

The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- The Budget website from September 2026 to May 2027 only at: <https://budget.govt.nz/information-release/2026>, and on
- The Treasury website from later in 2026 at: <https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release>

Information Withheld

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).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Treasury Report: Budget 2026 Second Bilateral on Welfare Reform

Date:	27 March 2026	Report No:	T2026/621
		File Number:	SH-3-6-12-M136489

Action sought

	Action sought	Deadline
Hon Nicola Willis Minister of Finance	Discuss the contents of this report with Ministers Bishop, Upston, Watts and Potaka at your Budget bilateral meeting	5pm, Tuesday 31 March

Contact for telephone discussion (if required)

Name	Position		Telephone	1st Contact
Alex Harrington	Principal Advisor, Social Sector, Communities and Learning	[39] (wk)	N/A (mob)	✓
Claire Howard	Unit Manager, Social Sector, Communities and Learning	[39] (wk)	[39] (mob)	

Minister's Office actions (if required)

Return the signed report to Treasury.
--

Note any feedback on the quality of the report

Enclosure: Yes (attached)

Treasury Report: Budget 2026 Second Bilateral on Welfare Reform

Purpose of Report

1. This report provides you with a briefing for your meeting with the Minister of Housing (Hon Chris Bishop), Minister for Social Development and Employment (Hon Louise Upston), Minister of Revenue (Hon Simon Watts), and Associate Minister of Housing (Hon Tama Potaka) at 5pm on Tuesday 31 March on the development of a welfare savings package to be included in Budget 2026.
2. This report replaces the bilateral briefing we sent to you on 19 March 2026 (T2026/554). At that point we were expecting the meeting to be held on 23 or 24 March, but the meeting was instead scheduled for 31 March.
3. The 31 March meeting follows one on 4 March, where the same group of Ministers met and decided on most of the preferred components of a welfare savings package. At that meeting, Ministers commissioned further advice from officials about options to spend more on Accommodation Supplement [33]
4. Since that meeting, the Middle East conflict has had a significant impact on fuel prices and household budgets, and Cabinet has agreed to a temporary \$50 per week boost to the In Work Tax Credit to provide support for low-to-middle income working families. In light of the situation, Ministers may want to revisit some of their decisions from the 4 March meeting.
 - a. **Annex 1** provides you with a proposed annotated agenda for the meeting and supporting Treasury advice. **This version will not be provided to portfolio Ministers ahead of the meeting.**
 - b. **Annex 2** is an annotated agenda that has – with your office’s approval – also been sent to the office of the portfolio Ministers and their agencies. **It is provided for your visibility only. You do not need to review it – there is no additional material in Annex 2 that is not already in Annex 1.**
 - c. **Annex 3** provides you with Treasury’s assessment of the welfare savings and other Social Development initiatives. **This will not be provided to portfolio Ministers ahead of the meeting.**
5. Decisions taken at this meeting will be reflected in the draft material for Budget Ministers 3 that we are providing to you in the week commencing 30 March.

Recommended Action

We recommend that you:

- a **discuss** the contents of this report with the Minister of Housing (Hon Chris Bishop), Minister for Social Development and Employment (Hon Louise Upston), Minister of Revenue (Hon Simon Watts), and Associate Minister of Housing (Hon Tama Potaka) at the second welfare savings package meeting on Tuesday 31 March;

Agenda Item 1 – The welfare savings package agreed on 4 March, and potential increases for Accommodation Supplement [33]

- b **discuss** which of the initiatives in the welfare savings package Ministers want to proceed with, in light of the conflict in the Middle East and its impacts on fuel prices and household budgets;
- c **agree** to preferred options for the Accommodation Supplement [33]
- d **confirm** the overall welfare savings package; and

[33]

Claire Howard
**Unit Manager, Social Sector,
Communities and Learning**

Hon Nicola Willis
Minister of Finance

Annex 1 – Agenda and Supporting Advice

Agenda Item 1 – The welfare savings package agreed on 4 March, and potential increases for Accommodation Supplement [33]

Description of key issue	On 4 March, Ministers took decisions on most elements of a welfare savings package. Details of the package agreed at that meeting are set out in the report “ <i>Finalising components for Budget 2026 welfare package</i> ” [T2026/507, HUD2026-009424, REP/26/3/166, IR2026/086 refers]. The package includes the following initiatives, most of which apply from 1 April 2027:	
	Initiative	Annual operating allowance impact (\$m)
	1. Increase tenant contribution for social housing (IRR) and contribution for Emergency and Transitional Housing to 30%	(92)
	2. Temporary Additional Support - Formula changes	[33]
	[33]	
	4. Accommodation Supplement – targeted maxima increases to Areas 3 and 4	40
	[33]	
	7. Income Charging Phase 2 – savings from further policy decisions	(13)
	8. Invest in employment support for sole parents to reduce welfare costs and material hardship for children	(24)
	9. Emergency Housing – extending scaled-down support services	(4)
	10. Simplifying income definition, eligibility settings and improving information sharing with Customs	(11)
	11. Food Secure Communities (Food infrastructure and Kickstart baseline)	10
	[33]	[33]
	We recommend that Ministers discuss which of the initiatives above they want to proceed with, in light of the conflict in the Middle East and its impacts on fuel prices and household budgets. At the 4 March meeting, Ministers requested options to spend more on the Accommodation Supplement [33] included in the package above. Options include: Targeted Accommodation Supplement maxima increases for Areas 2, 3 and 4 (\$82 million annual average, an increase of \$42 million) [33]	

	[33] We recommend that Ministers choose their preferred options for the Accommodation Supplement [33] [33]
Treasury recommended talking points	• Discuss which of the initiatives in the welfare savings package Ministers want to proceed with, in light of the conflict in the Middle East and its impacts on fuel prices and household budgets. Agree to preferred options for the Accommodation Supplement [33] [33] • Confirm the overall welfare savings package.
Treasury advice	<u>4 March package</u> Developing a welfare savings package involves making trade-offs across competing objectives: improving work incentives, making fiscal savings, and managing impacts on income adequacy and poverty. Ministers also want to rebalance housing subsidies (Income-Related Rents and Accommodation Supplement). [33] [33] [33] [33] [33] [33] <u>Accommodation Supplement</u> [33] <u>options</u> The options to spend more on Accommodation Supplement [33] [33] would have slightly different impacts: • Increasing Accommodation Supplement maxima for Area 2 as well would help with income adequacy and poverty for both working and non-working families, and it would help with rebalancing housing subsidies, but it would reduce fiscal savings. [33] <u>Reconsidering the package in light of the Middle East conflict</u> [33]

	[33] [33] [33] [33] Most of the initiatives in the package would be implemented from 1 April 2027. If Ministers wanted to delay implementation instead of removing initiatives from the package, this would have a smaller impact on the size of the package. [33] There is a case for proceeding with the package agreed on 4 March. All the initiatives in the 4 March package have a policy rationale beyond making fiscal savings. [33] However, we acknowledge that the impact of the Middle East conflict on households may change the weight that Ministers place on the income adequacy and poverty objectives of the welfare savings package (notwithstanding the one-off \$50 per week boost to the In Work Tax Credit). Ultimately, how best to balance across these competing objectives is a judgment call for Ministers.
--	---

[33]	[33]
------	------

[33]

Annex 2 – Annotated Agenda that has been referred to the portfolio Ministers

Agenda

The proposed agenda for this meeting is set out below. Further details on each agenda item are set out in the tables below.

1. **The welfare savings package agreed on 4 March, and potential increases for Accommodation Supplement** ^[33]
2. **Cabinet paper on welfare savings package**

Agenda Item 1 – The welfare savings package agreed on 4 March, and potential increases for Accommodation Supplement and In Work Tax Credit

Description of key issue	On 4 March, Ministers took decisions on most elements of a welfare savings package. Details of the package agreed at that meeting are set out in the report “ <i>Finalising components for Budget 2026 welfare package</i> ” [T2026/507, HUD2026-009424, REP/26/3/166, IR2026/086 refers]. The package includes the following initiatives, most of which apply from 1 April 2027:	
	Initiative	Annual operating allowance impact (\$m)
	1. Increase tenant contribution for social housing (IRR) and contribution for Emergency and Transitional Housing to 30%	(92)
	2. Temporary Additional Support - Formula changes	[33]
	[33]	
	4. Accommodation Supplement – targeted maxima increases to Areas 3 and 4	40
	[33]	
	7. Income Charging Phase 2 – savings from further policy decisions	(13)
	8. Invest in employment support for sole parents to reduce welfare costs and material hardship for children	(24)
	9. Emergency Housing – extending scaled-down support services	(4)
	10. Simplifying income definition, eligibility settings and improving information sharing with Customs	(11)
	11. Food Secure Communities (Food infrastructure and Kickstart baseline)	10
	[33]	
	We recommend that Ministers discuss which of the initiatives above they want to proceed with, in light of the conflict in the Middle East and its impacts on fuel prices and household budgets.	

	At the 4 March meeting, Ministers requested options to spend more on the Accommodation Supplement ^[33] included in the package above. Options include: • Targeted Accommodation Supplement maxima increases for Areas 2, 3 and 4 (\$82 million annual average, an increase of \$42 million) ^[33] We recommend that Ministers choose their preferred options for the Accommodation Supplement^[33] ^[33]
--	--

^[33]

Annex 3 – Budget 2026 welfare reform and Social Development initiatives

See attached document (iManage document #5,267,824, [T2026-621 Annex 3.pdf](#)).

Please note that there are minor differences in costings for some initiatives between what is included in this Annex and what is included in the report “*Finalising components for Budget 2026 welfare package*”, as departments have refined their initiative costings following Ministers’ decisions on 4 March.

Budget 2026 - Package as at 18 March 2026 (Vote Social Development and Welfare Reform Initiatives)

Note

1. Some initiatives have significant out year components. This alters the way operating averages are calculated and may result in misalignment between Total Opex and Opex P.A. in the Treasury Package.
2. This annex aligns to the 'low' package set out in the Budget Ministers slides
3. Treasury's VAD framework quantifies the value (weighted through benefits and costs), alignment to Government Budget 2025 priorities, and delivery feasibility of an initiative, rated from 1 (low) to 4 (high).

[illegible]

[illegible]

							Dept. Submissions \$(m)			Current Package \$(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Social Development	17208	Welfare Reform	Emergency Housing – Extending scaled-down support services	This initiative seeks funding for Emergency Housing (EH) support services from July 26 to June 28 at a lower level than existing funding. Funding for EH Support Services (EHSS) is required to support households and prevent them needing EH, reduce the duration of stay in EH for clients and facilitate sustainable exits (reducing reoccurring need). Funding for EHSS will be important for managing the inflow, maintaining the current low number of EH clients, and leveraging wider housing initiatives to reduce households in EH to 300. Savings from fewer people requiring EH will be greater than the cost of investment. This initiative is anticipated to result in net savings of \$14 million over the forecast period due to maintaining the number of households in EH below 500 from July 26 to June 28.	Included	We recommend supporting this initiative, which would continue Emergency Housing Support Services for two years at a lower level than existing funding. There is some New Zealand evidence suggesting the existing services reduce demand for emergency housing, although the low number of recipients means a rigorous evaluation has not been possible, and non-participant effects may diminish the overall effect. The initiative is therefore likely to achieve fiscal savings, although their quantum is uncertain. The targeted nature of the services is also appropriate given the number of emergency housing recipients has fallen substantially.	(14.3)	(3.6)	-	(14.3)	(3.6)	-	3	3	3
	17247	New Service Or Policy	SuperGold Card: official form of identification	This initiative introduces a version of the SuperGold Card that can be used as official ID, meeting a need for older people who have difficulty accessing supports that require photo identification, such as bank loans. This is particularly the case for older people who are no longer able to drive and therefore do not hold a driver licence. It will fulfil a priority of the New Zealand National Party and New Zealand First coalition agreement to “upgrade the SuperGold Card and Veterans Card to maximise its potential benefit for all SuperGold Card and Veterans Card holders”.	Included	We recommend not supporting this initiative. It is not certain that an upgraded SuperGold Card would deliver significant benefits as there are existing ID options available, such as the Kiwi Access Card. There is also only limited and outdated evidence of strong demand. If Ministers would like to progress this initiative, we recommend scaling through tighter targeting, lower uptake assumptions, and a co-payment mechanism to reduce fiscal pressure.	36.4	9.1	6.5	36.4	9.1	6.5	2	4	2
	17260	Welfare Reform	Accommodation Supplement – Targeted Maxima Increases	This initiative will provide funding to: - make targeted adjustments to the Accommodation Supplement (AS) by increasing the maxima for Areas 3 and 4 from 1 April 2027 - cover additional costs from higher AS payments to eligible clients. The initiative will increase the amount of AS assistance received by approximately 50,000 families, with an average increase of approximately \$19 per week. This increase partially responds to the rise in housing costs since the AS maxima was last updated in 2018, based on 2016 rents. More information can be found in the attached document.	Included	We recommend not supporting this initiative as part of a welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. The initiative delivers savings by make targeted adjustments to the Accommodation Supplement by increasing the maxima for Areas 3 and 4. This initiative has a significant fiscal cost and is not a high priority for investment in Budget 2026. We will provide more advice on this initiative as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	161.2	40.3	-	161.2	40.3	-	3	2	3
[33]															

							Dept. Submissions \$(m)			Current Package \$(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Social Development	17514	New Service Or Policy	Food Secure Communities and KickStart Breakfast programmes – continuing funding	This initiative will provide ongoing funding of \$9.5m per annum, for the Food Secure Communities programme and the Government's contribution to the KickStart Breakfast programme. This includes \$8m to continue funding the food infrastructure component of the Food Secure Communities programme at the existing level, and \$1.5m to continue the Government's contribution to the KickStart Breakfast programme at an increased level (to address the anticipated increase in demand). The initiative also reprioritises \$7m underspends from other areas in the 2025/26 financial year, to continue the other components of the Food Secure Communities programme for one year in 2026/27. These programmes contribute to reducing material hardship for children – one of the priorities of the Child and Youth Strategy.	Included		38.0	9.5	-	38.0	9.5	-	0	0	0
	17516	Service Or Policy Cost Escalation	Employment and Community Multi-Category Appropriations – replacing funding	This initiative returns funding to the Improved Employment and Social Outcomes Support MCA, and Community Support Services MCA. In September 2025, Cabinet agreed to amend components of the Budget 2025 initiative to tighten access to Jobseeker Support and Emergency Benefit for 18 and 19 year olds (SOU-25-MIN-0126 refers). As part of this decision, Cabinet agreed to offset the additional fiscal impact of \$16.208m per year ongoing, through departmental savings in these two MCAs. This initiative reprioritises funding from savings in Budget 2026, to replace the funding in both MCAs.	Included		64.8	16.2	-	-	-	-	0	0	0