



COVERSHEET

Ministers	Hon Nicola Willis Hon Scott Simpson	Portfolio	Finance Commerce and Consumer Affairs
Title of Cabinet paper	KiwiSaver Withdrawals for Farm Purchases and Service Tenancy Workers	Date to be published	17 March 2026

List of documents that have been proactively released		
Date	Title	Author
February 2026	KiwiSaver Withdrawals for Farm Purchases and Service Tenancy Workers	Office of the Minister of Finance Office of the Minister of Commerce and Consumer Affairs
11 February 2026	KiwiSaver Withdrawals for Farm Purchases and Service Tenancy Workers ECO-26-MIN-0008 Minute	Cabinet Office
22 September 2025	Regulatory Impact Statement: KiwiSaver Act amendments for purchase of a farm and for service tenants to purchase a first home	MBIE

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

In Confidence

Office of the Minister of Finance

Office of the Minister of Commerce and Consumer Affairs

Cabinet Economic Policy Committee

KiwiSaver Withdrawals for Farm Purchases and Service Tenancy Workers

Proposal

- 1 This paper seeks policy approval for amendments to the KiwiSaver Act 2006 (the Act) to enable KiwiSaver members to withdraw funds under the first home early withdrawal category to purchase:
 - 1.1 a first home on a farm by a commercial entity majority owned in a member's name;
 - 1.2 a first home without having to meet the requirement to live in it, if the member is working under a service tenancy (a job where the employer is the worker's landlord).

Relation to government priorities

- 2 The proposals in this paper reflect the National Party's 2023 pre-election announcement to allow young farmers to use their KiwiSaver as part of a deposit to buy a farm. This aims to address inequity of access to KiwiSaver first home withdrawals for rural workers.
- 3 The farm purchase proposal will support the farming industry, with potential flow-on contributions to export growth under the *Going for Growth* pillar "Supporting Global Trade and Investment".

Executive summary

- 4 The KiwiSaver early withdrawal provision for a first home purchase reflects research showing that home ownership contributes to more positive retirement outcomes, both financially and socially. However, not all KiwiSaver members are eligible for the withdrawal of funds to purchase a first home. The eligibility criteria, including full ownership of the home and the requirement to live in it, do not fit the current reality of farming operations, and exclude service tenants who must live in accommodation overseen by their employer.
- 5 We therefore propose to amend the early withdrawal provisions for first home purchase in the Act to enable early withdrawal for the purchase of:
 - 5.1 a first home on a farm by a commercial entity majority owned by a member (solely or jointly);

- 5.2 a first home by workers on a service tenancy (a job where the employer is the worker's landlord).
- 6 Farms are somewhat unique in that they are both a home and the land on which a farming business operates. The first proposal will help first-time farm buyers acquire a home to live in, while also getting on the "farming ladder," which has become increasingly difficult due to rising costs and the related capital required. Most farming business are owned by a commercial entity, rather than the individual(s) who live and work on the farm.
- 7 The second proposal will support service tenants, as current settings exclude these workers from the benefits of home ownership, as they cannot meet the requirement to make the home their principal residence. It will similarly support farming communities, where many farm workers are required to reside on the farm, with benefits extended to other sectors using service tenancies.

Background

- 8 KiwiSaver is a voluntary, work-based retirement savings scheme established under the Act. Its purpose is to encourage a long-term savings habit to increase individuals' well-being and financial independence during retirement. The scheme builds savings through contributions and compounding returns. It now has around 3.4 million members, with an average balance of \$36,349 as at March 2025.
- 9 KiwiSaver funds are generally "locked in" until a member reaches the age of superannuation. Early withdrawal settings are deliberately limited to maintain the integrity and primary purpose of the KiwiSaver scheme as a long-term individual retirement savings vehicle. Early withdrawal categories currently include first home purchase, significant financial hardship, serious illness, life-shortening congenital conditions, and permanent emigration.

The first home purchase provision

- 10 The KiwiSaver scheme, like many comparable retirement schemes globally, allows an early withdrawal (before retirement age) for the purchase of a first home if eligibility criteria are met. This provision acknowledges research showing that those who own their own homes have better retirement outcomes, both financially and socially.
- 11 The provision enables a member to withdraw savings to purchase an "estate in land" with a home on it or to build a home on. This home must be purchased in their own name, either solely or with a joint tenant or a tenant in common. The member must intend to make the home their principal residence, and they must meet other eligibility requirements in the Act and associated Regulations.
- 12 Both proposals will amend the Act to broaden the early withdrawal provisions for the purchase of a first home (section 8 of Schedule 1 of the Act).

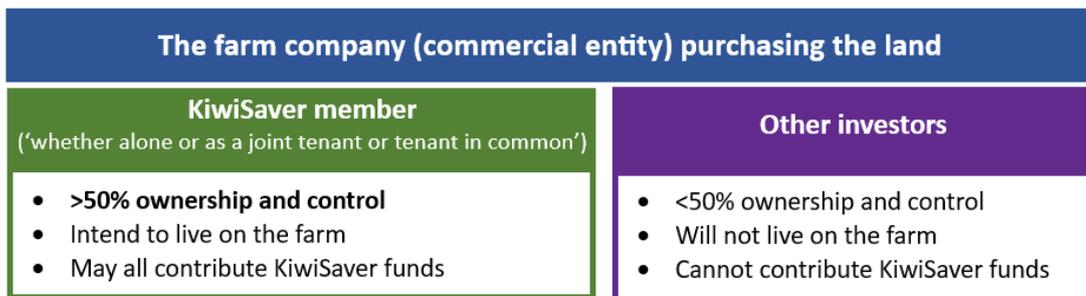
- 13 These policy proposals were put forward by Suze Redmayne in November 2024 in a draft Member's bill titled *KiwiSaver (First Home for Farm Land and Service Tenancy Tenants) Amendment Bill*. We are broadly adopting the proposals in the draft Member's bill, but are progressing these proposals through a new government bill to allow for slight changes.

Proposal 1: Enabling first home withdrawals for the purchase of farmland via a commercial entity

- 14 We have heard repeatedly that the first home purchase provisions disadvantage aspiring first-time farm buyers who must typically purchase farmland through a company, partnership or trust. This means they cannot use their savings under the first home purchase provisions, even when they intend to live on the farm. We intend to address these inequities while preserving KiwiSaver's core purpose as a retirement savings scheme.
- 15 This change will enable farmers to access KiwiSaver savings for their contribution to a farm purchase, while allowing them to seek additional capital through co-investment from others in their farming commercial entity. The requirement that it be majority owned and controlled safeguards the primacy of the member's interests and benefit.
- 16 The proposal is to amend the Act to allow a member to make a withdrawal from the KiwiSaver scheme under the first home purchase provision if the following criteria are met:
- 16.1 The member is withdrawing the funds for the purchase of farmland;
 - 16.2 The member is doing so through a commercial entity and that member has majority ownership and control of that entity (alone or jointly);
 - 16.3 The member (and any joint owner) intends to make the farm their principal place of residence.
- 17 It is possible under current settings to withdraw KiwiSaver savings to purchase a farm, if the farm is purchased in the member's name. Using proxy data, the Ministry for Primary Industries (MPI) estimates that less than 20% of agriculture businesses are individual proprietorships. Another 30% are recorded as "partnerships", which will likely include some partnerships between couples and families (that is, not larger company partnerships), though we do not know how many.
- 18 This data supports the sector's assertion that most farms in New Zealand are purchased through companies, partnerships, or trusts for reasons of financing, tax efficiency, and liability management. The average sales price of a medium-sized farm in New Zealand in 2023 was approximately \$4.87 million for dairy, \$1.57 million for sheep and beef, and \$2.31 million for horticulture. This places farm ownership beyond the means of most, and well beyond the average cost of a house under the first home purchase provision of \$700,000-\$800,000.

Types of eligible farmland and ownership

- 19 For the purposes of determining what farmland is eligible, we intend to use a similar definition of farmland to that set out in the Overseas Investment Act 2005. This definition refers to land “used exclusively or principally for agricultural, horticultural, or pastoral purposes, or for keeping of bees, poultry, or livestock,” and specifically excludes forestry activities.
- 20 We want to ensure that the definition developed for the amendment bill allows for appropriate models of mixed farming (for example some combination of farming types above) and allows non-farming commercial activity such as eco-tourism. While we will not include forestry plantations in the eligible farming definition, the bill will be clear that a farm used principally for an eligible farming activity, that *also* has a forestry block on it, could still qualify.
- 21 We propose to require the farm be “majority owned *and* controlled” by the member (either solely or jointly) to preserve the purpose in the Act, that the benefit of the savings accrue to the member. This also ensures the member will be making business decisions about their own farm investment.
- 22 In keeping with the first home purchase provision, the majority portion of the company will include an optional “joint tenant or a tenant in common,” such as a partner, so that a couple can purchase a farm, and the member and anyone part of the majority ownership must make the farm their principal residence. It must also be the first time the member has owned land.
- 23 The intended ownership model is shown in the diagram below:



- 24 We believe this change reflects the commercial reality for members in regional and rural communities purchasing a first home on a farm. Many of these communities have farm-based economies and do not get the benefit of the first home purchase withdrawal in the same way as urban areas.
- 25 We note that the KiwiSaver Scheme Rules have provisions for Māori under the first home purchase rules to account for specific Māori land ownership customs to ensure they are not excluded from eligibility by previous ownership of collectively held land. This will apply to farm purchases as well.

Implementation

- 26 We expect the new withdrawal provisions to be implemented by KiwiSaver providers. Clear guidance is likely to be needed. Once policy decisions are

made, the Ministry of Business, Innovation and Employment's (MBIE) will consult with KiwiSaver providers and supervisors to ensure the implementation process works smoothly for all parties.

Proposal 2: Enabling first home withdrawals by service-tenancy workers

- 27 We have also heard that current KiwiSaver withdrawal settings disadvantage workers in a service tenancy, where their job requires them to live in accommodation of which their employer is the landlord. Service tenancies are a well-established feature of the employment landscape, recognised in the Residential Tenancies Act 1986. They are common in certain farming sectors, but also include health care workers, clergy, or postings in some public services (eg diplomats, military personnel, rural teachers and police).
- 28 These service tenants cannot meet the first home purchase requirement to make the home their principal residence, even though they could benefit from home ownership and may intend to live there once the service tenancy ends.
- 29 We propose to address this by making it possible for them to withdraw their savings to purchase a home without having to meet the requirement to intend to live in it, at any time.

Implementation

- 30 We expect implementation of this change to be straightforward, drawing the definition of a service tenancy from the Residential Tenancies Act 1986. Implementation is likely to include a statement from the employer that the worker is in a service tenancy. Providers will integrate the new withdrawal category into their current processes for first home purchase withdrawals.

Cost-of-living Implications

- 31 The proposals may have indirect positive effects on cost of living for the targeted cohorts by improving access to home ownership and reducing long-term housing costs.
- 31.1 **First farm purchase via a commercial entity:** This proposal may help aspiring farm owners, particularly in rural areas, secure a home on farmland earlier in their careers. While the upfront cost of farm ownership remains high and they will be taking on significant debt, enabling KiwiSaver withdrawals could reduce reliance on higher-interest commercial loans.
- 31.2 **First home withdrawals for service tenancy workers:** Removing the immediate occupancy requirement allows service tenancy employees to enter the housing market earlier, even while living in employer-provided accommodation. This may reduce future housing costs by enabling earlier mortgage repayment and asset accumulation. It also provides a buffer against rising rents or housing insecurity once the service tenancy ends by securing a house to move to if they choose.

- 32 There is no evidence the proposals would increase farm or housing prices at a population level. Localised housing market effects (eg increased demand in specific rural areas, or a resulting shortage of houses for sale) cannot be ruled out, though these are expected to be minimal given the small size of the affected cohorts. Inland Revenue will collect data on both new withdrawal categories to assist in monitoring for unintended policy outcomes.

Financial Implications

- 33 The policy proposals in this paper do not have financial implications for government and do not require government funding to implement.

Legislative Implications

- 34 The proposals in this paper will require amendments to the Act and may require consequential amendments to the KiwiSaver Regulations 2006.
- 35 As no prior legislation bid has been made regarding these proposals, we propose that a new *KiwiSaver Amendment Bill* be included on the 2026 Legislation Programme. The proposed priority category is Category 5 (to proceed to select committee before the 2026 General Election).

Impact Analysis

Regulatory Impact Statement

- 36 MBIE's Regulatory Impact Analysis Review Panel has reviewed the attached Regulatory Impact Statement (RIS) prepared by MBIE. The Panel considers that the information and analysis summarised in the RIS meets the Quality Assurance criteria.
- 37 The MBIE position in the RIS is different from the position in this paper on both proposals. MBIE recommends that neither amendment proceed. They note that the farming purchase proposal introduces business ownership structures that create greater complexity and risk for the members than a home purchase, and also equity issues in relation to members in other sectors whose home is similarly co-located with and owned by a business. The proposal to enable service tenants to purchase a home without retaining the intention to live in the home departs from the objective of the first home withdrawal of providing a principal residence for the member, and allows an investment property purchase instead. This also introduces inequities with other members who cannot purchase an investment property.

Climate Implications of Policy Assessment

- 38 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met and any emissions impact would be indirect.

Population Implications

- 39 The benefits of the proposals will accrue primarily in rural areas, though the service tenancy amendment may impact other sectors.
- 40 The special provision in the first home purchase to ensure that part ownership of collectively held land does not make individual Māori members ineligible for the withdrawal (which is only for first-time land owners) will apply to the farming provision as well.

Human Rights

- 41 There are no human rights implications arising from this paper.

Use of External Resources

- 42 No external resources have been used in the policy development process or resulting proposals in this paper.

Consultation

- 43 No public or targeted consultation has taken place on the proposals. There may be targeted consultation on implementation following policy decisions. There may also be an exposure draft of the bill. Sector and general public feedback can also occur through the Select Committee process.
- 44 Inland Revenue, MPI, the Treasury, Land Information New Zealand, Financial Markets Authority, Parliamentary Counsel Office and the Ministry of Regulation have been consulted on this paper. The Department of Prime Minister and Cabinet has been informed.

Ministry for Primary Industries comment

- 45 MPI welcomes the proposed amendments to KiwiSaver withdrawal rules for farm purchase, as they present an opportunity to boost pathways for aspiring farmers, support rural workforce retention, and strengthen the resilience of rural communities. These changes align with MPI's wider commitment to supporting the primary sector and improving equity for rural communities and livelihoods. So that the proposals deliver meaningful lifelong benefits, MPI suggests targeted support for Māori and lower-income workers, complementary farm succession and rural finance measures (eg additional policies or tools that work alongside KiwiSaver to support the transfer of farms from one generation to the next), housing market protections, and stronger consultation with rural stakeholders.

Communications

- 46 Subject to Cabinet's agreement to the recommendations in this paper, we intend to issue a press release announcing Cabinet's decisions.

Proactive Release

- 47 We intend to proactively release this paper within 30 business days subject to redaction as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Finance and Minister of Commerce and Consumer Affairs recommend that the Committee:

- 1 **agree** to amend the KiwiSaver Act 2006 to enable early withdrawal under the first home withdrawal provisions for the purchase of:
 - 1.1 a first farm by a commercial entity majority owned by a member (alone or as a joint tenant or tenant in common), to be the member's principal place of residence; or
 - 1.2 a first home by workers on a service tenancy (a job where the employer is the worker's landlord) with no requirement for the member to reside there;
- 2 **agree** that for the purposes of enabling members to purchase a first farm, "farmland" should have a similar meaning as in the Overseas Investment Act 2005, meaning land used exclusively or principally for agricultural, horticultural, or pastoral purposes, or for the keeping of bees, poultry, or livestock;
- 3 **agree** to clarify the definition of farmland above to allow for models of mixed farming models (eg combinations of farm purposes), to exclude forestry plantations but allow smaller forestry blocks on farms focussed principally on other types of farming, and to allow non-farming commercial activity such as eco-tourism alongside principal use for productive farming;
- 4 **note** that a member purchasing a first farm under the first home purchase provision would still need to meet the eligibility requirements of that provision (eg, they intend to live in the home on the farm, have not previously owned land, and have been a KiwiSaver member for at least three years);
- 5 **note** the timeline for commencement of the new withdrawal provisions be determined through conversation with KiwiSaver providers following policy decisions, and will be a minimum of six months after Royal Assent;

Legislative implications

- 6 **Note** that we propose to add a new *KiwiSaver Amendment Bill* to the 2026 Legislation Programme with Category 5, to proceed to select committee before the 2026 General Election;
- 7 **authorise** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above recommendations;

IN CONFIDENCE

- 8 **authorise** the Minister of Commerce and Consumer Affairs to release exposure drafts of the amendments for targeted consultation as required;
- 9 **authorise** the Minister of Commerce and Consumer Affairs to make decisions consistent with the policy proposals in this paper on issues that arise during the drafting process.

Authorised for lodgement

Hon Nicola Willis
Minister of Finance

Hon Scott Simpson
Minister of Commerce and Consumer Affairs