



Cabinet Legislation Committee

Minute of Decision

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Annual General Adjustment 2022: Residential Care Subsidy

Portfolios **Social Development and Employment / Health**

On 19 May 2022, 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 Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-assets Exemption) Regulations 2022 increase:
 - 2.1 the asset thresholds used to determine financial eligibility in line with the 6.9 percent increase in the All Groups Consumers Price Index for the year ending 31 March 2022;
 - 2.2 the maximum income-from-assets exemptions per year in line with the 6.9 increase in the All Groups Consumers Price Index for the year ending 31 March 2021;
- 3 **noted** that in 2004, Cabinet agreed that the allowable gifting amounts prescribed in the Residential Care and Disability Support Services Regulations 2018 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];
- 4 **noted** that the Residential Care and Disability Support Services Amendment (No 2) Regulations 2022 will increase the allowable gifting amount by \$500, from \$6,500 to \$7,000, because the accumulated change based on movement in the All Groups Consumers Price Index from 1 April 2018 to 31 March 2022 has reached \$843;
- 5 **noted** that the Residential Care and Disability Support Services Amendment (No 2) Regulations 2022 will increase the maximum gifting levels for recognition of care from \$32,500 to \$35,000 for the five years prior to a person’s application for the Residential Care Subsidy, as a consequence of adjusting the allowable gifting amount;
- 6 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-assets Exemption) Regulations 2022 will increase the cost of the Residential Care Subsidy by around \$7.8 million;

- 7 **authorised** the submission to the Executive Council of the:
- 7.1 Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-assets Exemption) Regulations 2022 [PCO 24749/5.0];
 - 7.2 Residential Care and Disability Support Services Amendment (No 2) Regulations 2022 [PCO 24748/5.0];
- 8 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds, and Income-from-assets Exemption) Regulations 2022 and Residential Care and Disability Support Services Amendment (No 2) Regulations 2022 will come into force on 1 July 2022.

Rebecca Davies
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Kris Faafoi
Hon Jan Tinetti
Hon Kiri Allan
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Keiran McAnulty, MP (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG