In Confidence

Office of the Minister for Social Development and Employment

Chair, Cabinet Business Committee

ANNUAL GENERAL ADJUSTMENT 2026

Proposal

1 This paper seeks Cabinet approval to submit to the Executive Council the following Orders and Amendment Regulations. These instruments will give effect to the 2026 Annual General Adjustment (AGA):

- Social Security (Rates of Benefits and Allowances) Order 2026
- Social Security Amendment Regulations 2026
- Student Allowances Amendment Regulations 2026
- Oranga Tamariki (Minimum Rates of Payment for Board and Lodgings) Order 2026
- Health Entitlement Cards Amendment Regulations 2026
- Residential Care and Disability Support Services Amendment Regulations 2026.

Previous decisions

The Annual General Adjustment (AGA) is the process to adjust rates of social assistance on 1 April each year to reflect statutory requirements, a Cabinet decision, or long-standing practice

2 There is a statutory requirement to adjust the rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, rates of main benefits payable to long-term hospital patients, and New Zealand Superannuation from 1 April each year.

3 Other adjustments are made in the AGA under the authority of a Cabinet decision or to reflect long-standing practice. These include adjustments to rates and thresholds of allowances and various other forms of supplementary assistance, such as Childcare Assistance, Disability Allowance, and Child Disability Allowance.

4 In December 2023, Cabinet agreed to increase main benefits by the annual percentage increase in the all-groups Consumers Price Index (CPI), for the year ending the previous 31 December, on 1 April each year [CAB-23-MIN-0490 refers].[1]

[1] For the purposes of this paper, 'main benefits' refers to all types of assistance in section 453 of the Social Security Act 2018 and includes the Blind Subsidy and Housekeepers Allowance.

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5 There is a statutory requirement to adjust the net weekly rates of New Zealand Superannuation, if required, by percentage increases in the CPI and then further adjust the amount payable to a couple who both qualify, keeping the net amount payable at not less than 66 percent, or more than 72.5 percent, of the net average wage. This further adjustment will not be required in the 2026 AGA, as the CPI adjustment by 3.11 percent will see this amount exceed the 66 percent minimum requirement.

6 In March 2002, Cabinet delegated authority to jointly approve adjustments to rates and thresholds to the Minister of Finance and the Ministers responsible for New Zealand Superannuation, main benefits and allowances, the Community Services Card, Student Allowances, and War Pensions and Allowances [CAB Min (02) 7/1A refers].

7 Alongside me, the Ministers responsible for the Finance, Housing, Health, Vocational Education, Veterans, and Children portfolios have approved the new rates and thresholds, consistent with our delegated authority [REP/26/1/030 refers].

Orders and Amendment Regulations to give effect to the decisions

8 To give effect to the above decisions, the Orders and Amendment Regulations will come into force on 1 April 2026 and will:

8.1 increase the rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, rates of main benefits payable to long-term hospital patients and New Zealand Superannuation to comply with the statutory requirement to adjust the rates to reflect the 3.11 percent increase in the CPI (All Groups) over the previous year

8.2 increase various rates and thresholds of allowances and supplementary assistance in line with the 3.11 percent increase in the CPI (All Groups) over the previous year [2]

8.3 increase income thresholds for Disability Allowance and the Community Services Card by applying the 3.11 percent increase in the CPI (All Groups) over the previous year[3]

8.4 increase Childcare Assistance and hardship assistance income thresholds to reflect the 2.91 percent increase in the net average wage over the previous year.

Timing and 28-day rule

9 If approved, the Orders and Amendment Regulations will be submitted to the Executive Council for consideration on 2 March 2026. The earliest that the Orders and Amendment Regulations can be introduced is 26 days prior to enactment, due to

[2] Please note that not all rates and thresholds of supplementary assistance are adjusted annually through the AGA. For example, Accommodation Supplement (AS) cash asset levels, AS maximum rates, Accommodation Benefit, and Winter Energy Payment are not indexed.

[3] A net wage adjustment is applied to some Disability Allowance and superannuation-specific Community Services Card income thresholds, to prevent people losing eligibility for this assistance.

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the data release schedule of Statistics NZ and the meeting days of Cabinet. The 28-day rule can be waived in accordance with the Cabinet manual, where the secondary legislation has little or no effect on the public, or confers only benefits on the public.

10 Therefore, a waiver to the 28-day rule is required for the Annual General Adjustment 2026.

Compliance

11 The Orders and Amendment Regulations comply, where applicable, with the following:

11.1 the principles of the Treaty of Waitangi

11.2 advice from the Treaty Provisions Officials Group on any Treaty of Waitangi provisions

11.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993

11.4 the principles and guidelines set out in the Privacy Act 2020

11.5 relevant international standards and obligations

11.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

Regulations Review Committee

12 There are no grounds for the Regulations Review Committee to draw the Orders or Amendment Regulations to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

13 The Orders and Amendment Regulations have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact Analysis

14 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.

15 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

Publicity

16 The Orders and Amendment Regulations will be notified in the *New Zealand Gazette* 26 days before they come into force.

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17 The Ministry of Social Development will work with relevant Ministers' offices to advise the public of the changes to rates and thresholds.

Proactive release

18 I intend to proactively release this Cabinet paper within the standard timeframe.

Consultation

19 The Treasury, Ministry of Housing and Urban Development, Ministry of Education, Ministry of Health, Inland Revenue, Veterans' Affairs, and Oranga Tamariki–Ministry for Children have been consulted and agree with the recommendations in this paper.

Recommendations

I recommend that the Cabinet Business Committee:

1 **note** that, acting with Cabinet's delegated authority [CAB Min (02) 7/1A refers], the Ministers responsible for the Finance, Housing, Health, Social Development and Employment, Universities, Veterans, and Children portfolios have approved new rates of New Zealand Superannuation, main benefits, Student Allowances, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, and new rates and thresholds for allowances and supplementary assistance

2 **note** that the proposed Orders in Council and Amendment Regulations will come into effect on 1 April 2026 and will:

2.1 increase the rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, benefits payable to long-term hospital patients, and New Zealand Superannuation, to comply with the statutory requirement to adjust the rates to reflect the 3.11 percent increase in the Consumers Price Index (All Groups) over the previous year

2.2 increase rates and thresholds of allowances and various forms of supplementary assistance in line with the 3.11 percent increase in the Consumers Price Index (All Groups) over the previous year

2.3 increase income thresholds for Disability Allowance and the Community Services Card by applying the 3.11 percent increase in the Consumers Price Index (All Groups) over the previous year

2.4 increase Childcare Assistance and hardship assistance income thresholds to reflect the 2.91 percent increase in the net average wage over the previous year.

3 **agree** to waive the 28-day rule, on the grounds that the amendments only confer benefits to those affected, so that the amendments can come into force on 1 April 2026

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4 **authorise** the submission of the following Orders and Amendment Regulations to the Executive Council:

4.1 Social Security (Rates of Benefits and Allowances) Order 2026

4.2 Social Security Amendment Regulations 2026

4.3 Student Allowances Amendment Regulations 2026

4.4 Oranga Tamariki (Minimum Rates of Payment for Board and Lodgings) Order 2026

4.5 Health Entitlement Cards Amendment Regulations 2026

4.6 Residential Care and Disability Support Services Amendment Regulations 2026.

Authorised for lodgement

Hon Louise Upston

Minister for Social Development and Employment

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