



COVERSHEET

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|-------------------------------|--|-----------------------------|--|
| 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.

Regulatory Impact Statement: KiwiSaver Act amendments for purchase of a farm and for service tenants to purchase a first home

| | |
|---------------------------|---|
| Decision sought | Cabinet agreement to develop a KiwiSaver Amendment Bill to establish two new early withdrawal scenarios under the KiwiSaver Act 2006 first home purchase provisions for: <ul style="list-style-type: none"> the purchase of farmland by a commercial entity majority owned by a member, and the purchase of a first home by workers on a service tenancy. |
| Agency responsible | Ministry of Business, Innovation and Employment (MBIE) |
| Proposing Minister | Hon Scott Simpson, Minister of Commerce and Consumer Affairs |
| Date finalised | 22 September 2025 |

Briefly describe the Minister's regulatory proposal

The Minister of Commerce and Consumer Affairs wants to amend the KiwiSaver Act 2006 to enable two new early withdrawal scenarios under the first home purchase provisions. The first will allow KiwiSaver members to withdraw funds for the purchase of farmland through a commercial entity they majority own, where the farm home will be their principal residence. The second will exempt people on service tenancies (jobs where workers are required to live in accommodation with their employer as their landlord) from the immediate occupancy requirement. While a Member's Bill with similar intent was registered in November 2024 ("the Member's Bill"), the Government is not bound by that drafting and will progress its own Bill following Cabinet decisions.¹

Summary: Problem definition and options

What is the policy problem?

Current KiwiSaver Scheme Rules (KiwiSaver Act 2006, Schedule 1) enable early withdrawal of savings for a first home purchase only if (among other eligibility requirements):

- the property is purchased in the member's name (either solely or jointly) and
- the member intends to make the property their principal residence.

This creates barriers for two groups:

- Farm buyers**, as many farms, including the home on them, are purchased through companies or other entities. (Note that the current provisions, without amendment,

¹ Member's Bill here: [KiwiSaver \(First Home for Farm Land and Service Tenancy Tenants\) Amendment Bill](#)

allow for the purchase of farms in the member’s name (either solely or jointly) if other criteria are met).

- **Service-tenancy workers** in roles where accommodation is linked to the job (eg some farm workers, defence, clergy, rural teachers and police), as they cannot meet the “principal residence” requirement.

Rural sector advocates point out that these settings create barriers that prevent affected members from using their KiwiSaver savings to achieve home ownership, which has been shown to improve retirement outcomes. Stakeholders, including farming sector representatives, find that these rules create inequities for farmers and rural communities.

What is the policy objective?

Ministers have identified the following objectives for the proposals.

The objective of enabling KiwiSaver withdrawals for farm purchases via a commercial entity are to:

- help first-time farm buyers achieve ownership earlier in their careers
- remove the disadvantage faced by farmers whose homes are on farms typically owned through commercial entities.

The objective for the second proposal is to remove the disadvantage faced by service-tenancy employees. These employees cannot currently use their KiwiSaver funds for purchase of a first home because they are unable to meet the immediate occupancy requirement to make it live in the property as their principal residence.

Success will be measured by uptake of the new provisions by the targeted cohorts and the absence of significant integrity issues or operational failures. Indicators will include the number and value of withdrawals, feedback from providers on implementation, and monitoring for unintended impacts such as misuse or housing market distortions.

What policy options have been considered, including any alternatives to regulation?

Ministerial direction and timeframes have limited the range of options considered and the depth of analysis. The primary options considered in relation to each proposal in this RIS include the status quo, and the policy proposals the Government wishes to progress, with a third option discussed for service tenants.

Early advice offered Ministers further analysis on other options. Ministers chose NOT to receive further advice on these options. The further options included:

- establishing a new withdrawal category for the purchase of any business with a home attached (to preserve equity between sectors)—this is not discussed further below as MBIE considers it worse than the farm purchase proposal as it increases the misalignment with the purpose of the Act and the opportunity to purchase businesses
- retaining an obligation on the part of a service tenant to intend to live in the home within a certain period or once the service tenancy ends (to safeguard the purpose of the first home withdrawal provision)—this is included in the analysis below as MBIE thinks this is preferable to fully removing the requirement to occupy the home. MBIE’s preference on this proposal remains the status quo.

What consultation has been undertaken?

Ministers chose not to do public consultation, and indicated a preference for targeted consultation only if necessary, and only on operational issues (not policy proposals). MBIE

determined that discussion of operational issues was not necessary at this stage, and will engage on these issues once policy proposals are approved.

Agency consultation was carried out on the policy proposals. The Office of Rural Communities at the Ministry for Primary Industries supported the proposals in principle, but expressed concerns about the delivery of real-world benefit, the equity of the benefit, and the risk of leaving workers vulnerable in retirement. Inland Revenue emphasised the need for clear settings and guidance that providers will be able to implement. They also agreed to consider how they can capture data on the two new withdrawal scenarios, distinct from other first home purchases. This will help with monitoring.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

No, MBIE prefers the status quo in relation to both proposals in the Cabinet paper.

**Summary: Minister’s preferred option in the Cabinet paper
[duplicate if agency’s preferred option is different]**

Costs (Core information)

Minister’s preferred option for farm purchase: This option will impose moderate operational costs on KiwiSaver providers, including system changes, updates to product disclosure statements and trust deeds, staff training, form redesign, and legal services. Compliance costs will increase slightly due to more complex eligibility checks, such as verifying farm land use, and entity ownership thresholds. These costs may be passed on to members in fees.

At a policy level, non-monetised costs of the Minister’s preferred option include:

- a risk that introducing a withdrawal provision for farm purchase could set a precedent for further business-related withdrawals, which may undermine KiwiSaver’s core purpose as a retirement savings scheme
- additional liquidity pressure on providers from an increase in unpredictable early withdrawal categories (this could affect the Government desire to see KiwiSaver investments in less liquid assets).

MBIE’s preferred option for farm purchase proposal: status quo. No change in costs.

Minister’s preferred option for service tenants: This will impose low monetary costs on providers for system changes and implementation costs such as assessing whether the member is actually working under an eligible service tenancy. It will impose high non-monetary costs by undermining the integrity of the first home purchase withdrawal category to provide a principal residence for the member.

MBIE’s preferred option for service tenants: status quo. No change in costs.

Benefits (Core information)

Minister’s preferred option on farms: The monetised benefit is access to a (likely small) amount of the member’s own KiwiSaver savings to contribute to the purchase of a farm. The amendment to remove barriers for first-farm buyers will assist them in getting on the “farming ladder,” which is becoming increasingly difficult. According to the sector, this could boost individual farming careers and ease farm succession challenges, with potential economic benefit extending to the farming sector and to rural communities (these benefits are economic but not quantifiable at this point).

MBIE's preferred option on farms: The benefit of maintaining the status quo in relation to the farm purchase is to sustain and safeguard KiwiSaver's original primary purpose as a personal savings scheme for retirement. In addition to contributing to positive individual retirement outcomes, a home is a reliable investment asset with fewer risks than a farming business. The status quo does not address the problems facing the farming sector, so it would best be combined with scoping of other possible interventions.

Minister's preferred option on service tenants: Enabling service-tenancy employees to purchase a first home will support home ownership for this cohort. This may support the member's long-term financial security, including in retirement. Unlike the farm proposal, which is a targeted industry intervention, this proposal is based on a fairness principle for all qualifying members of KiwiSaver.

MBIE's preferred option on service tenants: The status quo preserves the integrity of the purpose of the first home purchase withdrawal to provide a residence for the member. It also avoids introducing an inequity by allowing only one small cohort to withdraw money to purchase an investment property. It also does not risk housing market distortions in small rural areas that could be introduced by an increase in rental properties, preventing others from purchasing a home to occupy.

Balance of benefits and costs (Core information)

On farm purchases: MBIE considers that the costs of this proposal outweigh the benefits.

Enabling first-farm purchase may support both the individual farmers and the farming industry, though evidence is lacking on the extent of that support, or whether it could be delivered by other means. However, it departs from the foundational purpose of the KiwiSaver Act, focused on individual savings, using the funds instead for business investment, which carries greater risk than the purchase of a home. By targeting support to a single industry, it also introduces an inequity between farmers and members in other sectors, such as hospitality, wishing to purchase a business with a family home attached. And in general, an increase in withdrawal provisions like those proposed could lead to fewer people having sufficient savings for retirement.

On first home purchase by service tenancy workers: MBIE considers that the costs of this proposal outweigh the benefits

It is clear in KiwiSaver's foundational papers that the first home purchase was not designed to facilitate the purchase of investment properties. The proposal creates an inequity by allowing a small group to purchase an investment property when other members (who could have equally valid reasons for wishing to do so) cannot. And it could lead to housing market distortions in small rural areas, driving up prices and making it difficult for people to purchase a home to live in.

Implementation

KiwiSaver scheme providers will be responsible for implementing the proposed changes, in a similar manner to how they currently process first home purchase withdrawals. Guidance to support providers in making assessments of eligibility, such as determining whether the proposed purchase meets the definition of a farm, definition of eligible ownership and whether the member is on a valid service tenancy will need to be created. The primary risk will be improper assessment of the eligibility criteria, and an outflow of KiwiSaver funds for unintended purposes.

Timeline of implementation

The proposals will be implemented through legislative amendment to the KiwiSaver Act 2006. MBIE will lead policy development and drafting instructions, with the Parliamentary Counsel

Office drafting the Bill. Cabinet approval will be sought in October this year. Subject to Cabinet approval, the Bill will be introduced in early 2026. MBIE would like to confer with KiwiSaver providers on time frames for implementation once Cabinet decisions are made. We estimate six months after enactment.

Limitations and Constraints on Analysis

The Ministers of Finance and Commerce and Consumer Affairs directed a process that did not include public consultation on the policy proposals. Instead, public engagement will occur as part of the select committee process. The limited timeframes to date have left gaps in analysis. The proposals have arisen out of lobbying from the farming sector (specifically Federated Farmers) and seem to be based on anecdotal observation more than evidential analysis. The analysis is constrained by data gaps, including limited data on first-time farm buyers and the farming sub-sector they are in, and the lack of figures on the number of service-tenancy workers across sectors or how many would be likely to use the provision (we are not aware of requests for this amendment being driven from anywhere outside the farming sector). There is no evidence suggesting that the proposals are a more effective way to support the farming sector into farm ownership than other possible interventions, such as a targeted education campaign for farmers, developed in partnership with industry players, to provide financial advice to those saving for a farm, or a bespoke product for that purpose. Potential housing market impacts, such as localised price effects if service-tenancy homes become rental properties, are uncertain. The tight timeframe for delivery has meant that these gaps cannot be filled.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.



Responsible Manager signature:

Amy Lewis

Manager, Financial Markets

Monday 22 September 2025

Quality Assurance Statement *[Note this isn't included in the four-page limit]*

Reviewing Agency: MBIE

QA rating: Meets

Panel Comment:

The Quality Assurance Panel from MBIE has reviewed our Regulatory Impact Statement (RIS) concerning amendments to the KiwiSaver Act for the purchase of a farm and for service tenants to buy a first home.

The Panel has determined that the information and impact analysis within the RIS meets the Quality Assurance criteria. However, the Panel notes Ministers decided against public consultation on this policy. The Panel considers that the consultation that did occur was reasonable under the circumstances, but notes the 'meets' assessment is given under the assumption that targeted consultation on implementation issues will occur once Cabinet has made policy decisions (as indicated to the Panel by Officials).

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Context: The first home withdrawal provision

1. KiwiSaver is a voluntary, work-based savings scheme established under the KiwiSaver Act 2006. 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 \$33,514 as at June 2024.
2. These savings levels are below what is required to provide a comfortable retirement for many New Zealanders, and below what other countries have accomplished through defined contribution pension schemes (in Australia, for example, the 2022 average Super balance was \$183,000 for men and \$146,000 for women).
3. The scheme's design deliberately restricts early withdrawals to a small number of circumstances to preserve its integrity and purpose. These circumstances include purchase of a first home, serious illness, significant financial hardship, life-shortening congenital conditions, and permanent emigration. First home purchase withdrawals are by far the largest set of early withdrawals. In the year to June 2024, there were approximately 35,700 first home withdrawals (around 1% of KiwiSaver members), totalling \$1.2 billion, with an average withdrawal of \$25,000.²
4. The first home withdrawal provision reflects research findings that home ownership improves outcomes in retirement. Many similar defined contribution retirement savings schemes globally allow early withdrawal for the purchase of a first home for this reason.
5. Under the current rules, KiwiSaver members of at least three years' standing who have not previously owned a home can withdraw most of their KiwiSaver balance to purchase an "estate in land" with a home on it, or to build a home on, if they meet the following conditions:
 - a. the property is to be purchased in the member's name (either solely or jointly)³, and
 - b. the member intends to live in the home as their principal place of residence.
6. Foundational KiwiSaver documents clarify that these conditions were intended to ensure that early withdrawals support retirement outcomes rather than being used for investment properties or other business purposes.⁴

² [Statistics on KiwiSaver funds withdrawn, by amount](#)

³ The Act (Sch 1, Clause 8(3)) says a member can withdraw savings "for the purchase of an estate in land located in New Zealand (whether alone or as a joint tenant or tenant in common)".

⁴ [Departmental Report on the KiwiSaver Bill](#), 26 June 2006.

7. The current regulatory framework for first home purchase withdrawal is designed to protect KiwiSaver's purpose as a retirement savings vehicle. Providers and supervisors are responsible for ensuring early withdrawals comply with the statutory eligibility rules and prescribed processes before releasing funds. They rely on legal intermediaries, member declarations and supporting documentation to verify that members meet the eligibility requirements, including that the property will be the member's principal residence.
8. As part of its election commitments ahead of the 2023 General Election, the National Party indicated they would change KiwiSaver settings to allow young farmers to use their KiwiSaver to buy their first home, farm, herd or flock.
9. National MP for Rangitikei Suze Redmayne also submitted the *KiwiSaver (First Home for Farm Land and Service Tenancy Tenants) Amendment Bill* member's bill in November 2024. This Bill intends to allow a KiwiSaver member to withdraw funds to buy a farm through an entity and exempt those in service tenancies, such as farm workers and many military personnel, from the requirement to live in their first home dwelling for at least six months when they purchase it with their KiwiSaver funds.

How is status quo expected to develop?

10. If the policy changes proposed do not occur, it is expected that the difficulty people (especially young people) face in buying a first farm will continue due to high and increasing prices. This could put the individually-owned farm at greater risk, and increase the need for complex models of ownership.
11. As an indication of scale, there were 1,067 farm sales in 2024. These would not all be first-time farm purchases, and some may be small enough to be purchased in the owner's name. Detail on these sales is provided below.
12. While challenges for first-farm purchasers will continue if no change is made, the impact that access to KiwiSaver funds will have on farm purchase will be small and is unlikely to be the determining factor. Participation in KiwiSaver by farmers is low, because it is not well suited to the self-employed. The cost of a farm is considerably higher than the average cost of a KiwiSaver first home purchase of \$700,000-\$800,000. The average KiwiSaver first home withdrawal is \$41,000, which would contribute 3.3 per cent of the cost of an average grazing farm, and 0.6% of an average dairy farm.

What is the policy problem or opportunity?

13. The current processes work well for standard residential purchases, and support the purchase of a home and farm combination where both are in the member's name (whether solely or jointly). However, the current settings do not accommodate the purchase of homes under business ownership structures (such as a farming business), or employment arrangements that prevent immediate occupancy.
14. In practice, these conditions mean that two specific groups of people are unable to use KiwiSaver savings to purchase a first home: **farmers**, and **service tenants** (workers in employment arrangements where accommodation is provided as part of the job). The opportunity is to adjust settings to accommodate these two groups identified as disadvantaged.

Farm purchases

15. It is possible under current settings to purchase a farm with KiwiSaver savings, if the farm is purchased under the member’s name (solely or jointly). Using proxy data, 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.
16. This data supports the sector’s assertion that farms in New Zealand are typically purchased through companies, partnerships, or trusts for reasons of financing, tax efficiency, and liability management. This means that even when a member intends to live on the farm, they cannot use their KiwiSaver funds when the purchase is made through a commercial entity ownership structure.
17. Rural sector advocates have asserted that this disadvantage to farmers trying to get on the “farm ladder” makes it a less attractive occupation, especially to young people.⁵ They also assert that locating the capital to purchase a full farm is becoming increasingly difficult due to rising prices and access to KiwiSaver funds could help.
18. The table below shows farms sales data for 2024.⁶

Table: Farm sales and prices, 2024

| Type of farm | Number of sales | Median prices |
|--------------------|-----------------|---------------|
| Dairy Farms | 130 | \$6,370,000 |
| Finishing Farms | 240 | \$1,430,000 |
| Grazing Farms | 300 | \$1,250,000 |
| Horticulture Farms | 142 | \$1,780,000 |
| Other farms | 255 | |
| Total | 1067 | |

19. While grazing and finishing farm prices are not significantly higher than home prices in some urban areas, they are almost double the average price of a first home purchase through KiwiSaver early withdrawals of \$700,000-\$800,000. The average KiwiSaver balance at 31 March 2025 is \$36,349, and the average withdrawal for a first home purchase is \$41,000.⁷ As noted above, this level of savings would contribute 3.3 per cent of the cost of an average grazing farm, and 0.6% of an average dairy farm. First-time farm buyers may be likely to have lower KiwiSaver savings balances than first-time home purchasers, particularly in urban areas, given that wages and salaries in rural areas tend to be lower.

⁵ Federated Farmers provided a written submission to MBIE on the issues in July 2022. Subsequent information comes from media coverage and radio interviews with industry representatives and Ministers.

⁶ Real Estate Institute (REINZ) data: [January 2025 Rural Data: Farm Sales on the Rise, Yet Prices Show Modest Decline](#)

⁷ [KiwiSaver-Annual-Report-2025.pdf](#)

20. We do not know how many of the 1,067 farms sold in the table above were to first-farm owners, or to KiwiSaver participants.
21. The Federated Farmers suggest further that these settings disadvantage rural communities, many of which have farm-based economies and do not get the benefit of the first home purchase withdrawal in the same way as their urban counterparts.⁸
22. The proposed changes are intended to address this disadvantage to individual farmers and to rural communities by making it possible to purchase a farm through a commercial entity.
23. We have not been able to find evidence to verify the claims that KiwiSaver settings are preventing farmers from purchasing farms or homes, or having an impact on attracting people to the occupation or disadvantaging rural communities.

Service tenants

24. Many employees in certain sectors live in service tenancies, where accommodation (often on-site) is provided (with or without charge), with the employer as landlord, to facilitate delivery of the service being provided.
25. Service tenancies are a well-established feature of the employment landscape, recognised in the Residential Tenancies Act 1986. This can include farm workers, other agriculture and horticulture workers, health care workers, clergy, or postings in some public services such as diplomats, military personnel, or rural teachers and police.
26. Service tenancies are common across certain types of farming, such as dairy farm workers and sharemilkers, and this is where the lobbying of government for this change originated. Federated Farmers points out that, due to the physical nature of farming, many farm workers on service tenancies retire before traditional retirement age, and would benefit significantly from owning a home.
27. Under the current First Home withdrawal settings, service tenancy workers cannot meet the immediate occupancy requirement, even if they may intend to live in the home once their service tenancy ends.
28. The proposed changes intend to address this disadvantage by exempting service tenants from the requirement to live in a first home purchased under the KiwiSaver early withdrawal for first home purchase settings.
29. We have been unable to find evidence to indicate the scale of this issue for service tenancy workers. There are no publicly available statistics on the total number of service tenancy employees in New Zealand.
30. The table below shows the farming workforce across subsectors.

⁸ [Federated Farmers Launches KiwiSaver Petition | Scoop News](#)

Table: Farming workforce, 31 March 2023

| Farming sub-sector | Workforce |
|---------------------------------|------------------|
| Horticulture | 27,733 |
| Dairy | 22,992 |
| Cross sector (multiple sectors) | 18,308 |
| Red meat and wool | 17,000 |
| Pork, poultry, bees and other | 5,383 |
| Arable (crops) | 2,267 |
| Total | 93,683 |

31. However, we do not know how many of these are working under a service tenancy, how many participate in KiwiSaver (as some will be self-employed, who have lower participation rates), or how many would like to purchase a home.
32. MBIE acknowledges that the KiwiSaver withdrawal settings are not currently suited for use by members wishing to buy a farm in a company name or for service tenants, most of whom live in rural areas. This appears to support sector claims that KiwiSaver first home withdrawal settings disadvantage at least some members of the rural sector.
33. However, foundational KiwiSaver papers note that the scheme will not work optimally for everyone. It is meant to be a simple savings scheme—easy to understand, easy to use, and straightforward to provide. Amendments to make it work for everyone, for every purpose, could compromise both the simplicity and the purpose of the scheme set out in the KiwiSaver Act.

What objectives are sought in relation to the policy problem?

34. The Ministers of Finance and Commerce and Consumer Affairs have identified the objectives for proposed changes to KiwiSaver first home withdrawal settings to allow farm purchases as a commercial entity:
 - to support first-time farm buyers into farm ownership at an earlier career stage
 - to address concerns that the first home purchase withdrawal provisions disadvantage farmers whose homes are on farms, usually owned by commercial entities.
35. The objective of the amendment supporting service tenants is to address the disadvantage of service tenants currently unable to purchase a first home under the KiwiSaver first home purchase provision as they cannot meet the requirement to live in it.
36. These objectives have been equally weighted during their consideration in this RIS as no trade-offs have been identified between these objectives. These objectives are focused on improving equity between rural sector and urban populations. Attention is also given to safeguarding the fundamental purpose of KiwiSaver.

What consultation has been undertaken?

37. The Ministers of Finance and Commerce and Consumer Affairs directed a process that did not include public consultation on the policy proposals. They were open to limited targeted consultation, if necessary, on operational issues only. MBIE chose not to discuss operational detail prior to policy decisions. There will be opportunity for industry and public engagement during drafting and as part of the select committee process.
38. MBIE has engaged and consulted with Inland Revenue (IR), Ministry for Primary Industries (MPI), Treasury, Financial Markets Authority (FMA). Feedback included:
 - **MPI:** The Office for Rural Communities at MPI supported the proposals in principle as potential mechanisms to boost opportunities for aspiring farmers, support rural workforce retention, and strengthen the resilience of rural communities. However, they expressed concerns about the delivery of real-world benefit, the equity of the benefit, and the risk of leaving workers vulnerable in retirement. They support targeted consultation with Māori to develop fit for purpose provisions. They called for a recognition of mixed farming models, including where forestry blocks make up part of that mixed model.
 - **IR:** IR's main comment was on the importance of establishing clear eligibility criteria for providers to apply to applications. IR is also considering options for capturing data on both the farm category and the service tenant category in their withdrawal data as subcategories under the first home purchase withdrawal. This will assist with monitoring uptake.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

39. The assessment criteria balance the Government's objective of improving access to KiwiSaver's first home withdrawal for the two affected cohorts, with maintaining the scheme's integrity as a retirement savings vehicle, and introducing workable new withdrawal categories. To assess options, we will apply the following criteria:
 - a. **Alignment with KiwiSaver's purpose** – Does the option preserve the scheme's core purpose of supporting long-term retirement savings?
 - b. **Equity and fairness** – Does the option address the disadvantage faced by first-farm buyers and service-tenancy employees, without creating new inequities or unintended distortions?
 - c. **Administrative complexity** – Can providers implement the option with clear evidential requirements, minimal compliance burden, and minimal opportunity for misuse?

What scope will options be considered within?

40. The scope of options has been limited by ministerial direction, drawing on proposals already made public through the draft Member's bill and ministerial statements. Ministers did agree to remove the purchase of herds and flocks from the scope of proposals at an early stage.

41. While some non-regulatory options in relation to farm purchase were considered in early advice to ministers on the draft Member's bill, such as education campaigns or voluntary industry initiatives to assist farmers with savings for farm purchase, these were ruled out by ministers in favour of legislative amendment to the KiwiSaver Act 2006.
42. International comparisons are not straightforward, as KiwiSaver is unique in its design and purpose. However, we are not aware of any comparable defined contribution retirement savings schemes in other countries that allow early withdrawals for the proposed purchase of a business or an investment property. Some plans carry tax penalties for early withdrawal of savings, and some (eg Singapore) treat specific categories of early withdrawal as a loan which must be repaid to the retirement account.⁹

What options are being considered?

43. MBIE offered options to joint Ministers in earlier briefings which we would have provided further analysis on. Minister chose not to receive further advice on these other options. On farm purchase, an option offered was to:
 - a. Establish a separate category (from the first home purchase) for the purchase of a farm or for any business with a home attached (to address equity between the farming sector and other sectors facing similar challenges—eg hospitality).
44. This option is not included in the analysis table below as it goes further away from the purpose of KiwiSaver (by extending the ability to invest in business well beyond the farming sector).
45. On the service tenancy, an option was offered to:
 - a. Retain the requirement to intend to make the home the principal residence at the end of a set period or at the end of the service tenancy (to partially safeguard the purpose of the first home withdrawal to provide a principal residence).
46. This option was rejected by Ministers and it was not analysed further (for example, we didn't look for the duration of service tenancies, but it is unlikely that data would have been available). It has been included in the options table below as MBIE think it remains a preferable option to complete removal of the residency requirement. However, MBIE's preference is the status quo.
47. Given these Ministerial decisions, and due to scope, timeframe, and consultation limitations, only two options have been considered for farm purchase, and three for service tenants.

Proposal 1: Farm purchases via commercial entity

Option One – Status Quo / Counterfactual

48. This option retains the current scheme rules for early withdrawal for the purchase of a first home (only if the property is purchased in the member's name (solely or jointly) and they intend to make it their principal residence).

⁹ See, for example, policy on early withdrawal from Individual Retirement Accounts (IRAs) in the United States: [Retirement topics - Exceptions to tax on early distributions | Internal Revenue Service](#). See also the World Bank's [Early Access to Pension Savings: International Experience and Lessons Learnt](#).

Option Two – Amend existing first home provision to facilitate farm purchase

49. Option two would modify the current first home withdrawal rules to allow purchases of farm land through an entity majority-owned by the member, provided the member intends to live on the farm and meets other eligibility criteria, including having been a KiwiSaver member for at least 3 years and never having previously owned a home.

Proposal 2: Service tenancy occupancy requirement

Option One – Status quo / counterfactual

50. This option maintains the requirement that a home purchased through the first home withdrawal settings must be the member's intended principal residence immediately after purchase.

Option Two – Deferral of occupancy requirement

51. This option defers the requirement to occupy the home for some specific period of time (eg five years), or until the end of the service tenancy.

Option Three – Remove occupancy requirement for service-tenancy workers

52. This option allows withdrawals for first home purchase without any requirement to occupy the home, which could result in the property being used as a rental property.

How do the options compare to the status quo/counterfactual?

Proposal 1: Farm purchases via commercial entity

| | Option One – Status Quo | Option Two – Amendment to permit farm purchase via commercial entity |
|---|--------------------------------|---|
| Alignment with KiwiSaver purpose | 0 | -1 It is possible that owning a farm house, through a farming business, will improve the farmer’s retirement outcomes. Other benefits discussed above to the industry and regional communities may accrue, but are not part of the overall purpose of KiwiSaver. Farms are more complex and riskier investments than homes (high capital requirements, capital intensive operations, market volatility and unpredictable returns combined with weather impacts) and the business model means that the withdrawn savings are not solely benefiting the KiwiSaver member as intended, and that if the business fails, the savings may be fully gone. It would set a precedent for withdrawals for business investment. |
| Equity and fairness | 0 | -1 The proposed amendments would address equity concerns for the impacted population (farmers) and allow farmers to use KiwiSaver funds for a first home purchase as a commercial entity (which reflects more common farm ownership models). There are currently provisions in the first home purchase to ensure collective ownership of land does not render Māori ineligible for the purchase of a first home (due to the requirement that the member not own any land). This will receive parallel treatment in provision for farm purchase. Targeted consultation can occur once policy decisions are made. However, the farm purchase introduces a new type of inequity in that members wishing to purchase a business in a different sector with a home attached (such as a hotel), are excluded. This makes the farm purchase amendment as much about farming sector support as about addressing unfairness or inequity within KiwiSaver settings. And it amends the KiwiSaver Act, which impacts all New Zealanders, without public consultation. |
| Administrative complexity | 0 | -1 One of the founding principles of the KiwiSaver scheme is that it should be simple. Easy for members and providers to understand and straightforward for providers to deliver. The farming purchase introduces complexity in needing to verify eligibility in relation to the farmland being purchased and its intended use, and the legal ownership structure of the business. It also introduces a new, unpredictable withdrawal category that may put pressure on liquidity management for KiwiSaver providers. And it is likely to require guidance. |
| Overall assessment | 0 | -3 |

Proposal 2: Service-Tenancy Occupancy Requirement

| | Option One – Status Quo | Option Two – Defer Occupancy Requirement | Option Three – Remove Occupancy Requirement |
|---|-------------------------|---|---|
| Alignment with KiwiSaver purpose | 0 | -5 This proposal departs from the intent of the KiwiSaver scheme and the first home purchase early withdrawal provision by enabling service tenancy workers to purchase a home they will not immediately make their principal residence. While the statement of an intention to live in the property once the service tenancy ends is preferable to no such statement, it would be very difficult to monitor, and could have little validity where the duration of the service tenancy was long-term (as in some farming). In effect, it will be a rental property, potentially for decades. | -1 This proposal departs from the intent of the KiwiSaver scheme and the first home purchase early withdrawal provision by enabling service tenancy workers to purchase investment or rental properties. This was expressly not the intention of KiwiSaver and the first home purchase provision when they were established. Ministers preferred this option to a deferral of the occupancy requirement. |
| Equity and fairness | 0 | -5 The proposal addresses the inequity currently faced by service tenants. While it does not create inequities between sectors, it does create inequity with other KiwiSaver members who might wish to purchase a home to live in at a later time but can only purchase a home to live in immediately. It also amends the KiwiSaver Act, which impacts all New Zealanders, with no public consultation. | -1 The proposal addresses the inequity currently faced by service tenants. While it does not create inequities between sectors, it does create inequity with other KiwiSaver members who might wish to purchase an investment property but can only purchase a home to live in. It also amends the KiwiSaver Act, which impacts all New Zealanders, with no public consultation. |
| Administrative complexity | 0 | 0 The proposal places a new burden on providers, but processing applications should be straightforward as long as clear guidelines and processes for determining eligibility are established. | 0 The proposal places a new burden on providers, but processing applications should be straightforward as long as clear guidelines and processes for determining eligibility are established. |
| Overall assessment | 0 | -1 | -2 |

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

Farm purchases

53. On balance, MBIE considers the status quo meets the majority of the objectives. The status quo safeguards the scheme's integrity and simplicity, and ensures that member's themselves accrue the benefit of any withdrawals. It also avoids the risks identified above related to loss of trust in the scheme, potential loss of the savings habit the scheme has helped cultivate, and associated financial risks to the government.
54. It likewise avoids setting a precedent for similar provisions in other sectors and introducing new inequities between farmers and KiwiSaver members in other sectors wishing to purchase a home co-located with a business, through a company name, who are unable to do so (for example, a hotel or holiday park with a family home attached).
55. It also does not introduce administrative complexities or legal expenses for providers to determine eligibility of farm purchases, given the multiple variations in type of farm and ownership structures, or place additional liquidity pressure on fund managers (acknowledging that uptake is likely to be modest, given the high cost of farms relative to average KiwiSaver balances, so liquidity impacts may be low).
56. However, the status quo does not address the complex needs of the farming industry, including limited capital for, and pathways into, farm ownership. With farms costing well over a million dollars, and average KiwiSaver withdrawals for first home purchase at \$25,000, access to KiwiSaver savings alone is also not enough to resolve the challenges of farm ownership for young farmers. MBIE considers further analysis and evidence would be needed to support this legislative amendment at this time, including evidence that changes to KiwiSaver make a significance difference to farm ownership and purchase.

Service tenants

57. For service-tenancy workers, the preferred option is the status quo, which maintains the integrity of the KiwiSaver scheme and the first home purchase provision to provide a principal place of residence, and it does not disrupt equity by enabling only a select group to purchase investment properties. It also does not risk housing market distortions in small rural communities by encouraging the purchase of rental properties in those areas, which could make it more difficult for families in those areas to purchase a home to live in.
58. The second option, by retaining – and deferring – the intention to live in the purchased home, is closer to the intention of the first home purchase than the third option, which does away with the intention to live in the home altogether. However, it would be difficult to monitor and may be likely to facilitate the purchase of rental properties, as the third option does.
59. The third option moves fully away from the purpose of the first home purchase to provide a principal residence, instead facilitating the purchase of investment or rental properties. It carries the risks mentioned above—inequity in that not everyone can buy a rental property, and potential housing market impacts.

60. While the equity basis for extending this proposal beyond the farming community is clear, there is no evidence of demand for the amendment from any sector beyond farming, weakening the justification of this cross-sector provision. Many of these non-farming service tenancies are likely to be relatively short-term postings or secondments (though no data is available).
61. The change could also undermine the Government’s stated intention to move the New Zealand economy away from a focus on domestic property ownership by implying that it would be a better investment than investments on offer through KiwiSaver.

Is the Minister’s preferred option in the Cabinet paper the same as the agency’s preferred option in the RIS?

62. No. MBIE’s preferred option in relation to both proposals in the status quo.

What are the marginal costs and benefits of the proposals

Note: MBIE’s preferred option in relation to each proposal is the status quo, so no analysis tables are provided below since they are “compared to taking no action” (there is no need to compare the status quo to the status quo).

Minister’s preferred option on Proposal 1: Enable withdrawal for farm purchase

| Affected groups <i>(identify)</i> | Comment <i>nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i> | Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i> | Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i> |
|---|--|--|---|
| Additional costs of the preferred option compared to taking no action | | | |
| Regulated groups | One-off operational costs for KiwiSaver providers to update systems, forms, and trust deeds; staff training. Estimated 6-month lead time. Ongoing compliance costs for verifying farm land use and ownership thresholds. | Low (monetised costs likely under \$1m sector-wide) | Previous consultation (for a different policy issue) on amendments to KiwiSaver governance documents (eg trust deeds) |
| Regulators | MBIE and FMA may incur minor costs for possible drafting of guidance and monitoring compliance. | Low | High – similar to previous KiwiSaver rule changes. |
| Others (eg, wider govt, consumers, etc.) <i>For fiscal costs, both increased costs and loss of revenue could be relevant</i> | No significant fiscal impact expected; no direct cost to consumers beyond standard provider fees. | Low | High |

| | | | |
|---|---|--|--|
| Total monetised costs | Estimated under \$1m (providers) | Low | Medium |
| Non-monetised costs | Risk of undermining the purpose of KiwiSaver; risk of misuse of the provisions if definitions are unclear; potential lobbying for further exceptions. | Medium | Medium |
| Additional benefits of the preferred option compared to taking no action | | | |
| Regulated groups | Enables first-time farm buyers to access KiwiSaver for farm purchases via entities, improving equity. | Medium | Medium – based on sector feedback and farm sales data. |
| Regulators | | Low | High |
| Others (eg, wider govt, consumers, etc.) | Supports regional economies and farm succession; potential positive social impact for rural communities. | Medium | Low – benefits are hard to quantify. |
| Total monetised benefits | Potential financial gain for farmer and economic growth derived from greater farm ownership | Medium for farmer Low for wider economic growth | Low |
| Non-monetised benefits | Improved fairness and potentially stronger retirement position for farmers, potential regional community benefits | Medium | Medium |

Minister's preferred option on Proposal 2: Remove occupancy requirement for service-tenancy workers to purchase a first home

| Affected groups <i>(identify)</i> | Comment <i>nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i> | Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i> | Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i> |
|---|---|--|--|
| Additional costs of the preferred option compared to taking no action | | | |
| Regulated groups | Minimal system changes for providers; simpler than farm option. No complex verification required beyond statutory declaration. | Low | High |
| Regulators | MBIE and FMA will incur minor costs for potential drafting of guidance and monitoring compliance. | Low | High |
| Others (eg, wider govt, consumers, etc.) <i>For fiscal costs, both increased</i> | Burden on providers to implement new category. | Low | High |

| | | | |
|---|--|--------|--|
| <i>costs and loss of revenue could be relevant</i> | | | |
| Total monetised costs | Low | Low | High |
| Non-monetised costs | Integrity risk: enables the purchase of investment/rental properties, diverging from original KiwiSaver and withdrawal category policy intent. Could have negative impact on housing market in rural areas | Medium | Medium-High Sets precedent for investment property purchase Unpredictable uptake on housing market |
| Additional benefits of the preferred option compared to taking no action | | | |
| Regulated groups | Removes a barrier for service-tenancy employees, enabling earlier home ownership. | Medium | Medium |
| Regulators | Minimal ongoing cost. | Low | High |
| Others (eg, wider govt, consumers, etc.) | Social benefit: could support workforce stability in critical sectors; improves retirement outcomes. | Medium | Low (uptake unpredictable) |
| Total monetised benefits | Financial benefit to impacted members, but hard to quantify | Medium | Medium |
| Non-monetised benefits | Equity benefit and simple to administer. | Medium | Medium |

Narrative for Cost-Benefit Analysis

Farm purchases

63. MBIE considers that overall, the costs of this proposal outweigh the benefits.
64. The potential benefits are significant for the affected members wishing to buy a farm. There could be financial benefit longer-term if the farming business is successful. However, this is offset by taking on large debt as a starting point, particularly given how low most KiwiSaver balances are. There could also be flow-on benefit –both monetised and non-monetised – to the sector and to rural communities. It could make the profession of farm worker more attractive. This could ease farm succession and support regional economies.
65. Providers will incur one-off operational costs to update systems, forms, and trust deeds, and to train staff. These costs are estimated to be low (likely under \$1 million sector-wide). Compliance costs for providers will also increase slightly due to the need to verify farm land use and ownership thresholds. These costs are likely to be passed on to KiwiSaver members.

66. MBIE considers that in relation to the farm purchase proposals, the potential costs, while non-monetised, could be felt by all members of the public and by government if the KiwiSaver scheme loses its primary purpose of preparing people for financial wellbeing during retirement. These costs (departure from the purpose of the scheme, reduction in public trust in the scheme, potential costs to government) outweigh the potential benefits which accrue to individual farmers. The proposal also creates an unjustified inequity between members wishing to establish a farming business and members wishing to establish some other kind of business, with or without a home attached.
67. MBIE acknowledges the issues faced by the farming sector, but considers that other avenues of support should be explored more thoroughly before the KiwiSaver Act is amended for a relatively small number of people.

Service tenants

68. MBIE considers that overall, the costs of this proposal outweigh the benefits.
69. KiwiSaver members working under service tenancies would benefit from this proposal by being able to purchase a home like other KiwiSaver members. Providers will face low, one-off implementation costs such as minor system updates and a statutory declaration process. Regulators (MBIE and FMA) will face minimal additional costs for (potential) drafting of guidance if required and monitoring compliance, which can be absorbed within existing baselines.
70. However, the fact that the service tenants would not be required to at any point live in the home undermines the purpose of the first home purchase withdrawal to provide a principal residence. It could also contribute to the current overvaluation of domestic property in the New Zealand economy, and it could have negative impacts on rural housing markets, potentially making it difficult for others to purchase homes for occupation in those areas.
71. There is very little data that would indicate how many members are likely to take up this opportunity. There has been no demand expressed outside the farming sector. If implemented, Inland Revenue will consider ways to capture the service tenancies as a subcategory of the first home purchase so that uptake and any unintended house market impacts can be monitored.

Section 3: Delivering an option

How will the proposals be implemented?

72. The Ministers' preferred options will require amendments to the first home withdrawal provisions under the KiwiSaver Act 2006.
73. KiwiSaver providers and supervisors will continue to administer withdrawals under the new rules, as they do for existing early withdrawal categories. Providers are likely to request detailed guidance to administer the farm purchase applications, with clear definitions and evidential requirements set in legislation. The key risk is operational complexity (eg verifying farm ownership structures and service-tenancy status). This will be mitigated through statutory declarations, clear eligibility criteria, and standardised documentation requirements.

74. Implementation will follow a staged process. Subject to Cabinet approval, drafting will occur in early 2026, with the Bill introduced in the first half of the year. The new provisions are expected to come into force 6 months after enactment, allowing providers sufficient time to update product disclosure statements, trust deeds, forms, and carry out staff training. No additional funding is required beyond existing baselines, as costs will be absorbed within current regulatory and provider frameworks.
75. A communications plan will include updates on the MBIE and Sorted websites, direct notifications to providers, and targeted outreach to farming and other impacted sectors.

How will the proposal be monitored, evaluated, and reviewed?

76. The new provisions will be integrated into the existing KiwiSaver regulatory framework, which is jointly overseen by MBIE, Inland Revenue, the Financial Markets Authority (FMA), and KiwiSaver providers and supervisors. These agencies already maintain systems for recording and responding to operational issues. Inland Revenue will collect data on each of the new categories (separately from the first home withdrawal data). Providers will have regular opportunities to raise issues through industry forums and direct engagement with MBIE.
77. Impact monitoring will focus on uptake and integrity. No significant new data collection systems are required, but reporting templates may need minor adjustments to capture the new withdrawal types. Inland Revenue will collect data from providers on the number and value of withdrawals under the new categories.
78. The KiwiSaver Act is subject to ongoing regulatory stewardship, and these changes will be included in MBIE's regular system reviews.
79. A review of the provisions may be triggered if monitoring and uptake data identifies material risks, such as evidence of misuse, significant operational burden on providers, or unintended impacts on housing markets. Findings will inform whether the provisions should be retained, amended, or repealed.