



Cabinet Legislation Committee

Minute of Decision

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Residential Care Subsidy Annual General Adjustment 2026

Portfolios **Health / Social Development and Employment**

On 21 May 2026, 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 Consumer Price Index (CPI) (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 2026 increase:
 - 2.1 the asset thresholds used to determine financial eligibility in line with the 3.08 percent increase in the CPI for the year ending 31 March 2026;
 - 2.2 the maximum income-from-assets exemptions per year in line with the 3.08 percent increase in the CPI for the year ending 31 March 2026;
- 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) 2026 will increase the allowable gifting amount by \$500, from \$8,000 to \$8,500, due to the accumulated change based on movement in the CPI from 1 October 2023 to 31 March 2026 reaching \$609;
- 5 **noted** that the Residential Care and Disability Support Services Amendment Regulations (No 2) 2026 will increase the maximum gifting levels for recognition of care from \$40,000 to \$42,500 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 2026 are estimated to increase the total cost of the Residential Care Subsidy by around \$7 million a year;

- 7 **noted** that the fiscal cost 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 2026/27 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 2026 [PCO 28992/2.0];
- 8.2 Residential Care and Disability Support Services Amendment Regulations (No 2) 2026 [PCO 28993/2.0];
- 9 **noted** that the Residential Care and Disability Support Services (Annual Adjustment of Applicable Asset Thresholds and Income-from-assets Exemption) Regulations 2026 and Residential Care and Disability Support Services Amendment Regulations (No 2) 2026 will come into force on 1 July 2026.

Sam Moffett
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Paul Goldsmith
Hon Louise Upston (Chair)
Hon Mark Mitchell
Hon Tama Potaka
Hon Penny Simmonds
Hon Brooke van Velden
Hon Shane Jones
Hon Casey Costello
Hon Nicola Grigg
Hon James Meager
Hon Scott Simpson
Hon Cameron Brewer
Hon Andrew Hoggard
Stuart Smith MP
Jamie Arbuckle MP

Officials present from:

Office of the Minister of Commerce and Consumer Affairs
Officials Committee for LEG