

The Treasury

Budget 2024 Information Release

September 2024

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

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Treasury Report: Approval of in-year funding for Whaikaha

Date:	25 March 2024	Report No:	T2024/809
		File Number:	SH-3-7-4

Action sought

	Action sought	Deadline
Rt Hon Christopher Luxon Prime Minister Hon Nicola Willis Minister of Finance Hon Dr Shane Reti Minister of Health Hon Louise Upston Minister for Social Development and Employment Hon Penny Simmonds Minister for Disability Issues	Agree to the financial recommendations	25 March 2024 at 4pm

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Laura Browne	Senior Analyst, Welfare and Oranga Tamariki ^[39]	[35]	✓
Laura King	Acting Manager, Welfare and Oranga Tamariki		

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Approval of in-year funding for Whaikaha

Purpose of Report

1. We understand that Cabinet authorised the Prime Minister, the Minister of Finance, the Minister of Health the Minister for Social Development and Employment, and the Minister for Disability Issues (joint Ministers) to make changes to the Supporting Tāngata Whaikaha Māori and Disabled People appropriation to manage immediate cost pressures and fiscal risks, to be included in the 2023/24 Supplementary Estimates and, in the interim, for the increases be met from Imprest Supply.
2. This report seeks approval from joint Ministers to agree an additional \$80 million for Whaikaha in the current financial year. ^[37]

Overview

3. Disability Support Services are delivered through a demand driven and devolved operating model. Since at least 2017/18, the actual cost of delivering these services has exceeded the funding allocated (except for 2020/21 where there was additional COVID funding). The higher than anticipated demand has been addressed through a combination of transfers from within Vote Health (prior to 2018/19), in-year funding through the Budget process, and/or approval of overspending by the Minister of Finance, or validation by Parliament.
4. As part of its budget bid, Whaikaha sought funding for the current financial year. Treasury recommended an early Cabinet decision, to give greater certainty to Whaikaha. Whaikaha is not forecast to go unappropriated until early June based on current spending.
5. The main factors driving the higher costs in the current year include:
 - a higher than anticipated demand for community-based supports, such as Individualised Funding and Personal Budgets,
 - b higher than anticipated costs for people in community based residential care; and
 - c higher than anticipated expenditure on Equipment and Modification services ^[37]

Changes announced to manage demand

6. On 18 March, Whaikaha announced two key changes to manage increased demand. These changes involve changing purchasing rules for flexible funding supports and changes to prioritisation and access to Equipment and Modifications Services. These changes may reduce spending in the current year though it is very difficult to quantify.
7. Whilst the measures related to flexible funding may have a positive impact on Whaikaha finances, the full impact of the changes will take some time to realise, and

the changes are also designed to maintain confidence that disability support funding is being used for the purposes it was appropriated for. The changes to flexibility will need to remain in place regardless of whether funding is provided to meet the expected unappropriated expenditure.

[37]

Recommended Action

We recommend that you:

- a **note** that on 25 March 2024, Cabinet authorised the Prime Minister, the Minister of Finance, the Minister of Health, the Minister for Social Development and Employment, and the Minister for Disability Issues (joint Ministers) to make changes to the Supporting Tāngata Whaikaha Māori and Disabled People appropriation to manage immediate cost pressures and fiscal risks, to be included in the 2023/24 Supplementary Estimates and, in the interim, for the increases be met from Imprest Supply;
- b **note** that Whaikaha – Ministry of Disabled People (Whaikaha) forecasts that it will exceed its multi-category appropriation (Supporting Tāngata Whaikaha Māori and Disabled People) by up to \$80 million in 2023/24, comprising:
 - a. higher than anticipated demand for community-based supports, such as Individualised Funding and Personal Budgets,
 - b. higher than anticipated costs for people in community based residential care; and
 - c. higher than anticipated expenditure on Equipment and Modification services;
- c [37]

- d **note** that Whaikaha cannot commit to additional funding in 2023/24 while facing a forecast overspend, because they do not have financial authority to incur expenditure above the budgeted amount;
- e **agree** to increase funding for Whaikaha to address higher than anticipated demand for services for the remainder of 2023/24;

<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>
Prime Minister	Minister of Finance	Minister of Health	Minister for Social Development and Employment	Minister for Disability Issues

- f **approve** the following changes to appropriations to give effect to the decision in recommendation e above, with a corresponding impact on the operating balance and net debt:

	\$m – increase/(decrease)				
Vote Social Development Minister for Disability Issues	2023/24	2024/25	2025/26	2026/27	2027/28 & outyears
Multi-Category Expenses and Capital Expenditure					
Supporting Tāngata Whaikaha Māori and Disabled People					
<i>Non-departmental Output Expenses:</i>					
Residential-based support services	29.800	-	-	-	-
Community-based support services	42.000	-	-	-	-
Environmental support services	8.200	-	-	-	-
Total Operating	80.000	-	-	-	-

<i>Approve/do not approve</i>	<i>Approve/do not approve</i>	<i>Approve/do not approve</i>	<i>Approve/do not approve</i>	<i>Approve/do not approve</i>
Prime Minister	Minister of Finance	Minister of Health	Minister for Social Development and Employment	Minister for Disability Issues

- g **agree** that expenses incurred under recommendation e above be charged as a pre-commitment against the Budget 2024 operating allowance;

<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>	<i>Agree/disagree</i>
Prime Minister	Minister of Finance	Minister of Health	Minister for Social Development and Employment	Minister for Disability Issues

h **agree** that the proposed changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

<i>Agree/disagree</i> Prime Minister	<i>Agree/disagree</i> Minister of Finance	<i>Agree/disagree</i> Minister of Health	<i>Agree/disagree</i> Minister for Social Development and Employment	<i>Agree/disagree</i> Minister for Disability Issues
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i **agree in principle** to transfer underspends (if they eventuate) of up to \$30 million from 2023/24 to the 2024/25, 2025/26, and 2026/27 financial years within the *Supporting Tāngata Whaikaha Māori and Disabled People* multi-category appropriation; and

<i>Agree/disagree</i> Prime Minister	<i>Agree/disagree</i> Minister of Finance	<i>Agree/disagree</i> Minister of Health	<i>Agree/disagree</i> Minister for Social Development and Employment	<i>Agree/disagree</i> Minister for Disability Issues
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j **note** this funding does not negate the need for changes to limit flexibility introduced on the 18 March 2024 by Whaikaha.



Laura King
Acting Manager, Welfare and Oranga Tamariki

Rt Hon Christopher Luxon
Prime Minister

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Hon Nicola Willis
Minister of Finance

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Hon Dr Shane Reti
Minister of Health

____/____/____

Hon Louise Upston
**Minister for Social Development and
Employment**

____/____/____

Hon Penny Simmonds
Minister for Disability Issues

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