

Community Residential Support Services Pricing Model and Global Pricing Tool

Questions and Answers

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House Information and Resulting Calculations

Why does DSS need to collect information on providers houses?

- The new Community Residential Support Services (CRSS) Panel Agreement requires providers to give DSS up to date information about the houses they use to deliver their services.
- The number of bedrooms in a house and its location are key components of the residential pricing model.
- Providers must inform DSS of any changes (removals or additions) using a template DSS will provide.



Why was there a change between the first set of price bands and the final price bands?

- In June, DSS wrote to incumbent community residential providers to let them know that DSS had completed an initial analysis to **estimate** the change in funding they were likely to experience when the new model was implemented on 1 December 2025.
- We then made a one-off Advance Payment to eligible providers who were **estimated** to receive a funding increase under the new pricing model for the period from 1 July 2025 to 30 November 2025.
- This Advance Payment was based on the estimated difference between what providers are currently paid for the people they support, compared to the expected funding uplift under the new pricing model. It included the apportionment of current funding for Sleepover top-ups, Pay Equity Advanced Interim Payments and an estimate of current client contributions via the Residential Support Subsidy.
- In our letter, we noted that this payment would be a full and final settlement on any back-pay obligations and that funding from 1 December 2025 (under a new contract) was subject to change.
- Between June and August, DSS gathered more accurate housing information from providers (i.e. number of bedrooms per house and accurate addresses).
- This information enabled us to validate and update key information (such as house size, house capacity and occupancy).
- This information was used to check our assumptions and generate a refreshed set of rates based on more accurate data, specifically informed by the size of the houses that existing residents are living in. They are included in our information on the Global Pricing Tool. [\[GPT-Overview-for-Providers-A3-1-FINAL-RATES-.pptx\]](#)

What considerations are made for houses with more than 5 bedrooms?

- For houses that have up to 5 beds, a fixed rate for each person is paid per the number of bedrooms based on the house location e.g., 3- or 4-bedroom rate.
- For houses with more than 5 bedrooms i.e., 6+, the amount we pay per person for accommodation remains the same.

How is it that the model doesn't perfectly reflect our business?

- The model uses banded rates, where the average price may be more or less than the funding allocation for any individual.
- It moves away from our previous system where the rate we paid must be spent on supporting an individual.
- For most providers, these banded rates average out over time and across a mix of residents.
- The banded rates reflect an average price for a range of care and support needs.
- Providers will be paid for each person they support but will have more flexibility to use their total funding pool to provide support across the people in their care.

What are prices based on?

- The prices are based on fair and reasonable costs across cost groups, such as staffing and housing.
- They are included in our information on the Global Pricing Tool. [[GPT-Overview-for-Providers-A3-1-FINAL-RATES-.pptx](#)]
- The model does not reflect each provider's exact costs for each person they support.

If my house size is three bedrooms, but house capacity is two because one room is used for sleepover staff – how does the pricing model reflect this? Am I funded on three bedrooms or two?

- Based on provider submissions, 50% of houses have a sleepover room or a non-commissioned bedroom. That assumption has been built into the costing model. Most houses are costed as if they have half a non-commissioned room, reflecting the average house. There are some exceptions to this, notably 1-bedroom houses and houses that are 6 bedrooms or larger.
- Not every room is expected to be occupied all the time, but providers will need to consider the efficient use of houses as part of their business.
- Because the pricing is based on averages across houses and individuals, providers can vary funding (and vacancies) where needed to manage sustainability.

There have been changes to how many homes we manage – how has this informed how rates are calculated/translated?

- The calculation for determining new rates is based off the total number of rooms per house, not just commissioned rooms.
- If you have a new house, it would not have affected your estimated new rates as no residents are currently living there.

The rates were translated using the following method:

- The new rates were calculated using the current total (inclusive of client contributions, Day Activity Contributions, sleepover, advanced interim payment, the NASC allocation) amount paid per individual, the region and the house information.
- Then we search the Global Pricing Tool for a match to the size of the house – i.e. the number of bedrooms and the closest amount that DSS currently pays. That number is then compared to the regional bands and matched.
- For example, a resident is currently allocated \$467 per day and lives in a 5-bedroom house in Auckland.
 - Using the GPT, it searches for a 5-bedroom urban house to match the house the client lives as well as for the closest figure to \$467. If more than one value was returned, we would choose the value closest to current rate. The closest rate for a 5-bedroom urban house in Auckland with a rate of \$467 is \$500.72. The \$500.72 figure is then mapped to the closest band for the region. In this example, it would be Northern 3 which equals \$495--which is what will be paid going forward resulting in a funding increase of \$28.
 - The translation has been done on current funding rates. It does not account for people who are due for reassessment or whose circumstances or support needs have changed. That is something that needs to be addressed by the NASC.
 - We are standardising our rates nationally across all providers who currently are on individual contracts with individual rates per provider. This has resulted in an overall increase in funding for most providers.
 - DSS continues to work with providers to help them to understand the pricing model and its calculations.

Provider Sustainability

In June, we received communications which indicated that we would receive an increase in funding. Final estimated rates indicate this is no longer the case. Why is that?

- In our June letter, DSS communicated an estimated total funding change and provided information on the estimated rates. As noted in the letter, that estimation was subject to change.
- The model is built on reasonable costs of delivering residential care, benchmarked against external data such as food price inflation and wage rates. It is an evidence-based costing assessment.
- It takes a banded rates approach where providers are paid according to a tiered structure that reflects the level of support required by residents. This replaces the previous flat-rate system and better aligns funding with actual service need.
- Providers will need to make decisions to ensure continuity and quality of service delivery and budget accordingly.
- Contract Managers will regularly be meeting with providers to discuss the implementation of the new contract. Please raise any issues you have first with your Contract Manager.

I have responsibilities as an employer to ensure my workforce is paid appropriately.

- DSS appreciates that workforce is a critical issue for providers and that employees need to have the appropriate qualifications, skills and experience for quality service to be delivered.
- Providers remain responsible for setting remuneration for their employees.
- Support worker remuneration is based on the Pay Equity levels including oncosts. Care coordinator remuneration was benchmarked using carers site data.
- Sleepovers are included for all houses at the support worker labour rates (i.e., “wakeover” rates).
- They are included in our information on the Global Pricing Tool. [[GPT-Overview-for-Providers-A3-1-FINAL-RATES-.pptx](#)]
- The model is built on reasonable costs of delivering residential care, benchmarked against external data such as food price inflation and wage rates. It is an evidence-based costing assessment.

- It will make it easier for providers to respond to cost pressures including the cost of labour, minimum wage increases and any pay equity settlements.

I received an advanced payment because I was expected to see an increase from 1 July 2025. New information shows I will not see an increase. Cabinet advised providers were not expected to be impacted in this financial year. What happens now?

- No provider will receive less funding in 2025/26 as the result of the new pricing model implementation.
- Providers that qualify to receive a payment to ensure the continuity of their funding level through the financial year ending 30 June 2026 were advised in October.

Is there a margin built in for providers?

- The model is based on reasonable, but generous, cost assumptions for each component.
- The new pricing model is based on reasonable costs of delivering community residential care and is benchmarked against external data such as food price inflation. These costs have been informed by a review of the 14 existing pricing models and tested with a representative group of providers.
- The model will be reviewed annually so funding decisions are informed by the changing costs of services. This annual review process will reduce the need for ad hoc individual rates, enable us to better forecast expenditure, and support the Government to make informed Budget decisions. This will provide greater certainty and confidence for providers and the disabled people we serve.

Is the cost of compliance reflected in the tool?

- Overhead costs are built into the pricing.

We have a large number of people who have been reviewed by our NASC. There has been no decrease in care hours and some have increased. Why are we experiencing a decrease in funding when the new pricing model is implemented?

- Banded rates may be more or less than the funding allocation for any individual.
- The banded rates reflect an average price for a range of care and support needs.
- It moves away from our previous system where the rate we paid must be spent on supporting an individual.

- For most providers, these will average out over time and across a mix of residents.
- While providers will still be paid for each person they support, they will have more flexibility to use their total funding pool to provide support across the people in their care.
- The new funding model allows greater flexibility for providers in delivering support and managing changes from within their total residential funding, rather than adjusting costs for individuals.
- Where a person has had a significant change in support needs, we expect the usual NASC/EGL site review process to occur.

Terms and Conditions

- DSS sought provider and NZDSN feedback on the proposed Panel Terms and Conditions as part of the Request for Application process.
- DSS considered this feedback, which informed the final Terms and Conditions within the Panel contract.
- The contract will be sent to successful providers for their sign off when they are finalised.
- Any questions about future payment schedule should be directed to dss_commissioning@msd.govt.nz.

Will there be a change to payment schedule for Panel contract holders from 1 December 2025?

- The feedback process included a proposal to implement a monthly payment schedule under the contract.
- DSS has considered this feedback in consultation with Health New Zealand.
- DSS gave providers an early indication of this decision in advance of all the Terms and Conditions within the contract being finalised. The first payment under the new contract will be made on 20 January 2026. If a provider is concerned about this change, they should raise this with their contract manager.
- Providers will not be required to complete a comments sheet for the first payment.

Pricing Bands

What costs do the banded rates cover?

- The prices are based on fair and reasonable costs across cost groups, for example staffing and housing.

How have you worked out the banded rates?

- The new pricing model is based on reasonable costs of delivering community residential care and is benchmarked against external data, for example food price inflation.
- These costs have been informed by a review of the 14 existing pricing models and tested with a representative group of providers.
- The model will be reviewed annually so funding decisions are informed by the changing costs of services.
- This annual review process will reduce the need for ad hoc individual rates, enable us to better forecast expenditure, and support the Government to make informed Budget decisions. If a person has had a significant change in support needs, we expect the usual NASC/EGL site review process to occur.

What are the different bands?

- They are included in our information on the Global Pricing Tool [GPT-Overview-for-Providers-A3-1-FINAL-RATES-.pptx](#)

Why are the price bands lower for Auckland (Northern region) than they are for Dunedin (Southern Region)?

- Market rent for each **region** (not just the main cities) was used to inform our pricing.

There seems to be an overlap between the bands - what does that account for?

- There is no overlap. The bands are separate and distinct.

Annual Review

How often is DSS going to review pricing and costs?

- The model will be reviewed annually so funding decisions are informed by the changing costs of services.
- This annual review process will reduce the need for ad hoc individual rates, enable us to better forecast expenditure, and support the Government to make informed Budget decisions.
- This will provide greater certainty and confidence for providers and the disabled people we serve.

Exceptional Rates

How will the exceptional rates be applied? What is the process?

- Most people supported in Community Group Homes are expected to be funded from the new Banded Rates. However, we recognise that some disabled people require a higher level of specialised support – or have such extraordinary needs – that a standard funding approach may not be suitable.
- They will still require Individual Rates (allocated through an exceptions process).
- These will be managed through your NASC and will proceed through to DSS Review Panel if the package meets a certain threshold for consideration.
- For example, a person receiving 1:1 support in a live-alone setting may require a bespoke funding arrangement outside of banded rates.

NASCs

What is the role of NASCs?

- NASCs will continue to determine which rates are paid to providers for individuals receiving Community Group Services.
- From 1 December, a Banded or Exceptional Rate will be informed by the NASC's assessments of the needs of the disabled people they support, with the use of the Band Allocation Tool (BAT).
- DSS has set up a process, alongside Health New Zealand's Sector Operations (HNZ), to move current people onto the appropriate Banded Rate for 1 December. Existing providers do not have to do anything to support the move of the current people they support to the new bands.

We support people who are aging. What is the process for considering whether they need to be moved to health-related funding instead of DSS?

- NASCs will reassess and determine whether the person does fit within health-related criteria or not.

Comment Sheets

What is a comment sheet?

- A comment sheet is a spreadsheet that is used by Health New Zealand's Sector Operations to keep DSS updated on the people supported by providers, for example, changing a person's house, exits from the service and any other information DSS requires to be notified about.
- It must be submitted by the 10th of each month.
- Even if there are no changes, an empty comment sheet is still required each month to receive payment.

Is the comment sheet a requirement in the contract?

- Yes, to receive payment, a comment sheet must be submitted by the 10th of every month to Health New Zealand's Sector Operations team, even if no changes need to be documented.

Implementation from 1 December

What do we need to do on 1 December 2025 to ensure my people are appropriately transferred into the new process?

- DSS will transfer residents to the new rates that come into effect on 1 December.
- If information is incorrect or changes have occurred, those will need to be documented in the providers 'comment sheet' that is sent to Health New Zealand / Sector Operations and/or notified to your NASC.
- Note: all payments will now be made monthly instead of fortnightly. You will be paid on the 20th of January 2026 for services provided in December 2025.

Social Investment Agency

Can I apply for my contract to be consolidated in the SIA?

- No, DSS is not included in the Social Investment Agency call out for consolidated Agreement work.