



Cabinet Legislation Committee

Minute of Decision

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Adjustment to the Residential Care Subsidy as part of the Annual General Adjustment 2023

Portfolio **Social Development and Employment / Associate Health**

On 18 May 2023, 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) 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 2023 increase:
 - 2.1 the asset thresholds used to determine financial eligibility in line with the 6.7 percent increase in the All Groups Consumers Price Index for the year ending 31 March 2023;
 - 2.2 the maximum income-from-assets exemptions per year in line with the 6.7 percent increase in the All Groups Consumers Price Index for the year ending 31 March 2023;
- 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 2023 increase the allowable gifting amount by \$500, from \$7,000 to \$7,500, because the accumulated change based on movement in the All Groups Consumers Price Index from 1 April 2022 to 31 March 2023 has reached \$831;
- 5 **noted** that the Residential Care and Disability Support Services Amendment (No 2) Regulations 2023 increase the maximum gifting levels for recognition of care from \$35,000 to \$37,500 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 2023 increase the cost of the Residential Care Subsidy by around \$8 million a year;

- 7 **noted** that the fiscal cost of increasing the asset thresholds and income-from-assets exemptions will be met by Te Whatu Ora from funding for health and disability support services in 2023/24 and no annual specific changes to appropriations will be made for the increase in the 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 2023 [PCO 25526/2.0];
- 8.2 Residential Care and Disability Support Services Amendment Regulations (No 2) 2023 [PCO 25518/3.0];
- 9 **noted** that the Amendment Regulations referred to above come into force on 1 July 2023.

Rebecca Davies
Committee Secretary

Present:

Hon Dr Megan Woods
Hon Kiri Allan
Hon Andrew Little (Chair)
Hon David Parker
Hon Kieran McAnulty
Hon Barbara Edmonds
Hon Willow-Jean Prime
Hon Dr Duncan Webb
Hon Rachel Brooking
Hon Jo Luxton
Tangi Utikere, MP

Officials present from:

Office of the Prime Minister
Officials Committee for LEG