The Treasury

Budget 2026 Information Release

September 2026

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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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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Capital Invitations for Budget 2026

Date:	19 September 2025	**Report No:**	T2025/2380
		File Number:	BM-2-1-2026-5-M128044

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Indicate** which investment you want to invite into Budget 2026.	22 September 2025

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Quintin Jane	Analyst, Budget	[39]	[35]	✓
Stephen Bond	Manager, Budget			

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: Yes (attached)

Treasury Report: Capital Invitations for Budget 2026

Purpose of Report

1. The purpose of this report is to seek your agreement on the capital investments that should be invited for consideration as part of Budget 2026.

2. This report is accompanied by the following Annexes:

   Annex A: Treasury advice and recommendations on potential envelope portfolios

   Annex B: Treasury recommended other individual initiatives for invitation

   Annex C: Initiatives not recommended for invitation

Background and recommended approach

3. Our previous advice on the Budget 2026 Strategy [T2025/1902 refers] set out the constraints and pressures on the capital allowance. In response to that advice, you requested further information on the capital investment pipeline and implications for your fiscal strategy [T2025/2313 refers], and the impacts of the investment pipeline on the fiscal projections [T2025/2432 refers].

4. Developments in investment planning, the work programme on the balance sheet, and improving information will allow you to take an increasingly multi-Budget approach on capital investment, rather than being limited to projects that happen to be ready at any given Budget. This could involve setting indicative multi-year envelopes that are informed by what is affordable, what agencies are planning to deliver in their long-term investment plans, and the scale of balance sheet opportunities (including at an agency level).

5. We have recommended an approach to Budget 2026 invitations that makes progress towards this more medium-term approach to capital allocation. This involves:

   a **A broader set of invitations, informed by agencies' improved planning and prioritisation**. Not all of these invitations will be "investment ready" at the point of invitation. Where they are not expected to be, we recommend making accelerating investment readiness a condition of the project being funded.

   b **Set envelopes in areas with multiple projects**. This includes Transport and Health. This can expose prioritisation trade-offs. Not all portfolios will benefit from envelopes, for example if they have a small number of projects.

6. This approach will mean inviting initiatives significantly more than the current remaining allowance. The total value of the capital investments we recommend you invite range between $5 - $9 billion, depending on the options taken, plus any Crown costs associated with the Government Policy Statement on Land Transport (GPS) 2027 (which remain uncertain and subject to significant discretion).

7. This is consistent with your feedback that – depending on the fiscal constraints – you may consider a higher capital allowance. During the decision-making process you can then make decisions on the size and composition of your capital package based on the fiscal constraints, relative value for money, and delivery. As in previous invitation letters, you can emphasise that an invitation is not a guarantee of new funding.

Interaction with long-term investment plans

8. Agencies have made positive progress in developing or updating long-term investment plans (LTIPs). Some plans are commencing implementation and others are still in development.

9. LTIPs are a crucial part of a more medium-term approach to capital allocation. At Budget 2026, as we move towards this approach, LTIPs have informed proposed invites and envelopes.

Portfolio	How the LITP has informed our recommended invitations
Law and Order	We have also recommended invites that are consistent with the long-term investment plans in law and order agencies (including Police, Justice, and Corrections).
Defence	We recommend inviting capital investments identified in Year two of the Defence Capability Plan (DCP).
Education	We recommend inviting capital investments identified in the Education Long Term Investment Plan – School property.
Health	Our recommended Budget 2026 envelope is based on the latest draft of the Health Infrastructure Plan (HIP) Implementation Plan (IMP) that was recently agreed by the Health Minister.
Transport	The Government Policy Statement on land transport 2027 (GPS 2027) sets New Zealand's long-term direction for land transport investment. We have recommended an envelope approach for GPS27, which a draft is expected by 18 December 2025 (public consultation is due early-mid next year).

Key judgments

Areas we have considered envelopes, or have an operating envelope already

10. Budget 2026 envelopes are a useful tool when they can drive prioritisation decisions within a portfolio. This generally requires there to be a critical mass of initiatives, opportunities to prioritise, and sufficient information on which to set an envelope.

11. We have considered the case for envelopes in priority areas for Budget 2026. In summary, our recommendation is that:

    a You should set a numerical envelope for **Health** in your Budget invitations;

    b You should set a numerical envelope for **Transport** later this year, once you have sufficient information from the draft GPS; and

    c Not setting a numerical envelope for the **following agencies** that have an operating envelope (which already provides a prioritisation constraint). In all cases we have recommended invites consistent with long-term investment plans.

Portfolio	Recommendation
Education	The capital investments all have significant operating components constrained by their operating envelope, and having two interacting envelopes could add confusion/complexity We recommend instead an “envelope-like approach” by issuing a **broad invite to the Minister of Education** to submit a package of initiatives aligned with the Ministry of Education’s Long Term Investment Plan.
Defence	The initiatives have already been identified and announced via the Defence Capability Plan, and further scaling of the defence package would more likely be based on scaling / reprioritising for cost pressures **We recommend instead inviting investments identified in year two of the Defence Capability Plan.**
Law & Order	There are a comparatively small number of initiatives dominated by two large investments [33] and [37] and so an envelope would effectively come down to decisions on those two investments. **We recommend instead inviting individual Law & Order investments (which are consistent with their long-term investment plan).**

12. **Annex A** outlines the Treasury recommendations for each portfolio and associated key judgements and choices.

13. While we have not suggested a Budget 2026 envelope for some agencies, setting multi-year indicative envelopes for *future* Budgets in the future could still provide helpful forward guidance. Our recommendation above reflects how we suggest approaching near-term Budget envelopes for decision making.

Key judgements in the transport portfolio

14. **Government Policy Statement on Land Transport (GPS):** We recommend a single invite covering the GPS including (as applicable) Roads of National Significance and any other major transport investments that are proposed to be prioritised. We do not recommend setting an amount for this envelope until after the GPS has been drafted (expected 18 December 2025) to mitigate the risk that this is treated as a 'target', and ensure the upcoming GPS advice instead presents a genuine bottom-up view of network need.

    We recommend you request that the submission include options for how proposed expenditure could be fully funded from third-party revenue and/or through reprioritisation options, to allow you and Minister Bishop to set a realistic envelope through the bilateral process in early 2026.

15. [33]

Health envelope

16. We have proposed setting a wide range on the Health capital envelopes (between $450 million and $1.9 billion). You could choose to impose more top-down fiscal constraint now, but our judgement is that setting graduated envelopes would still give you flexibility through the decision-making process while still aligning invitations to long-term investment plans. More detail is set out in Annex A.

Conditions and decision making

Conditions on investment readiness in invitations

17. Not every investment we recommend you invite into Budget 2026 will be investment ready. For these initiatives, we recommend including the following condition:

    > *"The June QIR suggested that this initiative would not be investment ready (that is, would have a Cabinet agreed DBC ahead of submission). Budget Ministers will require certainty that a project is investment ready before agreeing to fund it in the Budget. Therefore, I expect that any initiatives submitted will have a DBC or Single Stage Business Case (SSBC) considered by Cabinet before the Budget Package is considered by Cabinet in April 2026. Where a Cabinet approved DBC or SSBC is not available at the time of initiative submission, agencies should provide a draft document alongside their initiative submission."*

18. In addition to a business case, you can consider through decision making whether a project is likely to start delivery in the near-term or not.

Opportunities for reprioritisation and agency balance sheet measures

19. As previously advised, we intend to undertake a review of existing contingencies (both capital and operating) through the Budget process [T2025/2274 refers].

20. There are two related areas you have asked us to consider:

    a **"Use it or lose it" approach** – the key levers you have are through the expiry and drawdown conditions attached to any tagged contingencies established at the next Budget, and when considering requests to transfer funding between financial years. For example, you could consider setting a shorter expiry date on contingencies so that you must agree to any deferral of a drawn-down. We will report to you during the Budget decision making process on setting those conditions.

    b **Balance sheet measures from agencies** – for Budget 2026, we have recommended a focus on school property. The suggested invite for that portfolio requires the Ministry to consider asset recycling and renewal/maintenance options in the first instance. In future Budgets you could consider more directive targets to a wider range of agencies.

Role of the Investment Panel and the Infrastructure Priorities Programme

21. Since Budget 2020, the Treasury has convened the Investment Panel (the Panel), which comprises representatives from system and functional leaders, to assess capital budget initiatives. We proposed the Panel is engaged again at Budget 2026 to support the assessment of select significant investment initiatives that are high in value, high risk, or otherwise identified as a priority for assessment (e.g. assessing public private partnerships). We will further develop these criteria with system leaders and the evidence they will require for assessment.

22. We will also provide you and Minister Bishop with separate advice (commissioned by Minister Bishop' office) on the role of the Infrastructure Commission's Infrastructure Priorities Programme (IPP), in assessing Budget 2026 initiatives [T2025/2378 refers], after you have made decisions on which initiatives to invite for this Budget. The IPP assessment will provide additional independent value-for-money scrutiny of high value initiatives.

Next Steps

23. You have a Budget Ministers meeting scheduled on 6 October to discuss and agree your invitations. We will provide the Minister of Finance with draft slides on 25 September.

Recommended actions

We recommend that you:

a **Indicate** your decisions on the recommendations outlined within Annexes A to C; and

Annex	Content	Decision sought within Annex
Annex A	Treasury Advice and Recommendations on priority areas	Agree to envelopes and agencies/portfolios included
Annex B	Treasury Recommended Initiatives for Invitation	Agree to invite individual initiatives
Annex C	Initiatives not Recommended for Invitation	Indicate your decisions on initiatives do not recommend for invitation

b **Agree** to include the following condition in your invitation letters to Ministers with capital invitations

> "The June QIR suggested that this initiative would not be investment ready (that is, would have a Cabinet agreed DBC ahead of submission). Budget Ministers will require certainty that a project is investment ready before agreeing to fund it in the Budget. Therefore, I expect that any initiatives submitted will have a DBC or Single Stage Business Case (SSBC) considered by Cabinet before the Budget Package is considered by Cabinet in April 2026. Where a Cabinet approved DBC or SSBC is not available at the time of initiative submission, agencies should provide a draft document alongside their initiative submission."

Agree / Disagree

Stephen Bond
Manager, Budget

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Annex A: Treasury advice and Recommendations on Envelopes

This annex provides you with Treasury's advice on envelopes. It seeks your decisions on the following portfolios: Education (Hon Erica Stanford's portfolios), Defence Force, Health and Transport.

Vote Education (Hon Erica Stanford's portfolios)

Budget 2026 Recommendation	We recommend a broad invite for a package of initiatives aligned with the Ministry of Education's Long Term Investment Plan, with operating costs managed within their operating envelope.	**Budget 2025 Capital Funding ($ million)**	$734
Treasury advice	This approach gives the Minister of Education flexibility to determine which specific capital initiatives she submits (and at what level across the operating envelope). We have recommended against a numerical envelope because all the education capital initiatives have operating costs associated with them, which means that the operating envelope will already provide a prioritisation tool and there would be complex interactions between an operating and capital envelope. This broad invite otherwise achieves the intent of an envelope approach, which gives Ministers discretion to prioritise within fiscal constraints. We propose that this broad invitation have the following conditions: • ***Condition One: All operating costs of capital investments are managed within the Education operating envelopes.*** This requirement acts as the prioritisation mechanism and allows initiatives to be traded off against other Education priorities. All budget bids for capital investments in Vote Education carry associated operating costs, and our recommended operating envelope amounts were developed with these costs in mind. School property funding is also scalable (i.e. you can scale number of classrooms or timing of maintenance projects) which makes it easier to trade-off with other spend priorities. • ***Condition Two: For property growth initiatives, clear evidence is provided on how the Ministry has first explored all asset recycling (including excess land) and renewal/maintenance options in the first instance.*** This reflects the Government's priorities to improve asset maintenance practices and focus on ways to leverage and better use our existing assets before investing in new ones. This is particularly relevant in the school property portfolio where population changes mean that there may be opportunities to re-allocate assets (such as prefab classrooms) across the school network. • ***Condition Three: Proposed property investments are aligned with the Ministry of Education's Long Term Investment Plan – school property (or if not relevant, are otherwise investment ready)***. This reflects the implementation of an agreed standardised investment-decision process as part of the Ministry's pathway to compliance with CO (23) 9. Under current timelines, all capital investments likely to seek Budget 2026 funding will have an approved business case by the end of the year. ***There are two significant digital investments which we expect to be prioritised for consideration in Budget 2025.***		

	Both New Zealand Qualifications Authority and Education Payroll Limited have significant digital investments in planning stages which Budget 2026 funding is likely to be sought to progress. Business cases for both investments are still being worked through, but information we currently have indicates both investments should be considered as high priority this Budget. Both projects have been considered in setting the operating envelope amounts for Education. ***You could alternatively set a capital envelope for Education but we are not convinced this approach is necessary unless you wanted to fiscally constrain capital investments beyond what is achieved via the operating envelopes*** If you wish to consider a capital envelope, it would be based on the Growth in the School Property Portfolio Indicative Business Case supported by Quarterly Investment Reporting submissions for non-school property related investment.
Recommended actions	**Agree** to a broad invite with the following conditions in Vote Education: 1. **Condition One**: All operating costs of capital investments are managed within the Education operating envelopes. *Agree / Disagree* 2. **Condition Two**: For property growth initiatives, clear evidence is provided on how the Ministry has first explored all asset recycling (including excess land) and renewal/maintenance options in the first instance. *Agree / Disagree* 3. **Condition Three**: Proposed property investments are aligned with the Ministry of Education's Long Term Investment Plan – school property (or if not relevant, are otherwise investment ready) *Agree / Disagree* **Indicate** any amendments to the approach proposed above (if relevant).

Vote Health

Budget 2026 Recommended Envelopes *$million total capital*			Budget 2025 Capital Funding provided ($million)	$1,084[1]
High	**Medium**	**Low**		
$1,900	$950	$450		

Treasury advice

Capital funding in Vote Health is allocated without associated operating funding. This is because annual lifts in current funding for depreciation, asset maintenance and renewals were included in the Budget 2024 Multi-Year Funding settlement. We recommend that you establish a capital-only envelope at Budget 2026, as there is no operating envelope to operate as a prioritisation tool.

Level of the Vote Health capital envelope

Our recommended envelope is based on the latest draft of the Health Infrastructure Plan (HIP) Implementation Plan (IMP) that was recently agreed by the Health Minister.

High Envelope:

- reflects everything that the HIP IMP signals Health NZ (HNZ) will seek Budget 2026 funding for. We hold significant concerns about the deliverability of many of these investments on the timing track proposed in the IMP – this would require a more-than-doubling of HNZ's annual capital spend.
- This level of investment would also have implications for HNZ's operating Budget (from both depreciation and staffing costs).
- However, this recommendation brings all potential high value projects that the HNZ would like Budget 2026 funding for into the process. We can then assess their delivery-readiness as part of Budget assessments.

Low Envelope:

- reflects only investments that will have completed business case requirements by December 2025. We judge this a helpful proxy for the projects most likely to be delivery-ready. This includes the next stage of Whangarei Hospital re-development, where the business case is scheduled for late 2025.

Medium Envelope:

- This takes the low quantum, and adds in $500 million which could cover only one of:
    - The indicative costs for the three provincial hospital builds next in the pipeline (Palmerston North, Tauranga and Hawkes Bay). We understand informally that these are the highest priority projects for HNZ's Board.
    - The next tranche of funding for the national remediation programme, for critical maintenance to existing facilities.
- We want to ask HNZ to trade-off new investments and maintenance and renewals spend and see the medium envelope as the key mechanism to achieve this.

[1] Gross figure. Excludes capital savings from termination of a COVID-19 Advance Purchase Agreement.

	Treatment of digital investments We also considered whether funding for the Digital Infrastructure Plan (DIP) and Digital Modernisation Proposal (DMP) should be included in the envelope. However, Cabinet has yet to agree the DIP or to establish the "centre" that will prioritise and prepare DMP business cases. We therefore don't have enough certainty about the likely quantum to be sought at Budget 2026, or the likely capital/operating split, to accurately include indicative DIP or DMP costs in the envelope quantum. For this reason, we recommend that you: • Issue a standalone invitation for these investments at Budget 2026, but make it conditional on preparation of business cases that address the priorities we signalled in our recent advice to you on the DMP (T2025/2092 refers). • Note in your invitation letter to Minister Brown your expectation that HNZ trades-off DMP/DIP investments against other priorities in the sector (i.e., with the HIP on the capital side, and manifesto commitments, etc, on the operating side), and that these costs will likely have to be managed within (rather than in addition to) existing operating and capital envelopes. ***Treatment of pre-commitments*** Cabinet recently agreed to a $174m pre-commitment against the Budget 2026 capital allowance for the New Dunedin Hospital Inpatient Building (SOU-25-MIN-0118 refers). This was pre-approved by you. We do not recommend you include this quantum in the envelope, given the decision has already been taken. But we do recommend that any future pre-commitments are counted against the envelope, to make sure the implications for the Budget 2026 allowance are fully considered at the time decisions are taken.
Recommended actions	a. **Agree** to the high, medium and low envelope sizes above for health capital *Agree/Disagree* b. **Agree** that further pre-commitments will be managed within the capital envelope. *Agree/Disagree* c. **Agree** to issue a standalone invitation for DIP and DMP investments, conditional preparation of business cases *Agree/Disagree.* d. **Agree** DMP and DIP investments be managed within existing operating and capital envelopes depending on whether their costs are operating or capital. *Agree/Disagree.*

Vote Defence Force – Defence Capability Plan

Budget 2026 Recommendation	We recommend inviting year 2 of the Defence Capability Plan as a general invitation.	**Budget 2025 Capital Funding ($million)**	$2,670[2]
Treasury advice	We recommend you invite the Minister of Defence to submit investments identified in year two of the *Defence Capability Plan* (DCP) for Budget 2026. We expect the capital funding requirements of these investments [33] top of the $1.6 billion pre-commitment against the Budget 2026 capital allowance for [38] We recommend you require the operating costs of any investments to be managed within the Defence operating envelopes. Our recommended envelope amounts were developed to provide for these costs. You have the option of setting a capital envelope for Defence, however, we are not convinced this approach is necessary unless you were seeking to constrain Budget 2026 Defence capital funding below the level indicated in the DCP. In any case, the operating envelope options would serve as a constraint to ensure prioritisation between capital investments and cost pressure funding. Many of the investments identified in the DCP for Budget 2026 are unlikely to have Detailed Business Cases agreed prior to Budget submissions, however we anticipate business cases can be prepared for approval in early 2026.		
Recommended actions	a. **Agree** to invite investments identified in year two of the DCP into Budget 2026 as a single general invitation *Agree / disagree*		

[38]

Vote Transport – Government Policy Statement package

Budget 2026 Recommendation	We recommend setting an envelope once the draft GPS has been drafted, and inviting a single GPS27 initiative in the meantime	**Budget 2025 Capital Funding**	N/A
Description	A draft of the Government Policy Statement on Land Transport 2027 (GPS27) [33] setting direction for both core transport system activities as well as any proposed new investment (for example, the RoNS). A credible funding package is needed to support the consultation process. This should ideally take the form of a fully-balanced third-party revenue package – but, if proposed third-party revenue falls short of proposed expenditure, Crown support to close the gap may need to be considered.		
Treasury advice	A draft of the Government Policy Statement on Land Transport 2027 (GPS27) [33] setting direction for both core transport system activities as well as any proposed new investment (for example, the RoNS). A credible funding package is needed to support the consultation process. We recommend a portfolio approach be taken to the GPS to mitigate the risk that higher value activities may be crowded out in favour of 'first past the post' investments. RoNS and other signalled major projects ([33] should be considered for inclusion as part of the development of GPS27, and assessed against other Transport priorities through that process, rather than considered for funding in isolation. To enable this, we recommend inviting a single GPS27 initiative. Given the timing of the GPS process (with initial advice, including a view of NZTA's 10-year expenditure forecasts, not due until mid-October), we do not recommend inviting a specific envelope to amount now, as there is a risk this may be treated as a 'target', rather than the advice presenting a genuine bottom-up view of network need. That initiative could request options for how the proposed package could be funded from revenue and/or reprioritisation alone. Once this advice has been considered by Ministers you and Minister Bishop could set a realistic envelope amount to support in finalising the draft GPS in early 2026.		
Recommended actions	a. **Agree** to invite a single Transport GPS27 initiative into Budget 2026 which: 1) clearly articulates prioritisation choices across the land transport portfolio as a whole (incorporating RoNS and any other investment intentions as appropriate), and 2) demonstrates how the proposed package(s) would be fully funded from revenue or reprioritisation options. b. **Agree** to set a funding envelope alongside Minister Bishop following advice on the draft GPS *Agree/Disagree*		

Annex B: Treasury Recommended Initiatives for Invitation

This Annex seeks your agreement to invite individual initiatives into Budget 2026, which the Treasury considers meets the threshold for invitation. *This annex contains descriptions and advice on individual initiatives, including the possible quantum of the initiative where it is known. It also contains possible conditions on invitation for initiatives where relevant.*

[33] and [37]

Vote	Corrections
Description	[33] and [37]
Total Capital ($m)	
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	Yes
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities. Any related operating funding should be managed within the law-and-order envelope. While we have recommended inviting this initiative, you should note that the DBC for this investment was assessed by the Infrastructure Commission earlier this year as part of the Infrastructure Priorities Programme and not endorsed. It was not endorsed because it received a red rating for value for money, due to issues with the longlisting and shortlisting process and the preferred option.
Conditions on Invitation	
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Environment - RM Reform Implementation Tranche 1 Investments

Vote	Environment
Description	This initiative provides funding for critical enablers for implementing Phase 3 of the Government's resource management reforms. The first tranche of investment is required at Budget 2026 to begin transitioning to, and turning on, the new RM system from 2027. Enablers include the underpinning data and digital architecture required for local planning and environmental limit setting, and establishment of a planning tribunal to manage consenting processes and appeals.
Total Capital ($m)	Subject to approach to/treatment of possible IT investments
Associated Operating Average Per Annum ($m)	20-80
Currently expected to be investment ready?	No
Treasury advice	We recommend inviting this initiative as it is an outstanding coalition agreement. Implementation of RM Reform is also one of the Government's most critical levers for economic growth and productivity. To support Cabinet's objective of a rapid transition to the new system (legislation to be passed mid-2026), significant investment is required for critical enablers, beginning at Budget 2026. Tranche 1 investments are likely to include the digital and data foundations that underpin the system, and establishment of a planning tribunal. These investments will be detailed as part of a programme business case due to Cabinet by December; however, a detailed business case is currently not planned until December 2026.
Conditions on Invitation	
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

[33]

Vote Police - Automated Biometric Information System replacement

Vote	Police
Description	Replacement of Police biometrics and fingerprinting ICT systems, which are nearing their end of life.
Total Capital ($m)	[38]
Associated Operating Average Per Annum ($m)	
C Currently expected to be investment ready?	Yes
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities, and has a good prospect of being good value for money given it relates to the replacement of assets necessary for core policing. This was identified in Police's 2024 Long Term Investment Plan as a priority. Any related operating funding should be managed within the law and order envelope.
Conditions on Invitation	Click or tap here to enter text.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Police - Operational Equipment

Vote	Police
Description	[33]
Total Capital ($m)	
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	No
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities, and has a good prospect of being good value for money given it relates to the replacement of assets necessary for core policing. This was identified in Police's 2024 Long Term Investment Plan as a priority. Any related operating funding should be managed within the law-and-order envelope.
Conditions on Invitation	
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Police - Property Programme phase 1

Vote	Police
Description	Phase 1 of a programme of upgrades and renewals across the Police property portfolio.
Total Capital ($m)	[33]
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	Unknown
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities. The Police property portfolio is in need of investment and it was identified in Police's 2024 Long Term Investment Plan as a priority. Any related operating funding should be managed within the law-and-order envelope.
Conditions on Invitation	Click or tap here to enter text.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Police - Bushmaster replacement

Vote	Police
Description	Replacement of Bushmaster Rifles used by Police officers.
Total Capital ($m)	[33]
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	Yes
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities, and has a good prospect of being good value for money given it relates to the replacement of assets necessary for core policing. This was identified in Police's 2024 Long Term Investment Plan as a priority. Any related operating funding should be managed within the law and order envelope.
Conditions on Invitation	
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Prime Minister and Cabinet (NEMA) - Emergency Management Sector Operational Systems (EMS-OS) programme

Vote	Prime Minister and Cabinet (NEMA)
Description	In April 2025 Cabinet approved the EMS-OS Programme Business Case. This recommended development of three Detailed Business Cases focused on the systems and technology component of uplifting NZ's emergency response capability, consistent with the recommendations of the Inquiry into the Response to the North Island Severe Weather Events (which the Government had earlier agreed to). The three Detailed Business Cases are for (i) developing a sector intelligence platform, (ii) developing a comprehensive national warning system, and (iii) operational systems to support Coordinated Incident Management System (CIMS) functions within NEMA. The total cost over the period 2026/27 - 2029/30 is [38] .
Total Capital ($m)	-
Associated Operating Average Per Annum ($m)	[38]
Currently expected to be investment ready?	Yes
Treasury advice	We recommend inviting this initiative, as it is aligned to your priorities and has a good prospect of being good value for money. The three investments are interrelated. Progressing them is a prerequisite to strengthening the emergency management system and building resilience. Once in place, the new tools and systems will save lives and limit fiscal and economic costs from emergency events. The preferred option costs are [38] . While the last could be deferred, doing so would lessen efficiencies and synergies from progressing all three together (e.g. through coordination of compatible technologies and vendors). Deferring all three would postpone benefit realisation and carry reputational risk.
Conditions on Invitation	
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Vote Statistics - Upgrades to the Integrated Data Infrastructure Modernising the Integrated Data Infrastructure

Vote	Statistics
Description	This initiative upgrades the IDI with a modern processing system for data integration, leveraging and extending existing investments for Census. It also invests in a fit-for-purpose Data Lab service to enhance data security while expanding access, and keeps the current IDI operating during a three-year transition.
Total Capital ($m)	13
Associated Operating Average Per Annum ($m)	13
Currently expected to be investment ready?	No
Treasury advice	Modernising the Integrated Data Infrastructure brings potential cross-Government benefits by enabling more informed decision making and more effective tracking of the value and impact of social investments. Stats NZ plans to present a DBC to Cabinet on this initiative in February 2026, which offers a further opportunity to test the substance of the proposal, and Stats NZ's ability to deliver it. If this initiative is not funded, Stats NZ has indicated that it will need to fund a cost pressure between $7.3 million to $8.7 million over the forecast period to avoid critical service failure.
Conditions on Invitation	This investment should have a Detailed Business Case approved by Cabinet ahead of Budget 2026 submissions.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

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[33]

Vote Transport - Metropolitan Rail Renewals in Auckland and Wellington

Vote	Transport
Description	There is a significant programme of overdue renewal works for the metropolitan rail network in Auckland and Wellington, with positive progress being made on this programme to date. Addressing the backlog of overdue renewals will improve service levels for metro passengers by uplifting the underlying resilience of the network infrastructure. Metro Rail Renewals are currently funded to 2026/27 only.
Total Capital ($m)	[33] 107 (one year of additional funding)
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	Yes
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities, and has a good prospect of being value for money. There will be a need for core asset maintenance and overdue renewals works to continue with at least a minimum level of forward certainty for planning/contracting purposes, while medium-term decisions are worked through. Indicatively, an additional year of funding (maintaining a two-year rolling forwards pipeline) would represent around $107m of capital funding. Work is ongoing to reset the agreed Metro Rail Operating Model with KiwiRail, NZTA and local Public Transport Authorities, so the system may not be well placed to make strategic medium- to long-term investment decisions on metro rail investment in time for Budget 26.
Conditions on Invitation	Please provide a single shared 'portfolio view' to accompany initiative submissions in the rail space, clearly articulating the relative priority (value, urgency, readiness) of, and any interdependencies between, the potential rail items seeking Budget funding.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / disagree*

Vote Transport - Rail Network Investment Programme

Vote	Transport
Description	The Rail Network Investment Programme (RNIP) funds the maintenance, operation and renewal of the national rail network. The RNIP is currently funded to 2026/27 only.
Total Capital ($m)	[33]
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	
Treasury advice	We recommend inviting this initiative as it is aligned to your priorities. While decisions on RNIP funding should ideally be deferred to Budget 2027, to align with the preparation of RNIP27. However, we acknowledge that in the interim, there is value in continuing to provide a minimum level of forward certainty for planning/contracting pipeline purposes. As such we recommend inviting this item with conditions for Budget 2026, and considering only funding an additional year given the preparation of RNIP 2027 will allow fuller funding decisions at Budget 2027. Indicatively, an additional year of funding (maintaining a two-year rolling forwards pipeline) would require [33] .
Conditions on Invitation	Ensure this initiative clearly sets out a 'minimum viable' scenario focused on providing the minimum necessary level of planning/contracting certainty without pre-empting the Minister's medium-term strategic choices on the upcoming RNIP 27-30 rail investment. Please provide a single shared 'portfolio view' to accompany initiative submissions in the rail space, clearly articulating the relative priority (value, urgency, readiness) of, and any interdependencies between, the potential rail items seeking Budget funding.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Annex C: Initiatives Not Recommended for Invitation into Budget 2026

This annex provides you with visibility of initiatives we have not recommended inviting. We have provided you with the rationale for excluding these initiatives and any other Treasury advice where applicable. Please indicate if you agree with the Treasury recommendation to not invite the initiative; if you would like to invite the initiative into Budget 2026; or if you would like further advice on the initiative.

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Vote Oranga Tamariki - Frontline Technology Systems Upgrade - Tranche 2

Vote	Oranga Tamariki
Description	[33] and [37]
Total Capital ($m)	
Associated Operating Average Per Annum ($m)	
Currently expected to be investment ready?	No
Treasury advice	We do not expect that this investment will be investment-ready, even if you were to ask the Minister to accelerate preparation. In the June QIR, the agency signalled that a detailed business case is expected to be ready for Cabinet approval in December 2026.
Conditions on Invitation	
MoF Decision	f. Indicate if you would like to invite this initiative into Budget 2026 *Invite / Do not invite (**Treasury recommended)** / Further advice*

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