



Cabinet Legislation Committee

Minute of Decision

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Annual General Adjustment 2019: Adjustment to the Residential Care Subsidy Settings and Student Allowances Regulations

Portfolios **Education / Social Development / Health**

On 21 May 2019, the Cabinet Legislation Committee:

- 1 **noted** that sections 75(1) and 75(2) of the Residential Care and Disability Support Services Act 2018 require the asset thresholds and the income-from-assets exemptions to be increased on 1 July every year in line with upwards movement (if any) in the index number of the Consumers Price Index (All Groups) published by Statistics New Zealand for the year ending on the previous 31 March;
- 2 **noted** that the Consumers Price Index adjustments for the income-from-assets exemptions exclude increases in the tobacco excise until 2021, as set out in section 75(3) of the Residential Care and Disability Support Services Act 2018;
- 3 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-Assets Exemption, in Parts 1 and 3 of Schedule 2 of Act) Regulations 2019 will increase the asset thresholds used to determine financial eligibility in line with the 1.48 percent increase in the All Groups Consumers Price Index for the year ending 31 March 2019, resulting in an increase:
 - 3.1 for a single person from \$227,125 to \$230,495;
 - 3.2 for a couple where both partners are in residential care from \$227,125 to \$230,495;
 - 3.3 for a couple where one partner is in residential care and the house and car are not exempt from \$227,125 to \$230,495;
 - 3.4 for a couple where one partner is in residential care and the house and car are exempt from \$124,379 to \$126,224;
- 4 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-Assets Exemption, in Parts 1 and 3 of Schedule 2 of Act) Regulations 2019 will increase the maximum income-from-assets exemptions per year in line with the 1.29 percent increase in the All Groups (excluding cigarettes and other tobacco products) Consumers Price Index for the year ending 31 March 2019, resulting in an increase:
 - 4.1 for a single person from \$992 to \$1,005;
 - 4.2 for a couple where both are in residential care from \$1,983 to \$2,009;

- 4.3 for a couple where one partner is in residential care from \$2,975 to \$3,013;
- 5 **noted** that in 2004, Cabinet agreed that the allowable gifting amounts prescribed in the Social Security (Long-term Residential Care) Regulations 2005 should be reviewed annually for adjustment in line with the Consumers Price Index and that such adjustments should be in \$500 increments [CAB Min (04) 30/08];
- 6 **noted** that the allowable gifting amount was adjusted in 2018 and no adjustment is recommended to the allowable gifting amount from 1 July 2019;
- 7 **noted** that increasing the asset thresholds and income-from-assets exemptions will increase the cost of the Residential Care Subsidy to government by around \$2.87 million a year;
- 8 **noted** that:
- 8.1 Regulation 5(1) of the Student Allowances Regulations 1998 was not amended as part of the 1 April 2019 Annual General Adjustment and is being amended in the 1 July 2019 General Adjustment in order to rectify that error;
- 8.2 this error has had no practical effects;
- 9 **agreed** that Regulation 5(1) of the Student Allowances Regulations 1998 be amended, by the Student Allowances Amendment Regulations (No 2) 2019, to replace the annual income dollar amount stated there with a reference to the weekly income dollar amount stated in clause 3(3) of Schedule 2;
- 10 **authorised** the submission to the Executive Council of the:
- 10.1 Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-Assets Exemption, in Parts 1 and 3 of Schedule 2 of Act) Regulations 2019 [PCO 22126/5.0];
- 10.2 Student Allowances Amendment Regulations (No 2) 2019 [PCO 22125/3.0];
- 11 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-Assets Exemption, in Parts 1 and 3 of Schedule 2 of Act) Regulations 2019 and the Student Allowances Amendment Regulations (No 2) 2019 come into force on 1 July 2019.

Vivien Meek
Committee Secretary

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Present:

Hon Chris Hipkins (Chair)
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Tracey Martin
Hon Kris Faafoi
Hon Peeni Henare
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for LEG

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