

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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From: David Harrison [TSY]
Sent: Tuesday, 10 February 2026 10:48 am
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Cc: Laura King [TSY]; Jess Hewat [TSY]; Stephen Bond [TSY]; Stacey Wymer [TSY]; Isaac Rusholme Cobb [TSY]; Mark Sowden [TSY]; Darius Paschke [TSY]; Tom Brooke [TSY]
Subject: Advice on FTE cap for 12pm meeting with Minister Collins

Kia ora Jas

We understand that MOF has requested some information on how she should think about and commission work on implementing a public service FTE cap, in particular a more nuanced approach between front-line and back-office growth. The draft Cabinet paper seeks agreement to a cap set at 60,000 FTE and for central agencies to report back in early 2026 on with a plan to achieve the target. We suggest that decisions on the key parameters on the cap be deferred until central agencies report back by March/April. Below we list the key considerations and how these could be commissioned for the report back, with preliminary advice.

You are attending a meeting with Minister Collins on the proposed FTE cap at 12pm. We recommend you make clear your expectation that the commission focus on back-office FTE, and that officials will provide further advice around the scope, timeframes, and mechanisms to achieve the cap.

1. 'Back-office' vs all FTE cap

Focusing on back-office FTE better aligns with public sector performance objectives and mitigates the risk of the cap conflicting with other government priorities. There have been difficulties with precisely distinguishing between back-office and front-line jobs but difficulty in achieving a perfect definition should not prevent a functional definition being put to Ministers (accepting there may be some gaming at the margins by agencies).

Commissioning advice: Advise on options for a back-office cap only and include options for a practical and implementable definition of 'back-office'.

2. Core public service or wider?

Advice on the cap to date has been limited to the core public service. The previous iteration of the cap excluded some parts of the core public service and included some Crown entities with similar 'back-office' functions to core public service agencies. If the primary concern is driving better public sector performance, a wider approach may be more appropriate but introduces more complexity.

[If interested in a wider cap] ***Commissioning advice: Which entities could be included and how the levers for implementation differ between them?***

3. Capping at current levels or achieving a reduction

Reducing FTE (whether back-office or more broadly) will require additional measures to achieve than capping at current levels.

Commissioning advice: What are the implications of setting the cap at different FTE levels and what levers are required to deliver?

4. Alignment with public service transformation

Commissioning advice: How can we use this to accelerate the public service transformation and to what extent will the transformation itself will contribute to FTE objectives?

Officials will also provide further advice on measurement and alignment with fiscal settings.

Happy to discuss if you need any clarification before putting to MOF.

Ngā mihi
David

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