

The Treasury

Budget 2013 Information Release

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [12] Not in scope
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

FAMILY CARERS CASE: IMPLEMENTATION OF PROPOSED RESPONSE AND CONSIDERATION OF BROADER ISSUES

Responsible Person: Ruth Isaac

First Contact Person: John Marney

Purpose

1. The paper provides further advice on the proposed response to the Family Carers case. It describes the legal and fiscal risks associated with the narrowly targeted (\$23 million p/a) option previously considered by Cabinet. To manage those risks, Budget night legislation limiting the legal remedies available to family carers is proposed.

Comment

2. The legal and fiscal risks associated with the \$23 million p/a option are considerable – with costs potentially as high as \$175 million p/a, depending on future Court decisions. Additional costs would build gradually,[8]
3. The proposed strategy – Budget night legislation, effective from date of announcement – is an effective way of managing those risks but may attract criticism.
4. The parameters of the \$23 million p/a option itself may also be controversial. A key judgement for Cabinet will be the trade off between option design and fiscal cost (see the table in the paper). In particular:
 - the payment of family carers at a lower rate (\$16/ph rather than \$25 p/h)
 - the exclusion of certain groups - the carers of children, spouses, elderly relatives (DHB funded), and those with mental health needs (also DHB funded).
5. The Ministry of Health's 4-year plan balances in 2013-14 on the assumption that the \$23 million p/a option is agreed. If Cabinet does not agree to this narrowly targeted option, supported by legislation, then additional funding will need to be found through reprioritisation of baseline and new funding within Vote Health and/or by further increasing Vote Health funding. In that case, you may wish to invite the Minister of Health to come back with options for savings / reprioritisation to fund changes.
6. The Cabinet paper contemplates further policy work in relation to family carers not covered by the \$23 million p/a option (see paragraphs 40 to 44 and recommendations 15 and 16). Announcing such work would create an expectation that payments will be extended in due course, at potentially significant fiscal cost: an additional \$46 million p/a year for carers of spouses and children; plus \$41 million p/a for DHB-funded supports. This would generate additional pressures for Vote Health in future Budgets and would likely need to be recorded as a specific fiscal risk

Treasury Recommendation

7. We recommend that you:
 - **oppose** recommendation 16.2 (inviting the Minister of Health to carry out further policy work); and
 - **support** the other recommendations in this paper.

Title	Pg	Recommend	Fiscal Implications (\$m GST excl.)					Treasury Comment
			12/13	13/14	14/15	15/16	Out years	
Family Carers: implementation of proposed response and broader issues.		Support	<i>Operating</i>					Proposed legislation will mitigate fiscal risk but may be controversial. A more generous option would require reprioritisation within Vote Health or extra funding.
			-	23.000	23.000	23.000	23.000	
			<i>Capital</i>					
			-	-	-	-	-	