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).

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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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Inland Revenue
Te Tari Taake

POLICY

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

TE TAI ŌHANGA
THE TREASURY

Joint Report: Meeting on welfare reform and Working for Families

Date:	24 September 2025	**Report No:**	T2025/2441 IR2025/393 REP/25/9/722
Security level:		**File Number:**	SH-3-6-12-M128247

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Nicola Willis)	**Note** the attached annotated agenda (Appendix One) and list of potential Working for Families changes (Appendix Two)	29 September 2025
Minister for Social Development and Employment/Minister for Child Poverty Reduction (Hon Louise Upston)	**Note** the attached annotated agenda (Appendix One) and list of potential Working for Families changes (Appendix Two)	29 September 2025
Minister of Revenue (Hon Simon Watts)	**Note** the attached annotated agenda (Appendix One) and list of potential Working for Families changes (Appendix Two)	29 September 2025

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Alex Harrington	Principal Advisor, Welfare and Oranga Tamariki, Treasury	[39]	N/A (mob)	✓
Samantha Aldridge	Principal Policy Advisor, Inland Revenue	N/A (wk)	[35]	✓
Alana Roughan	Principal Analyst, Welfare System and Income Support, Ministry of Social Development	[39]		✓
Deborah Tucker	Principal Analyst, Child Wellbeing and Poverty Reduction, Ministry of Social Development		N/A (mob)	

Actions for the Minister's Office Staff (if required)

Return the signed report to the Treasury/the Ministry of Social Development/Inland Revenue.

Note any feedback on the quality of the report	

Enclosure: Yes (attached): annotated agenda (Appendix One) and list of potential Working for Families changes (Appendix Two)

Joint Report: Meeting on welfare reform and Working for Families

Purpose of Report

1. The Minister of Finance, Minister for Social Development and Employment, Minister for Child Poverty Reduction and Minister of Revenue are scheduled to meet at 5pm on Monday 29 September to discuss the role that Working for Families changes could play in a potential welfare reform package for Budget 2026 and beyond.

2. To support that meeting, this report provides you with:

   - an annotated agenda for the meeting (Appendix One), and
   - a list of potential Working for Families changes for discussion (Appendix Two).

Background

3. The Minister of Finance and the Minister for Social Development and Employment met on 23 July and 8 September to discuss the potential for a work programme on welfare reform for Budget 2026 and beyond that focused on delivering fiscal savings and improving incentives to work. At the 8 September meeting, Ministers discussed the broad kinds of savings options that could be considered, which included some potential changes to Working for Families. Ministers agreed at that meeting to schedule a discussion with the Minister of Revenue and his officials to take this work forward.

4. In parallel, officials from Inland Revenue, the Ministry of Social Development and the Treasury have been working on proposals for changes to some Working for Families settings, stemming from the Budget 2025 discussion document *"Empowering families: Increasing certainty and preventing debt in the Working for Families scheme"*. Some of these proposals could be considered alongside any Working for Families changes that might be advanced through a welfare reform programme.

5. Officials have put together an initial list of potential Working for Families changes for discussion, as outlined in Appendix Two. At this stage we have not undertaken detailed costings or distributional impact analysis for most options. We also note that several of the options could overlap or interact with each other. Following this meeting, officials could develop advice on potential packages for consideration, including costings and distributional impacts.

6. To support the development of this advice, it would be helpful if Ministers indicated their interest in officials developing [33] welfare reform (e.g. income support and Working for Families). This could enable the development of a set of changes that focuses on a specific objective of the reform, and/or a specific cohort (e.g. sole parents), and could involve savings proposals from one stream and spending proposals from another.

Proposal to [33]

[33]

Recommended Actions

We recommend that you **note** the attached annotated agenda (Appendix One) and list of potential Working for Families changes (Appendix Two) for discussion on 29 September.

Shelley Robertson
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Ministry of Social Development

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Policy Lead
Inland Revenue

Hon Nicola Willis
Minister of Finance

Hon Louise Upston
Minister for Social Development and Employment
Minister for Child Poverty Reduction

Hon Simon Watts
Minister of Revenue

Appendix One: Annotated Agenda

Meeting on welfare reform and Working for Families

Date: 29 September 2025 **Time:** 5:00-5:45pm

Venue: Beehive 7.2

Attendees: Hon Nicola Willis (Minister of Finance)
Hon Louise Upston (Minister for Social Development and Employment, Minister for Child Poverty Reduction
Hon Simon Watts (Minister of Revenue)
Officials from the Treasury, the Ministry of Social Development and Inland Revenue

Item	Topic	Additional information
1	Objectives for welfare reform for Budget 2026 and beyond	The Ministers of Finance and Social Development and Employment have discussed their objectives for a welfare reform package for Budget 2026 and beyond. This has included: • the size of fiscal savings sought for Budget 2026 (the Minister of Finance has indicated [33] across welfare, Working for Families and Social Housing) • the balance between the objectives of achieving fiscal savings, simplifying the tax and welfare systems, improving incentives to work, and income adequacy/child poverty reduction (recognising that not all objectives can be achieved at once) We recommend that Ministers discuss their objectives for a welfare reform package for Budget 2026 and beyond – including their preferred balance between the objectives – and the role that Working for Families could play in this.
2	Potential Working for Families changes	Officials have developed a list of potential Working for Families changes that could be considered for inclusion in a welfare reform package for Budget 2026 and beyond (see Appendix Two). We recommend that Ministers: • discuss the broad approach to framing options (i.e. some changes would be purely about delivering fiscal savings, some would help to improve work incentives, and some would help to simplify the tax and welfare systems) • indicate if there are particular options or packages they want developed further, or ruled out
3	[33]	[33]
4	Commissioning further work	We recommend that Ministers commission officials to develop advice on potential packages of Working for Families changes for consideration as part of a welfare reform package for Budget 2026 and beyond, including costings and distributional impacts.

Appendix Two: Summary of potential Working for Families changes

This table outlines a range of options for announcement and/or delivery at Budget 2026. There may be interagency dependencies or flow-ons (e.g. to other assistance or additional administrative costs) for some options which have yet to be explored.

	[33]	**Outlined in the Budget 2025 discussion document**			**Not yet considered by Ministers**	
		Info sharing (IR/Customs) Residence rules changes	**Family scheme income**	**Shorter period of assessment**	**Single agency**	**MFTC**
Description		*Improved info sharing between IR and Customs to determine when a WFF recipient has left NZ and stop payments. Clarifications to the WFF residency rules*	*Simplification of family scheme income (the way income is calculated for WFF purposes)*	*Shifting the way WFF is calculated from a tax year to a retrospective quarterly assessment*	[33]	
Policy rationale		Increases the integrity of WFF and reduces overpayments/ debt. Reduces the complexity of WFF	Reduces complexity for IR and for families	Increases certainty and reduces debt		
Fiscal impact (2024 estimates)	[33]	Costing and modelling will be included in further reporting	Costing and modelling will be included in further reporting	Costing and modelling will be included in further reporting	[33]	
Impact on work incentives		No impact	No impact	TBC - modelling to be included in further reporting		
Impact on income adequacy/ child poverty reduction		No impact	Positive impact on families declaring the relevant types of income (expected)	TBC - modelling to be included in further reporting		

[33]	Info sharing (IR/Customs) Residence rules changes	Family scheme income	Shorter period of assessment	Single agency	MFTC
Complexity vs. simplicity	Simplifies WFF administration	Simplifies WFF administratio n	Simplifies WFF administration – reduces the estimate/ square up/ debt cycle	[33]	
Compliance costs for IR/ government	Reduces compliance costs for government via automated info exchange. Rules easier to administer (clearer legislation)	Reduces adminis-tration for Inland Revenue, impact on MSD TBC	Less reassessments of past periods and debt. Impact on MSD TBC		
Compliance costs for families	Will reduce debt where families do not inform IR they are leaving New Zealand. Easier to understand requirements	Reduces administrativ e burden for families	Removes requirement to estimate for many customers (focus more on circumstances than income)		
Early indication of key deliverables					
Potential Budget 2026 action [33]	Announce **change**	Announce **change**	Announce **intention to progress/ further work**	[33]	
Initial estimate of implemen-tation (IR view only)*	Date TBD for info-sharing go live Residence changes: 1 April 2027	1 April 2027	1 April 2028 (at earliest)		

** MSD has not considered implementation timeframes for these proposals at this point, but will be able to provide an assessment once the wider package of welfare reform proposals is understood.*