



**Aged Care
Association**
NEW ZEALAND

Aged Care Association submission to the Select committee on Environment on the 'Resource Management (Consenting and Other System Changes) Amendment Bill'

February 2025

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About the Aged Care Association

This submission is from the Aged Care Association (ACA), the peak body for the aged residential care (ARC) sector in New Zealand.

Our members provide rest home, hospital, dementia, psychogeriatric, respite, and palliative care and care for around 700 younger people with disabilities.

Sixty six percent of beds are run by religious institutions, charitable trusts, family-owned, not-for-profits, and privately owned facilities. Most of the remaining beds are operated by listed companies (34 percent), with less than 1 percent provided by Te Whatu Ora.

Residents may be

- very frail and clinically unstable,
- well but disabled and have very high care needs,
- cognitively impaired or with mental health issues, with some requiring a secure environment,
- receiving end of life care.

Funding for aged residential care is a mix of means-tested user-pays and government subsidy.

Aged residential care providers are contracted by Te Whatu Ora to provide care services at a rate that is set annually.

The aged care workforce is under-resourced and overworked.

The ACA welcomes the opportunity to make a submission to the Select committee on Environment on the *Resource Management (Consenting and Other System Changes) Amendment Bill*.

Context

1. New Zealand has over 670 aged residential care facilities, with more than 40,000 beds and 35,000 residents. In comparison, Te Whatu Ora oversees 10,748 public hospital beds.
2. People 65 years and older are assessed by Te Whatu Ora | Health NZ's Needs Assessment and Service Coordination (NASC) service and allocated to one of four ARC care categories. The NASC assessor typically uses interRAI assessment tool to assess the person's current abilities, resources, goals and needs before advising a care plan and the type of support services a person may require, of which admission into ARC is one of the support services advised.
3. The needs assessment process means that ARC funding is demand driven.
4. Projection scenarios developed by Statistics New Zealand show the number of New Zealanders aged 65 years and over will exceed one million by 2028, compared with half a million in 2006. The population for New Zealanders aged 85+ years is estimated to exceed 100,000 by 2025. By 2040, this could increase to 200,000 people.
5. For far too long, New Zealand has been underfunding the aged care sector. The aged care workforce is under-resourced and overworked, and the infrastructure is ageing.
6. Over 45% of total ARC beds across the country are over 40 years old
7. It costs upwards of \$250,000 to build and bring an ARC bed online and can take several years (approximately 5 years) from land purchase to admitting a resident.
8. Between 2013 and 2018, a total of 2,400 beds were added into the sector. This number dipped to 1,900 in the consequent 5-year period.
9. Looking ahead to 2030 and beyond, aged care beds will become extremely limited. A study commissioned by Te Whatu Ora early this year found that if historic build rates continue, there could be a shortage of almost 12,000 ARC beds by 2032.
10. There's a clear need to identify and acknowledge the challenges to building new ARC facilities or infrastructure which can be accessible to the older New Zealanders, especially those with limited means.

Recommendation

11. The Association broadly supports the Bill.
12. An Association representative had attended the RMA Reform webinar held on the 20th November 2024. In response to a question posed by the representative, it was clarified that community residential solutions such as aged residential care are not currently included in the scope of 'housing' in this Bill.
13. However, given the points mentioned under the 'Context' section, we believe that this Bill would be a valuable opportunity to have aged residential care be an active consideration in infrastructure planning across the country. It would also ensure that local councils take the age demographics and their needs into consideration in their housing growth plans.
14. It is no secret that New Zealand has an ageing population trajectory. Historical data tells us that approximately 28% of New Zealanders over the age of 85 years will need some level of residential care. There are current government reports available that highlight the lack of

provision of residential care throughout the country and the cost of creating more supply has been estimated as between \$250,000 to \$300,000 per bed.

15. It is our view that the inclusion of aged residential care facilities into scope of the bill would help bring down the time and costs in building new residential care facilities that can meet the future demands of our ageing population.
16. The Association therefore recommends that the Select Committee consider the merit in including aged residential care under the Bill's scope for 'housing'.