

SECURING NEW ZEALAND'S FUTURE



**BUDGET
2026**

Hon Nicola Willis Minister of Finance

28 May 2026

Surplus forecast reduces debt burden

The earlier return to surplus forecast in this year's Budget shows the benefits of disciplined economic management and a government taking its responsibilities seriously, Finance Minister Nicola Willis says.

"Treasury forecasts released today show the government's books returning to surplus in 2028/29, a year earlier than previously expected. This means less borrowing, a lower debt track and a stronger fiscal position than previously forecast.

"Debt servicing costs are currently more than \$9 billion a year. Reducing the country's debt burden means more taxpayers' money can go towards the frontline services and infrastructure New Zealanders rely on, rather than ever-growing interest costs.

"The Government is continuing to invest in health, education, law and order and other essential frontline services New Zealanders rely on, while also building the infrastructure and resilience New Zealand needs for the future. What sets this Government apart is that it is doing so within a funding envelope that is affordable and responsible, while continuing the fiscal repair needed to put New Zealand on a stronger footing.

"The \$2.6 billion OBEGALx surplus forecast in 2028/29 would be the first surplus in a decade, and is a big improvement on the \$900 million deficit forecast in December's Half Year Update.

"Treasury also expects net core Crown debt to start reducing as a percentage of GDP in 2028/29, with this turning point occurring a year earlier than previously forecast.

"This improvement in the country's books is reflected in the government's borrowing programme. New Zealand Debt Management has lowered its forecast issuance of government bonds by \$6 billion over the next four years, the first downward revision to the bond programme since 2021.

"That is \$6 billion New Zealand will not have to borrow, and not have to pay interest on.

“Treasury’s central forecast assumes the impact of the fuel crisis will be temporary, based on market pricing. While global uncertainty remains, even Treasury’s downside scenario shows OBEGALx returning to surplus in 2028/29.

“Getting the government’s books back in order has required some tough decisions, but all Kiwis will benefit from rebuilding the fiscal buffers New Zealand relies on to withstand future challenges whether they be caused by global upheaval, natural hazards or severe weather events.

“That resilience matters in an increasingly uncertain world.”

Media contacts: Nick Venter +64 21 803 519 | Shannon Stewart +64 21 859 506