

In Confidence

Office of the Minister for Children

Cabinet Social Outcomes Committee

Report back: Progress update on a new approach to commissioning services for children and young people

Proposal

- 1 This paper provides Cabinet with a progress update on a new strategic approach to commissioning services for children and young people that have come to the attention of Oranga Tamariki. It also seeks approval for an in-principle expense transfer of \$17.8 million from the 2024/25 financial year to the 2026/27 financial year.

Relation to government priorities

- 2 The new strategic approach supports the Government's overarching goal to deliver more efficient, effective and responsive public services to all who need and use them.

Executive Summary

- 3 Two years ago, Oranga Tamariki initiated a review to align funding with its core purpose, remove duplication of services, and adjust volumes and services according to utilisation rates. The Auditor-General's inquiry¹ and other recent external reviews highlighted significant deficiencies in Oranga Tamariki strategic procurement planning over many years. This has disrupted sector confidence in Oranga Tamariki.
- 4 Embedding these lessons, Oranga Tamariki has developed, and is implementing, a Commissioning and Investment Plan that sets out a clear work programme and a structured, five-step commissioning and investment process.
- 5 Oranga Tamariki is investing in 1,797 services this financial year, of which 238 services for 199 providers expire before or around 31 December 2025. Oranga Tamariki has decided in-principle to extend most services, except for eight, from 1 January 2026 to 31 March 2027, subject to Cabinet confirming an in-principle expense transfer of \$17.8 million from the 2024/25 financial year to 2026/27 financial year. This paper seeks that approval.
- 6 The Social Investment Agency and Oranga Tamariki have been working together to identify funding and services that could be transferred to the Social Investment Fund, focusing initially on Early Support and Prevention services. A joint work programme to quantify the services' reach (i.e. identifying cohorts the service is delivering to), impact (i.e. looking at the effectiveness of a service) and return on investment will be developed. I propose this work is jointly reported back to Cabinet by Oranga Tamariki and the Social Investment Agency by 30 March 2026.

¹ <https://oag.parliament.nz/2025/oranga-tamariki>

Background

- 7 Across 2023-2024, Oranga Tamariki initiated a review to align funding with its core purpose, remove duplication of services, and adjust volumes and services according to utilisation rates. The review was operationally difficult due to inconsistent measurement, evaluation gaps, and the inherent complexity of balancing early support and prevention with statutory intervention obligations. The 2024/25 financial year saw particularly demanding downward service adjustments, including the decommissioning of services that disrupted sector confidence.
- 8 Recent external reviews including the Auditor-General's inquiry highlighted significant deficiencies in Oranga Tamariki strategic procurement planning over many years, lack of evidence-based decision-making, inadequate provider engagement, and absence of robust internal governance. Oranga Tamariki has apologised for the manner in how it undertook its commissioning processes online, in writing, and in hui across the country.
- 9 In April 2025, the Cabinet Social Outcomes Committee invited me to report back on the following four issues [SOU-MIN-0049 refers]:
 - 9.1 progress update on a new strategic approach to commissioning services for children and young people that have come to the attention of Oranga Tamariki;
 - 9.2 a detailed decommissioning plan for services that will see full or partial funding reductions in the financial year ending 30 June 2026;
 - 9.3 further funding requirements beyond 31 December 2025;
 - 9.4 any programmes or services that may transition to the Social Investment Agency.

Issue 1: Update on a new strategic approach to commissioning services

- 10 To address previous shortcomings and become more agile in meeting current and future demand for services, Oranga Tamariki has developed, and is implementing, a Commissioning and Investment Plan (“the Plan”), that emphasises evidence-based decision making, regional needs assessment, and outcome-focused service delivery. The draft Plan was socialised with, and feedback sought from the sector, government agencies, the Oranga Tamariki Ministerial Advisory Board, and other advisory groups.
- 11 The final Plan (attached at Appendix One) is a living document and introduces a structured, five-step commissioning and investment process; regional needs assessment; definition of priority cohorts; transparent procurement processes over four years; robust evaluation and data sharing; adaptive management and contract oversight; and the development of an Investment Strategy in consultation with the Social Investment Agency, other government departments and the sector. It embeds lessons from the Auditor-General, Social Sector Commissioning guidelines², and sector feedback. Provider engagement is to be strengthened with communication of priorities, and ongoing, regular engagement and longer contract terms after procurement processes are completed.

² [Social Sector Commissioning Action Plan and reform - Ministry of Social Development](#) and [SWC-22-MIN-0140 refers]

Issue 2: Commissioning and decommissioning services for the year ending 30 June 2026

- 12 Oranga Tamariki is investing in 1,797 services this financial year to an approximate total of \$529 million:
 - 12.1 892 services specifically focused on Statutory Intervention and Support totaling approximately \$290 million.
 - 12.2 905 services specifically focused on Early Support and Prevention totaling approximately \$239 million.
- 13 A recent Oranga Tamariki regional assessment exercise suggested that 28 of the 1,797 services could be considered for decommissioning. The reasons being: the services appeared to have less alignment to Oranga Tamariki priorities, changing needs in community utilisation, or service end dates had already been established. Ideally, six months' notice would need to be provided, and services would end on 30 June 2026. The list of 28 services was sent to relevant government agencies³ for their views on potential impacts.
- 14 Taking agency feedback into account including implications on cross-agency work that is already underway, Oranga Tamariki have decided to not renew six services that have been or will be complete by early December 2025, and agree to two services winding down at the provider's request to the total value of \$112,000, in a manner consistent with social sector commissioning guidelines. Detailed transition support plans have been developed for the two services that are winding down.

Issue 3: Further funding requirements beyond 31 December 2025

- 15 In June 2025, 238 services for 199 providers were issued six-month contracts to deliver services to 31 December 2025 (rather than each being rolled over with a two or three-year contract). 49 Statutory Care services were issued with 12-month contracts to deliver services until 30 June 2026.
- 16 On 9 April 2025, Cabinet agreed in principle to transfer up to \$30 million from 2024/25 to 2025/26 in the "Investing in Children and Young People" Multi-Category Appropriation in Vote Oranga Tamariki, to be confirmed following the completion of the 2024/25 audited financial statements [SOU-25-MIN-0049 refers].
- 17 The Minister of Finance and the Minister for Children have already provided early confirmation of an expense transfer of \$12.200 million from 2024/25 to 2025/26 to assist with contract extensions.
- 18 Following the recent regional assessment exercise, Oranga Tamariki has made an in-principle operational decision to extend most services but for the eight referred to in paragraph 14, subject to Cabinet confirming an in-principle expense transfer of \$17.800 million from the 2024/25 financial year to 2026/27 financial year. This funding will provide contract providers' certainty. No new funding for contracting is sought in this paper.

³ The Ministry of Social Development, Department of Corrections, Health NZ, Te Puni Kōkiri, Ministry of Justice and the Ministry of Education.

Issue 4: Update on identifying funding and services that could be transferred to the Social Investment Agency

- 19 The Social Investment Agency and Oranga Tamariki have been working together to identify funding and services that could be transferred to the Social Investment Fund, with a focus on the services' 'social investment readiness' and being able to be transferred with ongoing funding. The Social Investment Agency can help with strategic planning and data sharing to understand reach and impact and provide advisory support for evaluation to help services adopt social investment approaches. This work is in addition to the provider-led contract consolidation, and the community commissioning processes that the Social Investment Agency is championing.
- 20 The initial focus of Oranga Tamariki services for possible transfer are the Early Support and Prevention services (approximately \$239 million). This is because the two agencies have agreed, at this stage, that the Statutory Intervention and Support services (approximately \$290 million) should remain with Oranga Tamariki.
- 21 A joint work programme is to be developed that quantifies the Early Support and Prevention services' reach, impact, and return on investment. It will also focus on ensuring that the services are understood and commissioned well, and how the chief executive's statutory duties under the Oranga Tamariki Act, Care of Children Act or the National Care Standards Regulations can be exercised if services are invested in by other government agencies other than Oranga Tamariki
- 22 Five large programmes and specialist services with one large national provider totaling s9(2)(j) have been prioritised for review within the Early Support and Prevention services category:
- 22.1 *Services in Schools programme* – Social Workers in Schools (SWiS), Multi-agency Services in Secondary Schools (MASSiSS), Youth Workers in Secondary Schools (YWiSS), s9(2)(j) per annum across 51 providers).
- 22.2 *Family Start* – s9(2)(j) per annum across 44 providers.
- 22.3 *Gateway* – s9(2)(j) per annum across Health NZ.
- 22.4 *Targeted Supports post Gateway* – this covers three services: Primary Level Mental Health Services s9(2)(j) per annum across seven providers); Alcohol and Drug Services in Residences s9(2)(j) per annum across two providers), and Support Services for children and/or their primary caregiver with a diagnosed disability or Mental Health Disability s9(2)(j) per annum across two providers).
- 22.5 *Strengthening Families services* s9(2)(j) per annum across 35 providers.
- 22.6 s9(2)(b)(ii) – s9(2)(j) per annum (s9(2)(j))
- 23 Consultation with relevant agencies (e.g., Health NZ, Ministry of Health, the Ministry of Education, and the Ministry of Social Development) will also be undertaken.
- 24 I propose that this work be jointly reported back to Cabinet by Oranga Tamariki and the Social Investment Agency by 30 March 2026.

Limiting the ability of Oranga Tamariki to reprioritise funding away from early support and prevention contracts

- 25 Over the past couple of years, the Oranga Tamariki Chief Executive has reprioritised funding within the Investing in Children and Young People Multi-Category Appropriation. To provide visibility to Ministers, I propose that any reprioritisation decisions that would see more than one percent of Oranga Tamariki funding in total moved away from prevention and early support contracts that are funded from the “Prevention and Early Support” category require joint approval from the Minister of Finance, Minister of Social Investment and the Minister for Children.
- 26 I propose that these arrangements are in place until 30 June 2027.

Financial Implications

- 27 Oranga Tamariki has decided in principle to fund contract extensions expiring on 31 December 2025 to 31 March 2027 within its Multi-Category Appropriation, in order to provide stability and confidence to the sector. Further funding of \$17.8 million is required. This can be funded from an in-principle expense transfer of the same amount from 2024/25 to 2026/27 so that the operational decision to extend most contracts ending before or around 31 December 2025 can be finalised and implemented.
- 28 Any cost pressures relating to broader children and young people services within the Multi Category Appropriation, including because of an increase in Reports of Concern or because the number of children, young people and families presenting with complex needs is increasing, will be discussed in the Oranga Tamariki Performance Plan. This will include options for prioritisation and re-prioritisation and outline the potential impacts of these options.

Legislative Implications

- 29 There are no new legislative requirements arising from this paper.

Impact Analysis

Regulatory Impact Statement and Climate Implications of Policy Assessment

- 30 A Regulatory Impact Statement and CIPA requirements do not apply to this paper.

Population Implications

- 31 Māori children make up 53 percent of distinct children subject to Reports of Concern received by Oranga Tamariki. The new strategic approach to commissioning services for children and young people is focused on improving outcomes for those that come to the attention of Oranga Tamariki.

Human Rights

- 32 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 33 The following agencies have been consulted in the preparation of this paper: The Treasury, the Public Service Commission, the Department of the Prime Minister and Cabinet, the Social Investment Agency, and the Ministry of Social Development.

Communications

- 34 Oranga Tamariki intend to begin engaging with the sector and providers on the new Oranga Tamariki Commissioning and Investment Plan from late October 2025.

Proactive Release

- 35 I intend to proactively release this paper within 30 business days of decisions being confirmed by Cabinet, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

- 36 The Minister for Children recommends that the Committee:

Progress update on a new strategic approach to commissioning services

- 1 **Note** that Oranga Tamariki has developed and is implementing a new Commissioning and Investment Plan that emphasises evidence-based decision making, regional needs assessment, and outcome-focused service delivery.
- 2 **Note** that the new Commissioning and Investment Plan addresses the Auditor-General recommendations and incorporates feedback collected from recent extensive engagement process.

Commissioning and decommissioning services for the year ending 30 June 2026

- 3 **Note** that Oranga Tamariki is investing in 1,797 services across the 2025/26 financial year.
- 4 **Note** that Oranga Tamariki has decided to decommission or not renew eight services totaling \$112,000 and that detailed decommissioning and transition support plans have been developed for each service.
- 5 **Note** that any proposal to change existing service provision should consider the implications on cross-agency work that is already underway, such as the response to the recommendations of the Dame Karen Poutasi review into the children's sector.

Further funding requirements beyond 31 December 2025

- 6 **Note** that Cabinet agreed in principle to transfer up to \$30 million from 2024/25 to 2025/26 in the "Investing in Children and Young People" Multi-Category Appropriation in Vote Oranga Tamariki, to be confirmed following the completion of the 2024/25 audited financial statements [SOU-25-MIN-0049 refers].

- 7 **Note** that the Minister of Finance and Minister for Children have already provided early confirmation of an expense transfer of \$12.200 million from 2024/25 to 2025/26 to assist with contract extensions and provide contract providers’ certainty.
- 8 **Note** that Oranga Tamariki has made an in-principle operational decision to extend most services from 1 January 2026 to 31 March 2027, subject to Cabinet confirming an in-principle expense transfer of \$17.800 million, from the 2024/25 financial year to the 2026/27 financial year.
- 9 **Note** that early confirmation of the remaining \$17.800 million expense transfer into the 2026/27 financial year will enable the operational decision to extend contracts until 31 March 2027 to be implemented which will provide contract providers’ certainty
- 10 **Agree** an expense transfer of \$17.800 million from 2024/25 to 2026/27.
- 11 **Approve** the following changes to appropriations to provide for the decision in recommendation 8 above, with no impact on the operating balance and/or net core Crown debt across the forecast period:

Vote Oranga Tamariki Minister for Children	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Multi-Category Appropriations					
Investing in Children and Young people MCA: Departmental Output Expenses:					
Prevention and Early Support (funded by revenue Crown)	-	7.120	-	-	-
Statutory Intervention and Transition (funded by revenue Crown)	-	10.680	-	-	-
Total Operating	-	17.800	-	-	-

Limiting the ability of Oranga Tamariki to reprioritise funding away from early support and prevention contracts

- 12 **Note** that prevention and early support contracts between Oranga Tamariki and social sector providers are funded from the “Prevention and Early Support” category, as part of the Investing in Children and Young People Multi-Category Appropriation in Vote Oranga Tamariki.
- 13 **Note** that the Oranga Tamariki Chief Executive is responsible to the Minister for Children for what is achieved with departmental expenses incurred against the Investing in Children and Young People multi-category appropriation.

- 14 **Note** that Oranga Tamariki will consult with the Treasury and the Social Investment Agency on any reprioritisation decisions that would see funding moved from early support and prevention contracts to other priorities.
- 15 **Agree** to limit the Oranga Tamariki Chief Executive’s authority to reprioritise more than 1 percent of funding in total away from prevention and early support contracts that are funded from the “Prevention and Early Support” category, unless jointly approved by the Minister of Finance, Minister of Social Investment and the Minister for Children.
- 16 **Agree** that the limitation in recommendation 14 on the Oranga Tamariki Chief Executive’s authority to reprioritise funding will expire after the 2026/27 financial year.

Update on identifying funding and services that could be transferred to the Social Investment Agency

- 17 **Note** that Oranga Tamariki and the Social Investment Agency have been working together to identify funding and services that could be transferred to the Social Investment Fund.
- 18 **Note** that five large programmes and specialist services with one large national provider totaling [REDACTED] prioritised for review.
- 19 **Invite** the Minister for Social Investment and the Minister for Children to jointly report back on this work by 30 March 2026.

Authorised for lodgement

Hon Karen Chhour

Minister for Children