



**BUDGET  
2026**

**SECURING  
NEW ZEALAND'S  
FUTURE**

# Budget at a Glance

**Hon Nicola Willis  
Minister of Finance**

**28 May 2026**

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before 2:00 pm on Thursday 28 May 2026

**New Zealand Government**  
Te Kāwanatanga o Aotearoa

# BUDGET 2026

- 1** Secures New Zealand's future by getting back to surplus and reducing debt as a share of GDP.
- 2** Invests to drive better results in health, education, and law and order.
- 3** Delivers jobs-rich infrastructure projects including hospitals, schools, courthouses, police stations, rail upgrades and a new Road of National Significance.
- 4** Provides temporary, timely and targeted support for households and public services facing fuel price pressures.
- 5** Drives forward reforms to increase energy security, boost housing growth and replace the RMA.
- 6** Continues to rebuild the capacity of the Defence Force so it can protect New Zealand's interests.
- 7** Improves the fairness of housing support and supports the delivery of up to 2,250 more social houses.
- 8** Ends final-year Fees Free while doubling the number of Trades Academy places for years 11 to 13 students and funding 1,000 more Youth Guarantee places for school leavers.

Unless otherwise stated, funding in this document refers to total operating expenditure over the forecast period (the four years to 2029/30). Capital funding is a one-off sum.

# BUDGET 2026 PACKAGE

Budget 2026 is a package of new spending, savings, and reprioritisation to frontline services, all within a net operating package of only \$2.1 billion per annum, on average. The single biggest allocation of funding is for frontline health services.

Budget package (\$ million)	Operating total over 4 years	Operating average per annum	Capital
Health	5,839	1,460	682
Education (including tertiary)	2,017	503	501
Defence and intelligence	1,156	388	2,348
Law and order	1,076	269	215
Social housing and welfare	824	255	2
Transport	477	119	2,878
Housing	430	107	-
Energy security	198	50	198
Other expenditure	2,649	662	135
<b>Total new expenditure</b>	<b>14,666</b>	<b>3,813</b>	<b>6,959</b>
Savings and revenue	(6,394)	(1,667)	(1,257)
<b>Net package</b>	<b>8,272</b>	<b>2,146</b>	<b>5,702</b>

The Budget package adds to existing planned expenditure. In total, the Government is expected to spend \$155 billion in the next financial year, mostly on health, education, welfare and NZ Superannuation (see chart on *“How taxpayers’ money is spent”* page).

# HEALTH

Budget 2026 provides new funding to ensure Kiwis can access timely, quality healthcare.



A **\$5.5 billion increase in funding** for frontline health services.



Capital investment of \$682 million, including a **new tower block for Whangārei Hospital**.



Funding for **three-day postnatal stays** (\$34 million) and **specialist paediatric palliative care** (\$16 million).



\$33 million to **further extend eligibility for the National Bowel Screening Programme** to age 56.



An additional \$54 million for **Pharmac to purchase medicines**.



\$35 million to boost support for **road ambulance services**.

# FUEL RESPONSE

Budget 2026 includes temporary, timely and targeted funding for households and public services facing fuel pressures.



Additional funding for Fire and Emergency, Corrections, Police, Customs and Education to **maintain frontline operational activities in the face of sustained fuel price increases**.



Funding of \$150 million for **additional strategic fuel reserves** to firm up New Zealand's fuel resilience.



A \$50 per week increase to the In-Work Tax Credit for up to a year to **help working families with increased fuel costs** (\$373 million).



A temporary **increase in mileage rates** for support workers and people traveling for specialist treatment (\$24 million).



Funding set aside for **additional temporary fuel-related measures**, if required (\$450 million).

# INFRASTRUCTURE

Budget 2026 provides new funding to build or enable infrastructure that will lift productivity, resilience and living standards.



Capital investment of \$1.8 billion to build the **Cambridge to Piarere Expressway**, a Road of National Significance.



Capital investment of \$400 million for a package of **state highway resilience upgrades**.



\$705 million capital and \$477 million operating funding to **renew and upgrade New Zealand's rail network**.



\$400 million to introduce a new financial incentive for councils to **encourage housing growth**.



\$294 million to **drive forward reforms to New Zealand's resource management system**.



Investment in **hospitals, schools, courthouses, police stations, and defence assets**.

New investment is on top of an existing pipeline of infrastructure spending, funded in previous Budgets or from government agencies' balance sheets. Around \$60 billion is expected to be spent over the next four years.

# LAW AND ORDER

Budget 2026 provides new funding to help reduce crime and keep Kiwis safe.



\$503 million for **frontline Corrections services**, including more resources to manage prison growth.



Support for **frontline policing**, with \$50 million of additional funding.



Capital investment of \$215 million, including **new courthouses in Rotorua and new police stations in Whanganui and Greymouth**.



Funding to **reform the firearms safety system**.



\$21 million for Customs to **combat drug smuggling and transnational crime**.

## EDUCATION

Budget 2026 supports the Government's commitment to lifting student achievement at school. In addition, it reinvests some of the savings from ending final-year Fees Free into preparing young people for trades and other vocational education.



A \$131 million package of measures to **strengthen teaching and learning** to help students meet standards in reading, writing and maths.



Capital investment of \$470 million to **redevelop up to 10 schools, deliver up to 232 additional classrooms** and **buy land for new schools**.



A \$74 million package to support the implementation of a **refreshed curriculum** and **new national qualifications**.



\$212 million to continue the **Healthy School Lunches** and **Early Childhood Education Food** programmes in 2027.



**Ending final-year Fees Free** at the end of 2026 (a saving of just over \$1 billion).



Increasing funding rates to support **providers of foundation education** (\$25 million).



Funding of \$87 million for **1,000 more Youth Guarantee places**, providing **free learning** for young people with no or low qualifications.



Funding of \$69 million to **double the number of Trades Academy places to 20,000**, providing **free trades training** to year 11 to 13 students.

## ENERGY SECURITY

Budget 2026 makes investments to support New Zealand's energy security.



Capital investment in Genesis Energy to **accelerate investment in new generation and firming capacity**.



A new loan guarantee scheme to **support businesses to transition away from gas**.

# DEFENCE AND FOREIGN AFFAIRS

Budget 2026 invests a total of \$2.3 billion capital and \$1.2 billion operating funding in New Zealand's defence and intelligence capabilities. It also increases funding to promote New Zealand's interests overseas.



Funding to **retain existing Defence Force staff** and **increase numbers in key areas**.



Investment to ensure the **Anzac-class frigates** and **HMNZS Canterbury** remain operational.



Investment to **improve facilities at military bases** across New Zealand.



Funding to enable **continued operation of aircraft, ships and land forces**.



\$110 million for **international development cooperation**, focused on the Pacific.



\$145 million to ensure a resilient, safe and secure **offshore diplomatic and trade network**.

# REVENUE

Budget 2026 contains tax measures to reduce compliance costs, maintain integrity, and help retain capital and talent in New Zealand. It also introduces a new prudential levy on banks and other financial institutions.



**Simplifying fringe benefit tax rules for private motor vehicle use** to reduce compliance costs.



Changes to tax rules for **charities and not-for-profits** that support the sector and maintain integrity.



Changes to tax rules to **help retain talent and support increased foreign investment**.



A new **prudential levy on banks and other financial institutions** to help cover the cost of regulation and supervision by the Reserve Bank.

# SOCIAL HOUSING AND WELFARE

Budget 2026 improves the fairness and sustainability of the social housing and welfare systems.



A fiscally neutral package to improve the fairness of government financial support to lower-income renters by:

- **Increasing the Accommodation Supplement** for people in private rentals, and
- **Increasing income-related rents** for people in social housing.



\$69 million to fund up to **2,250 additional social houses**.



Lower maximum payments of **Temporary Additional Support** (saving \$196 million).



More case management and assistance to **support sole parents into work**.



\$45 million to extend support for **community food support** and **kids' breakfasts** programmes.

# PUBLIC SERVICE TRANSFORMATION

Budget 2026 includes savings from government agencies that will be delivered through increases in productivity and greater efficiency.



\$424 million of **savings to reprioritise to frontline services**.



\$2 billion of savings from **future baseline reductions**.

# OTHER BUDGET INITIATIVES

Budget 2026 contains many other initiatives to improve public services, reprioritise funding and meet commitments.



\$109 million package for **better control of wilding pines**.



\$36 million to make the **SuperGold Card an official form of ID**.



An additional \$184 million for Oranga Tamariki to **protect and support children**.



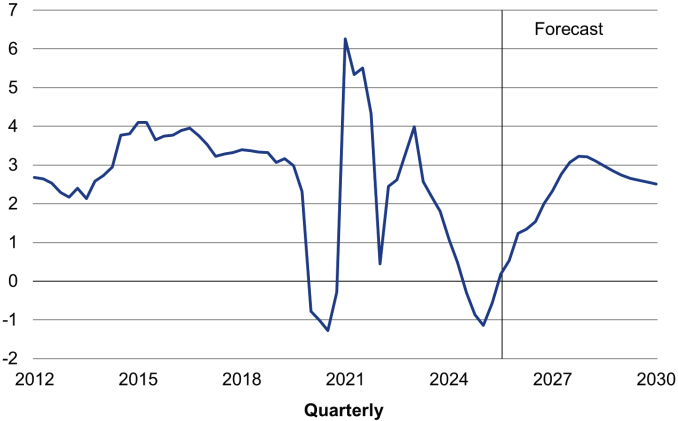
Funding for new technology to **improve NZ's emergency management system**.

# ECONOMIC OUTLOOK

Conflict in the Middle East has delayed but not derailed New Zealand's economic recovery. Treasury forecasts show the economy continuing to grow and inflation coming down after an initial spike from higher fuel prices.

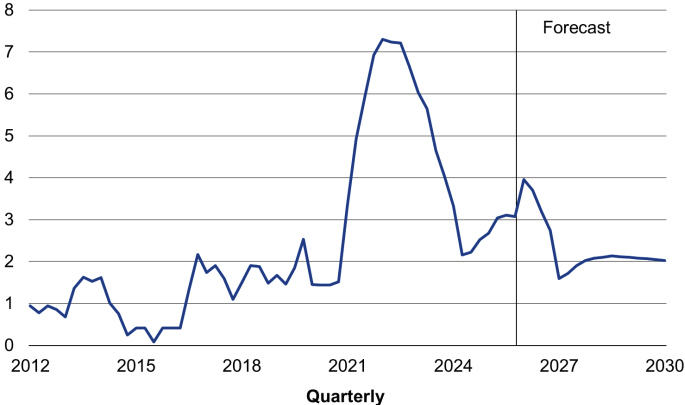
## Economic growth (real GDP)

Annual average % change



## Consumers Price Index inflation

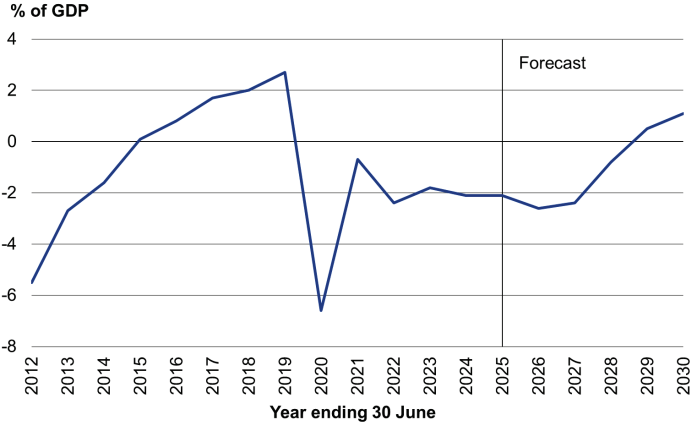
Annual % change



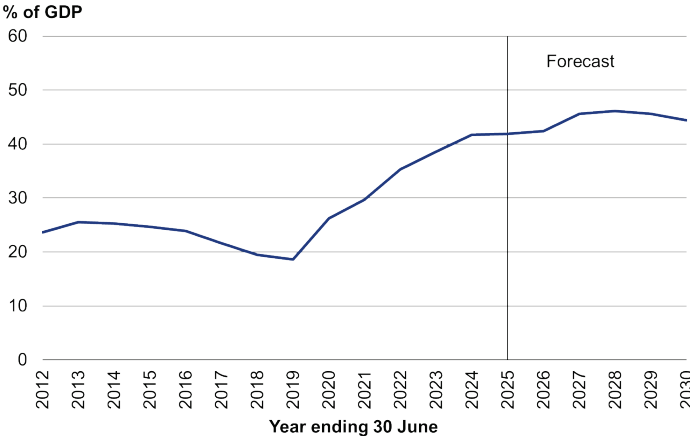
# FISCAL OUTLOOK

The Government inherited a poor set of books and is getting these back in order, bringing discipline to government spending and keeping a lid on debt. Treasury forecasts show the operating balance returning to surplus in 2028/29 and the government debt curve stopping its rise and heading downwards.

## Operating balance (before gains and losses, excluding ACC)



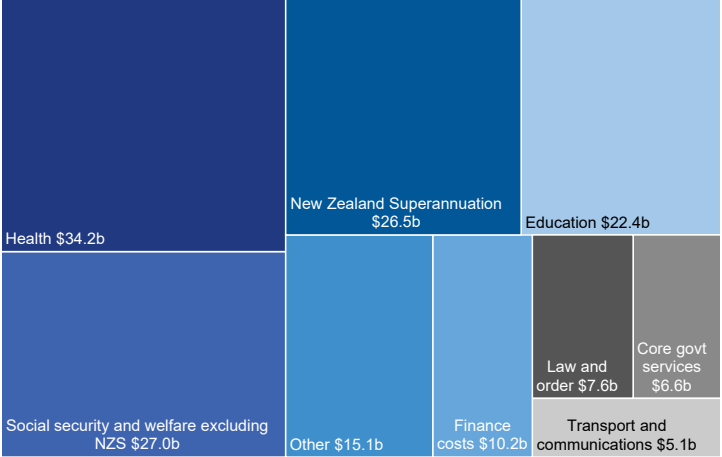
## Net core Crown debt



# HOW TAXPAYERS' MONEY IS SPENT

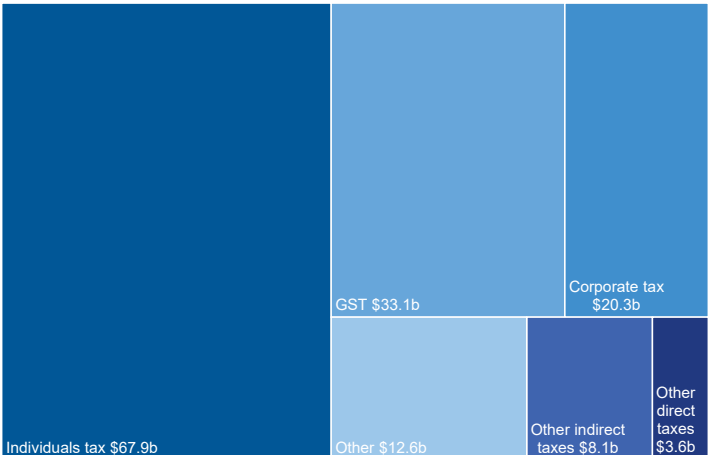
Health, education, welfare and NZ Superannuation are the biggest areas of government spending.

## Forecast core Crown expenses 2026/27



Revenue to pay for this spending is raised largely from income tax, GST and corporate tax.

## Forecast core Crown revenue 2026/27



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