The Treasury

Budget 2026 Information Release

September 2026

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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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List of potential reform options – policy change, targeted policy savings and invest-to-save

UPDATED 3 September

The following tables include a range of proposals – these are grouped into **A**. Income Support Settings, **B**. Housing System (including Review of Social Housing System), **C**. Interface with the tax system – Working for Families and Child Policies and **D**. Income Support Settings – Other possible proposals – higher effort and/or low benefit.

- all savings/costs are to Vote Social Development unless expressly stated
- all numbers remain indicative, using previous costings or information where available – these would need to be refined through further work and to capture other fiscal impacts such as operational costs, capital costs etc. We have used the following categories for quantum of savings: [33]

  Some proposals have not been costed at this stage.
- complexity relates to how challenging it is to implement (operational, IT and other changes) as it is too early to provide a view on potential timeframes to implement.

A. Income support settings

Area		Potential reform options	Complexity[1]	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work[2]	Fiscal Cost[3]	Income Adequacy	
Eligibility (gateways) <u>Changes underway:</u> Budget 2025 initiative to tighten Jobseeker Support eligibility for single 18 and 19 year olds from November 2026. Budget 2025 Automated Decision-Making savings initiative. 26-week reapplications.	1	[33]						

[1] This is about complexity of implementation – we have provided an indication of low, medium or high complexity. This does not indicate whether it would be possible to implement, or the timing for this. MSD and other agencies will have capacity constraints.

[2] This column refers to the financial incentive to work rather than the expected impact of that incentive on behaviour. Generally, it takes quite significant changes to financial incentives to work to achieve measurable impacts on actual work outcomes.

[3] This column includes fiscal information where available. All costings are high level estimates which will need further work to refine assumptions, confirm implementation timelines, understand interdependencies with other initiatives and complete a quality assurance process before confirming final numbers. This does not include operational costs. [33]

Area	Potential reform options		Complexity[1]	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work[2]	Fiscal Cost[3]	Income Adequacy	
	2	[33]						
	3							
Rates (including indexation) Changes made: Mini Budget changes to index main benefits to CPI rather than wages.	4							
	5							

Area	Potential reform options		Complexity[1]	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work[2]	Fiscal Cost[3]	Income Adequacy	
	6	[33]						
	7							

Area		Potential reform options	Complexity[1]	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work[2]	Fiscal Cost[3]	Income Adequacy	
Abatement <u>Changes underway:</u> Budget 2025 income charging changes.	8	[33]						
	9							
	10							

Area		Potential reform options	Complexity[1]	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work[2]	Fiscal Cost[3]	Income Adequacy	
Case management and employment programmes <u>Changes made:</u> Budget 2025 employment invest-to-save initiative. Welfare that works – community job coaching.	11	**Sole Parent invest-to-save** Scale up the capacity of MSD case management for sole parents who have just left work, and for other groups of sole parents. This could also look to trial new or scaling up capacity of effective programmes for this group and flexible funding to target costs for transitioning into work for this group.	TBD	No	Depends on the components of the invest-to-save.	Not costed	**-**	This would also build on our understanding of the programmes and other interventions that are effective for getting sole parents, or young sole parents into work. Can use evidence from investment approach. A flexible fund component could be based on the past Investment Approach trial for clients in intensive client support and the Flexible Funding Programme for families with children in emergency housing. Both payments had/have broad guidelines on what/who is covered but with no cap on the payments.
	12	[33]						

B. Housing System – including Review of Social Housing

Area		Potential reform options	Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
Other <u>Changes made:</u> Budget 2024 Emergency Housing Invest-to-save	13	[33]						
Eligibility (gateways) <u>Changes underway:</u> Budget 2024 Boarders Contribution Initiative. Budget 2025 initiative to increase the AS entry threshold for some homeowners from 25 to 30 percent.	14	**Adjusting policy** [33] **settings for Temporary Additional Support (TAS) to account for benefit increases over the last 8 years that w re over and above inflation.** [33]	[33]	Yes – Secondary Legislation	Would increase the gap between benefit and work.	[33]	This would reduce assistance with those with the lowest residual incomes, and those whose incomes are insufficient to meet basic essential costs.	The options would ideally be progressed alongside changes to AS and IRR through the Review of Social Housing. Expenditure on TAS in 2024/25 was $546.692 million. [33]
	15	[33]						
Rates (including entry threshold/ contribution)	16	**Housing contribution and Income Related Rent –** increase the minimum income contribution from 25% to 30% for: a) Emergency Housing (EH) b) Transitional Housing c) Income Related Rent (IRR). This is because 30% of income on accommodation costs is considered affordable, and these cohorts are much better off than similar households receiving AS.	High (driven by the period for review for IRR)	Yes – changes to Primary and Secondary Legislation	- Without increases to AS alongside it, this worsens the incentive to work, but improves the incentive to move toward housing independence.	Large savings a) Not yet costed b) Not yet costed c) $131.174 million per year	This would increase the amount that people in EH/TH/SH need to pay towards their housing costs. Given existing high material hardship rates for these households, options a), b) and c) would likely further increase material hardship.	Minister of Housing responsible. The Ministry of Housing and Urban Development (HUD) have policy responsibility for these settings. Changes across housing system would impact both Vote Social Development and Vote Housing and Urban Development. Requires changes to Regulations (IRR) and Special Needs Grants Programme (EH). Could adjust AS entry threshold up to make them all align.

C. Interface with the tax system – including Working for Families

Area		Potential reform options	Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
Rates (including indexation) <u>Changes made:</u> CPI adjustment on 1 April 2024.	17	[33]						
	18							

Area	Potential reform options		Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
	19	[33]						
	20							
	21							
Abatement <u>Changes underway:</u> Budget 2025 increase in Working for Families abatement threshold/rate from 1 April 2026	22							

Area		Potential reform options	Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
Other <u>Changes already made:</u> FamilyBoost entitlements are based on costs paid for childcare from the previous quarter.	23	[33]						
	24							
	25							
	26							
	27							

D. Income Support Settings – Other possible proposals – higher effort and/or low benefit

This list includes changes that are high effort or complexity relative to the savings.

Area	Potential reform options		Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
Eligibility (gateways) <u>Changes made:</u> Budget 2025 initiative to tighten Jobseeker Support eligibility for single 18 and 19 year olds from November 2026. Budget 2025 Automated Decision-Making savings initiative. <u>Changes underway:</u> 26-week reapplications from 1 July 2025	28	[33]						
	29							
	30							

Area	Potential reform options		Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
	31	[33]						
	32							
	33							
	34							

Area	Potential reform options		Complexity	Legislation change?	Impact on key objectives			Comments
					Financial incentive to work	Fiscal Cost	Income Adequacy	
Other	35	[33]						