



Cabinet Social Outcomes Committee

Minute of Decision

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Stabilising Disability Support Services-Funded Residential Care

Portfolio **Disability Issues / Social Development and Employment**

On 5 March 2025, the Cabinet Social Outcomes Committee:

- 1 **noted** that in December 2024, the Cabinet Social Outcomes Committee:
 - 1.1 directed the Ministry of Social Development to progress a pricing model for funding Disability Support Services-funded residential care services, including testing with providers and sector groups of banded rates;
 - 1.2 invited the Minister for Disability Issues to report back to Cabinet in February 2025, with the detailed design and funding decisions, which would involve a pre-commitment against Budget 2025;

[SOU-24-MIN-0157]
- 2 **agreed** that the Ministry of Social Development's Disability Support Services (DSS) progress implementation of a new pricing model that uses banded rates to set the prices for residential care in community group homes, which will initially use six banded rates in each of four regions;
- 3 **noted** that, subject to paragraph 9 below, no provider of residential care in community group homes will receive less funding in 2025/26;
- 4 **agreed** that DSS review the pricing model annually, which will inform consideration through the Budget process of any change in prices;
- 5 **agreed** to limit the use of individual exemptions for the highest five percent (subject to a DSS quality assurance assessment) and lowest five percent of funding allocations which lie outside of the banded rates for residential care in community group homes;
- 6 **agreed** that DSS develop a national contracting approach for purchasing places in Aged Residential Care settings for people eligible for DSS, in consultation with the Ministry of Health and Health New Zealand;
- 7 **noted** that DSS will continue to work with Oranga Tamariki in relation to residential care for children and young people under 18 years old (which is specific to meeting their disability-related needs) who are under the responsibility of Oranga Tamariki;
- 8 **noted** that there is a separate strategy in development in relation to improvements and funding of DSS-funded High and Complex Services;

- 9 **approved** the following changes to appropriations to give effect to the policy decisions in paragraphs 2, 5 and 6 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Social Development	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
Minister for Disability Issues Supporting Tangata Whaikaha Māori and Disabled People MCA Non-Departmental Output Expenses: Residential-based Support Services	-	60.000	60.000	60.000	60.000

- 10 **agreed** that the expenses incurred under paragraph 9 above be charged as a pre-commitment against the Budget 2025 operating allowance;
- 11 **approved** the following fiscally-neutral changes to appropriations to contribute to meeting DSS cost pressures in 2025/26, with no impact on the operating balance and/or net core Crown debt across the forecast period:

Vote Social Development	\$m – increase/(decrease)				
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
Minister for Social Development and Employment Non-Departmental Output Expenses: Community Participation Services	(18.410)	-	-	-	-
Minister for Disability Issues Supporting Tangata Whaikaha Māori and Disabled People MCA Non-Departmental Output Expenses: Residential-based Support Services	-	18.410	-	-	-

- 12 **agreed** that the changes to appropriations for 2024/25 above be included in the 2024/25 Supplementary Estimates;
- 13 **agreed** that DSS may communicate Cabinet decisions relating to the paper under SOU-24-SUB-0015 with Health New Zealand and relevant third parties for the purpose of preparing system changes for implementation and with providers of residential care services through the contract renewal process in advance of any public announcement;
- 14 **noted** that the Minister for Disability Issues intends to announce Cabinet's decisions, including the precommitment against Budget 2025.

Tom Kelly
Committee Secretary

Attendance: (See over)

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston (Chair)
Hon Mark Mitchell
Hon Tama Potaka
Hon Nicole McKee
Hon Casey Costello
Hon Chris Penk
Hon Penny Simmonds
Hon Nicola Grigg
Hon Scott Simpson
Hon Karen Chhour

Officials present from:

Officials Committee for SOU
Ministry of Social Development