MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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Summary of Underpinning Analysis: KiwiSaver (First Home or Farm) Amendment Bill

Agency responsible	Ministry of Business, Innovation and Employment (MBIE)
Portfolio	Commerce and Consumer Affairs
Date finalised	12 August 2026
Identification Number	REG-2339

Brief description of amendments

The Draft Bill amends the KiwiSaver Act 2006 to enable two new early withdrawal scenarios under the first home purchase provisions in Schedule 1. 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 enable people working under a service tenancy (a job where the employer is also the worker's landlord—as defined in the Residential Tenancies Act 1986) to withdraw funds to purchase a home without having to meet the occupancy requirement.

The KiwiSaver Act 2006 impacts most New Zealanders; the specific changes impact a limited (unknown) number of KiwiSaver members.

The Bill is similar to a Member's Bill presented by Suze Redmayne. The Bill has been drafted by Parliamentary Counsel and progressed as a Government Bill.

The Regulatory Impact Statement is available here: https://www.mbie.govt.nz/dmsdocument/31823-regulatory-impact-statement-kiwisaver-act-amendments-for-purchase-of-a-farm-and-for-service-tenants-to-purchase-a-first-home-proactiverelease-pdf

Good law-making: 9(i)

The importance of consulting, to the extent that is reasonably practicable, the persons or representatives of the persons that the responsible agency considers will be directly and materially affected by the legislation

Inconsistency identified?	YES

Summary of agency analysis

Following Ministerial direction, the policy decisions reflected in the Bill were not informed by MBIE consultation with the public or with impacted groups (eg farmers or farming representatives) prior to Cabinet decisions. Following Cabinet policy decisions, MBIE undertook targeted engagement with KiwiSaver providers, provider sector bodies, and KiwiSaver supervisors on implementation and operational details, which primarily raised concerns about confirmation of eligibility.

Good law-making: 9(j)

The importance of carefully evaluating— • the issue concerned; and • the effectiveness of any relevant existing legislation and common law; and • whether the public interest requires that the issue be addressed; and • any options (including non-legislative options) that are reasonably available for addressing the issue; and • who is likely to benefit, and who is likely to suffer a detriment, from the legislation	
Inconsistency identified?	YES
Summary of agency analysis	

Ministry for Regulation guidance for completing this document states that this principle is about ensuring that *new legislative proposals have been developed through a robust, transparent and evidence-based process.*[1] Details listed as relevant for this consideration include clear problem definition, and consideration of scale, urgency, public interest, options to the proposed amendment, and distributional impacts.

MBIE did not have the opportunity to test the problem definitions with any of the impacted parties, including the farming sector and rural communities.

The Government chose to develop a Government Bill to progress the amendments. This was done at pace and relied on a Member's Bill proposals.

Problem definition and objectives

The Bill addresses a perceived unfairness in KiwiSaver rules, particularly impacting rural communities. The current KiwiSaver eligibility settings for first-home withdrawals do not fully reflect how some homes are purchased or occupied in practice, disadvantaging two groups of KiwiSaver members:

- farmers are disadvantaged because their first homes, if on a farm, tend to be purchased by a commercial entity rather than in the member's name alone as required
- service tenants (such as farm hands and rural police and teachers) are disadvantaged by the requirement to intend to live in the home purchased, as they need to live close to their work.

The objective of both amendments is to address these disadvantages. A second objective was agreed by Ministers for enabling farm purchase withdrawals: to support first-time buyers into farm ownership at an earlier career stage.

Distributional impacts

Challenges around analysis of distributional impacts follow in part from limited consultation and extent to which the problem exists, including how many KiwiSaver members will be impacted by each amendment, particularly given the extension of the service tenancy amendment beyond farming and rural communities.

[1] Guidance-issued-under-section-26-of-the-Regulatory-Standards-Act-2025.pdf

Farm purchase

There is no reliable data on the number of KiwiSaver members who might potentially benefit from the changes, though it is likely to be small. The Ministry of Primary Industries (MPI) estimated, using proxy data related to farm purchases, that fewer than 100 farm purchases per year might be enabled through the amendment. As a point of comparison, Inland Revenue data shows that there were 43,600 first home purchase withdrawals in the 2024-25 financial year.

The first home withdrawal currently makes special provision for Māori to purchase an interest in a dwellinghouse on Māori land, in recognition of collection ownership models. The Bill does not include special provision for Māori in relation to farms, and no analysis has been done on the need for such provisions. MPI recommended consultation with Māori to ensure the provision will meet Māori ownership structures.

The farm purchase provision seeks to address an unfairness or disadvantage to farmers, but introduces an inequity between farmers and KiwiSaver members in other sectors or professions, such as in tourism or hospitality, who might wish to purchase a business co-located with a family residence.

Service tenants

The Bill follows the Member's Bill in using the definition of a service tenancy in the Residential Tenancies Act 1986 (section 3):

> **service tenancy** means a tenancy granted under a term of, or otherwise as an incident of, a contract of service or a contract for services *between the landlord as employer and the tenant as employee or contractor,* whether or not a separate tenancy agreement is concluded in writing between the parties, and whether or not any rent is payable for the tenancy.

In terms of impacted rural KiwiSaver members (the primary target of the initiative), MPI provided data showing that the farming workforce in March 2023 was around 90,000, but the data did not indicate how many were in a service tenancy, were KiwiSaver members, or were interested in purchasing a home.

MBIE officials have learned during agency consultation on the draft Bill that the definition may not capture everyone intended in those key rural sectors. For example, share milkers and rural police officers may not be covered for technical reasons.

While the focus target group was rural communities, the service tenant provision will capture a wide range of employees across the economy, both public and private and those employed off-shore, who fit the definition in the Residential Tenancies Act 1986 . It may also be in demand by some off-shore workers, including for the Ministry of Foreign Affairs and Trade, but not be covered. Little analysis has been done of the impact or demand in other sectors due to timing constraints to progress the Bill.

The service tenancy provision introduces a potential inequity by enabling service tenants to purchase an investment or rental property (an income-producing asset), which other members cannot do, as they must intend to live in it.

Available options

There may be non-legislative ways to address some of the underlying issues around the complexities and challenges of purchasing a farm, including bespoke farm-purchase saving products that could take into account farm-specific ownership structures and succession plans. These options were not considered.

Public interest

A lack of consultation makes it difficult to assess public interest. Rural individuals and communities may benefit from the proposals, as well as service tenants across the economy, and no one will experience a financial detriment. However, as noted above, both proposals introduce new inequities between KiwiSaver members.

Good law-making: 9(k)

The importance of the responsible agency identifying and developing effective arrangements for implementing the legislation	
Inconsistency identified?	NO
Summary of agency analysis	

Implementation relies on existing KiwiSaver provider processes, including updates to systems, evidentiary requirements, and member application forms for first-home withdrawals. Targeted engagement with industry has informed operational feasibility and timing. Implementation risks, including consistent application across providers, are expected to be manageable through guidance and provider processes. No new regulatory structures are required. Identification of service tenants is likely to require a statement from an employer. MBIE will work with the sector to produce guidelines for these withdrawals.

Good law-making: 9(l)

Legislation should be expected to produce benefits that exceed the costs of the legislation to the public or persons	
Inconsistency identified?	MAY NOT BE CONSISTENT
Summary of agency analysis	

Overall, because of uncertain demand for access to the funding withdrawals enabled by the amendments, we think it is UNCERTAIN whether the benefits of the amendments outweigh the costs. In particular, while the costs are expected to be low (see below), if demand is low the costs could exceed the benefits.

Costs and benefits

There will be the following costs, which are expected to be low (less than $1 million economy-wide):

- Applicants for the farm purchase will face minor legal costs associated with having their eligibility for the farm purchase confirmed by their lawyer
- KiwiSaver providers will face one-off operational costs to update systems, forms, and trust deeds and on-going costs for analysis of applications
- MBIE and FMA may incur minor costs for possible drafting of guidance and monitoring compliance.

Benefits will accrue primarily to the individuals who are newly eligible who choose to make use of the first home purchase withdrawal provision. This will include first-time farm owners (estimated by MPI as likely to be less than 100 per year) and eligible service tenants (an indeterminate number across the economy). The immediate benefit is the ability to withdrawal and obtain access to finance for a farm or home purchase (likely on average to be less than $50,000), with potential longer-term benefits coming from the asset acquisition and appreciation, and (in the case of farmers) professional earnings. The amendments could also bring wider economic benefit to rural communities, e.g. continued participation by people who would have otherwise not invested in farming or stayed in the community.

The proposal has potential additional costs including:

- Both of the amendments in the Bill push the boundary of the primary purpose of the KiwiSaver Act 2006 (individual savings) by enabling early withdrawal of savings for business investment (farms and investment properties). This could increase risk to individual savings.
- MPI has raised the possibility that the service tenant provision could have negative impacts on rural housing markets, potentially introducing increased rental properties into rural communities, making it harder or more expensive for others to purchase homes for occupation in those areas.

In assessing whether the benefits of the proposal outweigh the costs, the key question is whether the demand for the changes is sufficient to justify the additional costs or risks, particularly given current concern about the adequacy of individual retirement income, as well as research from the OECD suggesting our KiwiSaver withdrawal provisions may already be too generous to effectively support the purpose of the scheme.[2]

Good law-making: 9(m)

Legislation should be the most effective, efficient, and proportionate response to the issue concerned that is available	
Inconsistency identified?	MAY NOT BE CONSISTENT
Summary of agency analysis	

The Ministry for Regulation guidance states that this principle focuses on *ensuring that the legislation is the optimal response to the policy problem or objective it aims to address or achieve, within the options reasonably available, including both legislative and non-legislative options*.

The amendments in the Bill are effective to the extent that they address the problems identified by enabling first-home withdrawals to two specific groups currently ineligible due to circumstances related to employment. However, the detail in the problem definition makes it difficult to assess if this is the most effective or efficient response for the reasons noted above.

[2] OECD Economic Surveys: New Zealand 2026 | OECD

Rule of Law: 9(a)(i)

The law should be clear and accessible	
Inconsistency identified?	NO
Summary of agency analysis	

The provisions are reasonably clear, and KiwiSaver members interact with their KiwiSaver providers in relation to withdrawals, who are specialist users familiar with the KiwiSaver Act 2006. Members interact with withdrawal settings primarily through provider-administered forms and processes, rather than the KiwiSaver Act 2006 directly. The criteria can be applied clearly through provider processes and member application forms.

The amendments do introduce new complexity around eligibility for withdrawals. Any additional complexity introduced by the Bill is expected to be manageable through guidance, including for employers who may be required to certify that employees are service tenants.

Rule of Law: 9(a)(ii)

The law should not adversely affect rights and liberties, or impose obligations, retrospectively	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill operates prospectively and does not alter the legal consequences of past actions or remove accrued rights.

Rule of Law: 9(a)(iii)

Every person is equal before the law	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill treats farmers and service tenants differently from other KiwiSaver members, but qualifying farmers would be treated equally to each other, and qualifying service tenants would be treated equally.

Rule of Law: 9(a)(iv)

There should be an independent impartial judiciary	
Inconsistency identified?	NO
Summary of agency analysis	

This Bill has no impact on the judicial appointments or functions.

Rule of Law: 9(a)(v)

Issues of legal right and liability should be resolved by the application of law, rather than the exercise of administrative discretion	
Inconsistency identified?	NO
Summary of agency analysis	

Eligibility for first-home withdrawals is governed by statutory criteria in the KiwiSaver Act 2006. Providers assess applications against those criteria through their own processes, rather than exercising broad discretion. If a member were not satisfied with the outcome of an application, they could raise that complaint with their provider, and if still not satisfied, they could raise a complaint with their provider's dispute resolution scheme.

Liberties: 9(b)

Legislation should not unduly diminish a person's liberty, personal security, freedom of choice or action, or rights to own, use, and dispose of property, except as is necessary to provide for, or protect, any such liberty, freedom, or right of another person	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill enables members to access their own KiwiSaver savings for the purchase of a first farm through a commercial entity, and for members subject to a service tenancy to purchase a first home without needing to live in it. It does not impose new limits on individual liberties, property rights, or freedom of action.

Taking of property: 9(c)

Legislation should not take or severely impair, or authorise the taking or severe impairment of, property without the consent of the owner unless-

- **there is a good justification for the taking or severe impairment; and**
- **fair compensation for the taking or severe impairment is provided to the owner; and**
- **the compensation is provided, to the extent practicable, by or on behalf of the persons who obtain the benefit of the taking or severe impairment**

Inconsistency identified?	NO
Summary of agency analysis	

The proposed amendments do not take or severely impair property without the consent of the owner.

Taxes, fees and levies: 9(d)

The importance of maintaining consistency with section 22(a) of the Constitution Act 1996 (Parliamentary control of taxation)	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill does not impact taxation.

Taxes, fees and levies: 9(e)

Legislation should impose, or authorise the imposition of, a fee for goods or services only if the amount of the fee bears a proper relation to the cost of providing the good or service to which it relates	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill does not impose fees.

Taxes, fees and levies: 9(f)

Legislation should impose, or authorise the imposition of, a levy to fund an objective or a function only if the amount of the levy is reasonable in relation to both— • **the benefits that the class of payers is likely to derive, or the risks attributable to the class, in connection with the objective or function; and** • **the costs of efficiently achieving the objective or providing the function**	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill does not impose levies.

Role of courts: 9(g)

Legislation should preserve the courts' constitutional role of ascertaining the meaning of legislation	
Inconsistency identified?	NO
Summary of agency analysis	

The Bill does not limit access to courts or affect the courts' role in interpreting legislation. It operates within the existing framework of the KiwiSaver Act 2006.

Role of courts: 9(h)

Legislation should make rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review	
Inconsistency identified?	NO
Summary of agency analysis	

Eligibility for first-home withdrawals is governed by statutory criteria in Schedule 1 of the KiwiSaver Act 2006, administered by the Minister of Commerce and Consumer Affairs. The related KiwiSaver Regulations 2006 set out some process requirements (for example, the requirement to deposit withdrawn funds with a lawyer, who then transfers the funds to the property seller once the contract is unconditional).

Providers assess applications against those statutory criteria, incorporating required process, through their own business systems, rather than exercising broad discretion. If a member were not satisfied with the outcome of an application, they could raise that complaint with their provider, and if still not satisfied, they could raise a complaint with their provider's dispute resolution scheme.

Additional information

Contribution of other agencies

The Ministry of Primary Industries (MPI): MBIE worked closely with MPI to understand the impact the proposals might have on rural communities—for example, the number of farm purchases supported, or the number of houses purchased by service tenants. Officials also considered whether the impact of the latter would be positive or negative on the community as a whole, given its potential impact on the rural housing market.

In relation to the farm purchase provision, MPI also suggested including targeted provisions for Māori collective land and flexible rules to allow whānau, iwi, or hapū participation, along with equity-focused monitoring to track uptake across rural communities.

Inland Revenue: MBIE engaged with Inland Revenue (IR) on operational issues including potential IR data collection that would separate farm purchase withdrawals and service tenant withdrawals from other first home purchase withdrawals to facilitate monitoring and evaluation of the proposals. IR also emphasized the importance of clear drafting and guidance for providers who would be administering the withdrawals.

Following Cabinet policy decisions, MIBE consulted with the following agencies in relation to the service tenancy provision, including the definition:

- **Ministry of Education** provided confirmation that most teachers in rural areas would be captured by the service tenancy definition (there is direct mention of education employees in the Residential Tenancies Act 1986).
- **New Zealand Defense Force** were not aware of any request for this change in policy from defense personnel; they thought the provisions would apply to most onshore personnel.

- **Department of Police** confirmed that no police in rural areas are required to live in police housing (as was stated in the media release) and that some receive housing subsidies when they work rurally.
- **Ministry of Foreign Affairs and Trade** requested bespoke provision for diplomats to ensure they were covered by the provision, as only 20% would currently be captured by the proposed definition. They have heard this issue raised among diplomatic personnel.