

The Government's 2023 "Wellbeing Budget" and what it means for the Disability Support Sector

The Budget announcement of 18th May delivered no real surprises. Minister of Finance Robertson had previously stated that although there is an unanticipated surplus, there were a lot of demands on investment from government and he had to maintain a controlled fiscal approach.

So, what was announced that would impact on Disability Support Providers and the people we serve? The following table summarises this:

Whaikaha:

- **Disability Support Funding** to the sector will be increased by 8.2% from \$2.074b in 2022/23 to \$2.245b in 2023/24, with a total of \$863.6m in additional funding over the next four years.
- **Supporting Tāngata Whaikaha Māori and Disabled People – Cost Pressures.** This initiative provides funding for the continued delivery of support to tāngata whaikaha Māori and disabled people and their families. The funding will address increases in volumes as well as inflationary pressures for disability support services.
- **Continuing to Establish a Ministry of Disabled People** provides funding to continue the establishment of Whaikaha as the new Ministry of Disabled People. The funding will allow roles to be established that extend the organisational capability and capacity of Whaikaha in the areas of people, culture, communications, and policy.

MSD:

- Continued investment in income support and employment initiatives for those impacted by **COVID**
- **Increases to benefit levels** (already announced), winter energy payments, OSCAR, and passing on child support payments to sole parents
- **(Flexible and Guaranteed) Childcare Assistance** increased (\$35.162 million)
- **Oranga Mahi** – continuing to support disabled people and those with health conditions to enter and remain in employment (\$36.262 million)
- Small increase to the **Artificial Limb Service** to maintain service levels (\$1.54 million)
- **Wage Supplement** – ensuring disabled New Zealanders receive equal pay for work of equal value. This will impact on (sheltered) workshop initiatives (\$37.312 million over four years)
- **Maintaining Momentum Across Te Aorerekura – Accessible Family Violence and Sexual Violence Services for Disabled People** provides funding to establish a time-limited, contestable fund, to support MSD-funded family violence and sexual violence service providers to better meet the accessibility needs of disabled people. Providers who apply to the fund will receive an independent, specialist assessment of the accessibility of their organisation and services, with a plan for recommended improvements and funding to implement the plan, enabling providers to respond more appropriately to disabled people.
- **Employment Programmes – Vocational Rehabilitation Services for Musculoskeletal Pain** provides funding to pilot the delivery of vocational rehabilitation and pain management services for 150 people living with musculoskeletal pain or impairments. It will also enable MSD to evaluate an existing rural vocational rehabilitation service. These services will

assist people to stay in or move into work through cooperation between the person, rehabilitation professionals, employment specialists and employers.

Health:

- **Health and Disability Sector Support Worker Minimum Wage Rates Adjustment** provides funding to meet an agreed three percent minimum wage increase for the health and disability sector support workers from 1 July 2022. This increase builds on previous wage increases under the Support Workers (Pay Equity) Settlements Act 2017. This initiative is outside the multi-year Health spending announced at Budget 2022.
- **Removing Prescription Co-payments for all New Zealanders** provides funding to remove the \$5 cost of prescription co-payment for all New Zealanders. This will also result in changes to the level of Temporary Additional Support and Disability Allowance paid. This initiative is outside the multi-year Health spending announced at Budget 2022.

Education:

- **Training Incentive Allowance – Supporting Eligible People to Study** provides funding to permanently reinstate the Training Incentive Allowance (TIA) to support higher-level study, beyond the time-limited funding for the initial reinstatement. The TIA provides non-taxable financial assistance to sole parents, disabled people (including those with significant health conditions), and their carers to help them participate in study between New Zealand Qualifications Framework (NZQF) levels 1-7. This assists with both one-off costs, such as course fees or equipment, and ongoing costs, such as childcare and transport.
- **Employment Service in Schools – Cost Pressure** provides funding to continue Employment Services in Schools (ESIS) in five regions. ESIS supports disabled students with careers and transition support, work experience, placements, and on-the-job employment support to participate fully in the labour market. It also supports employers to provide appropriate work environments and equips whānau and schools to assist the transition into education, employment, and training.
- **Learning Support in Kaupapa Māori and Māori Medium Schooling** provides funding for specialised Learning Support Coordination and facilities in schools and kura providing Kaupapa Māori and Māori medium education. It provides resourcing for Māori-led design and delivery of solutions to strengthen the capacity and capability of these schools and kura to plan and coordinate responses to the learning support needs of ākonga in partnership with whānau.
- **Learning Support Modifications to School Buildings** provides funding for the purchase and installation of special needs modifications in schools, including automatic doors, lifts, fencing, hoists, and bathroom modifications over a period of two years.

Other:

- Significant infrastructure investment to address **cyclone and flood damaged areas** will impact on accessibility for those affected (\$1 billion recovery package)
- **Care Response for Disability Support Service-eligible Tamariki and Rangatahi – Cost Pressure** provides funding to enable Oranga Tamariki to continue to provide appropriate care responses for its tamariki and rangatahi whaikaha cohort. Price pressures inherent in serving this cohort have arisen as the result of the repeal of section 141 of the Oranga Tamariki Act 1989, pay equity claims and implementation of the Fairer Funding Framework.
- **North Island Weather Events: Primary, Community, and Residential Care Recovery** provides funding to support provision of primary, community and residential care services to the population affected by the North Island weather events. The provision of an increased level of support to the affected population will decrease the acuity and frequency of these

patients presenting at hospitals. It also provides additional funding for air ambulance services and to improve the accessibility of virtual primary healthcare services. This initiative is outside the multi-year Health spending announced at Budget 2022.

- **Maintaining Momentum Across Te Aorerekura – Safeguarding Adults at Risk and Disabled People from Violence and Abuse (Justice)** provides funding to ensure that adults at risk and disabled people receive safe and appropriate support from violence and abuse. This specifically addresses the barriers for disabled people and provides for a tailored response.

What does this mean for NZDSN members?

An increase in funding is on the cards and will be helpful. We don't know how much though and what caveats might exist with this, that's frustrating.

The introduction of the Wages Supplement by MSD will be helpful for those services engaging disabled people with pay rates beneath the minimum wage level. While this means these services will be able to continue to provide an avenue of engagement for disabled people, we understand Whaikaha are seeking to change legislation to ensure they do not contract services that do not pay at least the minimum wage. This issue enables the government to respond to a recent UN concern. Ultimately, as these changes come to fruition, we would support the notion of finally removing the minimum wage exemption process in favour of a wage subsidy where appropriate.

Remaining Budget announcements that impact on the disability support sector are comparatively minor.

What are the implications for the Pay Equity Claim Process?

There are two pay equity claims currently underway, one for care and support workers and the other for front-line managers and co-ordinators. Each of these claims is required to proceed under a very prescriptive process detailed under the Equal Pay Act. Some providers have multiple contracts, with Whaikaha, with Te Whatu Ora, MSD and others. Te Whatu Ora has recently sent funding uplift letters to a number of providers, expressing the view that some or all of the additional funding should go toward increased worker wages. Such a view undermines the pay equity process underway and may expose a risk to providers of a shortfall in funding.

What's missing?

Immigration remains largely silent in this Budget, so any anticipation of "friendlier" rules around the visas, qualification limits, and minimum wage rates for immigrants have been totally ignored.

There is nothing to indicate any Budget-related announcement from ACC.

Finally, no increase in the Disability Allowance, and no money for supporting students into mainstream education are both opportunities lost to further support our sector.

Issues with Whaikaha Budget Announcement

The \$863.6 million, or 8.2% increase is record new funding for our sector and to be applauded. It is designed to meet estimated increased demand for services over the four-year period as well as meeting some of the cost increase pressures impacting on services. To base the 8.2% on these two factors, however, means Whaikaha must have completed some analysis and worked out the proportion of the total investment it believes may be attributed to each factor. This information has not been shared with the sector, despite repeated requests. As a worst-case scenario, if the estimate for increased demand were, for example, 7% of that 8.2%, the responding to cost pressures would account for 1.2% of the total increase – versus an annual inflation rate of 6.7%

(Statistics NZ). Providers running efficient businesses need to plan and be aware of the significant factors that impact on their businesses. Knowing what to budget for over the next 12 months is critical. Withholding that information prevents providers from planning.

We are also aware that the Whaikaha investment may not be available to providers until August, which we argue is too late. Such a delayed approach makes it impossible for business to budget and plan effectively. At the very least, we would expect clear information about the increase and new rates should be made available urgently to enable planning, with a later implementation date if necessary.

Communication issue

Finally, we have a concern that the various Budget announcements impacting on funding for our sector were not better co-ordinated. Fee uplifts from Te Whatu Ora, MSD and Whaikaha were all different (5%, 7%, and something beneath 8.2% respectively). The timing and release of these announcements were all different. And the application of the increases is all proposed to be different. We are critical of this lack of communication co-ordination given its impact on public perception and the ability for disability support providers to effectively plan.

What is NZDSN doing in response?

We acknowledge the increases and the contribution any new initiatives bring to improving the lives of disabled people and any increase in funding our sector receives to offset increases in costs.

We are critical of the lack of response in this Budget to the issues that really impact on disability support services and therefore on the disabled people we serve.

- We urgently need to see, and participate in, a review of the commissioning and funding system for disability support. So much of this system is unnecessarily complex and places more barriers in front of disabled people than it removes.
- We urgently need to see a real commitment from government on disability accessibility, from the legislative down. We urgently need to see a commitment from Kainga Ora to a disability-focussed social housing strategy that seeks to achieve a minimum of 85% of social housing new-builds being fully disability accessible
- We need urgent attention paid to the development of a broad disability workforce strategy that addresses, demand predictions, supply issues, a qualifications framework for those who seek a qualified career pathway; and that influences all parts of the workforce supply chain
- We seek a commitment from government to support and complete the pay equity claims for care and support workers, and front-line managers and co-ordinators, that extends to a commitment to fully fund any settlement from these claims and that supports efforts to maintain that pay equity into the future.

To that end we will continue our efforts to encourage and support government to respond positively to these issues and we will commit to reminding government Ministers and officials of these issues at every opportunity. We welcome your feedback on any further actions members would like NZDSN to initiate or support.