The Treasury

Budget 2026 Information Release

September 2026

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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government

[4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

[7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit

[12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands

[13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue

[14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau

[15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied

[27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

[31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

[35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

[36] 9(2)(h) - to maintain legal professional privilege

[37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice

[38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

[40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

[41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Adopting the Pae Ora (Healthy Futures) (3 Day Postnatal Stay) Amendment Bill as a Government Bill
Hon Brown, Minister of Health
Treasury contact: Sophie Martin
Sign out contact: Jess Hewat [23]

Description:
The Cabinet paper seeks agreement to adopt the Pae Ora (Healthy Futures) (3 Day Postnatal Stay) Amendment Bill (the Bill) as a Government Bill.

Comments:
This Bill seeks to legislate a three-day inpatient stay entitlement for women who have given birth. Our main concern is that once the Members Bill is adopted as a Government Bill, there will be limited scope to materially change the policy and associated costs.

Currently, most hospitals encourage women to leave within 48 hours of giving birth for a normal birth and within five days for a caesarean birth, as this is what they are funded for. Although length of stay is a clinical decision made by maternity staff with the woman's consent, the pressure on maternity services means bed availability often determines the length of stay.

While we recognise that a 3 Day postnatal stay may be beneficial for women, we have concerns about the fiscal and implementation implications of this entitlement proposal given the current state of maternity services.

Fiscal
The extent to which these changes will increase demand on the system is highly uncertain. If uptake is high, then this would **require significant investment in infrastructure and workforce that likely exceed the fiscal implications indicated to date.** The Ministry has provided indicative costing based on 50% and 100% uptake scenarios, but we consider costs are likely to exceed these, given the implementation challenges outlined below.

Implementation
We are concerned about the feasibility of implementing this entitlement, given variation across the country in capacity constraints. Maternity services are already under significant pressure;

- inpatient maternity capacity is subject to high occupancy rates;
- several birthing units have recently closed or are likely to do so due to financial unsustainability; and
- maternity workforce shortages continue to be an issue.

The New Zealand College of Midwives did not support the Bill and noted "our hospital bed capacity is insufficient to universally accommodate a three day stay for every woman". [34]

A more effective short-term solution could be providing support for existing services.

Treasury Recommendation:
The Treasury's first best advice is do not support and therefore do not adopt as a Government Bill. Given the current constrained fiscal environment, we do not consider this to be a priority, particularly given mounting pressure on Budget 2026.

If you do wish to proceed, we recommend deferring the policy decision to Budget 2026 or a later Budget. You could consider a targeted investment in maternity care at Budget 2026 as an interim measure, noting this is what stakeholders are advocating for. Health officials could advise further on options for this investment, which might include support to strengthen existing maternity services in hospitals or looking to reopen birthing units that have recently closed.

Fiscal Implications:

The Ministry of Health estimates the annual operating cost for the additional beds required to implement the Bill is approximately $31.9m-38.3m (at 100% demand) and $16m-19.3m (at 50% demand). [33] These indicative costings are not included in the paper but will likely be requested through the Budget 2026 process.

Further work is required to assess current capacity and demand to provide more accurate cost information. We consider it likely that the opex and capex required is higher than indicated above.