

Welcome

NZDSN congratulates you on your new appointment. We look forward to working with you and your team and the most effective ways we can support you and your priorities.

This briefing provides you with initial information about the disability support sector from a provider perspective as well as current issues, and NZDSN's position and solutions. Due to various impacts of the COVID-19 pandemic on the sector, we have used the statistics and figures for the 2019-2020 financial year. The briefing is structured in eight sections as follows:

- NZDSN, its role and strategic goals for the next five years
- Overview on the disability sector and disability service providers
- Funding
- Workforce issues in the disability sector and disability service providers
- Impact of the COVID-19 pandemic on the sector
- New Ministry and its functions
- National roll-out of EGL
- Pay equity.

About NZDSN

NZDSN is a stable membership organisation with a small staff led by a CEO, Peter Reynolds. The Board of elected members support the leadership of the organisation through participation in several strategic activities and partnerships with government and sector entities. NZDSN enjoys a strong reputation in the sector and with government agencies. NZDSN's work is built on the United Nations Convention on the Rights of Persons with Disabilities, NZ Disability Strategy, Enabling Good Lives Strategy, and ongoing working relationships with government agencies and the Disability sector.

NZDSN has been operating for 12 years. In that time significant changes have impacted on the organisation and on the disability support sector generally. Our vision is *an inclusive New Zealand where all disabled people are valued, their human rights are promoted and protected, and they are enabled to maximise their potential as citizens.*

To achieve our vision, every five years we set/revise strategic goals to guide our way. Our current goals are providing a strong and valued voice to government on matters of common interest; supporting strong networks within and across the provider sector and ensure effective communication with all members; keeping abreast of and communicating to members and government, emerging trends and issues; promoting and supporting the continuous improvement and innovation of disability supports and services; and working collaboratively with disabled people, their families and allied agencies to foster an inclusive society.

Disability Sector and Disability Service Providers

Prior to the establishment of the new Ministry for Disabled People, Ministry of Health's Disability Support Services (DSS) has been responsible for the planning and funding of disability support services and managing the National Disability Support Services appropriation which is the funding of approximately \$1.1 billion per year. DSS purchases support through almost 1500 contracts with approximately 975 service providers.

Most disability support services are operated by incorporated societies or charitable trusts, so are not-for-profits heavily reliant on government funding for their survival.

The disability support sector operates through Needs Assessment and Service Coordination (NASC) organisations that collaborate with disabled people to identify their strengths and support needs. Funded by your Ministry, these organisations outline public-funded support and services, and determine disabled people's eligibility through a needs assessment process, before allocating and coordinating support and services. DSS also provides individualised funding packages for home and community support services, enabling disabled people to directly manage the funding they have been allocated. People who receive such funding may engage their own support workers or directly employ their own support providers and managing all aspects of the support they receive.

Brief Overview of the Chronic and Current Issues in the Disability Support Sector

The disability support sector has been dealing with two chronic issues of funding and staff shortage. On top of these, the COVID-19 pandemic has had a significantly negative impact on the sector.

Funding stability and sufficiency have continued to be key issues facing the sector. Inequity of funding across similar services and the general unsustainable level of funding are critical issues facing most disability support providers. The funding issue also stems from the fact that providers must manage in a contracting environment that for many (in reality) is only partially funded and where organisations, not government, bear most ever-increasing costs and risks. With individualised funding and personal budgets becoming more prevalent, these costs and risks, while remaining for providers, will also be transferred directly to disabled people and families, hence they will find themselves trying to negotiate an emerging care market without real purchasing power.

Insufficient funding over many years has resulted in a significant gap between current funding and the actual costs faced by disability service providers. This gap was at least 15% or \$210 million in 2021¹. There is also a significant gap between projected demand and the government's funding for every financial year. This gap was around \$14 million in 2022³. To manage the lack of funding, a rationing mechanism is being used to restrict access to services and support; for instance, through waiting lists, lack of information, making the system over complex, and maintaining or reducing existing support despite increased or sustained needs of disabled people and their families.

The disability support sector is also faced with a historical and critical staff shortage. A recent survey (June 2022) of NZDSN members responded to by 46 separate providers reported that they employed 8,697 Support Workers and were holding 956 current vacancies (includes full-time, part-time and casual) – an 11% vacancy rate that for some has extended to over 12 months. The chronic pay gap between support/care workers and DHBs employees in same or similar roles has also contributed to the staff shortage. To alleviate some of the pressure, the sector has traditionally relied on migrant workers on temporary work visas.

The COVID-19 has had significant impacts on the disability sector. It exacerbated the staff shortage, for instance, because of the increased workload due to infection prevention and control protocols, self-isolation or illness, and increased care recipients' psychosocial needs. The COVID-19 and the country's response to it also disrupted service provision for many disabled people; various levels of lockdown resulted in disability support services suspension or significantly changed and delayed.

NZDSN believes the sector's chronic and current issues are interdependent hence requiring comprehensive policy toolkit to simultaneously address various contributing factors. We will further explain these issues in the following sections.

¹ New Zealand Disability Support Network (2020). Enabling good lives sooner rather than later: Where to from here? <https://nzdsn.org.nz/wp-content/uploads/2020/06/NZDSN-2020-Sector-Briefing-Final-19-11-2019-1.pdf>

² Ibid.

³ Calculated by joint employers in a review of the Pay Equity Settlement, June 2022

Funding

As mentioned earlier, the disability support sector is reliant on government funding. Funding stability is one of the key issues facing the sector. Inequity of funding across similar services and the general unsustainable level of funding are critical issues facing most disability support providers.

We have engaged with officials over key issues of equity and sustainability of funding across our sector, and we have commenced initiatives to address these issues, although progress has been hampered by the impact of COVID and the transformation changes for the Ministry of Health in particular. We still see a lack of clarity on how this work will continue beyond 1 July 2022, given the transformational changes.

The funding provided by government simply enables employers to meet their obligations to pay the new minimum pay rates required under the legislation. It is money in and money out and does not improve the financial position of organisations or permit further service development or improvement. In fact, the flow on impacts and wage financial burden for providers are a major contributor to the 15% gap between actual costs and current funding in contracts. The contract prices have remained the same for two consecutive years, and another round of pay equity has been added to the wage costs.

Significant budget boosts are needed to address the multiple shortfalls and inequalities that are experienced by disabled people, families, and providers. While the allocated funds in the Budget 2022 for the frontline disability services funding is welcomed by providers, the question remains whether these will deliver actual service increase or be expected to cover the rising costs that disability providers face. The Budget 2022 has also established the funding stream for the new Ministry for Disabled People, with \$176m a year in increases for frontline services. However, general wages pressures and pay equity agreements will consume most of this funding, unless separate money is allocated. NZDSN would like to point out that right now, disability providers are facing a workforce crunch like never before. The Sector wants to pay the workforce more, and work is being conducted with unions on the pay equity issue. However, what service providers can afford to do is determined by what funding the Government delivers.

Solution: To address the funding issue, NZDSN suggests a 5% increase in service contracts for each of the next three years to address ongoing lack of funding for providers. This is even more important now considering the additional financial pressures resulting from the pandemic, inflation, and increased costs. In addition, to avoid systemic rationing of disability support services, additional ongoing funding is required to match current and future demand.

Workforce

NZDSN would like to highlight the historical staff shortage in the disability support/care sector. The Sector has a very high staff turnover rate (35%)⁴ with the highest turnover rates among support workers, people in personal planning roles, and registered and allied health professionals. In addition, more than half of the disability workforce is employed part-time.

There is also a shortage of trained and qualified staff within the disability support sector. While there are a range of qualifications that a support worker may select from, if they wish, it is optional and not mandatory for the sector to have qualified staff. In fact, 45% of workers do not have any qualification, 11% have a level two qualification, 25% a level three, and 19% a level four qualification⁵; so, only 44 % of the current workforce have a level three or above qualification. The workforce also needs better awareness of disabled people's needs and wants, lack of which has particularly impacted the availability of skilled Community Support Workers.

⁴ Developing a workforce to support disabled people and they whānau. (2018) https://nzdsn.org.nz/wp-content/uploads/2021/05/Workforce-Report-FINAL-PDF_Careerforce.pdf

⁵ Ibid.

Exacerbated by the COVID-19 pandemic, the staff shortage is currently at a crisis level; workload has increased because of infection prevention and control protocols, monitoring, and surveillance of care recipients for COVID-19, staff having to self-isolate or falling ill with COVID-19, increased psychosocial needs, and caring for those ill with COVID-19. The chronic pay gap between support/care workers and DHBs employees in same or similar roles has also contributed to the staff shortage. To alleviate some of the pressure, the sector has traditionally relied on migrant workers. We acknowledge that Immigration New Zealand is working on an “Immigration Re-Balance: Care Workforce Sector” policy. While NZDSN supports the proposed policy’s intention to implement a framework for migrant care workforce, we believe the policy will fail in resolving the staff shortage in mid- to long-term.

NZDSN has a major collaboration project underway funded by Ministry of Health, Ministry of Social Development and Careerforce. This project, Disability Workforce Development Collaboration, entails four sub-projects:

- L2-4 qualification
- L5 qualification
- Leadership in EGL
- Production of a video promoting good EGL practice.

The sub-projects are advancing with a revised completion date of December 2022.

Secondly, NZDSN has successfully managed an EGL Training Fund on behalf of the Ministry of Social Development, providing an incentive for leaders and aspiring leaders in disability support services to advance their EGL practices.

Solution: Resolving the staff shortage issue requires a comprehensive approach and a policy toolkit to simultaneously address various contributing factors including pay, qualifications, and training. At NZDSN, we believe the labour market for support workers is rapidly changing as many displaced workers seek alternative employment. The sector can be supported to use this opportunity.

NZDSN would also like to emphasise the renewed focus on workforce development now that qualifications are linked to remuneration. While service providers welcome workforce development, there is an urgent need to review the relevance and adequacy of the qualifications. This, in turn, requires a coherent workforce development strategy, lack of which acts as a barrier. NZDSN will support and participate in the development of such a strategy and wants disabled people to determine implementation of a disability workforce strategy that improves services delivered for disabled people. NZDSN also supports increased investment in the workforce with established qualifications and career pathways that are future focused, based on practice frameworks informed by EGL principles, and address support worker as well as more specialist roles.

Impact of COVID

The COVID-19 has had significant impacts on the disability sector. While there has been widespread support for the Government’s response to and strategies for combatting COVID-19, the successive lockdowns, vaccination mandate orders and growing threat from the more contagious COVID-19 variants, significantly impacted the sector’s ability to serve disabled people. The pandemic and the country’s response to it disrupted service provision for many disabled people, and because of various levels of lockdown, disability support services were suspended or significantly changed and delayed. During the pandemic, providers have been faced with various difficulties such as service disruption, access to PPE, and access to RAT tests and N95 masks. On numerous occasions, the reliability and clarity of information from official sources that relates specifically to the disability sector has been problematic for many service providers and disabled people.

Throughout the pandemic to date, disability support providers and their teams have demonstrated consistent dedication toward ensuring disabled people continue to receive the support they need,

and a willingness to collaborate with officials and other agencies to ensure the needs of disabled New Zealanders are not forgotten and that they are kept safe.

The pandemic also exacerbated the staff shortage, for instance, because of the increased workload due to infection prevention and control protocols, self-isolation or illness, and increased care recipients' psychosocial needs. The pandemic has had financial implications for the Sector too. The combination of high inflation, financial pressures, and increasing costs continue to impact disability support providers.

Solution: NZDSN can assist the government to work collaboratively with service providers on pragmatic solutions to uniquely challenging issues across of pandemic focus. Solutions and action plans are required in areas of funding, services, service delivery, PPE, communications, and vaccinations for the sector. Furthermore, NZDSN is ready to engage with ongoing government programmes to ensure the Government's response to the pandemic do not impede the flexibility of service providers.

Recent Developments in the Disability Support Sector

The Disability Support Sector is undergoing a significant transformation. The establishment of the new Ministry for disabled people is undoubtedly the most important development in recent decades. Furthermore, transformation of the disability support system is under way alongside the implementation of a New Model for supporting disabled people as well as the national rollout of Enabling Good Lives (EGL) principles of disability support. We will further explain these developments in the following sections.

The new Ministry and System Transformation

From the 1st of July 2022, many of the functions of the Ministry of Health's Disability Directorate, along with those from the Office for Disability Issues will be transferred, and the new Ministry will officially start. The MOH's Disability Directorate has indicated that before the true transformation of the disability support system can begin, the new Ministry will be started with a consolidation phase to organise its operations, and attract the required expertise and capacity, and establish a partnership approach with the community.

While the establishment of the new Ministry for Disabled People is a milestone for the sector, and widely welcomed throughout the disability community, the disability support sector requires further clarification around key issues such as the new Ministry's commitment to centralise disability support service, funding, service design, and contracting currently done through the Ministries of Health and Social Development. Service providers are particularly concerned about transition of contracts to the new Ministry and how the funding process will be changed along with functioning of the new Ministry.

Another significant task of the new Ministry is the system transformation work programme. There are concerns in the sector around the uncertain timetable and growing hesitation from Government around transformative change. NZDSN believes a lack of momentum around implementation is a potential risk for system transformation. Furthermore, there are emerging uncertainty about the prospects of system transformation and a national roll out of a completely re-designed disability service system informed by the Enabling Good Lives (EGL) principles. 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 actually be. NZDSN emphasises that earlier cabinet papers and official advice have indicated that Enabling Good Lives and System Transformation have always been regarded by officials as a strategy for cost containment and a means of avoiding more fundamental (and expensive) reforms. This is despite the evidence suggesting 25% of New Zealanders with disabilities do not have access to support. Furthermore, upcoming changes would be better described as "incremental reform" rather than "transformation".

The "function map" of the new Ministry has indicated a transformation of the current support system towards one that is "directed by community members". The goal is for disabled people to lead or

oversee “disability service providers” and the “disability support system”. This is a significant shift from “a seemingly provider-driven model to one entirely driven by disabled people themselves” with no tangible evidence of involvement or consultation with the existing provider sector. Although desirable, the said transformation is also problematic when compared to a more collaborative “EGL” approach.

Solution: We believe the Government needs to be clear and transparent about the extent of its commitment to genuine system transformation. To be successful, the transformation needs to have the input of the disability community, and especially service providers who want to be part of the early discussions and part of the solution, that part of an emerging problem that must then be dealt with at some later date. NZDSN is ready to build a relationship and partnership with the new Ministry and to engage with the government on behalf of disability support providers (and the disability community) to work out the extent of system transformation, and how the new Ministry will implement the changes.

National Roll out of EGL

Enabling Good Lives (EGL) project is a partnership between government agencies and the disability sector to implement the EGL principles to give disabled people and their families and whānau greater choice and control over the supports they receive. The EGL aim is that disabled people are supported so that they can live the lives they want. While disability service providers welcome any change that benefits disabled people, they have concerns around the uncertain future with the national rollout of the Enabling Good Lives; more specifically, there is frustration in the sector about policy, funding, and contracting barriers that restrict services and force providers to compromise on various aspects of service provision.

Solution: NZDSN believes a national conversation is required to establish what a “reasonable and necessary” taxpayer contribution to “Enabling Good Lives” is, and how EGL can be funded in a sustainable long-term way. NZDSN also recommends implementation of flexible disability support contracts that allow service providers to respond more readily to the changes required by the national rollout of the EGL principles. We also believe that according to the EGL principles, the access pathway needs to be redesigned to make the system more responsive to the needs of the 25% of disabled people who are currently missing support.

Pay Equity

The existing pay equity settlement legislation expires on 30 June 2022. There is urgency from the unions (PSA, E tu, NZNO) to obtain an extension to the term of the settlement, to seek to increase the scope of coverage to include individual providers under individualised funding arrangements, and to seek to issue a new pay equity claim under the Equal Pay Act – as they believe the previous settlement was inadequate for the purpose.

The Ministry of Health’s “interim” offer includes allocation of \$300 million over four years (\$75m per year, 0.70 cents. hour/worker, and 2.8% increase). However, Unions and employers believe the offer is not sufficient because it does not fully account for on-costs, and does not match the current 6.9% inflation, let alone funding deficiencies over the past five years. The allocated fund will mean support workers qualified and eligible to be paid at levels 1 to 3 may remain below the living wage. The offer has also ignored relativities with other similar roles (for instance, the DHB care assistants have had a 22% increase offered).

The new Ministry will be responsible to determine the mechanism and timing for application of the interim offer and wage adjustments. Considering the government’s position that the regards the interim offer a wage increase based on the 2017 formula, the unions have been encouraged to present a fresh pay equity claim to address the remaining unresolved issues. So, it is likely that unions lodge new pay equity claims from first of July 2022.

While we may contend that pay equity was resolved in 2017, the unions believe it has not been resolved, and it is now arguably about pay parity too. Hence, unions are looking at how to achieve

pay equity, higher pay rates, and better terms and conditions. There will potentially be new comparator groups, and a wider range of roles covered such as support workers and individualised funding and family carers.

NZDSN has been actively involved in the existing pay equity claim as well as this more recent review of that settlement. We have and continue to represent our members, and we are part of an Employers' Group made up of home and community health providers, mental health and addictions providers, and aged care providers. We are ready to engage with the new Ministry and facilitate any engagement with disability service providers and disability workforce in this area.

Building Capacity and Capability among Disabled People

The government, in establishing Whaikaha - the Ministry of Disabled People, has highlighted that the disability sector needs its capacity and capability lifted in order to see more disabled people engage in leadership and governance roles.

NZDSN agrees with this sentiment and argues that a partnership between the Ministry and providers would enhance the prospects of this goal being realised.

Concluding remarks

The disability support sector is faced 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 past couple of years were characterised by constant change and uncertainty. There is also a level of political uncertainty, not only because of the upcoming general election, but 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. In such a volatile environment, NZDSN welcomes any opportunity for partnership and engagement with the government to contribute to address some of the long-standing issues of the disability support sector.