



22 AUG 2018

Dear [REDACTED]

On 9 June 2018, you emailed the Ministry requesting, under the Official Information Act 1982, information regarding Residential Care Subsidy (RCS) and a horizontal equity issue arising from the way in which parental income was calculated for the purposes of the Student Allowance.

On 20 July 2018 you were sent information that answered the following two questions, which you subsequently withdrew.

- *How many applications for the residential care subsidy (RCS) were rejected in 2017, 2016 and 2015 (or the three most recent years you have information for)?*
- *Are all rejections of the RCS because people do not meet the means test?*

The remainder of your questions are responded to in turn.

- *What is the process when there is excess gifting i.e. the person has deprived themselves of assets), but the person in need of care does not legally have access to the assets?*

Excess gifting may be either:

1. gifting of more than \$6,500 per year in the five years immediately before application for RCS (this five years is the 'gifting period'), or
2. gifting of more than \$27,000 outside (earlier than) that five year 'gifting period'.

Excess gifting in the gifting period must be included in the means assessment of assets as the excess value gifted counts towards the client's asset total regardless of whether the client has access to the assets.

Excess gifting outside the gifting period may be included in the means assessment of assets at the discretion of the decision maker. The decision maker will consider the client's circumstances including the nature of the asset gifted, to whom the gift was made, the relationship of the recipient to the client, and whether client has access to any benefit derived from the gift.

Please note clients not eligible for RCS may apply for a Residential Care Loan.

A client who was previously means assessed and was not financially eligible for RCS can reapply for a further financial means assessment at any time.

Additional information regarding gifting may be found on the Ministry's Manuals and Procedures website at: [www.workandincome.govt.nz/map/income-support/extra-help/residential-care-subsidy/gifting-01.html](http://www.workandincome.govt.nz/map/income-support/extra-help/residential-care-subsidy/gifting-01.html)

- [Regarding a horizontal equity issue arising from the way in which parental income was calculated for the purposes of the Student Allowance that was identified by the government in 2010] *Can you provide us with evidence to show the frequency that this occurs, or is thought to occur?*
- *Has this problem been resolved?*

In Budget 2010 a decision was made as part of a package of tax reforms to improve the integrity of a number of parts of the social assistance system. This work, including public consultation via the Inland Revenue issues paper, resulted in a change to the Student Allowance parental income definition beginning in 2012 aligning it with the definition used for Working for Families Tax Credits under the Income Tax Act 2007. This definition of parental income includes trusts, companies and the like. At this time no estimation was undertaken of how many people this issue may have affected. As such your request for this information is refused under section 18(e) of the Official Information Act as this information does not exist.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



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