



Response to information requested by the Ministerial Advisory Group (ECE Funding Review)

Date: August 2025

To: Ministerial Advisory Group members

Subject: Response to information requested by the Ministerial Advisory Group on FamilyBoost

Purpose

1. The purpose of this document is to address the information sought by the Ministerial Advisory Group regarding FamilyBoost, as part of the Early Childhood Education Funding Review.
2. Specifically, this note provides responses to three main areas:
 - Barriers to uptake of FamilyBoost
 - Measures underway to improve uptake, and
 - The scope and detail of data available from Inland Revenue, including relevant insights and limitations.

Background

3. FamilyBoost was introduced from 1 October 2024. It covers early childhood education (ECE) fees from licensed providers invoiced from 1 July 2024 onwards. Parents and caregivers are required to initially register for FamilyBoost (one person per household) in the myIR online portal and have up to four years to make a claim after each quarterly period. Claims and payments are made quarterly in arrears and, to date, there have been four quarters and four rounds of payments.

Barriers to uptake for FamilyBoost

4. Claiming FamilyBoost is dependent on a proactive application by a household, meaning that not all theoretically eligible households will take the action to register and claim the payment. There is a notable absence of information on non-applicants and the underlying reasons for non-participation. To address this, Inland Revenue is surveying current and potential FamilyBoost customers to identify barriers to uptake, and the survey results are expected to be reported on by late August.
5. In the meantime, we cannot conclusively determine what the actual barriers are for uptake. However, based on a preliminary assessment of FamilyBoost data, complaints received, consultation feedback and experience with other social policy products, some potential factors likely influencing uptake are:
 - People believe the effort to claim may outweigh the benefits
 - Lack of awareness or understanding of FamilyBoost, and
 - Unfamiliarity or unwillingness to engage with government or its systems.

Effort may outweigh the benefits

6. Registering and applying for FamilyBoost comes with a cost to families' time and requires some administrative work. Families are required to obtain an IRD number for their child/ren and upload invoices to myIR that meet the specific invoice requirements for FamilyBoost. Some households may not be receiving compliant invoices, may have lost that documentation, or face digital skills or literacy barriers that mean they struggle to navigate myIR. The effort to overcome these barriers may outweigh the perceived benefit families receive, particularly for families with low fees or high incomes as their final payment is likely to be low.

Lack of awareness or understanding of FamilyBoost

7. Families may not be aware of the policy or may conflate it with other forms of government support. We have also heard of some cases where there are misconceptions about going into debt, as Inland Revenue's other social support products, such as Working for Families, can result in debt. Any new product or service will have a learning curve over time as people come to learn about the payment through various means, see friends and family go through the claims process, and more third-party supporting material is updated to refer to FamilyBoost (e.g. Sorted website, Plunket).

Unfamiliarity or unwillingness to engage with government systems

8. Families may not want to engage with the government or Inland Revenue, may have outstanding tax or child support debt, levels of distrust of government, or do not want to disclose personal details.

Measures underway to improve uptake

9. **Measures to make it easier:** Inland Revenue has reduced the effort required from caregivers by working with providers and SMS vendors to introduce quarterly statements (a simple quarterly summary of invoiced amounts and necessary personal details) and pre-populating information across the registration and claims processes. This appears effective, with a small sample of families reporting that the process is simple and takes under five minutes. Inland Revenue also worked with providers/SMS vendors to ensure the template statements/invoices contained the necessary information and was presented in a way that supported fast processing of claims.
10. **Increasing payments:** The Government has recently proposed an increase in the FamilyBoost payment, raising the percentage of fees that families can claim back from 25% to 40%. If this change is enacted, all currently eligible families would qualify for higher payments in future. This would help address the issue of families receiving (to date) lower-than-expected average FamilyBoost payments than Inland Revenue originally forecasted.
11. **Awareness and educational measures:** Further marketing is planned to promote awareness and understanding of the FamilyBoost policy. This includes targeted marketing to ECE providers and parents, as well as use of broader channels like radio and outdoor advertising. Data insights were used to increase advertising and Community Compliance efforts¹ in low-claim regions, which led to improved claims numbers in those areas. There have been over 500,000 'unique user' visits to the FamilyBoost homepage between June 2024 to June 2025.
12. **Government system educational measures:** Inland Revenue has its usual general support measures including website guidance, call centre support, myIR messaging support, and some front of house support at regional offices. Inland Revenue have the following ways to mitigate internet access issues or assist those with significant unfamiliarity with digital processes:

¹ Inland Revenue have Community Compliance Officers who visit communities to provide education on tax and other Inland Revenue products. This includes Kaitakawaenga Māori liaisons who support Māori communities.

- Coming into Inland Revenue counter (front of house) and using IR services/kiosks,
- IR community compliance officers/Kaitakawaenga Māori liaisons,
- Nominated persons acting on a parent's behalf,
- Whānau members,
- ECE providers helping parents in remote areas or without digital access,
- Referring parents to external help, like Citizens Advice Bureau.

13. Despite the above measures, we recognise that increasing uptake is a continued effort, and some families may require additional support. Inland Revenue will likely continue to make small technical and operational amendments to improve uptake as part of the normal stewardship and administrative review process.

Automated model: enabling direct data fees from providers to Inland Revenue

14. The Minister of Finance has announced that Inland Revenue will work on a more automated model for FamilyBoost payments. This work is aimed at improving uptake by reducing the administrative burden on families, such as the need to provide invoices for fees information. It may also address other barriers, including digital literacy challenges.

15. However, there will likely be trade-offs for ECE providers and government agencies:

- 9(2)(f)(iv)



- Some form of direct data feed will require extensive discussions with, and process changes from, student management system vendors, early childhood education providers, Inland Revenue, and government agencies.

16. 9(2)(f)(iv)

Families would still need to notify Inland Revenue of their household make-up when they register and if their family circumstances changes, such as their relationship status. (This assumes that the FamilyBoost policy parameters remain the same).

17. Currently, FamilyBoost assessments require the following information:

- Relationship disclosure for household income assessments
- Level of income (from Inland Revenue's existing systems – households need to ensure individual income returns are filed and not outstanding)
- Confirmation that the child being claimed for is in the care of the claimant
- Confirmation the claimant is responsible for paying fees in respect of that child (name is on the invoice)
- Fees invoiced to the claimant is after existing subsidies or discounts are taken into account
- Information to verify enrolment and valid ECE provider (included on the invoice or obtained from the Ministry of Education)

- Confirmation of a New Zealand bank account to receive payments.
18. Providing this information means that some actions would remain for families to complete before payments can be made.

Data held by Inland Revenue

19. The following section provides an overview of the latest data held by Inland Revenue, covering the following areas:

- ECE enrolment numbers
- Representative profile of families with young children
- Forecasts for FamilyBoost eligibility, uptake and costs
- FamilyBoost-specific data
- Specific data request by the Group (data on those above the threshold and self-employed)

20. As this data is subject to change, we have also provided a summary of the type of data we hold in Appendix 1. Some of this is updated regularly and provided to Ministers.

ECE enrolment numbers

21. Inland Revenue estimates there are 162,000 households with 194,600 children enrolled in ECE. This figure is based on Ministry of Education enrolment data (ECE Census June 2024) and an average of 1.2 children enrolled per family (FamilyBoost claims data). We note that Inland Revenue's and the Ministry of Education's estimation of the total number of households differs.

Profiles of families with young children

22. We have representative data on the household make-up, including by income distribution, of families with children under the age of five. This is derived from Inland Revenue's administration of the Best Start tax credit (one of the Working for Families tax credit payments). This data does not include people who never applied for Best Start, such as new immigrants and returning New Zealanders, and will include families who no longer reside in New Zealand. The data will not reflect changes in household circumstances (e.g., household separation and creation).

23. While the data for Best Start was part of what was used to create the initial modelling for FamilyBoost uptake, it should be noted that the FamilyBoost and Working for Families datasets do not entirely overlap because the eligibility criteria for each product differs. This means we cannot directly take data from one product and apply it to the other.

24. Paid parental leave data also provides some indication of the number of people who have taken time out of work to care for a child, and the end of parental leave may indicate a return to work and the use of early childhood care to some extent. However, there is no requirement to return to work at the end of parental leave and, where they do return to work, they may use informal childcare.

Forecasts for FamilyBoost eligibility, uptake and costs

25. For the purposes of determining the fiscal cost of FamilyBoost, we have estimated the total eligibility and likely uptake of the scheme, both under the current settings and for the proposed settings (see Table 1).

Table 1: Estimated eligibility, uptake, and cost for FamilyBoost

	Current settings	Proposal
Est. annual households at 71% uptake	76,000 households	92,000 households
Est. annual cost for the first year at 71% uptake	\$93 million ²	\$171 million (approx.)
Est. annual households at 100% uptake	106,000 households	127,000 households

26. Of the 162,000 families with children enrolled in ECE, 106,000 are estimated to qualify for FamilyBoost based on their household income under the current settings, with 127,000 estimated eligible families under the proposed settings.

27. It is important to note that the estimated eligible families include those who are unlikely to claim due to having little or no unsubsidised fees (FamilyBoost cannot be claimed for fees already covered by other government assistance). This means the actual uptake of FamilyBoost is likely to be lower, with Inland Revenue forecasting that FamilyBoost will reach an annual uptake rate of 71%.

28. FamilyBoost is estimated to cost, under the proposed settings, \$146 million for the 2025/26 fiscal year and \$168 million in the 2026/27 fiscal year. The decreased cost for 2025/26 is to reflect that part-year transition into the proposed settings. The policy cost will also have small decreases in outyears following the 2026/27 fiscal year to reflect household income increasing above the abatement levels over time.

29. Inland Revenue has set uptake estimates for FamilyBoost based on recent data, but measuring actual uptake remains challenging. Forecasts remain uncertain until several years of payments have been made. Achieving the projected 71% annual uptake and associated costs may take time, as only three payments under the proposed settings will occur in 2025/26 with forecasts based on a full year. There is a risk of overspending if uptake exceeds 71% or if claimed fees are higher than expected.

FamilyBoost-specific data

30. Inland Revenue delivers a weekly insights document to the offices of the Ministers of Finance and Revenue on FamilyBoost registrations and claims (see Appendix 2 for the latest weekly insights report). These reports are intended to inform Ministers about the policy's uptake over time.

31. It should be noted that weekly insights exclude quarterly fees reported by families and approved by Inland Revenue, as these figures do not meaningfully inform Ministers about policy effectiveness and cannot represent overall ECE sector fees due to significant data limitations discussed in the next section.

32. The weekly insights include the following data:

- Registrations data
 - Total registrations received to date, total in progress and total declined
 - Total accounts created to date³
- Claims data
 - Total claims in progress

² The original costing for FamilyBoost in Budget 2024 was approximately \$170 million per annum. This estimate was based on the assumption of a 100% uptake rate, given the significant uncertainty surrounding the scheme's likely actual uptake.

³ The account means a tax type or product is now 'active' on the customers' record. An active account does not necessarily mean the customer has received a payment.

- Total claims declined
- The number of unique households who have made a claim
- Per quarter data
 - Number of claims received and paid each quarter
 - Number of claims paid at the maximum quarterly payment of \$975
 - Amounts paid per quarter by total and average mean
 - May include the number of claims declined, and reasons for decline

33. Although not included in the weekly insights, we have created some analysis of claim and payment trends, including by region of the country to support Inland Revenue's internal marketing.

Specific data requests by the Group

34. The Group specifically asked for data on the proportion of households above the upper income cap for FamilyBoost and the type of income reported from households in the \$0 to \$5000 quarterly household income band.

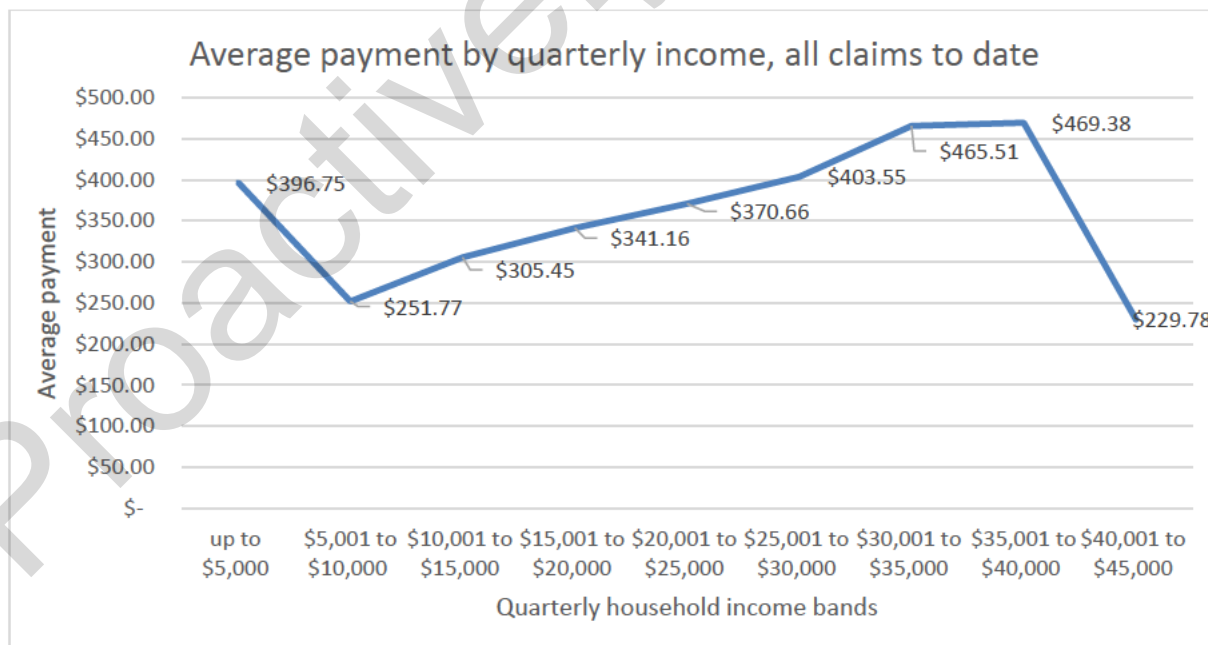
Proportion of households above the upper income cap for FamilyBoost

35. Based on our estimation of there being 162,000 households with children enrolled in ECE, there are 56,000 households above the current upper income cap of \$45,000 quarterly income and 35,000 households above the proposed upper income cap of \$57,286 per quarter.

Types of income recorded for households with quarterly incomes between \$0 and \$5,000

36. The Group were interested in why households with quarterly earnings between \$0 and \$5,000 (less than \$20,000 per year) report higher average fees and receive higher average payments relative to other lower-income groups, as shown in Graph 1.

Graph 1: Average payment by quarterly income as of 30 July 2025, based on claims to date



37. We considered that the discrepancy might be attributable to a higher number of households in this income bracket reporting self-employment income. However, among the 2,834 claims from households with quarterly incomes below \$5,000, the majority had only reportable income recorded (such as salaries and wages), rather than non-reportable income (such as self-employment earnings). This suggests that only a

minority of household assessments include self-employment income from one or both parents.

Table 2: Allocation of reportable and non-reportable income among households claiming FamilyBoost with quarterly earnings between \$0 and \$5,000

Claim income source(s)	Single applicant	Partnered household	Claims count
Reportable and non-reportable income		479	479
Reportable income only	871	1121	1992
Non-reportable income*	157	206	363
Total	1028	1806	2834

* Note that those with non-reportable income may have an aspect of reportable income within their income tax return (e.g., interest, dividends, salary/wages). These are people who are required to file tax returns due to earning self-employment income.

Key data and data sharing limitations

38. The FamilyBoost policy team have met with Inland Revenue operations staff to gauge the quality, limitations and constraints of FamilyBoost data.
39. Overall, the FamilyBoost dataset is well-structured to support the monitoring of policy uptake, total claims and payment volumes, and enables basic analysis of demographic patterns (including by income bands and region) among those claiming. However, there are significant data gaps – most notably, the absence of information on non-applicants and the underlying reasons for non-participation. Furthermore, the dataset has limited capacity to generate meaningful insights into fee structures and changes, due to four data limitations outlined below.

A. Incorrect data entry: Claimants may enter incorrect figures or make mistakes when inputting information

40. 18(c)(i)

B. Data collection bias: the fees collected for FamilyBoost differs from actual ECE fees incurred by households (and this is by design)

41. FamilyBoost is designed to deliver targeted cost-of-living support for families with children in ECE. To maintain a simple and streamlined process, FamilyBoost requires only the essential information for calculation. Families need to provide basic details such as 'total net fees for the period' and current relationship status, but do not need to submit, for example, work hours, relationship duration, shared care arrangements, enrolment hours, educational outcomes, or estimates of future household income. Similarly, ECE providers are only required to include 'total net fees for the period' on invoices, with no need for detailed breakdowns by child or hour.
42. As the fees approved for FamilyBoost exclude subsidies, discounts, and donations, this means that the amount of fees families are claiming for may not reflect the actual quarterly ECE costs charged by centres. Furthermore, as Inland Revenue does not seek hourly or daily fees information, the total invoiced fee does not indicate differing hours of attendance by different families or across time with the same family.
43. Some families will add children to their claim submission even where the specific invoice does not include that child; this can affect assumptions about the cost per child of ECE. A family may not even submit all their invoices for the quarter, potentially understating their actual ECE costs for that period. For example, if submitted invoices to date already

⁴ Incurred ECE fees minus any subsidies, discounts and donations

exceed the maximum \$3,900 fees cap, they may decide to not submit other invoices in that quarter.

44. As the data is potentially misaligned on a household level, it will likely become much more non-representative on a population group basis.

C. Participation bias: data does not include the ECE fees of families who either choose not to claim or are ineligible to claim due to the eligibility criteria.

45. Claiming FamilyBoost requires households to proactively apply, which means that not all households will register and claim the payment, and some may be ineligible to claim. Additionally, families have up to four years to claim FamilyBoost, so the final uptake will not be known until then. While the number of families submitting delayed claims is expected to be relatively small, it is unclear whether they are representative of the general population (making no difference to broader analysis) or are skewed in some way that could impact analysis (for example, whether more self-employed people could make delayed claims).

D. System constraints: software limitations prevent the extraction of some data

46. 18(c)(i)
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Existing information sharing agreements and constraints

Information sharing agreement with the Ministry of Education

49. Since the implementation of FamilyBoost, Inland Revenue and the Ministry of Education regularly share some data to check the eligibility of children for processing FamilyBoost claims. This data share is limited to verifying the children's records and their enrolment details for the purposes of FamilyBoost administration only. Data on ECE fees paid *per household* is not currently exchanged between government agencies.
50. Inland Revenue also checks the publicly available information on the Ministry of Education's website of the list of licensed providers to ensure a provider is still licensed.

Information sharing constraint: Privacy and sensitive revenue information

51. Sensitive Revenue Information (SRI) is a subset of Revenue Information. It denotes revenue information that identifies or is reasonably capable of identifying someone (directly or indirectly) or that might reasonably be regarded as private or commercially sensitive information, or the release of which could result in loss, harm or prejudice to the person it relates to. SRI does not include aggregate or statistical data which doesn't meet the definition above. In regard to SRI, a "person or entity" means that person or entity in their capacity as a taxpayer or social policy customer. During initial consultation, some ECE providers indicated they did not want any ECE fees or commercial information that Inland Revenue may gather through FamilyBoost to be shared with the Ministry of Education.

52. Some SRI FamilyBoost and tax information is shared with StatsNZ for use in the IDI, where it is anonymised and held under tight privacy controls. The information is available for research purposes under conditions set by StatsNZ.
53. It may therefore be preferable for the Ministerial Advisory Group to approach StatsNZ for some information, such as the number of claims per ECE provider, or to approach the Ministry of Education to provide their data.

Murray Shadbolt
Principal Policy Advisor
Inland Revenue | *Taukaea*

Proactively Released

Appendix 1: Summary of Inland Revenue's available data relevant to the ECE funding review

Dataset	Variable	Source	Accuracy / Confidence	Insights / Notes	Limitations
ECE enrolment numbers	Children enrolled in ECE	MoE enrolment data (ECE Census June 2024)	N/A - MoE data		Lagged data
	Estimated households with children in ECE	MoE enrolment data, FB data, Best Start data	Moderate	Estimate based on ECE census data and an average of 1.2 children enrolled per family (based on FB claims data and Best Start data)	Note that this number is different to MoE's estimate of households with children in ECE.
Family profiles with young children	Best Start household makeup by income distribution	Best Start data, income data	High	Representative of the population Data available from 1 July 2018	Data does not include people who never applied for Best Start, such as new immigrants and returning New Zealanders, and will include families who have departed New Zealand. May not reflect changes in household circumstances (e.g., household separation and creation). Best Start rules change from 1 April 2026 meaning data will be less representative over time.
	FB household makeup by income distribution	FB data, income information	Moderate	Non-representative of the population (participation bias)	Participation bias: data does not include the ECE fees of families who either choose not to claim or are ineligible to claim due to the eligibility criteria.
Forecasts for FB	Estimated households eligible for FB	FB data, MoE enrolment data, Best Start data	Moderate	This is a forecast for policy analysis and costing purposes.	
	Estimated household uptake for FB	FB data, MoE enrolment data	Moderate	This is a forecast for policy analysis and costing purposes.	
	Estimated cost for FB	FB data, MoE enrolment data	Moderate	This is a forecast for policy analysis and costing purposes.	
FB total registration data	Total registrations	FB data	High	This data can be broken down into approved, in-progress, and declined claims (including reasons for declining).	
FB total claims data	Total claims numbers	FB data	High	This data can be broken down into approved, in-progress, and declined claims (including reasons for declining).	
	Total claims amount paid in dollars	FB data	High	Used to measure the cost of the policy/overall financial benefit provided	
	Total unique households claim and payment numbers	FB data	High	Used to measure FB's uptake rate	
FB quarterly claims data	Quarterly claims numbers	FB data	High	This data can be grouped by income band and by region. This data can be broken down into approved, in-progress, and declined claims (including reasons for declining).	
	Quarterly claims amount paid	FB data	High	This data represents the amount paid out, which may not be 25% of the fees inputted by families due to the payment abating. This data can be grouped by income band and region and presented as a total, mean, or median. This data <u>cannot</u> be grouped by provider type (e.g., kindergarten v crèche).	
	Quarterly claimant-inputted fees	FB data	Low	This data is <u>not</u> representative of the actual cost of quarterly ECE fees due to data entry issues, data collection bias, participation bias.	Data entry issues: Claimants may enter incorrect figures or make mistakes when inputting information. Data collection bias: Fees claimed for FB exclude subsidies, discounts, and donations, so it won't reflect the actual quarterly ECE costs. Claimants may also not submit all invoices if their fees exceed \$3900 (maximum claimable amount for FB). Participation bias: data does not include the ECE fees of families who either choose not to claim or are ineligible to claim due to the eligibility criteria.
	Quarterly IR-approved fees	FB data	Low	This data is <u>not</u> representative of the actual cost of quarterly ECE fees due to data entry issues, data collection bias, participation bias. This data can differ to fees inputted by claimants.	18(c)(i)

Appendix 2: FamilyBoost Weekly Insights 1 August 2025**Latest Numbers**

For the period until **30 July 2025**

Quarterly Claim Period	Total claims received	Total claims paid (count)	Total claims paid (\$)	Average Paid \$
Jul to Sept 2024 (Q3 24)	65,669	47,903	\$17,867,157	\$373
Oct to Dec 2024 (Q4 24)	57,642	45,797	\$16,171,837	\$353
Jan to March 2025 (Q1 25)	57,351	48,510	\$17,499,362	\$361
Apr to June 2025 (Q2 25)*	52,302	42,059	\$15,826,156	\$376
Total	232,964	184,269	\$67,364,512	\$366

* This quarter opened on 1 July 2025 and additional claims are still expected.

- The 232,964 claims received to date come from 77,728 unique households.
- The 184,269 claims paid out relate to **66,152** unique households.
- 2,766 claims are in progress and 39,402 claims have been declined to date.

Since registration opened until 30 July 2025, inclusive, we have:

	Period until 30 July 2025	Week from 24 - 30 July 2025
Registrations received	85,354	661
Accounts created	84,310	620
Registrations in progress	73	
Registrations declined	971	

Number of payments made that were over a given amount per quarter:

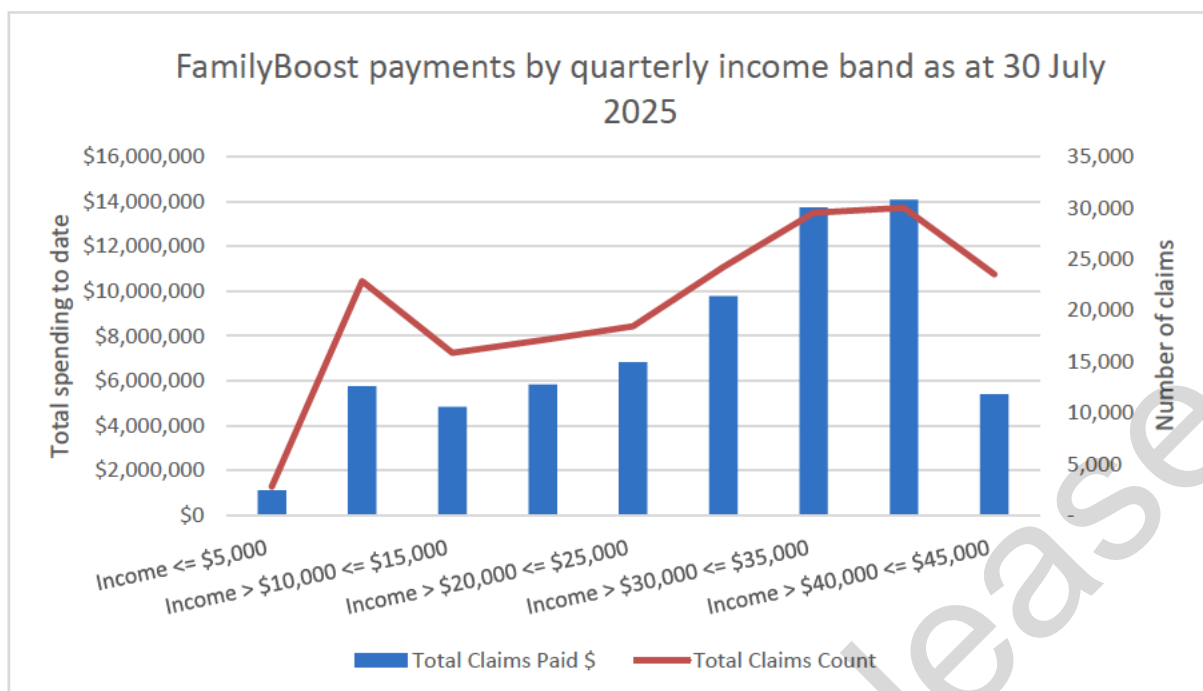
	over \$500*	over \$600*	over \$700*	\$975 maximum payment
Q3 24	14,072	9,797	6,503	1,688
Q4 24	11,952	8,113	5,265	1,231
Q1 25	13,344	9,223	6,037	1,445
Q2 25	12,439	8,716	5,755	1,516

*This number is inclusive of the households who receive over these amounts including the maximum payment

WPQs

We received **46 WPQs** relating to FamilyBoost. These PQs were asked by **Dr Deborah Russell** and are the same as previous weeks.

Distributional Graph



In the last week (24 July to 30 July):

- In the last week **1,942 households** received a payment for Q2 2025 (1 April to 30 June), with **\$0.652 million** paid out.
 - This has decreased compared to the previous week, following the expected trend of the number of claims continuing to drop each week.
- There were also claims submitted for earlier quarters. In the last week, there were:
 - 156 additional claims paid for Q3 2024,
 - 194 additional claims paid for Q4 2024, and
 - 386 additional claims paid for Q1 2025.

Since introduction,

- 223 households** have received the full payment (**\$975**) across all four quarters. This is an increase of 9 households.
 - 414 households have received the full payment across three quarters.
 - 826 households have received the full payment across two quarters.
 - 2094 households have received the full payment in only one quarter.
 - 3,557 households have received at least one full payment.
- 25,337 households** have received a payment in all four quarters.
 - This is about 38% of all households who have received a payment.
- There are **6,516 households** that have registered for FamilyBoost but have not yet made a claim. This has slightly increased from last week's number of 6,449 households.

Other relevant information

- Officials have been assisting with several ministerial queries this week. Where appropriate, these responses encourage people to take up opportunities to engage with the ECE Funding Review process.