Briefing for information

Summary of findings from the Health Committee Inquiry into the Aged Care Sector

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To:	Hon Simeon Brown, Minister of Health Hon Casey Costello, Associate Minister of Health		
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Contact for telephone discussion

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Minister's office to complete:

☑ Noted ☑ Seen

☐ Needs change ☐ Withdrawn

☐ See Minister's Notes ☐ Overtaken by events

Comment:

MINISTRY OF HEALTH
MANATŪ HAUORA

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Summary of findings from the Health Committee Inquiry into the Aged Care Sector

Security level:	IN CONFIDENCE	**Date:**	1 December 2025
To:	Hon Simeon Brown, Minister of Health Hon Casey Costello, Associate Minister of Health		

Purpose of report

1. This briefing provides you with information on the findings of the Health Committee's Inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders, which were released by the Committee on 21 November 2025.

Summary

2. The Health Committee has completed its inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders. The Health Committee's Report (the report) was presented on 20 November 2025 and is structured around the following five chapters:
   a. Access to aged care services and support.
   b. Aged residential care.
   c. Home and community support services.
   d. Support from NGOs and other services.
   e. Carers and the aged care workforce.
3. Each chapter of the report includes an overview of the current settings, a summary of submitters' views, and the Health Committee's views and recommendations. The report acknowledges many of the known challenges in the aged care sector relating to increasing demand for services, sustainability of funding, challenges accessing the right care at the right time, and accessing culturally responsive care.
4. The report makes 14 recommendations to improve how the aged care sector supports people experiencing neurological cognitive disorders.
5. The Government is required to formally respond to the report within 60 working days of the report being published. We anticipate that some of the recommendations of the report can be addressed through the aged care work programme, including the work of the Ministerial Advisory Group for Aged Care.

Recommendations

We recommend you:

a) **Note** that the Health Committee has published their Inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders

b) **Note** that some of the recommendations of the report can be addressed through the aged care work programme.

Steve Barnes
Associate Deputy Director-General
Strategy and Policy Group
Date: 01/12/2025

Hon Casey Costello
Associate Minister of Health
Date: 3/12/25

Hon Simeon Brown
Minister of Health
Date:

Health Select Committee Inquiry

Background

6. The Government's coalition agreement included a commitment to undertake a select committee inquiry into aged care provision.

7. The Health Committee (the Committee) began an inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders in 2024.

8. The Ministry of Health – Manatū Hauora (the Ministry) supported the Committee by providing a summary of the submissions received, as well as an overview of the current settings for aged care in New Zealand, in March 2025. The Ministry has also provided the Committee with range of additional information about aged care in New Zealand over the year.

9. The Health Committee's Report (the report) was published on 21 November 2025 and is structured around the following five chapters:

   a. Access to aged care services and support.

   b. Aged residential care.

   c. Home and community support services.

   d. Support from non-government organisations (NGOs) and other services.

   e. Carers and the aged care workforce.

10. The remainer of this report provides an overview of the findings of the Committee, and the next steps note how the findings may be addressed.

Access to aged care services and support

Key messages

11. The Committee noted that demand for services is increasing as a result of an ageing population and rising incidence of neurological conditions. Submitters noted that Māori, Pacific peoples and women experience higher prevalence of dementia compared to European and Asian populations. However, the report also noted that Māori and Pacific peoples may be under-represented in existing prevalence estimates.

12. The Committee considered that while dementia prevalence has been documented, stronger national level data is needed on the prevalence of other neurocognitive disorders in order to inform appropriate planning for services.

13. Many submitters raised concerns about the lack of clear and accessible information for people with neurological conditions, which can lead to delayed diagnoses, and that models of care are inflexible, regionally inconsistent, and difficult to navigate.

14. The report also highlighted known issues relating to needs assessments (undertaken by Needs Assessment Service Coordination teams (NASC)) and the time taken for these to be done, particularly in rural areas. The Committee heard that when NASC assessors are

not readily available, delays in assessment due to travel time can lead to patients being placed in inappropriate settings.

15. While enabling appropriate staff at aged care facilities to provide an initial needs assessment may help alleviate some of the current issues, the report cautioned that safeguards will be needed to prevent providers from overstating levels of need in order to access higher subsidies.

Recommendations

16. The report recommends that the Government:

    a. permit rest homes to carry out NASC assessments, subject to NASC assessors performing quality assurances within a reasonable time frame

    b. explore ways to provide culturally appropriate care and continuity of care.

Aged residential care

Key messages

17. The report acknowledges some of the current challenges providers are experiencing due to the current funding settings, including difficulties covering core costs, retaining staff, and undertaking future planning. Other implications of funding shortfalls noted in the report include the possibility of bed closures and the risk of further reductions in capacity if funding is not addressed.

18. The report references projected costs provided in the Sapere reports, however, the Committee is concerned that the lack of data on projected costs for aged residential care specifically makes it harder to plan for sustainable funding.

19. The Committee noted that many submitters chose not to comment on appropriate asset thresholds, and those who did said that any reconsideration of asset thresholds must be evidence-based, and ensure that quality services remain accessible to those who cannot afford to contribute.

20. Insights from the Australian aged care reforms were also considered in the report. The Committee considered that adopting a similar independent pricing authority as Australia, with clear cost breakdowns, could strengthen fiscal accountability, improve equity of access, and encourage sustainable investment in aged care facilities.

21. The report outlines the Committee's consideration of alternative funding arrangements for aged residential care which all relate to ways of subsidising the up-front capital cost of development. These include capital grants, depreciation incentives, consent relief, anchor contracts, Infrastructure Funding and Finance Act (IFAFF) and National Infrastructure Funding and Financing Limited (NIFFCo).

22. The Committee also expressed concerns regarding the use of chemical restraint on aged care residents. While providers must be able to demonstrate their compliance with the relevant requirements, the Committee considered that some providers are finding it difficult to meet these standards due to inadequate funding, staffing, and specialised support to meet the complex behavioural and mental health needs of some ARC residents.

Recommendations

23. The report recommends that the Government:

    a. establish a reporting model that separates aged care funding into three streams: accommodation costs, daily living costs, and clinical care costs

    b. consider a range of funding and financing tools to address the shortfall of ARC beds, including but not limited to capital grants, depreciation incentives, consent relief, anchor contracts, IFF, and NIFFCo financing

    c. consider a range of funding and financing tools to enable the development of more dementia beds, which are currently not profitable for providers.

    d. consider undertaking further work on pathways to end-of-life care, including hospice care

    e. consider enabling alternative aged care models similar to the CARE Village in Rotorua.

Home and community support services (HCSS)

Key messages

24. The report notes that there are known issues relating to the coexistence of fee-for-service and bulk-funded arrangements for HCSS, including inequities between regions and uncertainty for providers, carers, and families. The Committee also heard submissions noting that community services and HCSS are under-recognised in the aged care system, and under pressure to meet demand.

25. Lack of flexibility for HCSS workers was raised as a key issue in the report. The New Zealand Health Group advised the Committee that there are limits on what the HCSS support workers are able to do under the current system settings (e.g., provide vaccinations in a person's home), and that support is provided in a siloed way. The Committee considered that this contributes to inefficiencies in how care is provided and heard from submitters that this can lead people to seek aged residential care.[1]

26. The New Zealand Health Group shared lessons that can be drawn from Australia's experience but cautioned that Australia had faced challenges of over-regulation in Australia, such as the introduction of mandated care minutes for nurses.

27. The Committee also heard from Ageing Australia that in Australia, funding follows the person, which enables many residential care providers to also deliver homecare. Health NZ have advised that there are risks involved with applying this approach to New Zealand's context, including the risk of creating inefficiencies by funding many providers.

28. The Committee were interested in the evidence on case-mix models and considered that they may offer greater flexibility and better alignment of resources for aged care services. In particular, the Committee considered that the models used in Australia and Canada provide useful points of comparison for New Zealand.

9(2)(i)

Recommendations

29. The report recommends that:

    a. the Government encourage flexibility in HCSS contracting so that contractors can perform a range of tasks with a holistic view to keep patients well and out of hospital

    b. Health New Zealand enable retirement care village providers to deliver home and community care, and vice versa

    c. the Government provide for longer-term contracts and national consistency of funding for HCSS providers.

Support from NGOs

Key messages

30. The Committee made no specific recommendations on the support provided by NGOs. However, the Committee acknowledged the important role NGOs have in supporting people to age in place, and the importance of having holistic and culturally responsive services in place

31. Many submitters called for a refreshed and funded Dementia Mate Wareware Action Plan, and for cognitive stimulation therapy to be fully funded and incorporated into care.

32. There is strong support from the sector for an integrated continuum of care for all neurological conditions and more initiatives to improve the quality of support provided by NGOs. The Committee considered it important that that appropriate resourcing be made to enable these initiatives.[2]

Carers and the aged care workforce

Key messages

33. Health New Zealand's Aged Care Funding and Service Models Review was used as a key resource for the Committee when developing their recommendations for carers and the aged care workforce.

34. The report recognises that unpaid carers provide the most support for people with neurocognitive disorders, often at the expense of their own health and wellbeing, and without adequate support. This was also reflected in submissions, as a number of submitters commented that carers continue to experience insufficient recognition and support.

35. In response to significant feedback on the amount of care provided by unpaid carers, the Committee considered that informal carers require respite care options to ensure they

[2] We note that Alzheimers New Zealand and Dementia New Zealand produced a joint business case in 2023 for community-based dementia services, with a cost of $127 million over three years. However, this exceeds the amount of funding Health NZ could provide, and evidence of the benefits were limited.

can continue caring sustainably. We note that this aligns with the New Zealand Carers' Strategy, and that Health NZ has invested $15 million per annum into the Carer Support Subsidy.

36. The Committee have proposed that a framework be developed to help support sustainable pay and conditions for the aged care workforce, with clear pathways for training, qualifications, and advancement and include targeted funding to address workforce shortages in regional and kaupapa Māori services. We note that Health NZ is not the employer of this workforce, rather it is the responsibility of providers.

Recommendations

37. The report recommends that:

a. the Government consider setting up a regular respite care programme

b. the Government work with Health NZ and the sector to implement longer-term agreements and certainty of funding and conditions to enable a sustainable aged care workforce

c. any policy or funding changes intended to improve the financial sustainability of aged care providers be accompanied by measures that guarantee equal protection and benefit for the workforce

d. the Government continues to work to reduce gender-based pay discrimination in the aged care sector.

Next steps

38. The government is required to formally respond to the report within 60 working days of the report being published.

39. The following table sets out how the Committee's recommendations could be addressed (noting that a number of the recommendations are broad and subject to some interpretation):

Recommendation	Avenue for addressing the recommendation
Access to aged care services and support	
1. We recommend that the Government permit rest homes to carry out NASC assessments, subject to NASC assessors performing quality assurances within a reasonable time frame.	This may be considered by the Aged Care Ministerial Advisory Group, or could be addressed as part of future work towards the vision that older people are able to live and age well, receiving the right care in the right place and at the right time. Aged Residential Care Facilities (rest homes) already carry out assessments for changes in the level of care. However, it is unlikely that they would be able to

	assess whether a person was able to be safely cared for at home as assessment of needs for people living in the community requires a particular set of skills and knowledge of how a person can maintain independence at home.
2. We recommend that the Government explore ways to provide culturally appropriate care and continuity of care.	This can be considered by the Aged Care Ministerial Advisory Group – considering how funding models support appropriate provision and continuity.
Aged residential care	
3. We recommend that, to increase transparency, the Government establish a reporting model that separates aged care funding into three streams: accommodation costs, daily living costs, and clinical care costs.	This can be considered by the Aged Care Ministerial Advisory Group.
4. We recommend that the Government consider a range of funding and financing tools to address the shortfall of aged residential care beds, including but not limited to capital grants, depreciation incentives, consent relief, anchor contracts, Infrastructure Funding and Financing Act 2020 (IFF), and National Infrastructure Funding and Financing Limited (NIFFCo) financing.	This will be considered by the Aged Care Ministerial Advisory Group.
5. We recommend that the Government consider a range of funding and financing tools to enable the development of more dementia beds, which are currently not profitable for providers.	This will be considered by the Aged Care Ministerial Advisory Group.
6. We recommend that the Government consider undertaking further work on pathways for end-of-life care, including hospice care.	This could be incorporated into Health New Zealand's national palliative care work programme to ensure palliative and end-of-life care meets the needs of all New Zealanders and their whānau.
7. We recommend that the Government consider enabling alternative aged care	This will be considered by the Aged Care Ministerial Advisory Group. Health NZ have advised that these care models are

	models similar to the CARE Village in Rotorua.	already enabled in some areas in New Zealand such as Invercargill.
Home and community support services		
8.	We recommend that the Government encourage flexibility in home and community support services (HCSS) contracting so that contractors can perform a range of tasks with a holistic view to keep patients well and out of hospital.	This will be considered by the Aged Care Ministerial Advisory Group. 9(2)(i)
9.	We recommend that Health New Zealand enable retirement care village providers to deliver home and community care, and vice versa.	This recommendation refers to retirement villages who also provide aged residential care beds. This can be considered by the Aged Care Ministerial Advisory Group. We note that this approach does not align with Health NZ's direction for HCSS, which focuses on restorative care and bulk funding providers for a population so that resources are used efficiently. Aged care providers/retirement villages are currently able to apply to the procurement process to be considered as a provider of HCSS.
10.	We recommend that the Government provide for longer-term contracts and national consistency of funding for HCSS providers.	This can be considered by the Aged Care Ministerial Advisory Group. Work is also underway regarding consistency of funding. Health NZ is undertaking work to implement a nationally consistent case mix driven, bulk funded, restorative model of care for home and community support services. This is expected to improve service quality, equity, and consistency of provision of HCSS nationally. Health NZ is also rolling out new contracts with an intention of having longer term arrangements. Te Waipounamu has recently given HCSS providers who were

	successful through their recent tendering 10-year agreements.
Carers and the aged care workforce	
11. We recommend that the Government consider setting up a regular respite care programme.	This may be considered by the Aged Care Ministerial Advisory Group. We also note that proposed actions under the New Zealand Carers' Strategy include a stocktake of respite services in the health system by Health NZ. The Strategy is expected to undergo targeted public consultation in the coming months.
12. We recommend that the Government work with Health New Zealand and the sector to implement longer-term agreements and certainty of funding and conditions to enable a sustainable aged care workforce	This can be considered by the Aged Care Ministerial Advisory Group, noting that workforce is not a specific focus to start with. The national Age-Related Residential Care agreements are evergreen. Health NZ is also rolling out new contracts with the intention of having longer term arrangements.
13. We recommend that any policy or funding changes intended to improve the financial sustainability of aged care providers be accompanied by measures that guarantee equal protection and benefit for the workforce.	This can be considered during any planning for implementation following recommendations from the Aged Care Ministerial Advisory Group.
14. We recommend that the Government continues to work to reduce gender-based pay discrimination in the aged care sector	Health NZ is not the employer for this workforce. Employees and unions can make a pay equity claim under the Equal Pay Act (1972) against their employer if they believe they are being discriminated against.

ENDS.