

**Government response to  
Report of Health Committee  
on**

**Inquiry into the aged care sector's current and future capacity to  
provide support services for people experiencing neurological  
cognitive disorders**

**Presented to the House of Representatives**

**In accordance with Standing Order 256**

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

## **Introduction**

- 1 The Government welcomes the Health Committee (the Committee)'s final report: Inquiry into the aged care sector's current and future capacity to provide support services for people experiencing neurological cognitive disorders.
- 2 The report makes a valuable contribution to ongoing work to strengthen aged care services and ensure that people living with neurological cognitive conditions receive timely and quality support.
- 3 The Government responds to the report in accordance with Standing Order 256.
- 4 The Government notes the recommendations made by the Committee and that the recommendations will be considered through ongoing work on aged care.

## **Recommendations and government response**

- 5 The coalition agreement between the New Zealand National Party and New Zealand First includes a commitment to undertake a select committee inquiry into aged care provision. In 2024, 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.
- 6 The Committee received over 100 submissions and visited several aged care facilities and service providers across the country. The Committee's recommendations are based on feedback from residents of aged care facilities, support workers, sector representatives, and overseas stakeholders.
- 7 The Ministry of Health – Manatū Hauora (the Ministry) supported the Committee by providing a summary of the submissions received, together with a range of additional information about aged care in New Zealand.
- 8 The Committee completed its inquiry and published its Committee Report (the report) on 21 November 2025. The Committee made 14 recommendations to improve how the aged care sector supports people experiencing neurological cognitive disorders.
- 9 In general, the Government notes the recommendations made by the Committee and will consider all of these recommendations through the work of the Aged Care Ministerial Advisory Group (the Group), and related aged care work by the Ministry and Health New Zealand – Te Whatu Ora (Health NZ).

- 10 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:
- 10.1 what specific funding model components and mechanisms are needed to support sustainable aged care services, particularly a sustainable supply of standard aged care beds
  - 10.2 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
  - 10.3 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.
- 11 The Government expects that recommendations from the Group will support our vision that older people are supported to live and age well, receiving the right care in the right place at the right time.
- 12 The Group's work is well underway and is expected to report back 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 The specific recommendations and comments on the Government response to the recommendations are set out below.

*Access to aged care services and support*

- 15 The Committee made the following recommendations in this area:
- 15.1 **Recommendation 1:** "We recommend 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."

- 15.2 **Recommendation 2:** “We recommend that the Government explore ways to provide culturally appropriate care and continuity of care.”
- 16 The recommendations in this section will be considered as part of the aged care work programme, including by the Group, and addressed as part of future work.
- 17 For Recommendation 1 specifically, the Government notes that Aged Residential Care (ARC) facilities (rest homes) already carry out assessments for changes in the level of care provided to residents within facilities.
- 18 The Government recognises that timely and culturally appropriate care are essential.

#### *Aged residential care*

- 19 The Committee made the following recommendations in this area:
- 19.1 **Recommendation 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.”
- 19.2 **Recommendation 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.”
- 19.3 **Recommendation 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.”
- 19.4 **Recommendation 6:** “We recommend that the Government consider undertaking further work on pathways for end-of-life care, including hospice care.”
- 19.5 **Recommendation 7:** “We recommend that the Government consider enabling alternative aged care models similar to the CARE Village in Rotorua.”
- 20 Ensuring that funding for Aged Residential Care (ARC) is transparent, sustainable, and meets needs is key to ensuring that older people are supported to live and age well in future. As above, these recommendations will be considered as part of the aged care work programme, including by the Group, and addressed as part of future work. In particular, Recommendations 3 – 5 relate to the funding model for ARC, which is central within the remit of the Group.

- 21 Recommendation 6 is also being considered as part of Health NZ's National Palliative Care Work Programme to ensure palliative and end-of-life care meets the needs of all New Zealanders and their families and whānau. The proposed national model for integrated adult palliative care was released for feedback in September 2025. The proposed model includes an emphasis on the 'integration of primary and specialist palliative care services with flexible transitions'. Health NZ is considering sector feedback which will inform the final model for integrated adult palliative care.
- 22 For Recommendation 7, the Government acknowledges the importance of innovative models of care and notes that care models such as the CARE Village in Rotorua are already enabled throughout the country, for example through the Age-Related Residential Care Mixed Services Model Agreement, a contract for bespoke ARC provision.

*Home and community support services*

- 23 The Committee made the following recommendations in this area:
- 23.1 **Recommendation 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."
- 23.2 **Recommendation 9:** "We recommend that Health New Zealand enable retirement care village providers to deliver home and community care, and vice versa."
- 23.3 **Recommendation 10:** "We recommend that the Government provide for longer-term contracts and national consistency of funding for HCSS providers."
- 24 The Government notes that the availability of HCSS is key to enabling people to live and age well independently in their own homes, and to delay the need for ARC. These recommendations will be considered as part of the aged care work programme, including by the Group, as well as in future work.

25 9(2)(i)

26 Work is also underway that will address Recommendation 10 with regard to national consistency of funding. Health NZ is undertaking work to implement a nationally consistent case mix driven, bulk funded, restorative model of care for HCSS. This is expected to improve service quality, equity, and consistency of the national provision of HCSS.

27 Further to this, Health NZ is planning to procure the new HCSS funding and service model across three Regions. As part of this commissioning process, longer-term contracting arrangements will be implemented. For example, the

Te Waipounamu Region has recently given 10-year agreements to HCSS providers who were successful through their recent tendering process.

*Carers and the aged care workforce*

- 28 The Committee made the following recommendations in this area:
- 28.1 **Recommendation 11:** “We recommend that the Government consider setting up a regular respite care programme.”
  - 28.2 **Recommendation 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.”
  - 28.3 **Recommendation 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.”
  - 28.4 **Recommendation 14:** “We recommend that the Government continues to work to reduce gender-based pay discrimination in the aged care sector.”
- 29 The Government recognises that carers play a vital role in the system of support for older people, and people with neurological cognitive conditions. Carers are critical in enabling these people to live in and participate in their communities, and stay at home for longer.
- 30 Providing aged care providers with longer-term agreements will help build a stronger and more stable workforce, as providers will have greater certainty and incentive to invest in their workforce.
- 31 The Government notes that while workforce is not a central focus of the Group, it recognises that a sustainable aged care system requires a well-supported and sustainable workforce. Recommendations from the Group will inform Ministerial decision making and future work carried out by the Ministry and Health NZ following the Group’s recommendations, including in implementation planning for longer term agreements.
- 32 For Recommendation 11, the Government notes that work is progressing on a refreshed New Zealand Carers’ Strategy Action Plan, which includes proposed actions related to respite.
- 33 For Recommendation 14, the Government notes that Health NZ is not the employer for this workforce. Providers, employees and unions negotiate pay rates. In addition, 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.

## Conclusion

- 34 The Government thanks the Committee for its comprehensive inquiry and acknowledges the contributions of all submitters.
- 35 The Government is committed to ensuring that people with neurological cognitive disorders are supported and able to access the right services, in the right place and at the right time.
- 36 The recommendations of the Committee will be considered in the work underway to meet the Government's vision that older people are supported to live and age well, receiving the right care in the right place at the right time. This will include ensuring that people with neurological cognitive disorders are supported and able to access timely, high-quality services.

PROACTIVELY RELEASED