



**BUDGET
2025**

THE GROWTH BUDGET

Cost of Living

Hon Louise Upston
Minister for Social Development and Employment

Hon Simon Watts
Minister of Revenue
22 May 2025

Increased support for families

Budget 2025 changes Working for Families to better target help to low and middle-income families with children.

About 142,000 families will receive an average \$14 a fortnight extra from Working for Families. The vast majority have an annual family income under \$100,000.

“We want financial support to go to families that need it most. The changes in this Budget will help families with cost of living and support them to remain in work,” Social Development and Employment Minister Louise Upston says.

These changes are being delivered through changes to the abatement threshold. The abatement threshold is the income level at which Working for Families entitlements begin to reduce.

“The current threshold has been unchanged since 2018, despite inflation and wage growth. This means the scheme has become less effective at supporting low and middle-income families,” Louise Upston says.

“Accordingly, the Government is lifting the Working for Families abatement threshold from \$42,700 to \$44,900 and raising the abatement rate from 27 per cent to 27.5 per cent. Families with incomes close to the new threshold will get greater additional payments – up to \$23 a fortnight.

“The cost of the extra support will be met by income testing the first year of the Best Start tax credit in the same way the second and third years are, with payments starting to diminish above a family income of \$79,000 and cutting off entirely when a family earns just over \$97,000 a year.”

Families of children born before 1 April 2026 won’t have their Best Start payments income tested and will continue to receive the maximum amount until their child turns one.

“We are also concerned that families are getting into Working for Families debt just because their incomes or family circumstances change unexpectedly during the year,” Revenue Minister Simon Watts says.

“To address this, the Government is releasing a discussion document with proposals to make Working for Families payments more accurate, including using past income, over shorter periods, to calculate entitlements. We know that having debt with Inland Revenue can be distressing so we are interested in what people think of the proposals.”

The changes will take effect from 1 April 2026, following legislation to be introduced on Budget Day today.