



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Adjustment to the Residential Care Subsidy as Part of the Annual General Adjustment 2024

Portfolios **Health / Social Development and Employment**

On 23 May 2024, the Cabinet Legislation Committee:

- 1 **noted** that sections 75(1) and (2) of the Residential Care and Disability Support Services Act 2018 require the asset thresholds and 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 CPI 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 2024 (the Threshold Regulations) increase:
 - 2.1 the asset thresholds used to determine financial eligibility in line with the 4.02 percent increase in the CPI for the year ending 31 March 2024;
 - 2.2 the maximum income-from-assets exemptions per annum in line with the same CPI increase;
- 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 CPI 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 Regulations (No 2) 2024 (the Gifting Regulations) will increase the allowable gifting around by \$500, from \$7500 to \$8000, because accumulated change based on movement in the CPI from 1 April 2023 to 31 March 2024 has reached \$646;
- 5 **noted** that the Gifting Regulations will increase the maximum gifting levels for recognition of care from \$37,500 to \$40,000 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 Threshold Regulations will increase the cost of the Residential Care Subsidy by around \$11 million per annum;

- 7 **noted** that the fiscal costs of increasing the asset thresholds and income-from-assets exemptions will be met by Health New Zealand from funding for health and disability support services in 2024/25, and that no annual specific changes to appropriations will be made for the increase in thresholds;
- 8 **authorised** the submission to the Executive Council of the:
- 8.1 Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds and Income-from-assets Exemption) Regulations 2024 [PCO 26405/5.0];
- 8.2 Residential Care and Disability Support Services Amendment Regulations (No 2) 2024 [PCO 26406/3.0];
- 9 **noted** that both the Threshold and Gifting Regulations commence on 1 July 2024.

Sam Moffett
Committee Secretary

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis
Hon Chris Bishop (Chair)
Hon Dr Shane Reti
Hon Paul Goldsmith
Hon Louise Upston
Hon Simeon Brown
Hon Matt Doocey
Hon Tama Potaka
Hon Casey Costello
Hon Simon Watts
Hon Andrew Bayly
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard

Officials present from:

Office of the Prime Minister
Officials Committee for LEG
Office of the Leader of the House