

**AGED CARE MINISTERIAL ADVISORY GROUP:
PROPOSED RURAL PRINCIPLES FOR AGED CARE REFORM**

Date: March 2026

Introduction

The challenges facing aged care in rural communities are well understood; what is now required are targeted, practicable reforms that enable sustainable, high quality care to be delivered in the right place, at the right time. As this submission demonstrates, current funding, contracting, and regulatory settings often undermine the viability of rural services, restrict genuine choice for older people, and contribute to avoidable hospital admissions and premature entry into long term residential care.

The principles outlined in this document respond directly to the Advisory Group's questions by identifying changes needed to support ageing in place, improve financial sustainability, enable innovation, and better align aged care with wider health and disability services. Central to this is the need for rurally appropriate commissioning, targeted use of bulk-funded flexible beds, integrated contracting models, and funding approaches that reflect the true costs of rural service delivery. These reforms are not about treating rural communities differently, but about designing a system that works equitably across diverse contexts.

By adopting the approaches proposed, government has an opportunity to strengthen rural aged care as an integral component of a cohesive national system, one that respects older people's autonomy, supports whānau and communities, and delivers sustainable, high quality care for all older New Zealanders, regardless of where they live.

Our Response to the Advisory Group's Key Questions:

1. How could aged care settings better support care to be delivered in the *right place, at the right time*?

Older people living in rural communities frequently experience care pathways shaped by service availability rather than clinical need or personal preference. Constrained access to locally provided home-based support, district nursing, respite or short stay beds, rehabilitation, and palliative care can result in premature admission to long term residential care, or avoidable hospitalisations; not because this reflects the person's wishes, but because viable alternatives are unavailable.

To better support right-place, right-time care, aged care settings must:

- Enable ageing in place wherever possible, including within small rural communities.
- Integrate primary care, home-based services, and residential care into cohesive local models.

- Support flexible responses to deterioration, discharge, respite, and end-of-life needs close to home.

Targeted use of flexible ('flexi') beds that can be used for discharge support, short stay care, respite, or palliative care, has been shown to operate effectively in rural settings when locally commissioned. These models improve hospital flow, reduce delayed discharge, and support older people to remain connected to whānau and community.

2. What changes are needed to support people to live and age well for longer in their own residence or other non-residential settings?

Older people have the right to genuine choice about how and where they live, including the right to make informed decisions that involve living with risk where the individual is assessed as being competent to do so. In rural areas however, choice is often constrained by workforce limitations, distance, fragmented services, and inflexible funding models.

Future system design must:

- Actively address the structural constraints that limit rural choice.
- Avoid care decisions being driven by service scarcity rather than personal preference.
- Support models that respect autonomy while managing risk appropriately.
- Resource and integrate technology including remote care monitoring, medication bots, and supported telehealth services.

There is currently no national framework guiding risk-enabled decision making in aged care. The development of a national *living with risk* framework, particularly relevant to rural contexts, would support consistent, person-centred practice, reduce defensive decision making, and better uphold older people's rights.

3. What changes are needed to ensure aged care services are financially sustainable over time?

Current funding and commissioning settings disproportionately disadvantage small, low volume rural providers. Models that assume economies of scale, cross-subsidisation, and access to capital, are effective for large national and international providers, but do not translate effectively to communities requiring 10 - 20 residential beds that work alongside local health services.

Financial sustainability in rural aged care requires:

- Funding models that reflect the increased cost of providing services rurally, acknowledging low volumes, dispersed populations, distance, and workforce constraints.
- Recognition that sustainability in rural settings contributes to wider system efficiency by reducing hospital utilisation and service displacement.
- Avoiding inappropriate risk transfer to small providers who lack corporate buffers.

Without reform, existing settings risk ongoing service closure, workforce attrition, and diminished access for rural older people.

4. What changes to funding settings would support high quality, sustainable aged care services, and why?

While general bulk funded aged residential care models have not proven effective or sustainable for low volume rural providers, targeted bulk funding for specific purposes can work well.

In particular:

- Bulk funded flexi beds for discharge support, short stay care, respite, or palliative care have demonstrated positive outcomes in rural contexts.
- These models function best when bed use is based on local clinical assessment, rather than delayed NASC assessment processes, which often create unnecessary hospital admissions or poorly managed discharges.

In addition, flexible and individualised funding approaches are essential where standard nationally designed service models cannot operate effectively. In many rural areas, individualised funding has enabled responsive, locally tailored care - although greater national consistency and simplification are required.

5. Which changes to regulatory or contractual settings would better support innovation and sustainability, while maintaining safety and quality?

Small rural providers are disproportionately burdened by fragmented contracting arrangements across residential care, homebased services, respite, and short term care. Unlike large providers with dedicated corporate infrastructure, small organisations must absorb compliance, reporting, and audit requirements within limited local capacity.

Regulatory and contractual reform should focus on:

- Integrated contracting models across funders and service types.
- Reducing duplication and administrative overhead.
- Enabling innovation without increasing compliance risk.
- Maintaining consistent quality and safety standards nationally.

Streamlined contracting would free up scarce rural capacity to focus on care delivery rather than contract management, while improving coherence across the system.

6. What changes could better align funding, regulation, and service delivery across aged care, disability support services, and wider health services?

Fragmentation between aged care, disability support, primary care, and hospital services is particularly acute in rural settings. Better alignment requires:

- Locally designed service configurations that integrate care across sectors.
- Funding and accountability settings that support collaboration rather than siloed delivery.
- Flexibility to respond to community specific needs without requiring multiple parallel contracts.

Alignment across sectors is essential to achieving holistic, culturally responsive care that supports older people and whānau over time.

7. What changes are needed to support specific groups, including rural communities?

Equity does not mean treating rural communities the same as urban ones; it means designing the system to work effectively in different contexts. As with the National Urgent Care Framework, which agreed the principle to not 'other' rural meaning that rural communities are entitled to access care of comparable range and quality, even where delivery models differ.

Supporting rural communities requires:

- Co-design with rural and iwi and Pacific providers, aiga and whānau.
- Funding mechanisms that reflect geography and scale.
- Workforce models suited to small, integrated teams.
- Explicit recognition that rural services are core to the national system, not peripheral.

Conclusion

The principles and reforms outlined in this submission respond directly to the Advisory Group's questions and offer practical, implementable solutions grounded in rural delivery experience. By adopting rurally appropriate funding, commissioning, and contracting models, Government can strengthen rural communities' ability to age in place, improve system efficiency, and ensure sustainable, high quality- aged care for older people living in rural communities.

Ngā mihi nui



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