

# House of Representatives

## Supplementary Order Paper

Tuesday, 19 October 2004

### Social Security (Long-term Residential Care) Amendment Bill

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#### *Proposed amendments*

Hon Ruth Dyson, in Committee, to move the following amendments:

#### *Clause 3*

To omit from *paragraph (c)* the words “those services” (line 26 on page 2), and substitute the words “that care”.

To omit *paragraph (e)* (lines 1 to 4 on page 3), and substitute the following paragraph:

- (e) to limit the amount that residents who are assessed as requiring long-term residential care indefinitely are required to pay for that care; and

#### *Clause 4: new section 136*

To omit the definition of **maximum contribution** (lines 31 to 36 on page 5), and substitute the following definition:

“**maximum contribution**, in relation to a resident assessed as requiring care who is residing in a particular region, means the weekly amount, inclusive of goods and services tax, that is set by notice in the *Gazette* under **section 153** as the maximum contribution applying to that region, and is the maximum that any resident assessed as requiring care may be required to pay for contracted care services provided in that region

To insert, after the definition of **provider** (after line 8 on page 6), the following definition:

“**region** means any geographical area defined by the Director-General of Health as being a region for the purpose of identifying maximum contributions (such as, for example, a

District Health Board area, or a district of a territorial authority)

*Clause 4: new section 153*

To omit this section (line 27 on page 19 to line 24 on page 20), and substitute the following section:

“153 **Maximum contributions set by *Gazette* notice**

- “(1) The Director-General of Health must, by notice in the *Gazette*, set the maximum contribution that applies in each region.
- “(2) The amount of maximum contribution set for each region is the lowest amount that a funder in the region must pay (in accordance with agreements made under the New Zealand Public Health and Disability Act 2000 or notices issued under section 88 of that Act) to providers in that region for long-term residential care provided to residents assessed as requiring care.
- “(3) However, if the amount identified under **subclause (2)** for a region is less than \$636, the maximum contribution for that region must be set at \$636.

*Clause 4: new section 153A(b)*

To omit the words “chief executive of the Ministry” (lines 32 and 33 on page 20), and substitute the words “Director-General”.

*Clause 4: new section 155*

To omit *subsection (1)(f)* (lines 30 to 35 on page 21), and substitute the following paragraph:

- “(f) prescribing the gifting period and the allowable gifts, or the value of any allowable gifts, for the purpose of **clause 1(b) of Part 2 of Schedule 27**:

To insert, after *subsection (1)(g)* (after line 6 on page 22), the following paragraph:

- “(ga) increasing the income-from-assets exemption in accordance with **subsection (1A)**:

To insert, after *subsection (1)* (after line 16 on page 22), the following subsections:

- “(1A) The income-from-assets exemption (as defined in **clause 1 of Part 3 of Schedule 27**) must be increased on **1 July 2006**, and on every following 1 July, by an amount that reflects the movement in the All Groups index number of the New Zealand Consumers Price Index (published by Statistics New Zealand) for the year ending on the previous 1 March.
- “(1B) If the adjusted amount of income-from-assets exemption is not a whole number of dollars—
- “(a) it must be rounded up to the nearest whole number of dollars; but

“(b) the adjustment made in the following year must be based on the income-from-assets exemption as it was before it was rounded up.

“(1C) The Director-General of Health must, as soon as practicable after 1 July in each year, give notice in the *Gazette* of the current amount of the income-from-assets exemption.

*Schedule 1: new Schedule 27*

To omit *paragraph (b)* from *clause 1 of Part 2* (lines 18 to 25 on page 30), and substitute the following paragraph:

(b) the value of assets that have been gifted by the person, the person’s spouse, or both during the prescribed gifting period immediately before the date of means assessment; but does not include any allowable gifts, or the value of any allowable gifts, prescribed by regulations made under **section 155**:

To omit *paragraph (i)* from *clause 1 of Part 3* (lines 30 to 33 on page 32), and substitute the following paragraph:

(i) the income-from-assets exemption of the person, and the income-from-assets exemption of the person’s spouse:

To insert, after the definition of **income** in *clause 1 of Part 3* (after line 39 on page 32), the following definition:

**income-from-assets exemption** means the first \$780 (or such other amount as is prescribed by regulations made under **section 155**) per year that is derived from assets.

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### Explanatory note

This Supplementary Order Paper (SOP) amends the Social Security (Long-term Residential Care) Amendment Bill to give effect to the following 3 policy changes:

- the definition of “maximum contribution” in *new section 136* is changed from being an amount specified as \$636 (with annual adjustments) to being an amount as set by *Gazette* notice under *new section 153*. The *Gazette* notice must set a maximum contribution for each region. (**Region** is also defined in *new section 136*.) In each region, the maximum contribution is the lowest amount that a funder in the region is required, under agreements made under the New Zealand Public Health and Disability Act 2000 or notices under section 88 of that Act, to pay for long-term residential care supplied to residents in the region. However, in some regions the lowest amount is currently below the existing

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maximum contribution of \$636. In these regions, the maximum contribution will be set at \$636 and will remain at that level until the amount specified in agreements or notices exceeds that amount:

- the means assessment as to assets may take into account assets that have been gifted before the assessment. As reported back from the Select Committee, the Bill specifies that gifts during the previous 5 years may be taken into account, but that gifts totalling \$5,000 in each of those years may be gifted without being included in the assessment. Both the period and the amount that may be gifted are able to be amended by regulation. This SOP changes this so that neither the gifting period nor the amount are specified in the Bill, but both the period and allowable gifts are to be prescribed by regulation:
- the Bill provides that the first \$780 of income from assets is not included in an assessment of a person's income. This SOP provides (by *new subclauses (IA) to (IC) of new section 155*) that this amount must be increased annually to reflect changes in the Consumers Price Index, and for the new amount to be notified in the *Gazette*.

The SOP also makes minor drafting amendments to *clause 3(c)* and to *new section 153A*.

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