



THE GROWTH BUDGET

Frontline Services

**BUDGET
2025**

Hon Louise Upston
Minister for Disability Issues
22 May 2025

Improving care for disabled New Zealanders

More than 7,000 disabled New Zealanders will receive improved residential care, thanks to a \$240 million four-year funding boost in today's Budget.

This is on top of more than \$1 billion already funded annually for Disability Support Services. It means 89 residential providers across the country, and the people they care for, are better supported.

Disability Issues Minister Louise Upston says today's announcement reinforces the Government's commitment to stabilise the disability support system so it's more consistent, transparent, sustainable and fair.

"As part of Budget 2025, the Government will increase Disability Support Services (DSS) funding for residential care by \$60 million each year over the next four years, starting from 1 July 2025," Louise Upston says.

"DSS provides essential services and supports to more than 52,000 disabled people, including about 7,200 people in residential care facilities.

"About half the DSS operating budget is allocated to residential care. It's vitally important public money going to providers ultimately benefits the disabled people it's intended for.

"Previously, funding for carers was unpredictable, subject to change or interruption, and varied across regions. The new funding will remove that uncertainty.

"These are very significant sums. Government contracts with providers must be robust, fair, and sustainable right across New Zealand.

"A new residential care pricing model will give providers, disabled people, and their families more confidence in the funding available.

"It will allow for more flexibility and means that from 1 July, we are beginning to lift the funding constraints we had to implement last year.

“Last year’s independent review was vitally important in responding to serious concerns about the state of disability support services. It found that the cost of residential care services was growing, without the settings in place to manage current or future needs.

“Compounding those problems, the system DSS uses to pay residential providers hadn’t been significantly updated since 2016, leading to thousands of one-off, inconsistent rates.

“This new funding model sets a nationally consistent approach while also recognising regional variations in costs such as housing prices.

“Importantly, it also enables DSS to forecast expenditure, which will support the Government to make informed future budget decisions.

“My absolute priority is to ensure continuity of care to disabled people, and to support providers to transition to this new model,” Louise Upston says.

FURTHER NOTES

Timing

- The new residential model will start from 1 July 2025. DSS will work with providers to support them through the transition.
- More information is available on the DSS website.

Further new funding for DSS in Budget 2025 includes:

- \$1 billion over four years towards meeting the increasing costs of disability support services (including the \$240 million for residential care discussed above), and to support more people to access those services.
- \$10 million over two years to address the increasing costs for services and support for people with an intellectual disability and complex care needs who live in secure or supervised care under the High and Complex Framework. This will also fund critical workforce training initiatives and essential infrastructure, including repairs and maintenance upgrades.
- \$9.5 million over four years to recognise and respond to the Abuse in Care Royal Commission of Inquiry. This includes work to strengthen how DSS audits the quality of its services, critical incident and complaints management processes and systems, and to contribute to other cross agency work to improve recordkeeping and the capability of the disability workforce.