

The Treasury

Budget 2026 Information Release

September 2026

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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
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- [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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Treasury Report: Budget 2026 Second Bilateral on Welfare Reform

Date:	19 March 2026	Report No:	T2026/554
		File Number:	SH-3-6-12-M136111

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	Timing of meeting to be confirmed, but expected to be in the week of 23 March

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Alex Harrington	Principal Advisor, Social Sector, Communities and Learning	[35]	✓
Claire Howard	Unit Manager, Social Sector, Communities and Learning		

Minister's Office actions (if required)

Return the signed report to Treasury.
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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. You are 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) for the second discussion on the development of a welfare savings package to be included in Budget 2026. The timing of this meeting is to be confirmed, but it is expected to be in the week of 23 March.
2. This 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]. This meeting is an opportunity to discuss those options and confirm a final package.
 - 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.**
3. 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;

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

- b **note** the discussions around providing temporary cost of living relief due to the Middle East situation, and potentially **discuss** whether Ministers want to reconsider some of the components and/or implementation timing of a welfare savings package in light of the situation;
- c **ask** Ministers for their views on the package agreed on 4 March, and whether they want to spend more on Accommodation Supplement [33] ;

[33]

e **confirm** the overall welfare savings package;

[33]

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

Hon Nicola Willis
Minister of Finance

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 [33] 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 currently includes spending initiatives for Accommodation Supplement [33] : - Targeted Accommodation Supplement maxima increases for Areas 3 and 4 (\$40 million annual average) [33] Ministers requested options to spend more on these two initiatives. 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] , and confirm the overall welfare savings package.
Treasury recommended talking points	Note the discussions around providing temporary cost of living relief due to the Middle East situation, and potentially discuss whether Ministers want to reconsider some of the components and/or implementation timing of a welfare savings package in light of the situation. Ask Ministers for their views on the package agreed on 4 March, and whether they want to spend more on Accommodation Supplement [33] Agree to preferred options for Accommodation Supplement [33] Confirm the overall welfare savings package.
Treasury advice	This meeting is happening at the same time as discussions about potentially providing temporary cost of living relief due to the Middle East situation. Given this, we acknowledge that Ministers may want to reconsider some of the components and/or implementation timing of a welfare savings package, depending on how circumstances develop. You may want to raise this and discuss it with Ministers at the bilateral. At this point we do not recommend changing the welfare savings package.

	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] The options to spend more on Accommodation Supplement [33] [33] would have slightly different impacts in terms of the objectives: • 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] [33] [33] [33] [33] Given the fiscal context, we recommend confirming the package agreed on 4 March and not spending more on Accommodation Supplement [33] However, we acknowledge that how best to balance across the competing objectives for a welfare savings package is ultimately a judgment call for Ministers. Separately, the Minister of Housing has submitted an initiative [33] for a multi-year pipeline of investment into the Flexible Fund [33] [33] which is being discussed at the Resource Management Reform and Housing bilateral on 24 March. It is possible that the Minister of Housing raises this initiative at this meeting. Our advice on this initiative is covered in our briefing for the Resource Management Reform and Housing bilateral (T2026/484 refers), but in short, the current Budget package includes a scaled version [33] which would reduce the cost, mitigate delivery risks, and deliver most of the pipeline benefits.
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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]
[33]

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[33]

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Annex 3 – Budget 2026 welfare reform and Social Development initiatives

See attached document (iManage document #5,267,824, [T2026-554 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.