The Treasury

Budget 2026 Information Release

September 2026

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- The Treasury website from later in 2026 at: **https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release**

Information Withheld

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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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Budget 2026 Production Advice – Week Commencing 4 May

Date:	8 May 2026	Report No:	T2026/970
		File Number:	BM-2-4-2026-8-M138848

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Indicate** if you would like any additional initiatives covered by fact sheets. **Agree** to technical changes to appropriations under the delegation provided to you in the Budget 2026 Cabinet Paper.	11 May 2026

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Matt Curzon	Analyst, Budget	[39]	N/A (mob)	✓
Bonar Robertson	Principal Advisor, Budget		N/A (mob)	

Minister's Office actions (if required)

Provide Annex A to Minister Bishop's Office for his approval of the amended financial recommendations for a Ministry of Health technical initiative.

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: Yes – Annex A: Technical Changes for Approval

Treasury Report: Budget 2026 Production Advice – Week Commencing 4 May

Purpose of Report

1. This report covers three matters related to Budget 2026:

   a seeks your steer on the list of initiatives and expected content relating to the initiative level fact sheets you requested at the Weekly Agency Meeting on 7 May.

   b informs you of three improvements we are planning to make to the Budget Economic and Fiscal Update to improve information about fiscal performance

   c seeks your agreement to a technical change to the financial recommendations for one Vote Health technical initiative, using the delegation Cabinet provided to you and the Associate Minister of Finance (Hon Bishop) in the Budget 2026 Cabinet paper.

Initiative level fact sheets

2. You requested more detailed ‘fact sheets’ on a number of key initiatives in Budget 2026, setting out the core aspects, policy rationale, implementation and timing of these initiatives. We will provide drafts for the following initiatives by Friday 15 May:

Changes to Income-Related Rent tenant contributions, offset by increases to Accommodation Supplement	Changes to the Temporary Additional Support formula
Ending Final-Year Fees Free	Increasing Trades Academies and Youth Guarantees places
Charities amendments package (including reducing Donation Tax Credit)	Resource Management Reforms
Prudential levy	Baseline reductions and FTE cap
Reforms to Foreign Investment Fund rules and reviewing the financial arrangement rules on new migrants	Gas Transition Loan Scheme
Transport package (incl. RoNS)	Business case for risk financing scheme

3. Please indicate if you would like any additional initiatives covered. Note that we will provide any additionally requested ‘fact sheets’ early in the week commencing 18 May. We will also provide general backpocket questions and answers for other initiatives to your office on Friday 15 May, to go to you on Friday 22 May.

Improvements to information about fiscal performance in the BEFU

4. In your feedback on the Treasury's Long-term Insights Briefing in March last year, you asked whether the Treasury was sufficiently direct in its fiscal and monetary policy advice during the COVID-19 response. While noting the need for Treasury to be a trusted adviser to the Minister, you encouraged us to be more independent and explicit in how we report on fiscal performance in our advice and products.

5. We made several improvements to the HYEFU 2025 to improve accessibility and clarity of our messages about fiscal performance, including more transparent analysis of specific fiscal risks.

6. For BEFU 2026, we plan three analytical improvements:

   a **Risks to fiscal forecasts from pressures on expenditure.** Our discussion will note that allowances are a net concept. This analysis will be used to illustrate the scale of additional savings and reprioritisation that could be required to deliver on the allowances. This will supplement analysis we published at HYEFU on the sensitivity of the forecasts to operating allowance variations. We will present a range of estimates of the cost of maintaining existing policy: historical funded cost pressures based on the last three Budgets, a model that estimates wage and inflation costs typically funded from allowances, and bottom-up modelling of the demand for public services.

   b **Expanded analysis of forecast uncertainty for key fiscal variables.** The risks chapter will again feature measures of uncertainty around the fiscal forecasts based on historical forecast variations. We will include new fan charts for core Crown expenses, net core Crown debt, and net worth, alongside the existing OBEGAL fan chart. These fan charts are based on past forecast errors and reflect uncertainty from economic developments, fiscal outcomes, and policy changes.

   c **A more prominent discussion of the impact of fiscal policy on the economy.** We will strengthen and relocate analysis of the fiscal balance and fiscal impulse, clarifying the contribution of fiscal policy to aggregate demand at a point in time and between years.

7. We included the key messages from this analysis in our March fiscal strategy advice for Budget 2026 [T2026/433 refers]. You will receive a draft copy of the BEFU on 15 May, and we will be available to discuss these proposed changes with you.

Change to technical initiative in Vote Health

8. On 7 May 2026, Cabinet approved the Budget 2026 package and authorised the Minister of Finance and the Associate Minister of Finance (Hon Bishop) to jointly approve changes to appropriations to correct technical errors or inconsistencies that do not alter the intent of the agreed Budget 2026 package [CAB-26-MIN-0156 refers].

9. The Ministry of Health has identified that their technical initiative to address cost pressures in their *Legal Expenses* appropriation by reprioritising funding is insufficient, resulting in a risk of unappropriated expenditure. Annex A provides advice and amended financial recommendations for you and Minister Bishop to agree to. The required change is technical in nature and can be corrected with your joint approval under the delegation provided to you by Cabinet outlined in paragraph 8.

10. Cabinet also agreed that relevant appropriation Ministers be informed of any changes to appropriations made through this delegation. We will work with the Minister of Finance's office to ensure the Minister of Health is informed of the change you agree to in this report.

Recommended actions

We recommend that you:

a **indicate** if you would like any additional initiative-level fact sheets:

b **indicate** your decision on changes to appropriations in Vote Health in Annex A;

c **note** that the Minister of Health will be informed of changes agreed to in Annex A.

Bonar Robertson
Principal Advisor

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Annex A: Technical Change for Approval

<table>
<tr><td>Vote</td><td>Health</td></tr>
<tr><td>Initiative ID</td><td>17574</td></tr>
<tr><td>Initiative Title</td><td>Reprioritise Funding for Legal Expenses</td></tr>
<tr><td>Contact details</td><td><table><tr><td>Sophie Martin</td><td>Analyst</td><td>[39]</td></tr><tr><td>Jess Hewat</td><td>Manager</td><td></td></tr></table></td></tr>
<tr><td>Issue and advice</td><td>The Budget 2026 technical package includes an initiative reprioritising [37] and [38] from the Ministry of Health’s baselines to address cost pressures in the Legal Expenses appropriation in 2025/26. [37] and [38] is for the forecast amount for the additional legal costs arising from the recent High Court decision in New Zealand College of Midwives v Attorney-General case (and [38] for other cost pressures).

The costs for this case have now been determined at [37] and [38] As these costs will fall in the 2025/26 financial year, not increasing the Legal Expenses appropriation may result in unappropriated expenditure. The Minister of Health is now seeking to reprioritise $1.8 million from the Ministry of Health’s baselines.

We are seeking your agreement, using the delegation provided to you by Cabinet as part of Budget 2026 decisions [CAB-26-MIN-0156 refers], to amend Initiative 17574 to increase the amount being reprioritised for this technical initiative by [37] and [38] This is fiscally neutral, so there is no impact on fiscal indicators or allowances.</td></tr>
<tr><td>Treasury recommendation</td><td>Agree to rescind the decision for Initiative 17574 in Vote Health in Annex C of the Budget 2026 Package Cabinet paper and replace it with the below initiative document.

<table><tr><td>Agree / Disagree</td><td>Agree / Disagree</td></tr><tr><td>Hon Nicola Willis
Minister of Finance

______/______/______</td><td>Hon Chris Bishop
Associate Minister of Finance

______/______/______</td></tr></table></td></tr>
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Initiative No: 17574

Vote:	Health
Appropriation Administrator:	Ministry of Health
Title:	Reprioritise Funding for Legal Expenses
Description:	This initiative reprioritises funding from the Ministry of Health's baselines to address cost pressures in the non-departmental other expenses Legal Expenses appropriation in 2025/26 including additional legal costs arising from the recent High Court decision in the New Zealand College of Midwives v the Attorney-General.

Appropriation Changes

	$m - increase/(decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Operating Balance Impact*	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

* Unless non-cash, will also impact net core Crown debt.

	$m - increase/(decrease)				
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30 & Outyears**
Non-Departmental Other Expenses:					
Legal Expenses	1.800	-	-	-	-
Multi-Category Expenses and Capital Expenditure:					
Stewardship of the New Zealand health system (MCA)					
Departmental Output Expenses:					
Equity, Evidence and Outcomes (funded by revenue Crown)	(0.294)	-	-	-	-
Policy Advice and Related Services (funded by revenue Crown)	(0.259)	-	-	-	-
Public Health and Population Health Leadership (funded by revenue Crown)	(0.691)	-	-	-	-

Regulatory and Enforcement Services (funded by revenue Crown) Sector Performance and Monitoring (funded by revenue Crown)	(0.401) (0.155)	- -	- -	- -	- -
Total Multi-Category Expenses and Capital Expenditure: Stewardship of the New Zealand health system (MCA)	(1.800)	-	-	-	-
Total Operating	**-**	**-**	**-**	**-**	**-**