadership roles in the sector. Relativity costs will be acute in 2022 because of the requirement to realign wage bands to account for minimum wage increases over the term of the settlement.

#### **For Ministry of Health commissioned services this also means:**

- The urgent need for a national roll out of Flexible Disability Support (FDS) contracts
- Progressively implement a single transparent Residential Pricing Model (RPM)
- Ensuring all residential providers have Supported Living service lines in their contracts – for existing **and** new referrals



- A coherent data-informed approach that can reliably forecast demand for services and support
- Active market stewardship to ensure a diverse range of provider choice

**For Ministry of Social Development commissioned services this also means:**

- Urgently begin work on the planned project to identify the actual costs of delivering community participation services informed by EGL principles along with data on demand volumes. Develop an agreed and transparent service cost model and use this to inform necessary funding increases.
- Continue to monitor pricing and outcomes for Employment Support contracts to ensure sustainability for providers and improved employment outcomes for disabled people.
- Develop indicators and a monitoring process for the implementation of the Working Matters Employment Action Plan for improving employment outcomes for disabled people and people with health conditions.

## **2. Develop a social insurance approach to the funding of disability support through the establishment of a Disability Commission**

The discrepancies across the Health, ACC and MSD systems are significant in terms of eligibility, responsiveness, levels of support and funding provided. The system as a whole is fragmented, complex and difficult to navigate. We need much bolder reforms than those offered in the Health and Disability review report and we need to shift the provision of disability support out of the health system. An approach is needed that removes the current discrimination across current systems based on the cause of disability. This requires establishing an independent Disability Commission to:

- Develop a principles and policy framework to inform the development of an operating model (placing disabled people and families at the centre of governance and incorporating the EGL principles).
- Engage key stakeholders in the development and co-design of an operating model that builds on the work already done through the system transformation work programme – and incorporates a social insurance based funding approach.
- Develop an innovative funding and commissioning model based on a social insurance approach that does not depend on taxes alone.
- Progressively implement the approach over the next 5 years.

The development of a social insurance model to fund disability support is essential to enabling an investment approach that can take a whole-of-life view of disabled people's support needs. We need to move away from the current fragmentation and discrimination across government agencies. Depending on the vagaries of annualised capped budgets



inevitably leads to ever more complexity and “managed access” – the active and excessive rationing of access to supports and services from year to year.

There is a strong consensus building across the disability sector that there is a need for bold reforms that would lead to the establishment of a Disability Commission to progress a social insurance based approach. This should be a priority for Government.

### **3. Develop a coherent workforce development strategy**

The 2017 pay equity settlement focused attention on support worker qualifications. However, since the linking of qualifications with remuneration there has been little done to improve the relevance and fit-for-purpose of the qualifications themselves. Moreover, in an era when there is significant impetus for providers to implement practice and delivery changes consistent with the EGL principles there has been precious little investment in leadership development and specialist roles that are critical for leading change and improving practice. We need clearly identifiable career pathways as these are critical for developing workforce capability and retaining a skilled workforce.

Workforce development funding is scattered across the sector like confetti from multiple sources and in the absence of a coherent workforce development strategy. Some things need to happen with a sense of urgency:

- The key agencies that have roles and responsibilities in this space – Disability Support Services Directorate (DSS) and the Health Workforce Directorate (within MoH), Careerforce - the Industry Training Organisation (ITO), Te Pou and MSD need to get on the same page to develop and support qualification pathways that are future-focused, have substantive EGL informed content, and are delivered to a consistent quality.
- There are key specialist roles that need consistent evidence-informed practice frameworks linked to qualifications, for example, Positive Behaviour Support practitioners, the Connector role and the role of Employment Support practitioners.
- Qualifications need to be developed based on widespread stakeholder engagement and consensus.
- Efforts regarding qualifications need to be supported by more immediate capability development needs for providers, disabled people and families so everyone can participate with more confidence in a transformed service system.
- Disabled people and family members need to become critical partners in the development of content and the delivery of training.
- NZDSN has several projects in development that address these matters, but they need to be placed in the context of an overarching workforce development strategy.



## 4. Commit to an NZDSN and DSS Joint work programme

Earlier this year the Director General of Health asked DSS to work with NZDSN to identify a small number of priorities that would form a joint work programme:

*“These priorities will be agreed and built into the Ministry’s wider strategic work programme so that they have the full and focussed support of me and my Executive Leadership Team.”*

Two priorities have subsequently been agreed to:

- An approach to commissioning that delivers sustainable funding, supports innovation and includes flexible contracting approaches like FDS, and
- A coherent workforce strategy that includes future-focused qualification pathways and leadership development to support innovation.

The details of this work programme are still being worked on and we are due to report on progress to the Director General on 17 November 2020. It is essential that this work programme is confirmed soon.

## 5. Implement the planned accessibility legislation

NZDSN has been an active supporter of the Access Alliance and we welcome the commitment of the incoming Government to design and introduce legislation that gives effect to access rights for disabled people. This legislation will also give effect to the EGL principles - that the “mainstream” needs to change and accommodate the needs and aspirations of disabled people. This is most pressing in terms of areas including affordable and accessible housing, accessible information, education and employment opportunities, and accessible transport.

**Access to affordable and accessible housing** is an area that needs serious and urgent attention, rather than just waiting for legislation. A key component to achieving personalised living options whereby disabled people have real choice and control about where and with whom they live is being able to get into affordable and accessible living accommodation. The current policy settings around housing access and affordability present overwhelming barriers that need to be urgently addressed with a coherent cross-government response.



## Background and supporting Information

The following sections provide additional context and information that explain how and why we have arrived at our view on priorities for incoming Ministers.

### Disability support provider organisations

Disability support provider organisations consist of small to medium-sized organisations providing niche services to a small number of people and operating in only one or two regions, while others are large with nationwide service systems. A few have a strong cultural perspective (for example Māori and Pasifika), and many specialise in working with people with specific impairments (for example sensory, intellectual/learning disabilities, autism). Many have a shared history of being established by passionate individuals (often parents and other family members of disabled people) who were disenchanted by what they experienced as being a lack of responsive and good quality services, with few choices about the supports that were available to disabled people and their families and whānau.

Organisations providing disability support services are strongly values-based and are committed to working in partnerships with individuals and their families and whānau to provide disability supports that meet their needs – whatever they may be. They are passionate about working with people to ensure they can be in control and “get on with living a great life”. The relationship between the disability support provider organisation and individuals may be short term but is more often over several years. Support can take place in communities, in workplaces, in people’s homes or in accommodation facilitated by the disability support provider organisation.

The current provider market place is not as diverse as it needs to be and active stewardship on the part of government funding agencies is needed to address this.

### The people we support

It is important to understand the composition of the people being supported in order to contextualise the increasing pressures that disability support provider organisations are facing.

Disabled people and their families and whānau being supported are a diverse population group. The 2013 New Zealand Disability Survey showed that higher rates of disability are found in families living in high deprivation communities and that Māori have significantly higher rates of disability across all age bands.

The report from the Health and Disability System Review (2020) noted that the population receiving Disability Support Services (DSS) is changing. The median age of people receiving disability support services has decreased from 31 years in 2014 to 26 years in 2018 due to the large growth in children (driven by the inclusion of ASD in 2014). The adult population has stayed relatively stable with 8% growth from 2016 to 2018, compared to a 20% increase in the number of children aged 5 to 14 years. The total mix of people is shifting towards those with higher needs. Between 2016 and 2018, the number of people receiving high and very high packages of support increased by 9.6% and 11.0% respectively.

Of the people currently receiving Ministry of Health funded disability support services:



- more than half have an intellectual disability as their principal disability. Many may also have a physical disability.
- Just under one-quarter (23%) have Autism Spectrum Disorder (ASD) as their principal disability.
- Just under one-quarter (23%) have a physical disability as their principal disability.<sup>ii</sup>

## The disability sector is under significant financial pressure

The Health and Disability System Review (2020) highlighted some of the issues and challenges that are impacting on the disability support providers' financial sustainability, and therefore on their ability to respond to the needs of disabled people, and to be innovative in the way in which they design and deliver supports:

"The health and disability system should be accountable for ensuring that services are available to people right across the country to meet their support needs. This requires an ecosystem of providers who are paid a fair price for delivering services to the quality and service specification standard set out in contracts. For providers of residential services with five or more beds, certification standards also need to be met.

The current model of service delivery relies on non-governmental organisations (NGOs) to provide many of these services. The disability sector has had regulatory changes in recent years, including settlements for sleepovers, in-between-travel, and pay equity for care and support workers. While funding from the Ministry and Ministry of Social Development has increased over the past 10 years to account for the increasing number of people accessing supports, it has not kept up with cost pressures.

Overall, analysis shows that provider sustainability is becoming increasingly fragile. There has been a consolidation of the provider market, generally resulting in larger providers taking over small, often unsustainable providers.

The Review considers that a sustainable, consistent and transparent funding and pricing model should be developed to ensure sufficient services are available and enable providers to deliver high quality and innovative services<sup>iii</sup>."

- **Despite a significant funding boost for the sector in this year's budget disability support provider organisations continue to experience critical funding shortfalls and cost pressures.**

While Budget 2020 in May delivered the largest increase in funding for the disability sector for many years both in relation to vote: Health and vote: MSD, the additional funding really only just paid down a "mortgage" that had been accumulating for some time. MSD announced 6% price uplifts for 2020 and 2021 (which still leaves at least a 40% gap between funding and actual costs) while Health is still grappling with the reality of "catch-up" funding and the dilemma of how to balance demand and cost pressures. The end result was a paltry 1% contract price uplift following several years of nil increases. **The reality for providers is year on year net decreases in funding.**

The Health and Disability System Review (2020) stated that:



“Funding for disability support services has not kept up with need. There has been an increase in overspend each year, but no serious attempt to forecast future demand and service requirements, or assess the funding required to deliver these services.”<sup>iv</sup>

If the sector does not get regular contract price uplifts there is a significant likelihood that providers will need to make some difficult decisions about the continuation of some programmes, staffing levels and whether to accept new referrals, particularly for those people who have high/very high and complex needs. Some providers are already in the midst of making these decisions and refusing some referrals where the funding package on offer is patently insufficient to meet even basic costs.

- **Current pricing and funding is most acutely felt by providers when supporting individuals with high and complex needs.** There is currently a lack of transparency around the negotiation of individual service packages for people with high and complex needs - with variable pricing across regional Needs Assessment and Service Coordination services (NASCs), along with periodic and variable intervention by the Ministry of Health in these negotiations. Funding packages regularly fail to acknowledge the actual levels of staffing needed including supervision requirements, shift change-over time for debriefing/communication, as well as ongoing equipment and property repairs and maintenance costs that are incurred. Many of the people in these circumstances cannot always live with others which can add exponentially to costs. These impacts are felt not just under the auspices of Regional Intellectual Disability Supported Accommodation Services (RIDSAS), but also for those with high and complex needs who are not covered by this jurisdiction.

The shortfall in individual funding packages in these circumstances can be several thousand dollars each month. Disability support providers are increasingly caught between a ‘rock and hard place’ as they juggle the competing imperatives of providing services on the one hand and financial survival on the other. Providers are strongly values-based and readily recognise the ethics and consequences for the people they exist to serve when considering whether to accept referrals or to exit people from services. The governing boards of providers are becoming increasingly strident about the need to manage these financial, quality and safety risks in a sustainable manner, especially in the absence of any shared risk between funder and provider. **We can expect more providers to be more consistently resisting the pressure to accept referrals when there are such large gaps between funding being offered and the actual costs involved. The idea that the Ministry of Health can simply “contract out” of its responsibilities around health and safety risks and material impacts due to inadequate funding is egregious and legally questionable.**

This absence of a shared approach by the Ministry of Health to risk along with a lack of fair and transparent funding is in stark contrast to the relationship that providers have with other funding agencies. For example, Oranga Tamariki and ACC are experienced as trusted partners where agreement on fair and reasonable pricing is quickly established based on an assumption of provider integrity and expertise.



- **The recent MOH Disability Support Services increases in spending have been largely driven by the number of people accessing support increasing.** The number of people accessing support will continue to grow. This is partly due to ethnic inequality in accessing supports currently being addressed. The numbers of Māori, Pasifika and Asian peoples accessing disability supports are increasing significantly. There is also significant growth in people aged under 24 accessing supports. People under 24 made up 45.5% of all people accessing support in 2018. Many of these people will need support as adults too. We are yet to see a coherent strategy from the Ministry of Health for managing this demand. To date this growth has been largely accommodated by providers with no additional investment.
- **The impact of the pay equity legislation, while moving us away from a minimum wage labour market, is also exacerbating long standing funding shortfalls.** While specific funding has been made available to implement the pay equity legislation for support workers this funding simply enables employers to meet their obligations to pay the new minimum pay rates required under the legislation. It is essentially “money in/money out” and does not improve the financial position of organisations. In fact, the flow on impacts and wage relativity costs create a significantly increased financial burden for providers (increased costs of between 3-5% per year). These shortfalls have amounted to net funding reductions year on year as relativity costs associated with legislated pay increases have not been addressed at all. This issue will be acutely felt in the final year of the settlement when the remuneration at each of the 4 levels has to be rebalanced to take account of shifts in the minimum wage.
- **In our 2020 Sector Briefing** which is based on research and analysis undertaken by NZDSN since 2017 we estimated that the current gap between funding and actual costs for providers was at least 15% or \$210 million and that the level of unmet need indicated an additional \$350 million funding gap (plus an accumulating deficit of another \$14million). This means that at the beginning of 2020 the system was short year on year by at least \$574 million. **By July 2021 we estimate that despite this year’s budget increases the system as a whole will still be short year on year by approximately \$600 million** – based on a conservative estimate of well-established cost and demand trajectories.

## Commissioning and contracting

Funding concerns center around the fact that providers must manage in a contracting environment that is only partially funded and where organizations, not government, bear most of the risk. The market in which disability support providers operate is almost entirely constructed through contracted funding arrangements with government – there is either no or extremely limited scope for providers to pass on costs through fees for service.

The Health and Disability System Review (2020) summed up the situation:

“The current contracting and pricing model for disability support services is based on historic arrangements which have been largely unchanged in the past 25 years. An example of this is Ministry-funded residential care, which has different funding models around the country.



Providers that operate around the country may receive different rates for the same service as funding arrangements vary depending on the geographic location and funders (eg. Ministry, ACC and DHBs). This results in a significant administrative burden for both funders and providers<sup>v</sup>.”

One of the most erudite and sensible government papers on commissioning was released earlier this year through the **Ministry of Social Development: “Social Sector Commissioning: Progress, Principles and Next Steps.”** It offers six principles for improved commissioning which could provide a very useful template for both MSD and MoH to substantially improve on current approaches.

## Opportunities and Challenges

**The opportunities in front of us are not without their challenges** and it is important that we highlight to the Ministers of an incoming Government what we believe to be the “watch points” and risks that lie ahead.

The disability sector is grappling with a series of intersecting priorities which have significant interdependencies and challenges, not the least of which is how we emerge from the COVID-19 crisis.

**The design and implementation of “system transformation” informed by the Enabling Good Lives principles** is an ambitious approach to create the choice and control that disabled people and families have been demanding for many years, and that many providers have been attempting to implement – usually despite rather than because of the current “system.”

- The system transformation work programme is beginning to unfold, but with an uncertain timetable and growing hesitation from Government around transformative change. There is not yet a clear picture of how all stakeholders in a transformed system will be supported to participate with confidence, or of how transformative the changes will be. There is a level of uncertainty because of the risk that delivery on longstanding disability sector specific issues will be lost in a suite of broader social policy and economic reform programmes – which of course have the added layer of also responding to the recovery from the COVID-19 pandemic. **An overall lack of momentum around implementation is a risk.** A cabinet paper is due by the end of this year which will outline the way ahead for a transformed system and the costs involved. **Relevant Ministers need to ensure that this cabinet paper does indeed offer a clear pathway to a system that is authentically transformational.**
- In the emerging world of personal budgets there are concerns that funding risks, while remaining for providers, will also be transferred directly to disabled people and families as they find themselves negotiating an emerging marketplace without real purchasing power to access the supports and services they need.
- There is renewed focus on workforce development now that qualifications are linked to remuneration – and an urgent need to review the relevance and fit for purpose of the qualifications themselves. The absence of a coherent workforce development strategy is a barrier.



**The impact of the COVID-19 pandemic** has and will continue to be far reaching.

Both the MOH and MSD response to COVID-19 has involved increasing the flexibility of service specifications – something we do not wish to lose in a return to business as usual.

It has not been lost on any of us that the COVID-19 crisis has propelled funders and providers to explore greater flexibility and approaches that better reflect EGL principles. There is strong momentum to continue in this way and not to return entirely to the way things were before the crisis. Maintaining this momentum will need to be supported by continued flexibility around contracting and sustainable funding to embed new innovations as everyday practice.

**A sustainable and flexible funding regime enables both providers and the Ministry of Health to realise jointly held goals for disability support services that implement the Enabling Good Lives principles in practice** (a key plank of the DDS draft Disability Directorate Strategy 2020). NZDSN understands that implementing the latest iteration of the RPM along with broader contract price uplifts that match cost of living increases in one budget cycle is not possible, **but what we do want is a commitment to make a start to close what is now an agreed and very transparent funding gap over time.** A transparent residential pricing model has been “in development” for a decade - it is now likely that the cost of this development to date matches the actual cost of implementing the model – an appalling example of inertia and unfocused leadership by successive officials and Ministers.

In the absence of a plan for sustainable funding we will all get frustrated by a lack of tangible change – providers will be constrained by inflexible contracts and funding shortfalls and the Ministry will not see the outcomes it is seeking for the lives of disabled people and their families. **We must use the COVID-19 crisis as a springboard for the change we want to see, not an excuse to stand still and lose the momentum that has begun.**

For organisations providing disability support services in such an environment there is an ongoing challenge: responding to the demand for EGL-informed changes to practice, but in the face of a diminishing ability to invest in the innovation required.

## **A social insurance-based funding approach**

The transition from a fragmented system to a universal integrated system can be planned for, designed and implemented over time. It will require consultation with disabled people and families. It must be co-designed and it will require capacity building and the development and implementation of a sustainable funding model. A social insurance approach to funding that is not wholly dependent on tax revenue is recognised internationally as a way forward and already exists in New Zealand in the form of our own ACC system. Extending the concept to all disability no matter the cause requires bold and innovative policy commitment from government.

There has been a long-standing call from across the sector for a single point of reference for leadership around disability policy and funding, rather than the split responsibilities we currently have across government agencies. The design features of a transformed system that have emerged so far reinforce the need for:



- A single crown entity to take responsibility for the combined spend and policy on disability support (a concept often referred to as a “disability commission”).
- Funding based on a social insurance approach that is sustainable over the longer term so that spending and investment is not constrained by annualised capped budgets – and is extended to all disability no matter the cause.

**Responsible Ministers need to give serious consideration to implementing this concept if we are to realise the outcomes we are all seeking. We need bold and transformative policy responses.**

The Health and Disability System Review report highlighted the endemic discrimination and barriers that disabled people face in having their health needs met in the current health system and this needs urgent action. While the report did highlight the sectors funding and commissioning issues, to suggest that the broader support and access needs of disabled people to ‘enable a good life’ in the wider community can be adequately funded by simply ‘rearranging the deck chairs’ in the current health system structure falls a long way short of bold and transformative policy reform.

A funding regime that offers certainty and sustainability for providers and those being supported is essential to firstly maintain acceptable levels of quality and safety in current services and secondly to spur investment in the changes and innovations that are required to embed EGL practices - and that are increasingly demanded by a younger generation of individuals and families.

We also need to acknowledge that there is a cohort of mostly aging families who are unlikely to be convinced of the need for any changes to some current models of community support. There is also continuing demand from younger families for these approaches as a preference, but also in the absence of viable alternatives - this has accelerated as a result of the impact on families from the effects of the pandemic. Providers are therefore faced with the dual demands of maintaining high quality current service options for some time into the future while at the same time moving towards supporting more personalised approaches to housing, living arrangements and wider community participation, including inclusive employment options. **We cannot invest in change at the expense of the quality of current service options.**

In order to embark on a programme of change and innovation providers need to do so based on a financial position that enables investment in the change process, its workforce and the innovation itself. The latest iteration of the RPM for example came close to providing that financial base and the confidence to move in new directions that are consistent with the EGL principles (it is now stalled because it is argued that it will require staged implementation over several budget cycles – reinforcing the lack of an investment approach). More broadly, regular contract price uplifts that match cost of living increases will contribute to the ongoing financial sustainability that is a prerequisite to achieving the changes we all want to see.

However, in the longer-term real sustainability will come from a social insurance based funding model that has multiple revenue streams in addition to direct taxation and enables an investment framework to support a whole of life approach.



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<sup>i</sup> The New Zealand Disability Support Network. 2020. Enabling Good Lives Sooner Rather Than Later: Where to from Here? A Sector Briefing from NZDSN. p 15

<sup>ii</sup> Health and Disability System Review 2020. Health and Disability System Review – Final Report – Pūrongo Whakamutunga. p 126

<sup>iii</sup> Health and Disability System Review 2020. Health and Disability System Review – Final Report – Pūrongo Whakamutunga. p 140

<sup>iv</sup> Ibid

<sup>v</sup> Ibid