

**In Confidence**

Office of the Minister of Health  
Office of the Associate Minister of Health

Cabinet Legislation Committee

**Government response to the Report of the Health Committee on the inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders**

**Proposal**

- 1 This paper seeks approval of the Government's response to 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.

**Background**

- 2 The New Zealand National Party and New Zealand First Coalition Agreement includes a commitment to undertake a select committee inquiry into aged care provision.
- 3 In 2024, 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.
- 4 The Ministry of Health – Manatū Hauora (the Ministry) supported the Committee by providing a summary of the submissions received alongside a range of additional information about aged care in New Zealand.
- 5 The Committee completed its inquiry and published its final report on 21 November 2025. The Government response to the Committee's report must be presented to the House of Representatives by 10 March 2026.

**The Health Committee findings**

- 6 The Committee made 14 recommendations to improve how the aged care sector supports people experiencing neurological cognitive disorders, including:

*Access to aged care services and support*

- 6.1 that the Government permit rest homes to carry out Needs Assessment and Service Co-ordination (NASC) assessments, subject to NASC

assessors performing quality assurances within a reasonable time frame

- 6.2 that the Government explore ways to provide culturally appropriate care and continuity of care

*Aged residential care*

- 6.3 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

- 6.4 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

- 6.5 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

- 6.6 that the Government consider undertaking further work on pathways for end-of-life care, including hospice care

- 6.7 that the Government consider enabling alternative aged care models similar to the CARE Village in Rotorua

*Home and community support services*

- 6.8 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

- 6.9 that Health New Zealand – Te Whatu Ora (Health NZ) enable retirement care village providers to deliver home and community care, and vice versa

- 6.10 that the Government provide for longer-term contracts and national consistency of funding for HCSS providers

*Carers and the aged care workforce*

- 6.11 that the Government consider setting up a regular respite care programme

- 6.12 that 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

- 6.13 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
- 6.14 that the Government continues to work to reduce gender-based pay discrimination in the aged care sector.

**Government response**

- 7 We value this important contribution to ongoing work to improve aged care, particularly for those with neurological conditions. We appreciate and acknowledge the work of the Committee in producing this report. We also acknowledge the substantial contributions made by individuals and organisations that submitted to the Committee.
- 8 Many of the findings of the report and its recommendations will be considered through the work that we have underway on aged care. This includes ongoing work as part of the Health NZ Aged Care Funding and Service Models Review, and through the work of the Aged Care Ministerial Advisory Group (the Group).
- 9 The Group has been established to provide independent recommendations to Ministers on the aged care system, and will consider the Committee's report as an input into its independent report that will include making recommendations around:
  - 9.1 what specific funding model components and mechanisms are needed to support sustainable aged care services, particularly a sustainable supply of standard aged care beds
  - 9.2 how the costs of providing aged care could be reasonably shared between those receiving care and the Government, to support sustainability while ensuring timely access to aged care services for all of those who need them, including means testing and asset thresholds
  - 9.3 what changes are needed to contracting arrangements and regulatory settings for aged care services, to remove red tape, support cost-effective delivery of services, support service innovation, and increase cohesion and integration between aged care services, wider health services, and Disability Support Services.
- 10 We recognise the need for immediate action on key challenges within the aged care system. While a range of services currently support people to live and age well, the work underway is tightly focused on changes to make sure aged care services are sustainable as an immediate priority – including aged residential care, and home and community support services, and how they interact with other services.
- 11 The Group will consider the Committee's report as an input into its work.
- 12 The Group's work is well underway and is expected to report back to Ministers by mid-2026. Following the recommendations of the Group, the Government

will consider next steps, informed by further advice from the Ministry and Health NZ officials.

- 13 Cabinet agreed to progress the aged care work programme in September 2025 [CAB-25-MIN-0330.01], seeking the objectives that:
- 13.1 older people are supported to live well at home and in their communities
  - 13.2 older people receive care that is timely, integrated, and meets their health needs
  - 13.3 the aged care system is sustainable and responsive, and meets demand.
- 14 These strategic objectives are intended to work towards the vision that older people are supported to live and age well, receiving the right care in the right place at the right time.
- 15 We recommend that the Government response to the Committee's report note that the current work, as well as future work following the recommendations of the Group, will consider the recommendations made in the Committee's report. The proposed Government response to the report of the Committee is attached as **Appendix One**.

#### **Timing of the Government response**

- 16 The Government response must be presented to the House by 10 March 2026.

#### **Consultation**

- 17 Health NZ, and the Ministry of Social Development, including the Office for Seniors, were consulted during the development of the response.

#### **Financial Implications**

- 18 There are no financial implications in relation to the Government's proposed response.

#### **Publicity**

- 19 There are no identified publicity implications associated with this proposal.

#### **Proactive Release**

- 20 This paper will be proactively released (subject to any redactions in line with the Official Information Act 1982) within 30 business days of decisions being confirmed by Cabinet.

## Recommendations

The Minister of Health and Associate Minister of Health recommend that the Cabinet Legislation Committee:

- 1 **note** that on 21 November 2025 the Health Committee presented its report to the House entitled “Inquiry into the aged care sector’s current and future capacity to provide support services for people experiencing neurological cognitive disorders”;
- 2 **note** that the Health Committee made 14 recommendations to improve how the aged care sector supports people experiencing neurological cognitive disorders;
- 3 **note** that the Health Committee’s recommendations will be considered through work underway on aged care, including ongoing work as part of the Health New Zealand Aged Care Funding and Service Models Review and the work programme on aged care;
- 4 **approve** the proposed Government response to the report of the Health Committee, attached as Appendix One;
- 5 **note** that the Government response must be presented to the House by 10 March 2026; and
- 6 **invite** the Minister of Health and Associate Minister of Health to present the Government response to the House, in accordance with Standing Order 256.

Authorised for lodgement

Hon Simeon Brown  
Minister of Health

Hon Casey Costello  
Associate Minister of Health