The Treasury

Budget 2026 Information Release

September 2026

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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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Budget 2026 - Treasury Draft Package

Note

1. Some initiatives have significant out year components. This alters the way operating averages are calculated and may result in misalignment between Total Opex and Opex P.A. in the Treasury Package.

2. Treasury's VAD framework quantifies the value (weighted through benefits and costs), alignment to Government Budget 2025 priorities, and delivery feasability of an initiative, rated from 1 (low) to 4 (high).

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Agriculture, Biosecurity, Fisheries and Food Safety	17125	Baseline Reduction	Ministry for Primary Industries Operating Efficiencies – Return of Funding	This initiative returns funding for Ministry for Primary Industries contract costs, property costs, back-office costs, and surveillance and biosecurity border processing costs, for reallocation as part of Budget 2026. This savings initiative encompasses four packages of savings and delivers $13.2m of savings each year, flatlined from 2026/27. The initiative incorporates savings from Organisational Efficiencies ($3.7m), Enhanced IT and Digital savings ($3.5m), Property Rationalisation and Assets savings ($2.5m), and Revenue Replacement savings ($3.5m).	Included	We recommend supporting savings, which deliver on MPI's baseline savings target in full and are implementable at Budget 2026. We consider MPI's judgements are reasonable; that savings are unlikely to impact frontline services, with risks expected to be minor and manageable within MPI's operational risk management processes. Of note, we support MPI's proposal to cost recover several previously Crown-funded biosecurity border processing activities for low value goods. This removes the Crown subsidy for these activities, which carry private benefits for importers. This does not require a change to fees/levies now, but would decrease the current memorandum account surplus and, all else equal, marginally lower the amount by which fees/levies could be reduced in future.	(52.8)	(13.2)	-	(52.8)	(13.2)	-	4	4	4
	[37]														
	17129	Service Or Policy Cost Escalation	Aquaculture Settlements – Delivering on the Crown's Legislative Obligations	Under the Māori Commercial Aquaculture Claims Settlement Act 2004, the Crown must provide iwi with assets representative of 20% of new aquaculture growth. Obligations are delivered prospectively based on forecasts of growth. Assets consist of authorisations to apply for space, or financial settlement. Several settlements are expected to conclude in the current or next financial year. The remaining appropriation is anticipated to be insufficient to fund additional obligations relating to the second reconciliation processes, extending growth forecasts, and open ocean salmon farming. [37]	Included	We recommend funding MPI's conservative cost estimate at this stage, noting it is a placeholder pending completion of an independent settlement valuation model. Scaling options are highly uncertain and better considered later in the Budget process. Deferral is not recommended. [37]	[37]						3	3	3
	17131	Service Or Policy Cost Escalation	Wilding Conifers – Scaling the Crown's Investment in the National Control Programme	$104m additional investment is sought over 3 years to secure gains in wilding conifer control and to extend control of the two most urgent and high-risk management units (Branch Leatham and Wanaka), while a new national pest management plan (NPMP) is developed and implemented. Wildings currently infest 2m ha of land of which 80% is Crown owned. The NPMP will set national rules and activate alternative funding from exacerbators and beneficiaries, and potentially others, over the life of the programme. The additional investment will avoid $3.8B in losses and deliver a benefit-cost ratio of 30+:1. Benefits include protecting productive land, biodiversity and tourism; securing water availability; reducing wildfire risk and enabling management responsibilities to transition to landowners.	Included	We recommend funding, as successive quantified CBAs indicate the economic benefits from wildling conifer control exceed costs. We support MPI's preferred option to include Branch Leatham and Wanaka as this reduces the programme's whole of life costs by at least $122.6 million relative to the existing scope. However, we recommend accelerating the NPMP's development (deferring 6 months of control costs) [33] There is a risk that third party contributions do not materialise, despite signalled appetite to increase co-investment. We recommend funding via IVL discretionary allocations instead of budget allowances, leaving $61 million IVL funding unallocated across 26/27 to 28/29 for other priorities.	104.0	26.0	-	-	-	-	4	3	3

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Arts, Culture and Heritage	17251	Service Or Policy Cost Escalation	New Zealand Screen Production Rebate (domestic) – continued funding	This initiative provides funding to enable the domestic component of the New Zealand Screen Production Rebate (NZSPR-NZ) to continue beyond 2026/27. Funding will meet forecast demand under policy changes that, subject to Cabinet approval in March 2026, will improve cost control as directed through Budget 2025 while also supporting cultural and creative sector strategy and the Government's broader economic growth priorities (including by supporting and leveraging changes to the NZSPR-International). If this initiative is not funded, the NZSPR-NZ will need to be wound up to avoid an unfunded liability, with significant loss in current and potential future economic and cultural value (noting an overall economic ROI for the NZSPR programme of between 2.06 and 6.15).	Included	We recommend scaling this initiative by removing its additional rebate, which is expected to reduce costs by around $1.3m p.a. Options to increase financial support were also proposed in this initiative but have been scaled out given current fiscal constraints. As current funding is time-limited, funding across the forecast period addresses a funding shortfall and is in line with Budget 2025 decisions on the international rebate. While the Treasury has previously raised concerns about the value-for-money of the rebates, not funding this initiative may impact the long-term viability of the international rebate as decisions on one scheme often have influence on the other. Policy changes are subject to Cabinet approval in March 2026 to allow implementation from 2027/28.	198.5	49.6	-	194.6	48.6	-	3	3	3
	17265	Baseline Reduction	Arts, Culture and Heritage - Baseline Savings	This initiative sets out a two percent baseline reduction for all entities funded in the Arts, Culture and Heritage portfolio.	Included	We recommend supporting this savings initiative which would reduce Crown funding by approximately 2% each to the Ministry for Culture and Heritage, and the ten entities funded through the Arts, Culture and Heritage portfolio, e.g. Heritage New Zealand Pouhere Taonga, Te Papa Tongarewa, New Zealand Film Commission, and Te Matatini. Savings are expected to be realised through reductions in operations, service delivery, personnel, and grants funding. We have assessed the savings to be achievable but with some potential risks, including the ability of several entities to manage cost pressures and deliver statutory functions. However, exact risks depend on where savings are realised which is subject to entity board approval which will occur after final Budget decisions.	(13.1)	(3.3)	-	(13.1)	(3.3)	-	2	3	3
	17266	Baseline Reduction	Media and Communications - Baseline Savings	This initiative outlines a two percent baseline reduction for the Crown Entities funded through the Media and Communications portfolio.	Included	We recommend supporting this savings initiative, which would reduce Crown funding to New Zealand On Air (NZOA), Radio New Zealand (RNZ), and the Broadcasting Standards Authority (BSA) by 2% each. Savings are expected to be realised through reductions in grant funding for NZOA, and service delivery and personnel for RNZ and BSA. We have assessed savings to be achievable with only minor risks, though exact impacts depend on where savings are generated. For example, reductions to BSA may create risks to the delivery of core statutory functions in education and outreach. The specific impacts on each entity (including workforce impacts and affected work programmes) are still to be confirmed as final decisions are subject to entity board approval which will occur after final Budget decisions.	(14.0)	(3.5)	-	(14.0)	(3.5)	-	2	3	3
	17267	Baseline Reduction	Sport and Recreation - Baseline savings	This initiative reduces baseline funding to Sport New Zealand and Integrity Sport and Recreation Commission by two percent per annum.	Included	We recommend supporting this initiative with savings expected to be realised through reductions in funding for community sport and high performance for Sport New Zealand, and personnel for the Integrity Sport and Recreation Commission (ISR). We consider savings to be achievable with some risks, though exact impacts depend on where savings are realised, which is subject to entity board approval and will occur after final Budget decisions. Savings may have service delivery impacts, with reduction to ISR likely to impact the entity's core statutory functions, including those relating to international anti-doping commitments. These risks could be mitigated if savings targeted other areas of expenditure within Vote Sport and Recreation.	(9.4)	(2.4)	-	(9.4)	(2.4)	-	2	3	3
Attorney-General	17093	Service Or Policy Cost Escalation	Crown Law Core Services	This initiative provides funding to address the increase in volume and complexity in criminal appeals from Crown prosecutions to ensure a sustainable criminal appeal service. It will also fund the increased IT licensing costs resulting from the digital transformation programme to enable us to modernise outdated systems, improve data quality and security, and reduce the operational and security risks associated with unsupported legacy systems. This ensures Crown Law is resourced adequately to deliver its core Law Officer functions and to support the Government's focus on restoring Law and Order.	Excluded	We recommend deferring this initiative, which seeks $800,000 per year for four FTE to support Crown Law's criminal appeals function, to address a growing workload that is currently being managed through temporary measures. A further $700,000 per year is sought to enable a transition to a cloud-based Legal Practice Management System (LPMS) and Financial Management Information System (FMIS) that would replace an unsupported legacy system. We accept Crown Law's cost pressures as genuine and note that its small baseline provides limited options for reprioritisation. However, we consider there are more acute cost pressures facing law-and-order envelope agencies that would create greater service delivery risk if not funded this Budget, so we recommend deferring this initiative to Budget 2027.	6.0	1.5	-	-	-	-	4	3	4
Building and Construction	17171	Baseline Reduction	MBIE Eligible Baseline Savings	This initiative outlines the Vote Building and Construction portion of the total proposed savings of 2 per cent ($13.7 million) to the Ministry of Business Innovation and Employment's baseline. The initiative responds to Budget Minister's decision on 29 September [CAB-25-MIN-0340 refers] and subsequent Budget 2026 letter to the Minister for Economic Growth on 4 November. The initiative covers savings from across MBIE's eligible base.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present no material risks. The Ministry of Business, Innovation and Employment has also noted the risks of these cost savings to be low. This initiative delivers savings primarily from operational efficiencies in Residential Tenancy and Unit Title services, the Temporary Accommodation Service, and the legacy Weathertight Homes programme.	(8.2)	(2.1)	-	(8.2)	(2.1)	-	3	4	3

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Business, Science and Innovation	17071	Baseline Reduction	MBIE Eligible Baseline Savings	This initiative outlines the Vote Business, Science and Innovation portion of the total proposed savings of 2 per cent ($13.7 million) to the Ministry of Business Innovation and Employment's baseline. The initiative responds to Budget Minister's decision on 29 September [CAB-25-MIN-0340 refers] and subsequent Budget 2026 letter to the Minister for Economic Growth on 4 November. The initiative covers savings from across MBIE's eligible base.	Included	We recommend scaling up this baseline savings initiative by $0.113 million p.a., to $10.848 million p.a. The Ministry of Business, Innovation and Employment submitted total baseline savings that are $0.113 million p.a. short of its overall target. MBIE's rationale for submitted less than its target was the inclusion of some third-party revenue and because its baseline has since been reduced. We have reviewed and cannot find evidence of third-party revenue being incorrectly included. The reduction in the baseline occurred after Budget 2025 and is immaterial so we have not adjusted the target. We have assessed MBIE's proposed the savings to be genuine, and not to present significant treaty, legal and economic risk. We consider the scaled-up baseline savings to also be achievable.	(42.9)	(10.7)	-	(43.4)	(10.8)	-	3	4	3
	[33]														
	17164	New Service Or Policy	Insolvency and Trustee Services revenue reclassification 2026/27 to 2028/29	This initiative will defer the Budget 2024 savings for three financial years (2026/27 to 2028/29) to provide time for the law change to enable levy revenue. The Budget 2024 decision was dependent on a law change to implement a new levy to be paid annually by registered companies. The law change will be done through the upcoming Companies Amendment Bill. While the law change is progressing, Crown revenue needs to be reinstated for the Insolvency and Trustee Service to administer liquidations of companies to support Inland Revenue's tax collection priority and minimise financial risk to the appropriation that would be caused by a cash deficit. Crown revenue for 2025/26 was reinstated through Budget 2025, and this initiative seeks a further reinstatement for three years.	Included	We recommend progressing this initiative through Budget night legislation while requiring MBIE to cover the interim costs for 2026/27 within existing baselines. We consider the Insolvency and Trustee Service's work to be important to continue given that it protects revenue integrity and supports revenue collection. Replacing Crown revenue with a levy for insolvency services was submitted as a savings proposal in Budget 2024. Due to DPMC's reassessment of the 2025 legislation programme, the required legislation to implement this levy was delayed, producing a shortfall of funding. Given this was previously a savings proposal, and time-limited funding was provided in Budget 2025 to cover the shortfall for one year, we recommend that MBIE now reprioritise to meet the interim costs.	3.9	1.0	-	-	-	-	4	3	3
	[33]														
	17182	Service Or Policy Savings	Addressing the Negative Tagged Contingency resulting from the Wellington Consolidation Project	This initiative returns funding against the Negative Tagged Contingency set up in Budget 2024 and signals the plan to meet the remaining banked savings under the Contingency. The Negative Tagged Contingency was stood up to bank the savings expected through the delivery of the Wellington Consolidation Project. Due to the lack of a mechanism to track or recoup office property savings from agencies and return these against the Contingency, the intended savings were not realised. The Contingency presents a remaining fiscal liability of $3.019 million to be returned during the current period through to Financial Year 2028/29 [33]	Included	In line with your direction, we support MBIE addressing the negative tagged contingency from baselines by Budget 2026. You could decide to defer some of the savings to Budget 2027. This would allow for more time to provide assurance the savings will not impact service delivery, but may lead to MBIE seeking further deferral next year. MBIE's preferred option involves returning $3.019 million via underspends over three Budgets [33]	(3.0)	(0.8)	-	-	-	-	3	2	2
	[33]														

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Business, Science and Innovation	[33]														
Communications Security and Intelligence	[1]														
Conservation	17159	Baseline Reduction	National Predator Control – Scaling of Programme	This initiative will scale investment in the Department of Conservation's (DOC's) National Predator Control Programme by $1.870 million per annum. This will stop ongoing predator control [33]	Included	We recommend supporting this initiative. We have assessed the savings to be genuine, and not to present significant treaty, legal and economic risks. Reducing predator control activity could result in higher whole-of-life programme costs and some reputational risks to DOC and the Crown as a result of reducing predator control work on private/iwi land, or land of particular significance to local communities. However, reducing control work at some sites could encourage third parties (such as Predator Free 2050 community engagement programmes) to increase efforts to preserve biodiversity gains made to date (where those benefits are accruing to private landowners or communities), potentially mitigating long-run cost increases.	(7.5)	(1.9)	-	(7.5)	(1.9)	-	3	3	4
	17160	Baseline Reduction	Policy Capacity Reduction and Stopping Stewardship Land Reclassification	This initiative removes funding for further stewardship land reclassification investigations and the implementation of further reclassification decisions; including for surveying, gazetting, due diligence, conveyancing and engagement with third parties ($250k per annum). It also halves funding held by the Deputy Director-General (DDG) of Policy for fixed term staff, contractors and consultants. These are used to respond to additional work driven by Ministerial requests, or the Government work programme, across the policy, legal, and Treaty negotiation directorates ($250k per annum). [33]	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be genuine, and not to present significant treaty, legal and economic risk. Removing funding for stewardship land reclassification will not affect recently announced decisions to reclassify ~513,000 hectares of stewardship land on the West Coast. Rather, DOC will defer further large-scale reclassification exercises and focus its remaining capacity on ad hoc reclassification of individual high priority land parcels. We consider this a reasonable approach that will retain the ability to consider reclassification of specific land parcels where there are likely to be significant economic benefits.	(2.4)	(0.6)	-	(2.4)	(0.6)	-	4	4	4
	17162	Baseline Reduction	Asset Maintenance – Scaling of Delivery	This initiative reduces asset maintenance expenditure[37] The Department of Conservation (DOC) will de-prioritise non-safety-related deferred maintenance, delivering it over a longer term. The removal of MDBI insurance would see DOC self-insure for physical damage to assets from events such as fires or storms, and coverage for lost revenue during closures. DOC has not made a claim under this insurance policy over the past several years and considers there is a low probability of a claim. This is due to the geographic spread and high volume of low-value assets within the portfolio.	Included	We recommend supporting this baseline savings initiative. The total sum insured is $21 million with an excess of $500,000. DOC considers that there is a low probability of claims based on the low value and geographic spread of its assets, and the costs of previous claimable events being less than the excess cost. We note that a shift to 'self-insurance' would not set aside funding for this purpose. Given DOC's limited ability to further reprioritise within baseline, major incidents in the future may result in additional Crown funding being sought. However, the low value and spread of assets limit the likelihood and size of potential cost pressures (and not replacing assets remains an option).	(7.5)	(1.9)	-	(7.5)	(1.9)	-	3	3	4
	17163	Baseline Reduction	IT Modernisation – Scaling of Programme	This initiative scales funding for the Department of Conservation's (DOC's) IT modernisation programme (Programme) by 40 percent, cancelling or deferring investments planned to address significant technology debt. This technology debt limits DOC's ability to support economic activity on public conservation land and waters. A formal prioritisation process will confirm which investments will be impacted.	Included	We recommend supporting this initiative. Potential risks identified include lower economic activity on public conservation land, lower growth in third party revenue from tourism and concessions, degradation of current service levels, and future cost pressures. However, DOC has not identified which specific initiatives it will cease/scale, so actual risks will depend on project prioritisation. We recommend that DOC reports back to the Minister of Conservation (with the Minister of Finance copied) on proposed project prioritisation and potential risks. We consider that effective prioritisation of the highest impact IT projects is likely to mitigate key risks and may drive better overall programme delivery by focussing DOC on fewer, higher-value initiatives.	(20.4)	(5.1)	-	(20.4)	(5.1)	-	3	3	3

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Conservation	17165	Service Or Policy Cost Escalation	Stafford v Attorney-General Litigation Settlement – Implications for the Department of Conservation	This initiative establishes a tagged contingency to cover the Department of Conservation's cost pressures resulting from the legal settlement of Stafford v Attorney-General [2024] NZHC 3110. This includes non-discretionary costs associated [37] and [38] Abel Tasman National Park from the Plaintiff. This funding will ensure the continued seamless operation of the Abel Tasman Great Walk and other visitor experiences affected by the litigation.	Included	We recommend funding a scaled version of this initiative to meet non-discretionary settlement costs and related critical survey and legal costs, to retain DOC's presence in the region and its operation of the Abel Tasman Great Walk. The main licence agreement has already been signed and there are no significant delivery risks. Some funding will be held in a tagged contingency [37] and [38] . We recommend no funding for additional FTE, travel, and administrative work requested to manage the transition to the licencing agreement, as we consider DOC can reprioritise to cover these costs from within baseline given it is already funded to manage these visitor experiences.	12.8	3.2	-	9.8	2.4	-	4	4	3
Corrections	17271	Service Or Policy Cost Escalation	Corrections Critical Frontline Remuneration Pressures	This initiative provides funding for critical remuneration pressures for Corrections frontline staff. The initiative is limited to a one-year approach as includes cost estimates for those agreements that expire on 30 June 2026. This includes the Custodial collective, the single largest agreement by staff numbers and value for the Corrections frontline workforce. This initiative is essential to maintain safe and effective Corrections services. Funding will be appropriated for collective bargaining that has concluded and a tagged contingency is requested for funding that is subject to the settlement of collective bargaining. The contingency figures will be withheld due to commercial sensitivity and to avoid prejudice during negotiations.	Included	We recommend supporting this initiative. A scaled initiative (46% funded) was submitted as a critical cost pressure in the envelope. Funding in full (100% funded) is supported because the scaled amount would require significant reprioritisation. Corrections relies on its frontline workforce, and remuneration is critical for recruitment and retention as the prison population grows and safe staff ratios are required. Funding sought aligns with expectations that personnel costs stay within 2%. Funding is also sought for progression costs after significant increases in custodial officer FTE created a larger junior workforce and progression shortfalls. Costs were not funded in recent Budgets given Cabinet agreed to fund one year of cost pressures at a time to manage impacts on allowances.	[38]						3	3	2
	17273	Service Or Policy Cost Escalation	Corrections Prisoner Population Volume Pressures	This initiative provides operating and minor capital funding for the additional costs associated with a prison population growth up to 12,118 prisoners by 30 June 2027. This includes funding to hire additional 710 full time equivalent (FTE) frontline staff at Corrections, of which 471 FTE are Corrections Officers, and other costs directly related to the increased volume. This initiative has been limited to a single year uplift to manage within the Justice Sector Budget 2026 envelope.	Included	We recommend supporting this initiative to fund the operating and minor capital costs associated with projected prison population growth. Prisons are now at 90% capacity, with prisoner numbers projected to rise from 10,925 in November 2025 to 12,118 by June 2027. Corrections has reprioritised to manage up to 11,000 prisoners, including self-funding capacity projects and re-opening end of life prison assets. This bid is based on population projections and non-discretionary costs. Scaling would require cuts to prison health services, and rehabilitation and reintegration services, and frontline service reductions.	477.1	119.3	9.8	477.1	119.3	9.8	3	4	3
	[33] and [37]														
Courts	17297	Revenue	Justice - Changes to the Offender Levy and Scheduling Fees Requirements	This initiative offsets Crown funding for services through changes to the offender levy scheme, and payment requirements for hearing and scheduling fees in Courts. It increases the amount of the levy paid by offenders from $50 to $100, and clarifies that certain court fees are payable at the time a hearing is scheduled.	Included	We recommend supporting this initiative, which provides $14.164 million in savings (and outyears) by reducing the Crown's contribution to court and victim services. Funding for these services would not be reduced; the saving would be achieved by doubling the offender levy, which contributes to victim services, and improving the collection of court fees. The offender levy has not been increased since 2010, and MoJ considers that increasing it from $50 to $100 will not compromise people's ability to pay, given payment by arrangement is possible and the levy is collected before other fines. Cabinet policy decisions and changes to secondary legislation are required to deliver this saving and public consultation may also be needed, but it is feasible to complete this work before 1 July 2026.	(14.2)	(3.5)	-	(14.2)	(3.5)	-	4	4	3
Customs	17132	New Service Or Policy	Border Security - Expanding Overseas Disruption of Criminal Networks	This initiative seeks funding to establish four new Customs overseas liaison roles in Fiji, Colombia, the Middle East and Netherlands, to work with international border and law enforcement agencies to disrupt Transnational, Serious, and Organised Crime groups, supported by New Zealand based intelligence and analytics staff. Working directly with enforcement agencies overseas leads to more effective information and intelligence sharing and joint operations targeting smuggling activity. Customs' network of international liaison officers has proven to be a highly successful way of reducing the flow of illicit drugs and other goods reaching New Zealand, as well as establishing strong relationships that can benefit the flow of trade, supporting economic growth.	Excluded	We recommend deferring this initiative. Customs seeks funding for four new overseas liaison officer positions (Fiji, Colombia, Middle East, Netherlands) to disrupt transnational serious and organised crime. While liaison roles support intelligence sharing and joint operations, there is limited evidence of a clear causal link between new positions and reduced social harm. A TSOC Action Plan was endorsed by Cabinet in December 2025, and this is the only initiative from that Plan seeking B26 funding. Further work is needed to scope, prioritise and sequence actions under the Plan. We recommend deferring this initiative, commission this work, and consider funding at a future Budget. If funding is required this Budget, an alternative would be to support a smaller number of positions (1–2)	2.8	0.7	-	-	-	-	3	3	3

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Customs	17254	Baseline Reduction	Baseline Reduction and Reprioritisation of Savings - New Zealand Customs Service	This initiative identifies savings relating to the Border Executive Board and discretionary operating expenditure that could be returned through the Budget 2026 baseline reduction process. However, cost pressures within Customs, particularly for Crown funded services, continue to increase. By returning savings, the extent of these pressures will grow. This initiative proposes to retain and internally reprioritise the identified savings to contribute to organisational cost pressures, so that the cost pressure initiative (ID:17255) can focus on the impact of organised crime and increased costs from the volume of illicit drugs being intercepted and seized. Savings will also be used to offset the cost of the new spending initiative targeting offshore disruption of criminal groups (ID:17132).	Included	We recommend supporting this initiative, which would return $1.55m of identified savings to the centre. We do not agree with Customs proposal to reallocate savings to offset funding for customs liaison officers (17132 refers) and to fund cost pressures that we have limited visibility of and which were not invited into Budget. Regarding the offsetting spending – we have provided separate advice on 17132.	-	-	-	(6.8)	(1.7)	-	2	2	2
	17255	Service Or Policy Cost Escalation	Border Security - Responding to Increased Smuggling and Protecting the Flow of Trade	This initiative seeks additional funding to manage volume-based cost pressures for Customs' border management and protection services due to the continued escalation in activity by Transnational, Serious, and Organised Crime groups, particularly the volume of illicit drugs being sent, intercepted, and seized. Funding will support investment in increased security and oversight at ports, Customs Controlled Areas, and Customs facilities, upgraded and expanded imaging (x-ray) equipment, additional drug storage and disposal requirements, new defensive equipment, and improved training for staff operating in a higher-risk environment. Upgrading cargo imaging equipment will allow Customs to maintain its rapid border clearance processes, while managing the increased risk from smuggled goods.	Included	We recommend supporting this initiative which lifts Customs capacity and capability to respond to increasing border pressures from transnational and serious organised crime. It funds improved training for new Customs officers operating in higher risk environments, and new drug storage and disposal facilities. Customs are preparing a Single Stage Business Case on the capital component of this bid replacing its existing assets reaching end of life (imaging equipment), and new investment in security enhancement of cargo facilities and defensive tools for staff. Customs considers that this investment is critical to respond to the higher threat environment at the border as enforcement activity increases, and we expect that this investment will be deliverable in the 2026/27 financial year.	15.3	3.8	19.5	15.3	3.8	19.5	3	3	3
Defence	17119	New Service Or Policy	DCP - Supporting New Zealand's Defence Industry and the Delivery of the DCP	This initiative supports the ongoing delivery of the DCP. Building on B25 funding it will - develop and sustain a platform to support Prime suppliers to build robust NZ Industry Capability Plans and permanent resources to support development of NZ's defence industry, - [33] - reduce risk to project delivery through bolstering the Ministry's governance function overseeing major projects, - increase civilian advice on deployments through funding a permanent resource to support civilian attendance and provision of advice on deployments, and - ensure compliance with portfolio reporting requirements associated with DCP implementation.	Included	We recommend supporting scaled funding for this initiative. Our recommendation would fund support for New Zealand Defence Industry Development, primarily through a new platform to support Defence and potential prime contractors to engage across industry and with potential sub-contractors. This would support implementation of the Defence Capability Plan and the Defence Industry Strategy. We also recommend funding to support the Ministry of Defence's governance and oversight of the delivery of the Defence Capability Plan. Other components of this initiative seeking funding for programme delivery, reporting and civilian policy advice do not appear to be high priority and have been removed in the recommended scaled option.	7.2	1.8	-	3.9	1.0	-	3	3	3
Defence Force	17216	New Capital Investment	Defence Capability Plan – Homes for Families Tranche 1 Part 4	This initiative delivers at least [modern homes for NZDF Regular Force personnel and their families at Trentham, Ohakea, Linton, Woodbourne, Waiouru and Burnham. It replaces aged housing of poor condition, realigns housing stock to match demand and supports NZDF operational readiness. [38]	Included	We recommend supporting this initiative, which progresses a multi-year programme to modernise defence housing. However the initiative assumes a minimum of [38] houses, which equates to an average cost of [38] per house. While contingencies and project costs explain some of this, we consider there may be ways for NZDF to consider reductions in the average cost per house and therefore increase the number of houses to be built with the requested funding. We recommend funding is set aside in a tagged contingency, with joint Ministers seeking further information regarding costs and the number of houses to be built with this funding following the completion of an Approval to Deliver.	[38]						3	3	4
	17217	New Capital Investment	Defence Capability Plan – Digital Modernisation Preparation	This initiative provides funding for a one-year preparation phase (FY26-27) to enable NZDF's Digital Modernisation Programme. It establishes governance, updates the business case, and develops architectures, policies, and standards for interoperability, cyber security and data management. A key deliverable is the Digital Platform Proof-of-Value, demonstrating how a secure, modular, and scalable platform can accelerate capability delivery, improve interoperability, and enable data-driver decision-making. [1]	Included	We recommend supporting this initiative. The Digital Modernisation programme is intended to improve and consolidate Defence's data and digital infrastructure. This initiative seeks funding to establish a programme team, preparatory work including testing a proof-of-concept for the Defence digital system, and delivery of initial capability to support intelligence and operational activity. While the programme has merit, we recommend Defence works closely with the Government Chief Digital Officer to ensure the programme is sufficiently aligned with the Digital Government Target State and delivers maximum value. We recommend funding is set aside in a tagged contingency, pending approval of a Detailed Business Case and engagement with the Government Chief Digital Officer on the programme.	10.0	2.5	-	10.0	2.5	-	3	3	3

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Defence Force	17218	New Capital Investment	Defence Capability Plan – Updating Classified Digital Services – Phase Two	This initiative provides funding for the second of two phases to upgrade the New Zealand Defence Force's classified environment, [1]	Included	We recommend supporting this initiative. This initiative is a key enabler of New Zealand Defence Force's ability to safely plan and undertake operations [1] We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to an Approval to Deliver for the investment.	[1] and [38]						3	3	3
	17219	New Capital Investment	Defence Capability Plan - Modernised Army Training Capability programme design stage	This initiative provides funding for the design stage of the Modernised Army Training Capability programme. The design stage will review and redesign how Army recruit training is delivered, de-risk investment through experimentation, and develop programme documentation and business cases to seek future investment. [33] This investment is essential to growing the Army and ensuring that it is combat capable.	Included	We recommend supporting this initiative. A New Zealand Defence Force review of its army training systems has identified major issues in the system impacting its training of recruits. This initiative seeks funding to establish the Modernised Army Training Capability programme, intended to update Army training to reflect changes to the operating environment. This investment will support the establishment of the programme team (4 personnel) and preparatory work for the programme including design of key systems, training modules, and planning and design for remediation of Army training facilities at Waiouru Military Camp. The initial investment would support planning for subsequent phases of the Modernised Army Training Capability programme.	2.6	0.6	22.9	2.6	0.6	22.9	3	3	3
	17220	New Capital Investment	Defence Capability Plan – Mission Command Training Facility	This initiative provides funding to deliver a world class, secure facility at Linton Military Camp to allow the NZDF to simulate the planning and execution of military operations [1] . The Military Command Training Facility (MCTF) will be integrated with other NZDF facilities and have the capacity to act as a headquarters during crisis to support other agencies and aid in national resilience. [1]	Included	We recommend supporting this initiative. The initiative would fund the construction of a secure training facility at Linton Military Camp, primarily to support training of personnel in mission command positions through simulation of military operations. [1] We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.	[38]						3	3	3
	17221	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Persistent Surveillance (UXV) Phase 1a	This initiative provides funding to [1] The investment delivers a key system enabler in support of the 2024 Maritime Security Strategy through greater maritime awareness and border security, while also supporting the Navy to deliver on the Government's broader defence policy objectives and future investments within the 2025 Defence Capability Plan.	Included	We recommend supporting this initiative. It seeks funding for investment in uncrewed marine vessels to enhance the ability of the New Zealand Defence Force and New Zealand Customs Service to monitor New Zealand's maritime domain, particularly in the Exclusive Economic Zone. Given uncrewed systems are relatively new for NZDF, this investment would provide 'lessons learned' to reduce risks in future uncrewed systems signalled in the Defence Capability Plan. We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.							3	3	3
	17222	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Polar Patrol Phase 1 – Aotearoa Enhancement ISR UAS	This initiative provides funding for the acquisition of an uncrewed aerial system to conduct enhanced intelligence, surveillance, and reconnaissance missions from HMNZS Aotearoa in the Southern Ocean.[33] . These capabilities will support the Navy to deliver on the Government's defence, maritime security, and foreign policy objectives.	Included	We recommend supporting this initiative. It seeks funding for investment in uncrewed aerial surveillance systems to increase the ability of HMNZS Aotearoa to operate, particularly in polar regions [33] . Given uncrewed systems are relatively new for NZDF, this investment would provide 'lessons learned' to reduce risks in future uncrewed systems signalled in the Defence Capability Plan. We recommend funding is set aside in a tagged contingency, pending Cabinet agreement to a Detailed Business Case for the investment.							3	3	3

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Defence Force	17223	New Capital Investment	Defence Capability Plan - Frigate Sustainment Programme Phase 2A	This initiative provides funding for Phase 2A of the Frigate Sustainment Programme (FSP). [33] . Phase 1 has successfully delivered projects to preserve the capability of the frigates and enable life extension.	Included	We recommend supporting this initiative. This investment would extend the planned end of life of the ANZAC frigates [1] and enable further decisions in future to further extend end of life [1] This life extension is signalled in the Defence Capability Plan to enable potential replacement vessels purchased through the Maritime Fleet Renewal programme to be delivered by the mid-2030s without experiencing a capability gap. Life extension also prevents a loss of people, expertise and enabling functions for future vessels, which can be extremely difficult to rebuild if lost. This investment therefore supports the effectiveness of the Maritime Fleet Renewal Programme and ensures the Government has options when considering replacements.	[38]						3	3	3
	17224	New Capital Investment	Defence Capability Plan – Maritime Platform Restoration Activities – ANZAC Frigates & Canterbury	This initiative provides funding for Platform Restoration Activities (PRA) and the Canterbury Sustainment Program phase 2 (CANSP) to ensure the vessels remain operational. HMNZS Te Kaha (TEK) and Te Mana (TEM) safeguard New Zealand's freedom of action at sea, while HMNZS Canterbury (CAN) enables strategic deployment of personnel and equipment. The investment will: replace key systems on the Canterbury to bridge to end-of-life without extending design life; and undertake critical major maintenance activities on the frigates to continue operation availability. This work is necessary to ensure that the ships are available to undertake the necessary training and operational activities required by Government.	Included	We recommend supporting this initiative. New Zealand Defence Force advises that due to constraints on its balance sheet, it is unable to fund significant capital maintenance on the ANZAC frigates and HMNZS Canterbury. Previous decisions to partially fund major investments, and time lags between capital injections and depreciation flows have resulted in reduced capital reserves. The maintenance works in this initiative are required to ensure the vessels continue to be operational to their planned end of life. There are no major delivery concerns.	93.9	23.5	142.6	79.4	19.9	142.6	3	3	3
	17225	New Capital Investment	Defence Capability Plan – Maritime Fleet Renewal Transformation and Programme Costs	This initiative provides funding for up to 45 additional staff (at the peak of the programme), and specialist services to transform the Navy across workforce, training, operations, and sustainment, and to prepare investment cases [33] of capital investments signalled in the Defence Capability Plan. Transformation of the Navy will prepare the organisation for the introduction of the future fleet, support introducing more uncrewed systems and simulation technologies, and maximise the value of future investments. The transformation of the Navy, together with investment signalled in the Defence Capability Plan, are required to deliver on the Government's defence, maritime security and foreign policy.	Included	We recommend supporting this initiative. The Maritime Fleet Renewal Programme is large and complex, spanning the replacement of naval vessels and transformation of navy operations across a 15 year period. This initiative seeks funding for the programme delivery and transformation work underpinning the wider Fleet Renewal Programme, along with early funding for major projects. The Fleet Renewal Programme is still in its early stages and we anticipate the scope and timeframes are likely to change as it develops. We recommend funding is set aside in a tagged contingency from 2027/28 onwards, [33]	56.3	14.1	-	56.3	14.1	-	3	3	3
	17226	New Capital Investment	Defence Capability Plan – Defence Technology Accelerator	This initiative provides funding to deliver a NZDF business unit focused on connecting industry with Defence to solve specific military challenges facing the NZDF. As outlined as a priority in the Defence Capability Plan (DCP) and the Industry Strategy, the Technology Accelerator (TA) will support rapid development of advanced technologies, allowing the NZDF to explore emerging capabilities, build resilience through growing a domestic defence market and support export opportunities for defence and dual use technologies. [34]	Included	We recommend supporting this initiative which establishes the pilot for the Defence Technology Accelerator. The Accelerator is intended to connect Defence with industry to solve military challenges and support advanced technology development. [33]	16.1	4.0	1.5	16.1	4.0	1.5	3	3	3
	17227	New Capital Investment	Defence Capability Plan – Intelligence Advantage Need To Invest	This initiative provides funding for [1] o increase Defence Intelligence capability as signalled in the 2025 Defence Capability Plan. These roles will ensure our intelligence work is well managed, meeting legal and quality standards. [1] . They will ensure that Defence can meet the Government's defence policy objectives of protecting and promoting the security of New Zealand, its immediate region, and enhance security partnerships.	Excluded	We recommend deferring this initiative. This initiative proposes funding for [1] personnel to increase New Zealand Defence Intelligence capability. While there may be merit in increasing intelligence capability, limited information is available to demonstrate how this initiative contributes to delivery of the Defence Capability Plan, or why it is an immediate priority for funding at Budget 2026. In the absence of funding, there do not appear to be significant risks or implications for Defence.	2.9	0.7	-	-	-	-	2	3	4
	17228	New Capital Investment	Defence Capability Plan: Building Resilience and Capacity to Strengthen National Security and Innovation	This initiative strengthens Defence Science and Technology (DST) capability to support high-value investments under the Defence Capability Plan. It funds [1] specialist science roles in priority areas – space, autonomy, cyber, and electronic warfare – alongside foundational partnerships with academia and industry. [1] These measures ensure timely, evidence-based advice, reduce technical risk, and accelerate integration of advanced technologies into Defence programmes. The initiative aligns with the Government priorities for innovation-led growth and national security resilience.	Excluded	We recommend deferring this initiative. The initiative proposes funding for [1] personnel to increase Defence Science and Technology capability, in advance of future Budget requests. While there may be merit in increasing science and technology capability within Defence there is limited information available to demonstrate why this is an immediate priority for funding at Budget 2026. In the absence of funding, there do not appear to be significant risks or implications for Defence.	5.6	1.4	-	-	-	-	2	3	3

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Defence Force	17229	New Capital Investment	Defence Capability Plan - Small Scale capability projects	This initiative provides operating funding only to deliver [33] small scale capability projects. These include equipment to [33] . Together these projects will improve the ability of the Defence Force to undertake operations in support of the Government's defence and foreign policy objectives; deliver components of the Defence Capability Plan 2025, and maximise the use of existing NZDF funding.	Included	We recommend supporting the scaled initiative. It seeks operating funding for [33] small scale capability projects that maintaining existing capabilities and will support continued delivery of key outputs. The New Zealand Defence Force can meet the associated capital costs from its accumulated depreciation, and this funding would enable around [33] of capital investments to progress. The projects are all relatively small scale and low risk, with limited delivery concerns.	[33]		-	53.9	13.5	-	3	3	3
	17230	Service Or Policy Cost Escalation	Depreciation expense arising from Asset Revaluations	This initiative will fund the net increase of $34.900 million in the annual depreciation expense resulting from the net revaluation of the New Zealand Defence Force's Land, Building, and Infrastructure assets, and Specialist Military Equipment assets as at 30 June 2025. The increase in depreciation expense is a result of meeting the Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant & Equipment (PBE IPSAS 17) standard, and Generally Accepted Accounting Practice as required by the Public Finance Act 1989, that assets are revalued, at least once every five years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.	Included	We recommend supporting this initiative. Accounting standards require agencies to periodically revalue their assets. The funding sought would meet the additional depreciation expenses arising from the most recent regular revaluation of New Zealand Defence Force assets as at 30 June 2025.	139.6	34.9	-	139.6	34.9	-	3	3	4
	17231	Service Or Policy Cost Escalation	Defence Force Remuneration Cost Pressure	This initiative provides essential funding to enable the NZDF to meet its legislated employer obligations and provide a remuneration uplift for its workforce aligned to the Minister of Finance's Budget 2026 guidance. Funding will enable movement of remuneration for staff (civilian and uniformed) closer to market, in order to bridge the broadening gap.	Included	We recommend supporting the scaled initiative. It would provide funding to meet non-discretionary remuneration increases for New Zealand Defence Force (primarily due to increases in the minimum wage). A higher cost option for this initiative was submitted but not prioritised within the invited envelope amount and therefore was not assessed.	120.0	30.0	-	12.0	3.0	-	3	3	4
	17232	New Capital Investment	Defence Capability Plan - Workforce Growth	This initiative provides funding for the first four years of workforce growth that was signalled in the Defence Capability Plan 2025 (DCP). This initiative funds the workforce growth required to deliver the Defence Policy and capabilities signalled in the DCP. It reflects the funding indicated in the preferred option selected by Government as part of the DCP process and will [33]	Excluded	We recommend not supporting this initiative. It was not prioritised by the Minister within the invited envelope amount. As a result we have not undertaken a full assessment. This initiative proposes funding for additional growth in the New Zealand Defence Force workforce, separate from any specific business case investments outlined in the Defence Capability Plan. The initiative provides limited information and it is unclear why workforce growth is necessary or a priority for budget funding.	[33]		-	-	-	-	2	3	3
	17233	Service Or Policy Cost Escalation	Defence Capability Plan - Cost Increases	The NZDF has submitted one initiative with two funding options. The high option [33] . With the low option ($63.5 million), NZDF will deliver fewer military outputs, face growing estate and ICT failures, putting core capability at increased risk. It will also reduce the Defence Force's ability to respond to evolving threats, maintain international credibility, and deliver on Government's strategic objectives for national security.	Included	We recommend supporting the scaled option of this initiative. This funding would address New Zealand Defence Force cost pressures due largely to price increases. We assess based on Defence data that this level of funding for cost pressures will enable delivery against core Army, Navy and Air Force outputs at levels similar to the 2025/2026 year and support increased costs to facilities management across the Defence Estate, supply chain logistics across the enterprise, and increased software licensing costs. A higher cost option for this initiative was submitted but not prioritised within the invited envelope amount and therefore was not assessed.			-	254.0	63.5	-	3	3	3
	17234	Service Or Policy Cost Escalation	Veterans' Affairs Cost Pressure	This initiative provides funding for additional personnel [33]) to enable Veterans' Affairs to process and manager applications for support from veterans in a timely manner should the High Court's 2023 interpretation of the Veterans' Support Act 2024 and a subsequent decision of the Veterans' Entitlements Appeal Board in 2024 remain in place. These require Veterans' Affairs to process claims under different arrangements, using technical skills which are not at present available to the organisation; are expected to result in a significantly increased number of claims being accepted; and will require additional resources to offer services to an increased number of clients on a continuing basis.	Included	We recommend supporting the scaled option of this initiative. This funding would provide for Veterans' Affairs resourcing of [33] to support processing applications for veterans' entitlements under the Veterans' Support Act 2014. This addresses an increase in applications received by Veterans' Affairs following a High Court decision expanding the test for eligibility under the Act. A higher cost option for this initiative was submitted but not prioritised within the invited envelope amount and therefore was not assessed.			-	6.0	1.5	-	3	3	3

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Defence Force	17235	Service Or Policy Cost Escalation	Veterans' entitlements arising from retrospective declarations of Qualifying Operational Service	This initiative provides funding for a one-year non-cash increase to the Crown's Veteran's Entitlements Liability through the Service Cost Veterans' Entitlements appropriation. This increase would align with an increase in the Veterans' Support Entitlement Obligation from past and current qualifying operational service deployments. This funding would allow the Minister for Veterans to declare veterans' entitlements eligibility under the Veterans' Support Act 2014 to an estimated [33] former or current service personnel who participated in specific historical and current deployments which have been assessed as presenting a medium or higher environmental/health or operational threat situation. The obligation under the Veterans' Support Act 2014 is assessed as non-discretionary.	Included	We recommend supporting this initiative. This funding would meet the additional costs of veterans' entitlements as a result of a planned declaration of eligibility under the Veterans Support Act 2014. The Minister for Veterans must make a declaration upon being satisfied that personnel met a threshold of risk while deployed. A declaration of Qualifying Operational Service is planned in the coming months for Defence personnel involved in specific Middle East naval deployments from [33] . New Zealand Defence Force has assessed this obligation as non-discretionary.	61.4	15.4	-	61.4	15.4	-	3	3	4
Disabled People	17135	Baseline Reduction	Optimising the Ministry	This initiative optimises the workforce through leveraging the benefits from operational efficiency and realising the investment in AI. Further work is planned in early 2026 to review our operating model and organisational design, reassessing roles through attrition, shifting investment into priority area.	Included	We recommend supporting this baseline savings initiative and a full return of the savings to the centre, rather than the agency preferred option of reinvesting this funding back into Whaikaha's baseline. We have assessed the savings to be achievable, and to present only minor and manageable risks.	-	-	-	(1.5)	(0.4)	-	3	4	3
Education	17121	New Capital Investment	School Property – Growing and Expanding the English Medium, Māori Medium and Kaupapa Māori Education Portfolio	This scaled option delivers targeted funding to expand the school property portfolio through new classrooms, schools, and land purchases in areas of high need. This funding will enable the Ministry to respond to immediate growth pressures at the most overcrowded and highest priority schools in the network, while also allowing planning for projected growth where accelerating investment will reduce future costs. It delivers a total of 306 classrooms for 5,936 students, including 185 classrooms for roll growth, 38 Māori medium teaching spaces, and 48 learning support classrooms. It will also provide funding for 3 new schools with a total of 45 teaching spaces, along with enabling the acquisition of up to 7 new sites for future schools.	Included	We recommend further scaling this initiative compared to the agency's submission. This scaled option will enable the delivery of 169 additional classrooms across English, Māori, and Learning Support education, specifically targeting schools where capacity exceeded 100% last year. Acquisition of seven new school sites in areas of significantly forecast volume growth would also be funded. Although changes to network policy settings will be necessary to reduce significant unfunded pressures in the school property space in the long term, prioritising early land acquisition is critical to secure suitable locations and avoid escalating costs (land costs represent the largest financial barrier to future school development). A report back to Cabinet on network settings is due in August 2026.	28.7	7.2	408.2	19.0	4.7	285.7	3	3	3
	17122	New Capital Investment	School Property – Maintaining and Upgrading the Portfolio	This initiative provides capital injection funding to maintain and upgrade the school property portfolio, ensuring more warm, safe and dry learning environments. This funding will improve lifecycle maintenance in line with industry best practice, extending the life of the portfolio and mitigating the long-term cost burden and compliance gaps from unaddressed condition issues, reducing the need for future major redevelopments. This initiative will also provide funding to invest in learning support property modifications, high-risk compliance projects and disaster response for a more resilient portfolio.	Excluded	We recommend deferring this initiative for two reasons. First, identified compliance costs can be met by prioritising existing depreciation funding of $1.25 billion. [33] Capital investment for school property maintenance is primarily driven by an ageing portfolio and existing network policy settings (e.g. the extent to which the system priorities school choice). Despite improved investment prioritisation, significant pressures persist. [33]	6.1	1.5	290.0	-	-	-	3	3	3
	17166	New Service Or Policy	Stafford v Attorney General Litigation Settlement – Education Property Implications	This initiative provides funding to meet the Crown's obligations as they relate to Ministry of Education property under the proposed Stafford v Attorney General litigation settlement package. It also allows the Ministry to mitigate the effects of these obligations on schools and education delivery.	Included	We recommend scaling this initiative, which will ensure the Stafford v Attorney-General settlement does not disrupt the provision of education in affected areas. Funding will cover ongoing leasing costs, a new site in Richmond, and compensation for schools to offset asset losses as per the existing disposal policy. $2.8 million in capital funding has been sought to replace teacher housing transferred as part of the decision; we recommend this funding be held in contingency pending Ministry assessment of need. Costings provided appear reasonable, noting that scaling of $14.1 million operating funding relates to asset derecognition for which an appropriation increase has already been agreed [T2025/3087 refers]. This initiative is not part of the Education envelope submitted at Budget 2026.	28.1	7.0	22.3	14.0	3.5	22.3	3	3	3
	17278	Service Or Policy Cost Escalation	School Property – Operating Cost Pressures	This initiative seeks an increase to School Property Operating funding to address specific areas of actual and anticipated cost increases. These increases are driven by market forces (inflationary and volume growth) which have been absorbed through efficiencies and savings or increasingly addressed by material capital-to-operating swaps as efficiencies and savings have been exhausted. These pressures do not relate to the establishment of NZSPA and are pressures the Ministry would still be facing were NZSPA not being established. Previously these costs have been met by annual capital to operating swaps, this bid and the options presented below seek to minimise the use of capital to operating swaps as far as possible.	Included	We recommend scaling this initiative and providing funding for one year only. For that year, we recommend scaling up the funding from what was sought, to $25m. This would fully cover identified pressures and mitigate against the need for a Capital to Operating swap next year. Ongoing funding should be considered in Budget 2027, conditional on policy work examining options to reduce pressures long term. School property operating costs have consistently exceeded available funding. Shortfalls have historically been met through annual Capital to Operating swaps, diverting funding from infrastructure investment with corresponding adverse fiscal impacts. Although our proposed approach mitigates against the need for a swap next financial year, a long-term sustainable funding solution is needed.	40.0	10.0	-	25.0	6.3	-	3	3	4

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Education	17302	Service Or Policy Savings	Younger Provision – discontinuing funding	This initiative removes Younger Provision funding. Younger Provision was funded at $3.5 million per annum through Budget 2023 to enable Ministry of Education regional offices to fund support to learners in Years 1 – 8 at risk of disengaging from education. Evidence of the numbers of schools and students covered by the funding, and therefore its impact to date, are not clear. This initiative will allow the funding to be reprioritised to initiatives with greater alignment to Ministerial and wider Government priorities and a stronger evidence base for potential to improve educational outcomes.	Included	We recommend supporting this initiative, which would achieve savings by removing Younger Provision funding. Removing this funding will lead to Ministry of Education regional offices ending current bespoke regional interventions. There is a risk that there are unreported positive impacts on engagement from these interventions, with corresponding negative impacts to students from ending them. This risk is mitigated by funding provided through Budget 2025, which provided significant uplifts in funding for interventions to improve attendance and meet demand for learning support.	(14.0)	(3.5)	-	(14.0)	(3.5)	-	3	3	3
	17307	Service Or Policy Savings	[33]										3	3	1
	17308	Service Or Policy Cost Escalation	Schools Operations Grant – cost pressure	This initiative provides funding for a cost adjustment of 2% to schools' operational grant funding, including base funding for Te Aho o Te Kura Pounamu. This is forecast CPI for 2027 (BEFU 2025). This funding increase will enable schools to meet rising costs, including staffing (teachers employed from operational grant and non-teaching staff), curriculum delivery, and other general day-to-day operations, such as heat, light, and water, or repair and maintenance costs. The cost adjustment will take effect from 1 January 2027. This initiative also includes a cost adjustment of 2% for charter schools base funding (new and existing schools) and operational property funding (new schools), to maintain broad equivalency with state school funding.	Included	We recommend supporting this initiative, which would provide an uplift in schools' operations grants. A 2% increase is consistent with forecast CPI for 2027 at BEFU 2025, although it is lower than forecast CPI at HYEFU 2025 (2.2%). Consequently, schools may need to make trade-offs against discretionary services (such as learning support), which may have an adverse impact on education outcomes.	160.4	40.1	-	160.4	40.1	-	3	3	4
	17309	Service Or Policy Cost Escalation	Te Kōhanga Reo National Trust Cost Adjustment	This initiative provides funding at a Minimum Viable Option level to increase annual operating funding for Te Kōhanga Reo National Trust (the Trust), the umbrella organisation for kōhanga reo. This funding supports the Trust's operating and staffing costs across a range of functions, including operational support and guidance for kōhanga reo. Funding levels have not been adjusted since 2020, while inflationary cost pressures have grown significantly. The additional funding sought represents a 12% increase on current funding levels to reflect the significant increase in the Trust's costs since funding was last adjusted. By enabling the Trust to better meet cost pressures, funding will support the Trust to maintain current levels of service delivery and support for over 400 kōhanga reo.	Excluded	We recommend not supporting this initiative, which seeks an annual operating funding increase of $721,000 for the Kōhanga Reo National Trust. As a registered charity, the Trust's annual financial returns are publicly available and show that it has achieved an operating surplus in eight of the last ten years, with average annual surpluses exceeding $1.2 million between 2022 and 2024. While we acknowledge the potential perception that not funding this initiative may be seen as the Crown not fully meeting its obligations under the Waitangi Tribunal's WAI 2336 report, we consider that the Trust's overall financial position, combined with a need to carefully prioritise the most critical areas for investment in this Budget, justifies a recommendation not to provide a funding uplift this Budget.	2.9	0.7	-	-	-	-	1	2	3
	17310	Service Or Policy Savings	Te Rito – savings from strategic refocus and stopping current programme	This initiative returns $13 million of funding from rationalisation of the current Te Rito programme. This ends the user interface, help desk support, and from reducing scope to focus on core delivery components from July 2026 onwards	Included	We recommend supporting this initiative, which would achieve savings by rescoping the Te Rito digital programme to focus only on core functionality (information management provision for engaged schools). We note that ending non-essential digital and support services would reduce the support available to schools and the ability for external providers to access the system. This might disrupt curriculum delivery for 4,000 learners supported through Ko Taku Reo | Deaf Education New Zealand. Ko Taku Reo currently use Te Rito for online learning, assessments, and to access learner information, and would need to source an alternative provider. This disruption could be mitigated by communicating decisions early to Ko Taku Reo to increase the time for them to transition to a new provider.	(13.0)	(3.3)	-	(13.0)	(3.3)	-	3	3	3
	17311	Service Or Policy Savings	Cyber Security and Digital Support – Savings	This initiative returns $6 million of operating funding from the Cyber Security and Digital Support (CSDS) programme as the scope of the work was further reduced and return of funding will not have implications on delivery. If further funding is returned, the continuation of one or more key deliverables from the CSDS programme will need to stop as they are unable to be scaled.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present no material risks. This saving is available due to recent decisions to reduce the scope of the programme and so can be taken without further consequences.	(6.0)	(1.5)	-	(6.0)	(1.5)	-	4	4	4

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Education	17313	Service Or Policy Cost Escalation	[33]										3	3	4
	17314	Service Or Policy Savings											2	3	3
	17315	New Service Or Policy	Investing in Industry Skills Boards (ISBs) to develop industry-led school subjects	This initiative provides funding to ISBs to develop at least eight new industry-led subjects for secondary students, with funding for the Ministry of Education to support ISBs in that work. Delivering industry-led subjects rapidly but rigorously is critical to implementing the new, subject-based qualifications to replace NCEA, with funding required now to meet wider reform timelines. The initiative would increase the consistency, coherence and credibility of packages of learning for Vocational Education and Training (VET), e.g. in building and construction. It would also improve consistency in how VET is assessed, with standards comparable in quality to Ministry-led subjects, graded in the same way, and integrated into the national curriculum.	Included	We recommend scaling this initiative, which funds Industry Skills Boards (ISBs) to develop eight new school subjects. The initiative is an important part of the Government's Education reforms and has support from industry and educators alike. New funding is needed at this Budget to ensure the new subjects are ready in time to be rolled out alongside existing subjects in 2029. Our scaled option provides funding for two years only, to enable the development of the new subjects, and a decision can be taken at a future Budget whether maintaining the subject materials requires new funding or can be met from baselines.	15.0	3.8	-	10.1	2.5	-	3	3	3
	17316	Service Or Policy Cost Escalation	Rockquest Promotions Events Contribution – Cost Pressure	This initiative contributes one-off funding to support delivery of a range of national events that provide students with hands-on access to real-world creative experiences across live performance, digital media, and visual arts. These events support curriculum-aligned learning and help students build transferable skills. They also open pathways into tertiary study and future employment. The events have experienced cost increases relating to production costs, venue hire, travel, accommodation, and staffing as well increases in unmet demand. Funding provides for a one-off increase to support continued service provision in 2027 while the Ministry of Education redesigns the model for arts supports.	Excluded	We recommend deferring this initiative, which would increase funding for Rockquest events to help meet demand. As part of the curriculum redesign, the Ministry of Education is undertaking a review of existing arts support funding, which is expected to be finalised in quarter two of this calendar year. We consider that any decision to allocate additional funding for programmes within scope of the review should be made considering the review's outcomes, and only after exploring reprioritisation options.	0.5	0.1	-	-	-	-	2	2	4
	17320	Service Or Policy Savings	E-ako tool and Pathways Awarua – reprioritised funding	This initiative stops the online platform that hosts the E-ako tool and Pathways Awarua, an online maths learning tool designed to support students in Years 3-8 to work independently through interactive learning modules that supplement the classroom maths programme. The savings arise from shutting down the platform and not renewing contracts ending in December 2025.	Included	We recommend supporting this initiative, which would achieve savings by shutting down the E-ako tool and Pathways Awarua. E-ako was used by 1700 learners as at July 2025, who may have reduced provision for maths if a replacement tool is not progressed by the Ministry of Education. However, any risk is mitigated by funding provided through Budget 2025 to provide targeted maths staffing support for Years 0-6, tutoring for Year 7 and 8 students, and mathematics curriculum resources for kaupapa Māori and Māori medium education classrooms. There is a minor additional risk for ākonga Māori, as E-ako is one of a limited set of resources available in te reo Māori, however we consider this risk mitigated by the Budget 2025 funding for kaupapa Māori and Māori medium education classrooms.	(1.8)	(0.4)	-	(1.8)	(0.4)	-	3	2	4
	17322	New Service Or Policy	NZQA: Implementing Artificial Intelligence and Machine Learning in NCEA and NZ Scholarship	This initiative will fund pilots and proofs of concepts for Auto Text Scoring (ATS) and Artificial Intelligence (AI) marking of assessments, trial AI moderation of internal assessments and AI exam development. It will fund platform and support costs and continue to build capability in NZQA so that we can confidently operationalise AI solutions for secondary school assessments. One-off funding will support NZQA to better understand its needs to develop and deploy AI/Machine Learning (ML) solutions for secondary qualifications.	Excluded	We recommend not supporting this initiative. Development of AI solutions is already underway, therefore we consider any further investment into this work programme should be traded off against other priorities within NZQA's existing baseline expenditure, for which we separately recommend additional cost pressure funding (ID: 17328). We recognise the potential for AI solutions for secondary school assessments to create significant efficiencies. However, the costs, efficiencies, and rollout of fulsome AI solutions for all external assessments are currently unknown. If Ministers wish to prioritise development of AI solutions for assessments now, we recommend funding the full value option (a one-off $2.053 million) to ensure in-depth and viable options for fulsome AI solutions are explored.	2.1	0.5	-	-	-	-	2	3	2

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Education	17323	New Service Or Policy	Education payroll upgrade	This initiative provides funding to upgrade the schools' payroll technology to a secure, software as a service platform, reducing compliance risks and improving system reliability. Immediate funding is required to address risks in the current system and ensure payroll stability. The project will enable a smooth transition to full compliance and further improvements in standardised payroll services for New Zealand schools. This initiative will be funded in line with the costings in the Indicative Business Case (see Table 9). [38]	Included	We recommend supporting this initiative, which provides funding for Education Payroll Limited (EPL) to upgrade core payroll technology. The provider has indicated that it will not renew EPL's existing contract post June 2027 without a commitment to upgrade. This would leave no legal means for the Government to pay over 102,000 staff in the education workforce. Switching to another provider is not an option as any upgrade will take at least five years. This initiative cannot be further scaled or deferred, with this option representing the minimum expected cost to upgrade the core system only. [38]	[37]						4	3	3
	17324	Service Or Policy Cost Escalation	Healthy School Lunches Programme	This initiative provides funding to allow for the continuation of the Healthy Schools Lunches and the Early Learning Food programmes in 2027. Current funding ends in December 2026. These programmes currently provide lunches for approximately 242,000 students in 1,015 schools and Kura, and food to 8,710 children in 327 Early Learning services and Kōhanga Reo across New Zealand. It also includes funding for a 3% increase to meet inflationary cost pressures such as food prices, transport and staffing costs, which impact on the cost of delivering these programmes. The initiative also provides some funding for innovation, evaluation and capital purchases to improve the implementation of the programmes.	Included	We recommend scaling this initiative, which will continue the Healthy School Lunches and Early Learning Food programmes for the 2027 calendar year. We also support providing a 3% cost uplift to address inflationary pressures (given recent above-CPI inflation in food prices) and a small capital component for replacing equipment but no additional funding for innovation and evaluation (as these costs can be deferred). Providing food to students in low socio-economic communities helps to mitigate children's hunger, although the secondary effects (e.g. attendance and educational achievement) are modest at best. If the programme is to continue permanently, ongoing funding should be considered, and the Government could consider targeting support further to mitigate the cost.	212.4	53.1	0.9	209.5	52.4	0.9	3	3	3
	17326	Service Or Policy Cost Escalation	Administration payment to schools for administering NCEA co-requisite assessments	This initiative provides funding for NZQA to pass onto schools and kura to offset the additional costs associated with their administration of the NCEA co-requisite external assessments.	Included	We recommend supporting this initiative, which would provide funding to schools and kura to offset the costs of administering National Certificate of Educational Achievement (NCEA) co-requisites. The co-requisites were introduced in 2024 and consist of twice-yearly external assessments on literacy or mathematics that students must complete. This initiative meets the costs of administering and managing these co-requisites for schools. If not funded, schools would need to meet these costs through their operational grants (which are also facing inflationary pressures). Decisions on this initiative should therefore be considered alongside those on the Schools' Operational Grant (#17308) and KiwiSaver funding (#17332).	5.6	1.4	-	5.6	1.4	-	3	3	3
	17327	New Service Or Policy	Senior Secondary Subjects & Qualification Curriculum Days	This funding will support secondary teachers to implement the refreshed senior secondary subject curricula and new national qualifications for Years 11-13. The support will focus on building teacher capability and engagement to deliver a new, knowledge rich curriculum for the Phase | Tūārere 5 subjects and wāhanga ako, and to implement changes to the secondary qualifications. The initiative would provide all secondary teachers with [33] . The days would be scheduled on a rolling basis in two 3–4-week windows each year (one window in 2030). The regional scheduling will leverage and strengthen schools' existing collaborative networks.	Included	We recommend scaling this initiative, which would fund events for teachers to help implement the new curriculum and assessments. The success of the reforms relies on changes to teacher practices, and there is some evidence that events like these help. Our scaled option provides funding to the end of the 2028 calendar year only, as further funding could be considered at a future Budget, and reduces a contingency from 25% (as this is higher than provided for in other initiatives), with a 5% contingency.	[33]			25.3	6.3	0.1	3	4	3
	17328	Service Or Policy Cost Escalation	NZQA: National Certificates of Educational Achievement and NZ Scholarship Service Delivery	This initiative funds the gap between what NZQA is funded for and the cost of delivering assessment for the National Certificates of Educational Achievement NCEA and New Zealand Scholarship. In 2024, NZQA commissioned an independent review of the cost of delivering NCEA and NZ Scholarship, which identified a funding gap of $14.23 million per year. Re-modelling has confirmed the operational shortfall figure remains. There have been increases in the number of subjects and in the support for special assessment conditions, internal assessment and quality assurance activity but funding has not increased. While NCEA replacement change proposals will reduce costs in some areas once implemented (i.e. removal of Level 1), the nature and quality assurance of assessment will increase costs in others.	Included	We recommend scaling this initiative. Funding is required this Budget due to the high risk of NZQA being unable to discharge its essential NCEA and NZ Scholarship functions. This cost pressure cannot be managed by reprioritisation, due to the high levels of reprioritisation already undertaken, nor sustainably by cash reserves. The scaled funding option covers components of critical service delivery, scaling out discretionary spending (such as a mentoring programme for exam centre managers). If these elements are a priority, they could be traded off against other costs from within NZQA's baseline funding or cash reserves.	44.5	11.1	-	27.6	6.9	-	3	4	3
	17329	Service Or Policy Cost Escalation	Learning Support – Deaf Education cost pressure	This initiative funds cost and volume pressures for Deaf or Hard of Hearing children and learners in schools that do not have provision, and it enables Deaf parents (of children) to access interpreters to attend more educational events. The funding increase will go to First Signs to meet demand and remove the first visit waitlist. The funding includes support for Deaf parents attending educational events and provide an additional 60 places over three years within NZSL Immersion hubs to support families of learners.	Included	We recommend supporting this initiative, which would increase the level of support available for Deaf or hard of hearing learners in schools that do not have provision. Previous evaluations have shown positive impacts from First Signs on communication and language development, and there is a strong intervention logic for immersion hubs and parental support. Without further funding families will not be able to access support to engage with the education system, and parents will face barriers to taking part in discussions on their children's education. Scaling this initiative further is possible but would require reducing the number of learners supported or the volume of support provided, which may lead to increased costs to support these children in future.	3.0	0.8	-	3.0	0.8	-	4	3	3

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Education	17330	Service Or Policy Cost Escalation	Learning Support - School High Health Needs Fund cost pressure (volume)	This initiative provides teacher aide support for an additional 100 eligible students with a significant health condition to attend school, and 1 FTE staff to support the timely processing and assessment of applications The SHHNF provides support for students with significant health needs, so they can attend school safely and develop independence with their health care. Without sufficient teacher aide support these students would have a reduced ability to access and participate in education.	Included	We recommend supporting this initiative, which would fund the expected 5% increase in demand for the School High Health Needs Fund (SHHNF) for 2026/27. The SHHNF supports students who do not meet the eligibility criteria for the Ongoing Resourcing Scheme but still have ongoing health needs that require consistent support (e.g. 84% of students receiving support require help either with toileting or to manage diabetes). Funding is critical and urgent for Budget 2026 as without support these students will likely experience reduced access to education and poorer health outcomes. Scaling this initiative further is possible but would require reducing the number of students supported or the volume of support provided for a particularly vulnerable group of students.	5.4	1.4	-	5.4	1.4	-	4	3	3
	17331	Service Or Policy Cost Escalation	Learning Support - ESOL cost pressure	This initiative provides $10m additional funding for schools to provide English for Speakers of Other Languages (ESOL) programmes to meet increased demand for ESOL services due to immigration, including migrants, New Zealand born children of migrants and refugees. Funding will enable schools to maintain ESOL programmes to meet demand.	Included	We recommend supporting this initiative, which would meet forecast demand for English for Speakers of Other Languages (ESOL) programmes in the 2026 school year. NCEA achievement data shows that learners who receive five years of ESOL support achieve NCEA Level 2 at levels at or above those of English first-language speakers. Without funding, there may be negative impacts on engagement and achievement for learners. Beyond 2026, the Ministry of Education is undertaking policy work to drive greater value for money from existing ESOL spending, which may reduce the need for additional funding at future Budgets.	10.0	2.5	-	10.0	2.5	-	3	3	3
	17332	Service Or Policy Cost Escalation	Kiwisaver - cost pressure	This initiative funds the cost pressure from changes to the default rate of KiwiSaver contributions announced in Budget 25, which will increase contributions from 3% to 3.5% from 1 April 2026. The funding will address the increased employer costs for: - Teachers and principals employed by state and state integrated school boards that are funded from staffing entitlement. - Non-teaching staff and over entitlement teachers employed by school boards, where the additional costs will not have been budgeted for and cannot be absorbed from within schools' baselines without impacting on the support of teaching and learning or risking a reduction of hours. [33]	Included	We recommend scaling this initiative, which would fund increased KiwiSaver costs for frontline education staff due to the default contribution rate rising to 3.5%. Our scaled option would exclude funding for staff directly employed by the Ministry of Education. This is consistent with the approach taken in other portfolios, with agencies meeting costs from existing baselines.	[33]		-	157.2	39.3	-	3	3	4
	17333	Service Or Policy Cost Escalation	Schools Payroll - compliance & remediation cost pressure	"This initiative provides funding to progress the work initiated by the Ministry in 2016 to address the known payroll issues, determine individual remediation entitlements and disburse an estimated $377.56 million to school employees owed a remediation payment (at 30/6/25).	Included	We recommend scaling this initiative, which would allow the Ministry to sustain progress in its Holidays Act compliance work programme (e.g. making remediation payments). Our scaled option would provide funding for 2026/27 only, as the anticipated costs in this year are higher, and so reprioritisation would likely result in adverse impacts on service provision elsewhere. If no funding is provided this Budget, there is a risk that this work programme may stall or stop, and specialist staff may not be retained, which would extend the Ministry's non-compliance.	15.4	3.9	0.1	10.4	2.6	-	2	3	3
	17334	New Service Or Policy	Excellence Awards for Schools, Kura and Teachers	This new initiative funds 32 Excellence Awards for Schools, Kura and Teachers. The awards will celebrate excellence in schooling, recognise schools, kura, and/or individuals that are successfully implementing educational priorities, and share examples of successful, transferable, and transformative best practice(s) that are improving learning outcomes for school-aged learners. The funding establishes the awards programme across the compulsory schooling sector, provides the actual awards, and provides operational funding for ongoing management and delivery of the programme. The initiative also includes the reprioritisation of funding for the New Appointments National Panel which is being disestablished on 27 January 2026.	Excluded	We recommend not supporting this initiative. The awards are intended to recognise and share best practice in the education system, and promote teacher retention. However, there are existing programmes which already achieve some of these aims, such as prestigious study awards and grants, and the Schools Onsite Training Programme. Furthermore, previous iterations of such an award (e.g. the Prime Minister's Education Excellence Awards) indicate the sector's engagement with the proposed awards will likely be low and the awards are administratively complex. Therefore, the benefits of rewarding and improving visibility of best practice are likely outweighed by the fiscal costs.	2.2	0.6	0.0	-	-	-	2	3	3
	17335	New Service Or Policy	[33]										4	3	3

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Education	17336	Service Or Policy Savings	[33]										3	3	3
	17337	Service Or Policy Cost Escalation	Ngarimu VC & 28th (Māori) Battalion Memorial Scholarships Fund – Scholarships Expansion	This initiative will deliver an additional five Ngarimu VC & 28th (Māori) Battalion Memorial Scholarships, increasing the number to fourteen to be awarded annually. This initiative will also support a small increase to the allocation of the prizes for annual schools' video and waiata composition competitions. The competitions are a pathway in fostering confidence on a future in tertiary education. The Ngarimu VC & 28th (Māori) Battalion Memorial Scholarships are granted annually for the purpose of promoting the study and encouraging the maintenance of the Māori language and of Māori history, tradition, and culture. The scholarships align with the Government's priorities by focusing on achievement in education.	Excluded	We recommend not supporting this initiative, which would fund an additional five scholarships annually (and increases the prizes available for a video and waiata contest). We acknowledge there has been additional demand for these scholarships, but other (albeit mostly more generic) support is available to students to help them fund their tertiary studies, as well as specific initiatives to encourage the study of Māori language, history, culture and traditions. On balance, we consider there are more urgent needs within the broader education portfolio that should be prioritised for investment.	0.4	0.1	-	-	-	-	2	2	3
	17338	New Service Or Policy	NZQA: Implementing the new secondary school qualification	This initiative provides funding for NZQA to complete Phase One to support the implementation of the proposed new secondary school qualifications. This includes development of, and then testing in the 2027 academic year, sample assessments for the new 'Phase 5' curriculum subjects, and engagement with the sector, including securely sharing these resources through our portal for feedback with schools participating in the testing.	Included	We recommend supporting this initiative. We consider additional funding is necessary due to the need to develop new external assessments for the secondary school qualification set to be introduced by 2029. We understand that the Minister of Education will be making decisions on the new qualification in the first half of 2026. We have recommended the Minister also makes decisions on the roles and responsibilities for developing assessments for the new secondary school qualification as part of this decision-making. Revising division of responsibilities before funding is appropriated will help to ensure there is efficient and consistent delivery of the new qualification. There is a risk these decisions are delayed, which can be mitigated by placing this funding in a tagged contingency.	8.4	2.1	-	8.4	2.1	-	3	4	3
	17339	New Capital Investment	NZQA: Strategic Technology Enhancement Project	This initiative removes the risk associated with the New Zealand Qualification Authority's 20-year-old nationally significant legacy IT system (electronic Qualifications Authority (eQA)) by delivering modern flexible systems to support core business functions via the Strategic Technology Enhancement Project (STEP). STEP will integrate with wider education sector and social sector data and information. This initiative will allow NZQA to employ specialist skills, vendors and upskill existing staff to develop institutional knowledge to address risks posed by NZQA's aging legacy IT system (eQA). The initiative will deliver core functions to support future changes to our national qualification system due to roll out from 2028/29.	Included	We recommend supporting this initiative in full but to be held in a tagged contingency to allow further engagement with the Government Chief Digital Officer (GCDO) to address its concerns. Delaying this investment will constrain NZQA's ability to deliver the new qualification for 2029 and we understand the Minister of Education considers this investment as a critical requirement for replacing NCEA. At least four years of lead time is required. We recommend funding is provisioned this Budget in a tagged contingency to ensure further consultation with the GCDO prior to completing an Approval to Deliver. This will allow for NZQA to align STEP with the digital target state for the public sector prior to project delivery, without delaying initial procurement processes.	[38]						3	4	3
	17340	Service Or Policy Cost Escalation	Early Childhood Education Cost Adjustment	This initiative provides funding for a cost adjustment of 2% to a mix of full and partial early learning subsidy rates from 1 July 2026. This will support ECE services to manage a growing range of cost pressures and the increasing cost of provision, while helping maintain quality and affordable early learning. A partial adjustment of 0.64% to the kindergarten subsidy rates accounts for the distinct funding rate increases that kindergartens receive for their staffing costs related to the Kindergarten Teachers Collective Agreement (KTCA). This level of cost adjustment is the preferred option, taking into account the impact on affordability and access to ECE, implementation readiness, and alignment with Government and Ministerial priorities (particularly the ECE Funding Review).	Included	We recommend supporting this initiative, which provides a 2% cost uplift to Early Childhood Education (ECE) subsidies from 1 July 2026 onwards to partly offset wage growth and inflationary pressures. It includes a 0.64% uplift for kindergartens, reflecting non-salary costs only, as their salary costs are managed separately. A lower cost adjustment would likely result in families paying higher fees (creating financial hardship in some cases) and reduced participation in ECE. It is worth noting that similar initiatives in previous years have been scaled. However, as an ECE Funding Review is currently underway (expected to report back in September 2026), we do not recommend more substantive changes or scaling at this stage.	219.8	54.9	-	219.8	54.9	-	3	3	3

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Education	17341	New Service Or Policy	Professional Standards setting function – new Ministry regulatory function	This initiative provides funding to establish and operate a Professional Standards Setting function in the Ministry of Education. The initiative is required to deliver the transfer of education workforce regulatory functions from the Teaching Council to the Ministry. This was announced by the Minister of Education in 2025, with legislative changes coming into effect in July 2026. While regulatory functions are transferring from the Council, funding is not. The initiative funds 25.3 subject matter specialist and delivery staff (14.3 FTEs and 11 contractors) to establish and deliver this new function. The specialist knowledge and skills required are not currently available within the Ministry, and the breadth of the functions transferred means that additional FTE and capability is required.	Included	We recommend scaling this initiative to provide time-limited funding for one year. This will ensure that the Ministry of Education can fulfill its education workforce regulatory functions from July 2026, as agreed by Cabinet. We recommend the Ministry completes an analysis of resourcing requirements and funding options, in time to inform Budget 2027 decisions. This function transfer has created an ongoing pressure for the Crown, as these costs can no longer be met from fees and levies collected by the Teaching Council. To inform a permanent funding solution, analysis should examine both the merits and practicalities of Crown versus third party revenue funding options, including ensuring consistency with other regulated professions.	17.8	4.4	0.3	3.9	1.0	0.3	3	3	3
	17342	New Service Or Policy	Expanding VET delivery for secondary school students	This initiative provides funding to expand Secondary-Tertiary programmes (Trades Academies). These provide industry focused learning for secondary students. Trades Academies support positive post-school outcomes for students participating in them. However, capacity in these programmes is limited and there is inconsistent access across regions and industry areas. This initiative would increase capacity in existing Trades Academy programmes first in 2027 (by 1,650 places, and a further 3,350 in 2028), before establishing a small number of new programmes from 2028 to help fill gaps in supply. This initiative is a key part of supporting access to new industry-led subjects, as part of the proposed new subject-based qualifications to replace NCEA.	Included	We recommend supporting this initiative, which expands the number of Trades Academy places by 5,000 (in stages between now and 2028). There is strong evidence of Trades Academy programmes improving learners' outcomes. The initiative is also consistent with the Government's Education reforms generally.	44.6	11.1	0.0	44.6	11.1	0.0	4	3	3
	[37]												2	2	2
	17344	New Service Or Policy	Senior Secondary Subjects Curriculum Resources Support Package for Phase 4/5	This funding will support quality teaching and learning of Phases 4/5 (Years 9–13) in all secondary curriculum subjects for the New Zealand Curriculum and Te Marautanga o Aotearoa. The development of resources will be sequenced over a four-year period in alignment with curriculum implementation. This includes enhancements to improve and maintenance of the curriculum website Tāhūrangi to ensure teaching and learning resources are aligned to the refreshed curriculum, visible and accessible; a fund for schools and kura to purchase English and Te Reo Rangatira texts to support implementation of the refreshed curricula and development of a resource package that includes activities and teacher guidance.	Included	We recommend scaling this initiativ, which would fund resources for secondary teaching and learning, and help schools purchase approved texts. Our scaled option would fund the development and distribution of fewer resources and would not fund schools' new texts. Teacher feedback indicates that providing support will be important for the successful implementation of the new curriculum. Our recommended option also ensures there is some support for teachers while incentivising the Ministry to prioritise the production of the highest value resources.	53.7	13.4	7.5	14.0	3.5	-	3	4	3
	17347	New Service Or Policy	Foundations for Educational Success: Pathway to 2030	This initiative builds on recent gains and further strengthens teaching and learning as part of achieving the Government's target of 80% of students at curriculum level by 2030. It includes: 1.A pilot of maths & pāngarau hubs 2.Maths kits to every class in year 0-8 3.A Digital Maths Practice Tool business case 4.A times table and division check 5.Maths knowledge and practice modules for teachers 6.An additional 36 FTTE for targeted maths and pāngarau support 7.PLD for High Impact Pedagogies 8.PLD for smarter data use aimed at school and kura leaders 9.Structured literacy decodables and readers 10.Expanding the digital writing solution to Y4-10 11.Expanding the Maths and Pāngarau Acceleration programme to include Y9-10	Included	We recommend scaling this initiative. The submitted initiative would fund professional development and resources for teaching and learning (e.g. literacy and numeracy tools) while our scaled option would limit funding to supports that have evidence of positive impacts on educational outcomes or which fill a critical gap in services. The other components largely scale up programmes that are yet to be launched or have only just begun.	120.2	30.1	0.4	50.0	12.5	-	2	4	3
	17348	Service Or Policy Cost Escalation	School Onsite Training Programme - cost pressures	[33] This initiative also provides an 8% cost pressure increase for the 528 places in the 2026/27 cohort on the programme.	Included	We recommend supporting this initiative, which provides [33] and provides a cost adjustment to account for a 12% increase in teacher training fees. Funding is critical and urgent for Budget 2026 as current teacher supply projections (from February 2025) show 330 additional secondary school teachers will be required by 2027. Noting that updated teacher supply and demand forecasts are expected to be available soon, we recommend that funding for this initiative is contingent on placements being appropriately targeted in line with updated forecasts.	[33]						3	3	3

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Education	17350	New Service Or Policy	[33]							-	-	-	3	3	3
Education Review Office	17123	New Service Or Policy	Schools of Concern – addressing achievement, attendance, and child safety	This initiative will establish a Schools of Concern Programme that provides more targeted specialist work in underperforming schools. These schools are disproportionately contributing to poor achievement and attendance rates. Under this initiative, Schools of Concern will have bespoke, independent and more frequent reviews by specialist reviewers to provide quick identification of issues and high-quality, actionable recommendations designed to address key problems and improve school and student outcomes. This will support key Government targets relating to achievement and attendance and will maximise the benefit of the Government's investment in legislative change that requires the Ministry of Education to act in response to an ERO recommendation.	Excluded	We recommend deferring this initiative which would add [33] to the Education Review Office (ERO) to increase quantity and depth of reviews of schools of concern. We understand the pressing need to invest in interventions in schools of concern, as around 10% of schools account for almost a quarter of school leavers without NCEA Level 2. However, we do not consider more reviews will lead to better outcomes, as the evidence to date shows that existing Ministry of Education-led interventions from ERO's reviews does not lead to improved outcomes (e.g. in most cases, there is no improvement in NCEA Level 2 achievement). ERO will report to the Minister of Education in June 2026 on intervention options, and we recommend any further investment be informed by this report.	[33]		-	-	-	-	2	3	3
	17124	New Service Or Policy	Hostels – increasing child safety	This funding will allow for more robust regulatory oversight for hostels and private schools to respond to recommendations made by the Royal Commission Inquiry into Abuse in State Care. The funding will allow investment in specialist capability supported by technology and data analytics to provide a risk-based and responsive regulatory service to mitigate child safety risk in these education settings.	Excluded	We recommend deferring this initiative which would add [33] to increase quantity and depth of reviews of school hostels. As part of the Education and Training (System Reform) Amendment Bill, the Education Review Office (ERO) will take on regulatory responsibility for hostels in the latter half of 2026. Alongside this, the Ministry of Education is currently leading a review of hostel regulations (timing is TBC). We expect this review to address issues with current regulatory settings, including a review of hostel licensing fees to reflect the cost of the licensing function that ERO will take on. Therefore, deferring this initiative will allow the review's findings to be considered prior to further investment.			-	-	-	-	2	3	3
	17126	New Service Or Policy	Early Childhood Education Regulation IT System Replacement	This initiative will allow for the minimum viable product replacement for the IT system that is required for the provision of early learning provider regulatory services.[38] . Funding is sought for establishment only, and ongoing costs will be covered by baseline funding.	Included	We recommend supporting this initiative which would fund an IT system enabling the Education Review Office (ERO) to stand up its new regulatory functions for licensing early childhood education services. We consider funding to be critical [38] , as ERO is set to take on these new functions in the first half of 2026. [38]	[38]						3	3	3
	17155	New Service Or Policy	[33]						-	-	-	-	2	3	3
Environment	17111	Service Or Policy Savings	Waste Disposal Levy - ongoing levy reallocation	This initiative provides targeted savings by funding three environmental programmes funded by the Ministry for the Environment from the Waste Disposal Levy rather than Crown funding in FY 29/30: Kaipara Moana Remediation, Environmental Training Programmes and NZ Landcare Trust. The preferred option has been developed in the context of declining and uncertain levy revenue forecasts, which provide little scope for savings before FY 29/30 beyond those already included in Budget 2025	Included	We recommend supporting this initiative, which rolls out annual allocations agreed at Budget 25 and delivers $12 million in savings by swapping existing Crown funding (returned as savings) for levy revenue in 2029/30. The expenditure is expected to be offset by levy revenue and therefore fiscally neutral. There are options to revisit expenditure allocations as part of MfE's strategic review of levy funding ahead of Budget 27. Pursuing further savings now would risk increasing the levy's projected deficit further, requiring the Crown to fund existing levy-funded programmes to meet any revenue shortfalls or otherwise reduce levy allocations in future years. The suggested approach preserves Ministers' ability to consider further savings opportunities at Budget 27 should projections improve.	12.8	3.2	-	12.8	3.2	-	3	4	4

Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Dept. Submissions $(m) Total Opex	Dept. Submissions $(m) Opex P.A.	Dept. Submissions $(m) Total Capex	Current Package $(m) Total Opex	Current Package $(m) Opex P.A.	Current Package $(m) Total Capex	Value for Money Values V	A	D
Environment	17112	New Capital Investment	RM Reform Implementation Tranche 1 Investments	The implementation of a new resource management system is forecast to generate $560m plus in annual compliance and administrative savings, with up to $3.1b/0.56% in additional annual GDP by 2050. The Ministry has developed four packages for consideration (1,2,3a,3b) – three of which (1,2,3a) are included in the supporting PBC. These packages provide choices between the level of economic gains realised, as well as the costs and risks of implementation. All include a mix of investments in high quality national direction, data, digital enablement, and culture and practice change to implement the new system and shift the culture of decision making. The Ministry preference is Package 3b ($533.4m over 4 years). A conservative BCR estimate is 10:1.	Included	We recommend supporting a scaled option funding key digital and data components and FTE to implement the new RM system. While significant FTE are required to deliver the reforms at pace, we have scaled FTE costs including overheads by around 20% to a level more comparable to other agencies. Further scaling may be possible with the forthcoming merger. We recommend [33] and [37] digital package [33] and that enables key benefits of the digital planning system (eg, data integration) [33] and [37]	[33] and [37]		13.4	348.0	87.0	13.4	4	4	3
	17140	New Service Or Policy	National Adaptation Plan - National Flood Map	This initiative seeks [33] and [37] to provide for the development and on-going delivery of a National Flood Map providing property level flood risk information and integrated and open access underlying data sets. [33] and [37] The NFM is a whole-of-government platform designed to provide credible, locally accurate and nationally consistent flood risk information across New Zealand. It will underpin reforms in resource management, emergency management, public risk financing, and will support individuals, communities, insurers, and asset managers to better understand and manage flood risks.	Included	We recommend supporting a tagged contingency [33] and [37] This initiative improves accuracy and coverage of flood risk data and depends on delivery of the 'low-resolution' map included in the RM bid (ID 17112). [33] and [37]	[33] and [37]						2	3	2
	17213	Baseline Reduction	Ministry for the Environment – Baseline Reductions	This initiative presents 2% savings from: -Reducing contractor & consultant spend primarily from reducing spend on data & science that supports non-RM policy -Reducing overhead spend including on IT improvements, project management & L&D -A small amount of structural change. Larger structural changes is not suggested given these would be part of a broader review for establishing a new Ministry -Savings from CCIEB to reflect better utilisation of existing personnel due to improved sequencing of work -Savings from the Climate Commission from reducing resourcing for functions required under the CCCRA. Phasing reductions over the period will enable the CCC to deliver on its statutory functions in the immediate future with manageable levels of risk. Some org restructure required.	Included	We recommend supporting this initiative proposed by the lead portfolio Minister, which delivers savings by reducing back-office costs across the Ministry and the Climate Change Commission, including small reductions in FTE and contractor and consultant expenses. The savings do not present significant Treaty, legal or economic risk. In addition to these savings, we understand the Commission plans to initiate an organisational restructure to manage medium-term cost pressures.	(15.2) Since this advice was provided, the Commission has decided it no longer requires restructure to deliver these savings	(3.8)	-	(15.2)	(3.8)	-	3	3	3
Finance	17117	Baseline Reduction	Financial sustainability - Baseline Savings	This savings initiative returns funding from Vote Finance's baseline from increase operating efficiencies from personnel. This saving relates to finding back-office efficiencies and productivity gains. This initiative contributes to the baseline savings target for Vote Finance.	Included	We recommend supporting this baseline savings initiative. The bid attributes these savings to efficiencies from a recent restructure. We have assessed the savings to be achievable with no material risk to delivery of Treasury's core outputs.	(9.2)	(2.3)	-	(9.2)	(2.3)	-	4	4	4
	17118	New Service Or Policy	Detailed Business Case: Risk Financing for Public Infrastructure	This initiative provides for a project team to be established at the Natural Hazards Commission (NHC) to deliver a Detailed Business Case (DBC) to implementation readiness for a shared service function for central and local government entities to procure insurance. The Treasury remains the policy lead for this initiative. Its resources are not part of the bid but we set out the approach to delivering its role in delivery and governance.	Included	We recommend scaling this initiative. The proposed 16 FTE and $2m of consultants are higher than normally expected for a Detailed Business Case (DBC); while there is no formal benchmark, costs of around $1-2m are more typical for technical business cases. The Indicative Business Case was thorough, so the DBC should focus on refining costings and options and drawing on existing analysis, supported by targeted technical input where required. A small senior project team supported by $1m of specialist advice provides a reasonable reference point, against which $2m appears proportionate. Additionally, we have rationalised the implementation costs provided in the bid as that should not be considered until the DBC is completed and Cabinet has taken decisions.	-	-	5.3	-	-	2.0	2	2	4
	17318	New Service Or Policy	Gas Transition Loan Guarantee Scheme	This initiative enables the establishment of a loan guarantee scheme to facilitate investments in gas transition, targeted specifically at industrial firms with viable transition pathways.	Included	Support a scaled tagged contingency, subject to further policy work. The $100 million loan-guarantee proposal would enable banks to extend credit for firms investing to transition off gas. A faster-than-expected decline in gas supply (24% below forecast in 2025) is creating material operational risk for gas-reliant firms, providing a credible basis for considering government intervention. But support should be balanced against the risk of creating market distortions, propping up uneconomic firms, and the transfer of credit risk to the Crown. Ongoing policy work, due to you in February, will assess these risks and test bank and firm appetite for the scheme. We suggest you decline the $0.200m monitoring FTE.	101.3	25.3	-	100.5	25.1	-	2	3	2

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Finance	17358	Revenue	Prudential Levy	This initiative introduces a levy to recover from deposit takers, insurers, and financial market infrastructures the costs that the Reserve Bank of New Zealand (RBNZ) incurs to perform its statutory prudential functions. These costs are currently funded by the Crown as part of the Five Year Funding Agreement between the RBNZ and the Minister of Finance. The levy would be implemented by regulations, as permitted by s294 of the Reserve Bank of New Zealand Act, and administered by the RBNZ with support from the Treasury. The Act requires that the levy also recover all costs of administering the levy framework, and that industry is consulted prior to implementation, which would occur after the Budget is announced. Officials consider the regulations can be implemented by mid-2027.	Included	We support this revenue initiative. Currently, the Crown pays for the statutory prudential functions performed by Reserve Bank of New Zealand via its five-year funding agreement. This initiative would shift the burden from the Crown to banks and other financial institutions on a cost recovery basis, resulting in additional revenue of circa $70 million per annum. Levied entities will likely pass on the additional cost to the consumer through higher interest rates and insurance premiums, though they're expected to be minor (< 0.2% increase in insurance premiums is expected).	(208.5)	(52.1)	-	(208.5)	(52.1)	-	4	3	
Foreign Affairs	17107	New Service Or Policy	Protecting a Resilient, Safe, and Secure Offshore Diplomatic Network for New Zealand	This initiative provides funding for interventions that will protect New Zealand's frontline diplomatic and trade network. In particular, funding will avoid the need to reduce the size of New Zealand's modest offshore network, improve the security of information technology systems, improve the resilience of New Zealand's smallest diplomatic posts and those in the most challenging locations, increase the Ministry's preparedness for crisis response, and address known health and safety concerns.	Included	We recommend scaling this initiative. The interventions in this initiative provide funding for MFAT's diplomatic post network, to fund increases in remuneration, investment in cyber security/ICT systems, and travel and personnel policy changes to increase access to business class flights and [34] Of this group of sub-initiatives, we support a scaled option that would provide $24.08 million total operating for two ICT and cyber security-focussed investments. An audit [1] The other investments under this initiative are not sufficiently aligned with fiscal priorities or the Budget 2026 approach to remuneration, and could be funded by reprioritisation if priorities.	175.4	43.9	-	24.1	6.0	-	4	2	2
	[1] and [12]												3	3	2
	17181	New Service Or Policy	Pacific Islands Forum 2027 – Hosting Costs	This initiative provides funding for multi-agency costs associated with New Zealand's hosting of the Pacific Islands Forum Leaders' week in 2027. This will see New Zealand hosting 17 Pacific Leaders, up to 30 other high-level country and international organisation delegations, with approximately 1,500 delegates in total.	Excluded	We recommend not supporting this initiative. The bid seeks funding for the cost of New Zealand's hosting of the Pacific Islands Forum Leaders Week in 2027, and also an inter-agency Taskforce dedicated to organising the event. We note Cabinet approval was not sought before announcement of the hosting arrangement, which makes it more difficult to assess the strategic alignment of this initiative. The value for money of the bid is not clear, and we consider that there is significant scope to manage down the cost in line with the obligations of hosting. We understand that hosting the Forum in 2011 cost $10 million inflation-adjusted ($5 million for the Leaders Week and $2 million for the Forum Economic Ministers Meeting), funded by reprioritisation from the MFAT's baselines.	30.0	7.5	-	-	-	-	2	3	2
	17209	New Service Or Policy	International Development Cooperation to Support the Sustainable Development of Pacific Island and Developing Countries	This initiative purchases development cooperation and humanitarian assistance in Pacific island and developing countries at a level that maintains New Zealand's International Development Cooperation (IDC) as a share of Gross National Income at the projected average for 2024-27. This initiative supports New Zealand's foreign policy priorities, with a focus on prosperity, economic resilience, and peace and security in the Pacific and wider Indo-Pacific regions. It increases the scale of New Zealand's support for sustainable development of Pacific island and developing countries, and provides predictable funding to support partner countries' long-term development strategies.	Excluded	We recommend not supporting this initiative. Adopting an approach that IDC should be tied to GNI would require significant uplifts as GNI grows, creating continued fiscal pressure. [1] If investment in Pacific resilience is a high priority we would recommend funding is focused on more responsive and targeted initiatives (including where outside of IDC), or defence spending.	740.4	185.1	-	-	-	-	2	2	2
Forestry	[33]														

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
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Health	17064	New Service Or Policy	National Bowel Screening Programme (NBSP) Age Extension	This initiative funds lowering the NBSP eligibility age from 58 to 50 years. The NBSP provides free bowel screening every two years to asymptomatic people aged 60-74 (currently transitioning to 58). Funding covers core screening costs (Faecal Immunochemical Testing (FIT) kits, postage, follow up, lab analysis, promotion), training and workforce development, increased colonoscopy and pathology capacity, register for tracking participants, programme changes and project support for the age extension. It will also fund the nationwide expansion of FIT for Symptomatic testing by October 2026 which, alongside other components of the initiative, is key to managing the colonoscopy demand from bowel screening and potential impacts on wait times for urgent and non-urgent endoscopy referrals.	Excluded	We recommend deferring this initiative. The National Bowel Screening Programme (NBSP) was funded at Budget 2017 for people aged 60 - 74, and it received further funding at Budget 2022 to lower the starting screening age to 58. Implementation has been delayed, with the current roll-out due to be complete in March 2026. We do not consider Health NZ is ready to deliver a further expansion to this programme, particularly considering capacity constraints and requirements for significant outsourcing (which is time consuming and costly). Given the cost of this initiative and likely delivery challenges we recommend deferral until further planning and capacity expansion occurs.	[33]			-	-	-	3	3	1
	17094	New Service Or Policy	Paediatric Palliative Care - Ensuring access to specialist services	This initiative provides funding to develop a nationally coordinated and managed specialist paediatric palliative care (PPC) service for children and their whānau by establishing two multidisciplinary specialist PPC teams located within Health New Zealand's (Health NZ) Northern and Te Waipounamu regions. The two teams will enable equitable geographic access to PPC specialists and services, as the specialist PPC clinicians will collaborate with, educate, and support existing regional generalist PPC providers in the child's community to support them to provide PPC services that meet the palliative care needs of children. The initiative also provides funding to train one registrar per year in specialist PPC to support workforce sustainability.	Excluded	We recommend deferring this initiative. However, it is part of our 'Package B' if you wanted to fund more new health initiatives. There is currently only one Health NZ funded specialist Paediatric Palliative Care (PPC) physician, and demand significantly exceeds service capacity. This initiative seeks to provide consistent national access to specialist PPC through support and education for children's primary PPC teams (e.g. GPs, paediatricians). It also provides funding to train one registrar per year in specialist PPC to support workforce sustainability. There are some delivery challenges, including a reliance on international recruitment, resource constraints and an unfinalised delivery plan; however, the need is compelling.	15.5	3.9	-	-	-	-	3	3	2
	17109	[33]							-	-	-	-	1	2	3
	17114	Service Or Policy Cost Escalation	Cost Pressure Uplift for Health New Zealand	This initiative provides an operating funding uplift for Health New Zealand (HNZ) to address changes in the drivers of healthcare demand. Increasing case complexity from multimorbidity, and technological advancements for treatment options and diagnostic capabilities are significantly raising the resource required to maintain timely access and quality of care, beyond what is already accounted for in the agreed cost pressure uplift. The initiative aims to support HNZ to meet rising complexity pressures in a fiscally responsible manner. Further work will be completed to determine the level of uplift required to address unavoidable cost growth while maintaining expectations for prioritisation and productivity improvements – this detail will be added in March.	Included	We recommend supporting this initiative. While Health NZ is already receiving $1.37b in cost pressures for 2026/27, we consider it almost certain that the entity will run a deficit in 2026/27 (T2026/88 refers). Our first best, principled advice is consequently to fund the Cyber Security initiative (ID17299) given its urgent need, and to use the remainder of the Vote Health operating envelope to offset Health NZ's likely deficit in 2026/27 and 2027/28 ('Package A'). If you wanted to fund additional new initiatives, we have identified several we consider high value and deliverable ('Package B'). We would still recommend using the remainder of the envelope to fund this cost pressure initiative.	[37]						3	3	3
	17120	New Service Or Policy	Forensic mental health services – Expanding access across the continuum	This initiative provides funding to improve access and mitigate statutory risks created by demand pressures on forensic mental health services [33] . It includes investment in additional inpatient bed capacity; prison in-reach and court liaison service FTEs to provide earlier support in prison and targeted support at the court level; step-down services [33] This will enable services to better meet increasing demand from the growing prison population and support their ability to meet statutory obligations by ensuring a [33] range of safe and secure services is available for those who need them.	Excluded	We recommend deferring this initiative. However, it is part of our 'Package B' if you wanted to fund more new health initiatives. Demand for existing Forensic Mental Health Services (FMHS) exceeds current capacity available within the system and this initiative would help manage the current statutory risk of not providing sufficient service levels. Delivery concerns related to recruitment to specialist workforces would need to be addressed. While the mental health ringfence is receiving funding as part of Health NZ's cost pressure uplift, as the entity remains in deficit, we think reprioritisation is unlikely to be viable. You may wish to discuss the trade-offs with the Minister of Health and the Minister for Mental Health.	[33]						3	4	3
	17133	New Capital Investment	Auckland Southern Site Acquisition for a Future Hospital	This initiative provides Crown funding for a land purchase in the south of Auckland for future construction of a new major acute hospital to meet the clinical needs for more healthcare services in South Auckland and North Waikato. The planning and building of the new hospital is set out in the Health Infrastructure Plan to commence in the period from 2030 to 2035 and will be subject to future funding initiatives.	Included	We recommend supporting this initiative. This is a necessary step towards building a South Auckland hospital, which was approved in principle by Cabinet as part of the Health Infrastructure Plan and announced publicly by the Minister of Health in 2025. Early land acquisition is critical to secure suitable locations and manages the risk of land cost escalation. However, Health NZ is behind on delivery of its current slate of capital projects and Ministers have expressed a preference for Capital projects that can begin moving towards completion immediately. As land can be purchased later (albeit almost certainly at a higher cost), this could be deferred if Ministers consider other projects higher priority.	[37]						3	3	3

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Health	17280	Service Or Policy Savings	Southern Health System Digital Transformation programme - return of depreciation funding	This initiative returns depreciation funding, for 2025/26 only, due to the delay to the data and digital builds associated with the New Dunedin Hospital. The outpatients building is expected to be open in 2026/27. Therefore the depreciation funding allocated in the 2025/26 year is not required now and can be returned to the Crown.	Included	We recommend supporting this initiative. This initiative returns depreciation funding for 2025/26 only, due to the delay to the data and digital builds associated with the New Dunedin Hospital. The outpatients building is expected to be open in 2026/27. Therefore, the depreciation funding previously allocated in the 2025/26 year is not required and can be returned to the Crown.	(18.5)	(4.6)	-	(18.5)	(4.6)	-	4	4	4
	17281	[33]											3	3	3
	17283	Service Or Policy Cost Escalation	KiwiSaver Changes	This initiative funds increased costs from the KiwiSaver policy changes announced at Budget 2025. As a result of these changes, the default rate of employee and employer contributions for KiwiSaver will rise from 3 per cent of salary and wages to 4 per cent in two steps. From 1 April 2026, the rate will go to 3.5 per cent and, from 1 April 2028, it will go to 4 per cent. This initiative provides funding for the increase to 3.5 per cent from 1 April 2026. The preferred option addresses these costs for the funded sector commissioned to provide healthcare services by Health New Zealand. The Minister of Finance has indicated that Health is an envelope agency and therefore is able to apply for additional funding to cover the Kiwisaver changes within the envelope.	Excluded	We recommend not supporting this initiative. Health NZ has incorporated the cost of the KiwiSaver changes for their employed staff into its draft budget for 2026/27. We expect any KiwiSaver cost increases for the funded sector to be managed within Health NZ's cost pressure uplift, consistent with the approach taken in other Votes.	161.7	40.4	-	-	-	-	2	2	2
	17284	New Service Or Policy	Ministry of Health digital and information technology and capability rebuild	This initiative funds the Ministry of Health to rebuild and maintain its IT capability for core services like service desk, vendor management, governance, ICT infrastructure, networking, and key data systems. Shared services set up for Health NZ's establishment can no longer be delivered. In July 2022, the Ministry's data and digital functions moved to Health NZ, making the Ministry reliant on Health NZ for ICT and regulatory services. Health NZ's priorities mean it cannot provide shared services, leaving the Ministry unable to manage ICT needs or modernize systems without reinstating roles and funding.	Excluded	We recommend not supporting this initiative. While submitted as a new policy, it appears to be a cost pressure to reinstate FTE previously reduced through the transfer of IT responsibilities (and associated FTE) to Health NZ in 2022. At Budget 2025 the Ministry of Health submitted a similar bid, at which time you directed them to meet the costs of these activities from baselines. The funding is primarily for 19 FTE, with the remainder to update Office subscriptions. We recommend the Ministry is directed to manage these costs within baselines.	24.0	6.0	-	-	-	-	1	1	3
	17285	New Capital Investment	Mason Clinic Redevelopment Tranche 1C – infrastructure upgrades	This initiative provides Crown funding to address infrastructure issues at Mason Clinic to stabilise the existing campus and enable future stages of development that will expand inpatient capacity at the clinic to meet demand. The Mason Clinic is a secure mental health inpatient campus in Point Chevalier, Auckland that provides inpatient regional forensic mental health services and supra-regional forensic intellectual disability services. The initiative funds additional energy centre capacity, builds new and reconfigures existing underground infrastructure, increases carparking capacity, demolishes vacated leaking buildings, and fits out shelled office space in a new building.	Included	We recommend scaling this initiative (to option 2, the MVO). This initiative addresses urgent infrastructure issues at Mason Clinic, a secure forensic mental health facility in Auckland. It builds on the 2019 programme to improve capacity and capability and will support future tranches of investment to meet demand growth. The MVO [37] funds a new energy centre, parking, office fitouts, and ICT resilience. Without investment in electrical capacity, Health NZ has advised of potential electrical system failure, which may disrupt clinical services and create security risks. Construction is set to begin in November 2027 and finish by late 2029. Components not in the MVO can be considered in later Budgets. We recommend funding is held in a tagged contingency.	[37]						3	4	3
	17289	New Service Or Policy	Road Ambulance – funding uplift	This initiative provides funding for road ambulance services. It delivers an uplift in the Government contribution and provides funding to address growing demand pressures, including investment in key enablers. This includes [38] implementing a hub-and-spoke station model in Auckland by developing two hubs; deploying an electronic Patient Clinical Record (ePCR) system to streamline processes and improve integrated care; [38]	Excluded	We recommend deferring this initiative. However, it is part of our 'Package B' if you wanted to fund more new health initiatives. This is an unfunded coalition commitment. Growth in demand for road ambulances is exceeding their capacity to respond. In 2026, Health NZ and ACC will negotiate a new four year contract with providers to deliver road ambulance services. This bid seeks funding to increase the government contribution to road ambulances, increase capacity in excess of demographic growth and fund specific new initiatives (including an electronic patient clinical record project and hub in Auckland). We recommend funding the scaled (low) option as this prioritises the areas of most critical need for the road ambulance sector (i.e. reducing the pressure on Auckland services).	[38]						3	4	3

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Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Health	17291	Service Or Policy Cost Escalation	Capital charge - increasing the contingency held for the health sector	This initiative provides funding to meet increases in the cost of capital charge to Health sector entities where the increase in capital charge has been driven through Crown equity investments to fund capital assets or Holidays Act 2003 remediation funding.	Excluded	We recommend not supporting this initiative. You should receive system-wide capital charge advice from Treasury in time for Budget 2026 decisions. We recommend you consider that advice and decide on broader capital charge settings before considering whether Health NZ needs capital charge funding. If a decision has not been taken on broader settings before Budget 2026 decisions, we recommend funding $100 million in one-off funding for 2026/27 only and deferring further costs to Budget 2027. This allows for Health NZ to meet its capital charge costs in 2026/27. If a decision is taken to retain capital charge, we recommend you fund the scaled ongoing option of $864.787 million, noting further funding will likely be required at Budget 2027 or 2028.	1,010.8	252.7	-	-	-	-	2	2	4
	17293	New Capital Investment	Project Pihi Kaha, Whangārei Hospital Redevelopment – First Ward Tower	This initiative provides Crown funding to deliver, in late 2031, a five-story, 158-bed ward tower adjoining the already-approved acute services building at Whangārei Hospital. This is the second stage of Project Pihi Kaha, the Whangārei Hospital Redevelopment. Funding was provided in 2022 for Acute Services Building, which is now progressing through design towards construction. Funding for the delivery of the ward tower – this initiative – will allow the construction of both buildings concurrently.	Included	We recommend supporting this initiative. Whangarei Hospital urgently requires ongoing investment to address capacity constraints and make facilities fit for purpose. In November 2022, Cabinet approved Stage One to deliver the Acute Services Building (ASB). This initiative funds the second stage, which will deliver a five-storey, 158-bed ward tower adjoining the ASB. It will include an acute assessment unit, four surgical wards, and enables hospital remediation and piling for a future second tower. Health NZ has faced challenges in delivering the ASB on time and now plans concurrent construction of the ward tower and ASB, with completion of both investments planned for 2031/32. Given deliverability challenges, we recommend funding is held in a tagged contingency.	[37]						4	4	2
	17294	New Service Or Policy	Health Delivery Contestable Fund	Placeholder -will be updated in the new year. The Health Delivery Contestable Fund would contribute to delivery of funding for innovative health delivery projects that aim to improve system performance and patient outcomes. It would support Health New Zealand and health sector partners to trial and scale solutions that progress health priorities e.g., lift productivity, expand service capacity, and reduce future demand. Funding would be allocated through competitive rounds, with priority given to initiatives that deliver measurable progress on specified outcomes. The fund may also support partnerships with private and philanthropic sectors, leveraging external expertise and resources to accelerate adoption and scaling of impactful innovations.	Excluded	We recommend not supporting this initiative. This contestable fund does not have defined eligibility, processes or deliverables. It is not clear what the funding will be purchasing. Its benefits and alignment to government priorities are therefore unclear. [34]	[33]						1	1	1
	17299	Service Or Policy Cost Escalation	Digital Services – Cyber Security – Core Security Services	This initiative provides funding to address Health NZ's "extreme" Cyber Security risk profile. This funding will keep security operational services at existing levels, improve our core capabilities and increase our security in critical systems to address new and emerging cyber security threats. The investment will: maintain Health NZ's current protections; provide for resources and specialist skills to address threats and vulnerabilities identified through the National Security Operations Centre (NSOC); and implement critical safeguard improvements highlighted during recent security incidents and audits.	Included	We recommend scaling this initiative. Maintaining the security of HNZ's digital systems is essential to the continued function of our health system. However, the time-limited funding this seeks to extend (expiring at the end of 25/26) was intended to be used to sustainably develop Health New Zealand's cybersecurity capabilities and expertise, not create the expectation of further funding in perpetuity. Recommend providing one year of funding to allow Health New Zealand to maintain current settings while developing wider health sector target security architecture aligned with the digital government target state. This will also allow the exploration of alternative funding arrangements and clarification of the relationship this work has to the Health Digital Investment Plan.	153.6	38.4	-	25.5	6.4	-	2	3	3
	17300	New Capital Investment	National Remediation Programme – Tranche 2	This initiative provides funding for tranche 2 of the National Remediation Programmes (NRP). The NRP will be a rolling programme of low complexity, like-for-like replacements/renewals to address risks to safety of staff and patients and to clinical service delivery arising from risks of asset failures at health facilities. This tranche builds on the establishment of the programmes funded in Budget 2025 and focused on strengthening essential infrastructure and reducing the risk of disruption to clinical services. Health NZ intends to fund the highest risk issues out of depreciation, but very high-risk assets require Crown funding for resolution.	Included	We recommend scaling this initiative and holding the funds in a tagged contingency. The National Remediation Programme aims to address risks to clinical services caused by ageing and high-risk health assets. Tranche 1 was funded at Budget 2025, and Health NZ has also set aside [37] in depreciation funding over three years for the Programme. While we see value in having funding available for very high-risk investments, Health NZ is significantly underspending its depreciation budget in 2025/26, so a deliverability risk exists here. Health entities have historically also sometimes redirected depreciation funding toward operating costs. Scaling the funding and holding it in a tagged contingency at the centre will reduce these risks.	[37]						3	3	3
	17301	New Service Or Policy	Pharmac - Medicines budget uplift	This initiative provides funding to uplift the Medicines Budget (National Pharmaceutical Purchasing Appropriation) to enable Pharmac to fund new medicines or widen access to medicines including blood cancer medicines and medicines that would provide health system and wider societal benefits. This also proposes an uplift to Pharmac's operational budget for increased capability to redefine its operating model, organisational culture, and support innovative ways to measure benefit realisation of investment to save opportunities into the future. This initiative is also seeking funding for Health NZ to deliver the potential medicines funded in proportion with the Medicines Budget uplift.	Excluded	We recommend deferring this initiative given several recent large increases to Pharmac's Combined Pharmaceutical Budget (CPB) and more pressing other Government priorities. The CPB has increased from $1.040 in 2019/20 to $1.76b in 2025/26 (excluding time-limited COVID-19 funding). Deferring will give health entities more time to progress their work programme to identify medicines and technologies that can deliver cost savings or cost avoidance opportunities, service improvements, and future reductions in demand for the health system. We do recognise the benefit new medicines provide and if progressed, we recommend supporting a modest uplift ($144.7m total as opposed to the requested $807.8m). This would fund treatments for 7 patient groups, including 2 blood cancer treatments.	807.8	202.0	-	-	-	-	3	4	3

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
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Health	17312	New Service Or Policy	Pharmac - Funding pharmaceuticals to achieve tangible savings to the health system or avoid future cost pressures	This initiative is intended to fund pharmaceuticals to achieve tangible savings to the health system or avoid future cost pressures. Officials are providing advice to Ministers outlining the cross agency work programme we have underway to identify pharmaceutical investments that are cost-neutral or cost-saving for the health system. Officials will also provide an update early next year which will cover progress in the work programme and alert Ministers to any promising health system efficiency opportunities from investing in medicines, together with timeframes for their further development.	Excluded	We recommend deferring this initiative. We are supportive of the Ministry of Health, Pharmac and Health NZ's collaboration to identify medicines and technologies that can deliver cost savings or cost avoidance opportunities, service improvements, and future reductions in demand for the health system. However, this work is ongoing, with advice due to Ministers in March. Deferral will allow the entities more time to undertake this work. Delivery of any intended benefits in the immediate term will require additional funding for the Combined Pharmaceutical Budget (CPB) and this is why the Minister of Health has submitted a corresponding Pharmac CPB uplift bid.	-	-	-	-	-	-	2	3	1
	17317	New Service Or Policy	Maternal mental health and addiction services – Expanding support options	This initiative provides funding to expand support and service options at key parts of the care continuum for maternal mental health and addiction, and to support a mental health contribution to the national perinatal bereavement care pathway. It includes expanded capacity for specialist maternal and infant mental health and addiction services, [33] , and a fund to expand successful community-based initiatives, as well as tailored support for bereaved families. This will enable early and timely access to support; reduce demand pressure, clinical risk and unmet need; and contribute to the Child and Youth Strategy's maternal mental health focus.	Excluded	We recommend deferring this initiative. However, it is part of our 'Package B' if you wanted to fund more new health initiatives. This initiative is aligned with Government priorities, including the Child and Youth Strategy's First 2000 Days and early intervention in healthcare to reduce demand in the future. It is strongly supported by evidence, expert consultation, and is targeted to those in need. While the mental health ringfence is receiving funding as part of Health NZ's cost pressure uplift, as the entity remains in deficit, we think reprioritisation is unlikely to be viable. You may wish to discuss the trade-offs with the Minister of Health and the Minister for Mental Health.	[33]						3	3	3
	17319	[33]											1	2	2
	17321	[37]											2	2	3
	17325	[33]											2	2	2
	17345	New Capital Investment	Regional Hospital Redevelopment Programme Tranche 2 - Minimum Stage 1	This initiative seeks Crown funding for the first stage of Tranche 2 of the Regional Hospital Redevelopment Programme (RHRP) for Tauranga, Palmerston North and Hawke's Bay Hospitals. It covers design and some enabling works that can be completed in 2026/27 and 2027/28. The initiative provides the platform for the next stage of these redevelopments, subject to future funding decisions.	Excluded	We recommend deferring this initiative. The Regional Hospital Redevelopment Programme Tranche 2 is a key Government priority, addressing critical health infrastructure needs in Hawke's Bay, Tauranga, and Palmerston North. Due to affordability constraints and competing capital priorities, we recommend deferring. This initiative funds Stage 1, covering design and enabling works, and marks a positive shift from the previous fragmented approach to hospital builds. However, the programme is costly, with total indicative costs of [37] and creates pre-commitments against future budgets. Funding Stage 1 effectively commits to Stage 2 [37] with limited offramps until Stage 3 [37] Health NZ should instead focus on prioritising its existing infrastructure investments and delivery.	[37]						4	4	2

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Health	17346	New Capital Investment	National Programme for Linear Accelerator Machines (LINACs)	This initiative provides funding to extend the network of Linear Accelerator machines (LINACs) to meet current and increasing demands for radiation therapy treatment. The investment will lift intervention rates and contribute to health targets.	Excluded	We recommend not supporting this initiative. While expanding New Zealand's LINAC capacity will improve health outcomes, the agency's preferred option only seeks capital funding for "design and planning" to enable a 2027 Budget bid to deliver LINAC facilities. This is not an appropriate use of capital funding and planning activity should be funded within baselines.	-	-	5.0	-	-	-	1	2	1
	17349	New Service Or Policy	Implementing the Pae Ora (Healthy Futures) (3 Day Postnatal Stay) Amendment Bill	This initiative provides funding to implement the Pae Ora (Healthy Futures) (3 Day Postnatal Stay) Amendment Bill. The Bill will create a legal entitlement for all women to access a minimum 3-day (72-hour) postnatal stay in an inpatient care facility following delivery at or admission to such a facility. Funding is sought for capital investment (assuming public provision) and operating costs associated with delivering the additional days of inpatient postnatal care. Note women are currently able to access up to 2 days of inpatient postnatal care as set out in the National Service Specifications.	Excluded	We recommend not supporting this initiative. We have significant concerns about the deliverability of this initiative. Midwifery workforce shortages are currently around 26 per cent nationally and maternity wards are already subject to high occupancy rates. If uptake is high, then this would require significant investment in infrastructure and workforce that likely exceeds the funding request they have submitted.	[33]			-	-	-	2	4	1
Housing and Urban Development	17268	New Service Or Policy	Housing Flexible Fund – further investment for social housing and other housing solutions	[33] This is intended to sustain momentum of social housing delivery and establish a long-term investment pipeline to drive better value for money and provide greater certainty to the community housing sector. It supports the implementation of the investment strategy outlined in the Government Policy Statement on Housing and Urban Development and the direction set out in the recently released Housing Investment Plan. The investment strategy and plan outline a consolidated investment approach to better target funding to those in high housing need and improve value for money from Government investment.	Included	[33] We agree with the Agencies assessment of the efficiencies derived from a longer-term pipeline. [33] . Starting in 2028/29 enables you to build on the Budget 2025 investment (beginning procurement now) and reduces delivery risk by scaling up more gradually. [33]	[33]						3	3	2
	17277	Welfare Reform	Tenant contribution to housing costs – increasing the minimum IRR for social housing	This initiative lifts the Income-Related Rent (IRR) contribution of social housing tenants. For most households this will result in an IRR increase from 25 to 30 percent of income. The initiative is part of the Review of Social Housing (RoSH) which has identified a significant difference between IRR and the accommodation supplement (AS). Bringing the subsidies closer together is intended to improve fairness between social housing (SH) and private market renters, incentives to work, and mobility out of SH. The initiative will result in estimated total net savings of $363.791m on the Income Related Rent Subsidy (IRRS) over the forecast period. The initiative will go live on 1 April 2027 and require a lead-in time of 12 months, with delivery costs of $5.217m in OPEX and $1.500m in CAPEX.	Included	We recommend supporting a scaled-up option of this initiative as it better meets the objectives of closing the gap between housing subsidies and increasing the system's financial sustainability. This scaled-up option delivers savings by increasing tenants Income-related rent to 30% in April 2027, with a further increase to 35% in April 2029. This initiative makes up part of the welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. We will provide more advice on this initiative (including modelling on the collective impacts of reform initiatives) as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	(363.8)	(90.9)	1.5	(2,047.4)	(227.5)	1.5	2	4	4
	17282	New Service Or Policy	Going for Housing Growth – Pillar 2: Regulatory Oversight of Development Levies	This initiative provides funding to establish a function within the Commerce Commission to provide regulatory oversight of development levies charged by territorial authorities and water organisations. Funding is sought for staff and overhead costs within the Commerce Commission.	Included	We recommend supporting a scaled option for this initiative, which would fund the Commerce Commission to regulate a new system of development levies. Cabinet has agreed to a development levies system with regulatory oversight and agreed in-principle to the Commission taking on this role. A March 2026 report-back is expected to seek final Cabinet agreement to the proposal and confirm further details, including possible cost recovery which would reduce fiscal impacts. Funding could be deferred, but if Cabinet agrees to the Commission taking on the role this could risk delays or further design work for the development levies system. We have confirmed with the agency the minimum FTE necessary in FY 2026/27 to support establishment before legislation passes in mid-2027 and scaled accordingly.	35.7	8.9	-	29.7	7.4	-	3	4	3

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Housing and Urban Development	17288	New Service Or Policy	Going for Housing Growth – Pillar 3: Council Incentives for Urban Development	This initiative provides funding to support the implementation of Going for Housing Growth by improving council and community incentives to support housing growth. The funding will be paid to councils (territorial and unitary authorities) based on the number of new residential building consents within each councils' territory and a proportion of the national average value of construction work consented. Councils will be able to use the revenue to manage impacts of growth on existing communities, such as pressure on amenities from increased demand, that result from housing growth.	Excluded	We recommend not supporting this initiative, which would provide grants to councils based on a portion their residential building consent activity. There is no clear intervention logic for grants alongside the significant changes to council incentives expected through Going for Housing Growth and resource management reform. The incentives would be minimal on a per-council basis (around 0.6% of a council's annual spend), involve large fiscal risks, and could become a major cost pressure in future. Previous experience in water services reform also indicates financial incentives have limited success in shifting council behaviours. If progressed, we recommend a capped fund to limit fiscal impacts. This would require further work as no detailed options to cap the fund have been presented.	1,555.7	172.9	-	-	-	-	1	3	3
	17303	Baseline Reduction	HUD Departmental Baseline Reduction – 2% Target	The Ministry worked with Land Information New Zealand (LINZ) and Kāinga Ora to reduce its leasing cost, which will contribute the majority of the $1.6 million in annual savings required. We will continue to look for other cost savings as HUD merges in its new entity in 2026.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present no material risks. This initiative delivers savings by consolidating leased office spaces with Kāinga Ora and Land Information New Zealand to reduce HUD's total lease expenses by $1.6m per annum.	(6.4)	(1.6)	-	(6.4)	(1.6)	-	4	4	4
	17304	Service Or Policy Savings	Kāinga Ora Expenditure Reductions	This savings initiative is reductions in operating expenditure by Kāinga Ora primarily repairs and maintenance and depreciation due to reduced construction costs for renewal activity flowing from the turnaround plan.	Included	We recommend supporting this saving initiative. The Minister of Finance has already agreed to these savings being added to the Budget 2026 operating allowance [T2025/2954 refers]. Kāinga Ora will update their forecasts in February for Budget 2026, which HUD will review to ensure these forecasts still reflect Kāinga Ora's efficiency savings.	(368.0)	(92.0)	-	(368.0)	(92.0)	-	4	4	3
	[33]												1	1	1
Internal Affairs	17086	Service Or Policy Cost Escalation	2026 General Election - Transition Support for the Executive	This initiative provides funding for costs incurred in preparing for and delivering the transition to the incoming 55th Executive following the 2026 General Election. Funding will meet the costs of: establishing and disestablishing the physical, technical and administrative environment for Ministerial offices; contractual payments for outgoing Ministerial office staff; recruiting and onboarding incoming Ministerial office staff as required by the incoming Executive, including short term support to maintain the continuity of Government during the transition period; providing legislative security, accommodation and transport entitlements for Ministers; and engaging fixed term project management and surge resources to deliver the transition programme.	Included	We recommend supporting this initiative. There is precedent for the costs associated with this initiative to be managed as a cost pressure against allowances and the proposed funding is lower than requested for the 2023 election. The time-limited funding will address certain non-discretionary costs associated with the potential transition support required for the Executive in the event of changes at the upcoming election (such as paying out contractual entitlements for outgoing staff), for which Ministerial Services is not funded within baselines. The preferred option will achieve value for money through one-off funding for a small-scale change scenario and establishing a tagged contingency for costs associated with a large-scale scenario, which will be drawn down only if necessary.	10.3	2.6	-	10.3	2.6	-	3	3	4
	17087	New Capital Investment	Common Operating Picture: Strengthening Emergency Management Sector – Operational Systems (EMS-OS)	This initiative makes a proactive investment to reduce harm to New Zealand communities by improving situational awareness and interoperability during an emergency. It equips personnel with operational tools and engages with the public to take timely action, supporting the Government's strategy to enhance public services through technology. There are three components: Intelligence Platform for real-time data and analytics; Operational tools for Coordinators to task, collaborate, and manage resources during a response and recovery; and upgrade the National Warning System for timely, accessible alerts to the public. These replace outdated, fragmented systems cobbled together with manual processes that could see failure in communication and coordination during an emergency.	Included	We recommend scaling this initiative. This will improve NEMA's capability to manage the Emergency Management System during crises. There are three components: upgrades to the National Warning System [37] , a sector intelligence platform [37] and improved interoperability [37] All three have DBCs which have been approved by Cabinet. The initiative also aligns with the Government's Cabinet-endorsed strategy for strengthening emergency management. The scaled option could be achieved by reducing project FTE and scaling the component of the contingency for higher-than-expected supplier pricing. This would mean NEMA would carry the cost risk of higher-than-expected supplier pricing, but we consider this risk is manageable.	[37]						3	4	3
	17144	Baseline Reduction	Baseline Reduction – Department of Internal Affairs	This initiative returns funding associated with savings achieved through the Department's Fiscal Sustainability Programme, which included consolidation of corporate services and streamlining the organisational structure. These measures ensure the Department can meet the Government's 2% baseline reduction target.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and to present no material risks. The Department advises that these savings have been generated from restructuring and consolidation of corporate services. We understand that the return of funding will not have an impact on frontline services and will be managed as part of the Department's ongoing Fiscal Sustainability Programme.	(22.1)	(5.5)	-	(22.1)	(5.5)	-	3	4	4

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Internal Affairs	17167	Baseline Reduction	Baseline reduction – Ministry for Ethnic Communities	This initiative returns funding associated with savings achieved through the Ministry's reduction in corporate costs, principally through negotiated reductions in departmental agency support. This ensures the Ministry can meet the Government's 2% baseline reduction target.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and to present no material risks. The agency advises that the savings will be delivered through reductions in corporate costs and general cost-efficiency measures across all categories, including travel and contractors / consultants. We understand that the return of funding is not expected to have an impact on operational activities.	(1.1)	(0.3)	-	(1.1)	(0.3)	-	3	4	4
	[33]												2	2	4
	17279	New Service Or Policy	Reducing the Risk of Online Harm to Children	This initiative seeks funding to implement an age-based restriction on social media platforms in New Zealand. Current online safety laws are not fit for purpose. This policy will be delivered in two-phases to respond quickly to harms while building a foundation for long-term reform. Phase One includes establishing an interim regulator to monitor and implement a new framework, provide education for children, parents, caregivers, and educators to prepare for a minimum age, alongside one-off establishment and ongoing operational costs. Funding will also support a policy team for both phases. Phase Two would create a comprehensive online safety framework that regulates more platforms and strengthens child safety requirements. This would establish a larger online safety regulator.	Included	We support establishing a placeholder tagged contingency for this initiative at this time, subject to the Cabinet paper due March 2026 providing more detail on the policy's rationale, costings and design and operating model. Insufficient information has been provided at this point properly to assess the merits of the proposal.	30.8	7.7	-	30.8	7.7	-	2	3	2
Justice	17061	New Service Or Policy	Firearms Reform – Implementing the new Arms Act and establishing Firearms Safety New Zealand	This initiative delivers a reformed firearms system that will improve public safety and trust, and provide efficient, effective and responsive services. Cabinet agreed to rewrite and modernise the Arms Act and establish a new independent agency – Firearms Safety New Zealand. New funding will result in improved compliance, better safeguards, timely and accurate digital services and reduced compliance costs for firearms users and businesses. New funding will purchase resources to implement Arms Act changes, establish the new agency, deliver new firearms services, increase judicial and court registry capacity and system monitoring and evaluation. It will also purchase a new digital registration, case management and licencing ICT system (the Dedicated Arms System).	Excluded	We recommend deferring this initiative, which seeks net new funding of [38] to (1) implement changes to the firearms regulatory regime; (2) change the organisational form of the Firearms Safety Authority (FSA); and (3) establish a new ICT platform for firearms licensing. Components (1) and (2) are coalition commitments but appear over-costed. Funding from within the Arms Safety and Control baseline should be considered in the first instance, given the acute cost pressures facing other parts of the law-and-order system that would create core service delivery risks if not prioritised in the $200 million envelope. Meanwhile, component (3) is still in early planning and not delivery ready, with a business case due to Cabinet in February.	[38]		-	-	-	-	2	2	1
	17095	Service Or Policy Cost Escalation	Justice - Demand Driven Cost Pressures	This initiative provides cost pressure funding for core, demand driven services across the Justice system, including legal aid, court directed services and fees for tribunal members. This funding ensures participants receive appropriate support and representation through the courts and tribunals, and that the judiciary have sufficient quality specialist information available to them to progress cases.	Included	We recommend supporting this initiative, providing one year of time-limited funding to maintain legal aid and court and coroner services. The $36.188 million net investment includes funding for volume- and price-driven cost increases that is needed to maintain current services and avoid exacerbating costs elsewhere in the system (eg, prison remand), and credible savings of $9.336 million in legal aid. Providing one year of funding supports affordability within a $200 million envelope and provides time for MoJ to progress further planned work to improve the fiscal sustainability of these services. However, we understand this further work is likely to reduce cost escalation rather than generate baseline savings, so ongoing funding will likely be sought at Budget 2027.	[33]		-	36.2	9.0	-	4	4	3
	[33]												1	2	1

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
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Justice	[33]												3	3	3
	17352	New Capital Investment	Law and Order - Critical infrastructure for growth: new Waitakere and Rotorua Courts	This initiative seeks funding to construct new courthouses for the Waitākere District Court, Rotorua High and District Court and Rotorua Māori Land Court. The new courthouses will deliver more efficient, effective and responsive public services, with less court backlogs and better access to justice services. The current courthouses are in poor condition, have weathertightness issues, are not fit for purpose and lack capacity. Cabinet approved the detailed business case in October 2024 and endorsed the public private partnership delivery model.	Excluded	We recommend deferring this initiative. However, Ministers could consider supporting this investment if a larger law-and-order envelope is provided. This investment-ready initiative would replace three courthouses in Rotorua and Waitākere via a PPP, in accordance with a 2024 business case and design rationalisations adopted following a 2025 review. Investing in these courthouses would improve court timeliness by increasing courthouse capacity and reducing unscheduled adjournments resulting from building failures. It was not prioritised by Justice sector Ministers within the envelope or included in the Minister of Justice's submission, and we have undertaken only a light touch assessment.	[38]			-	-	-			
	[33]												4	4	3
Labour Market	17154	New Service Or Policy	Permanent Community Organisation Refugee Sponsorship visa category	Provides funding to establish Community Organisation Refugee Sponsorship (CORS) as a permanent category from 1 July 2026. Funding is based on the most cost-effective option: 200 places annually. It comprises the necessary immigration workforce to process visas, the international referral partner to identify refugees, offshore logistics and travel, an umbrella organisation to support sponsors and English language testing for refugees, and provide MSD social support services. It ensures continuity of a proven model and enhances NZ's international reputation. Dept opex funding implications for Vote SD, material for this vote attached. Forecast BoRE costs for Votes SD, Ed, Health and TE. Funding not sought for these. Will be absorbed by general population funding mechanisms.	Included	We recommend supporting a scaled budget bid of 50 placements annually. This is a cost-efficient approach to increasing New Zealand's refugee intake as some costs are met by community sponsors. Ongoing funding is sought following a successful pilot ceasing in 2025 for 201 places over four years. It aligns with programmes in Australia and Canada and complements the Quota. We do not recommend deferral or reprioritised funding due to disruption to stakeholder capacity and immigration system financial pressures. Costings are higher than the Immigration submission letter due to our recommendation to manage department costs and flow-on costs to social welfare and education against the operating allowance. We will provide you advice as this approach differs from most immigration policy changes.	28.4	7.1	-	10.7	2.7	-	3	2	4
	17196	Baseline Reduction	MBIE Eligible Baseline Savings	This initiative outlines the Vote Labour Market portion of the total proposed savings of 2 per cent ($13.7 million) to the Ministry of Business Innovation and Employment's baseline. The initiative responds to Budget Minister's decision on 29 September [CAB-25-MIN-0340 refers] and subsequent Budget 2026 letter to the Minister for Economic Growth on 4 November. The initiative covers savings from across MBIE's eligible base.	Included	We recommend supporting this baseline savings initiative. The Ministry of Business, Innovation and Employment has reviewed the proposed savings to ensure reductions would not have a major impact on functions and services or cause disproportionate impacts. Based on the information provided we have assessed the savings to be genuine, and not to present significant treaty, legal and economic risk, though we note MBIE intends to do further work to determine the best source of the proposed savings.	(3.0)	(0.8)	-	(3.0)	(0.8)	-	3	4	3
	17298	Service Or Policy Cost Escalation	Repayable immigration funding package	This initiative seeks a repayable funding package, including a capital injection (tagged contingency) and levy-funded increase in operating expenditure to enable ongoing delivery of core immigration services. This is in the context of lower-than-expected third-party revenue, driven by visa volume volatility, policy decisions to waive fees, and structural forecasting issues in the 2024 Fee and Levy Review. This initiative will also ensure that costs are met to deliver planned system improvements through the OFS programme. The contingency will only be drawn down if needed, and MBIE will progress a fee and levy review with new rates set from FY28. The updated rates will factor in the need to repay the Crown and balance the levy account deficit by generating a revenue surplus.	Included	We recommend supporting the full initiative to provide repayable funding to the immigration system to enable ongoing delivery of core immigration services. We consider the short-term fiscal cost to the Crown to be justified until the new fee and levy rates generate sufficient revenue to repay the Crown and balance the account. There is a risk that returning the system to surplus may be harder and take longer than the Ministry of Business, Innovation and Employment anticipates. If the initiative was not funded, the agency would need to make service reductions to reduce expenditure, disrupting visa processing and system upgrades. The scaled option could maintain service delivery but require trade-offs across the current work programme for visa setting changes that could compromise delivery.	[33]						3	3	3

Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Dept. Submissions $(m) Total Opex	Dept. Submissions $(m) Opex P.A.	Dept. Submissions $(m) Total Capex	Current Package $(m) Total Opex	Current Package $(m) Opex P.A.	Current Package $(m) Total Capex	Value for Money Values V	Value for Money Values A	Value for Money Values D
Lands	17276	Baseline Reduction	Vote Lands – Budget 2026 baseline reduction	This initiative is a 2 per cent reduction in Crown funded baseline for Vote Lands across four appropriations: Crown Land MCA Location Based Information MCA Compliance with and Administration of the Overseas Investment Regime Property Rights MCA	Included	We recommend supporting this initiative as proposed by the portfolio Minister. Savings are delivered by reducing back-office costs across Land Information New Zealand's four main appropriations. While no significant Treaty, legal or economic risks have been identified, the agency has provided limited information on the expected impacts of savings.	(8.4)	(2.1)	-	(8.4)	(2.1)	-	3	4	3
Māori Development	17116	Baseline Reduction	Te Puni Kōkiri Departmental Baseline Reduction	This initiative delivers departmental baseline savings for Te Puni Kōkiri by reducing FTE headcount and reducing contractors and consultant expenditure.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable with only minor and manageable risks. This initiative delivers savings in line with Te Puni Kōkiri's current organisational change process which is deliberately focused on realigning workforce capability and organisational structure towards priority outcomes by reducing FTE and contractor and consultant funding.	(23.6)	(5.9)	-	(23.6)	(5.9)	-	3	3	3
Oranga Tamariki	17127	Service Or Policy Cost Escalation	Reports of Concern volume pressure - boosting Oranga Tamariki capability through capacity, efficiency and productivity	This initiative enables Oranga Tamariki to manage the sustained increase in volumes of Reports of Concern (RoCs) received since 2023/2024. There are three components to the bid. The first addresses workload capacity through more cost effective 'Allied Support' roles that would enable social workers to spend more time on core social work practice and services. The second introduces technology, and efficiency functions at the National Contact Centre that would support child safety and wellbeing and achieve a return on investment over the medium to long term. The third enables Oranga Tamariki to accelerate entering into partnering arrangements and helps reorientate partnered investment towards services that will reduce the likelihood of repeat ROCs and overall volumes of ROCs.	Included	We recommend supporting this initiative in full. Its first component responds to a critical demand pressure: Reports of Concern (ROCs; the method for reporting suspected abuse to Oranga Tamariki) rose by 44% in 2024/25. As ROCs increase but social workers' capacity does not, response times increase. This can prolong abusive circumstances and extend the waitlist of low-urgency ROCs. Similarly, we support the technology and partnering components, which aim to improve efficiency. This will reduce costs and free up social workers' capacity. It will also reduce the cost of the Dame Karen Poutasi Response (Initiative 17202), by improving the efficiency of responding to ROCs resulting from mandatory training. This is reflected in our recommended funding for that initiative.	[33]						4	3	4
	[33]														
	17183	Service Or Policy Cost Escalation	Responding to the increasing numbers of children in care with complex needs	This initiative addresses cost pressures from increasing complexity of children in care through three approaches: [33] and [37]	Included	We recommend supporting this initiative, which both responds to a critical cost pressure, following increases in demand for specialised care responses, and updates Oranga Tamariki's model of care for high-needs children. The proportion of children in OT's care referred for specialised care responses increased from 5.7% in 2023/24 to 8.0% in 2024/25 – or by 91 children. OT is required to assess and respond to these children's needs, creating a direct cost pressure. OT's current model of care for high-needs children is costly [34] and has not significantly improved these children's outcomes. Proposed improvements will reduce costs over time and improve therapeutic care responses. [33]	[33]			93.5	23.4	0.8	4	3	4
	17253	Service Or Policy Cost Escalation	Costs arising from Stafford v Attorney-General - settlement agreement for 71 Green Street, Nelson	This initiative seeks to recover operating cost pressures resulting from a settlement agreement relating to the High Court decision in Stafford v Attorney-General (informally known as the 'Wakatū case'), and the property at 71 Green Street, Nelson. This property is currently used by Oranga Tamariki as a community home for the care and protection of children and young people in the Nelson region, and Oranga Tamariki wishes to lease-back the home from the beneficiary in order to continue using the home as a community home. The cost pressures are expected to include the write down of the asset value of the home, transaction costs, and the ongoing leasing operational costs.	Included	We recommend supporting this initiative. It provides funding for Oranga Tamariki's additional lease, property, and legal costs arising from the settlement of the Stafford v Attorney-General case. This enables OT's continued presence in the area to provide care and protection services. The costings appear reasonable and there are no delivery risks.	1.0	0.3	-	1.0	0.3	-	3	3	4

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Pacific Peoples	17177	Baseline Reduction	Budget 2026 Baseline Reduction	The Ministry's Budget 2026 Baseline Reduction initiative has been developed to align with the Government's Budget 2026 strategy and responds to the wider savings requirements. The Ministry will achieve its savings target by closing vacancies and reducing staff-related overhead costs.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and to present no material risks. Note that the baseline savings target for the Ministry for Pacific Peoples (MPP) was revised due to a recent transfer of funding from MPP to the Ministry of Social Development from 2026/27.	(3.2)	(0.8)	-	(2.8)	(0.7)	-	4	4	3
Police	[38]												3	3	3
	17100	New Capital Investment	Biometric Identification Capability - Replacement of New Zealand Police's Automated Biometric Information System (ABIS)	This initiative provides funding to replace Police's Automated Biometric Identification System (ABIS) which is end-of-life. Biometric identification is fundamental to Police delivering its legislated functions, with fingerprints being the primary biometric to quickly identify an individual and to link an identity to other biometrics, specific locations, incidents, and criminal history. ABIS also enables the provision of services and expertise to domestic and international partners.	Included	We recommend supporting this initiative. Key components of the current system used for biometric and fingerprint information will reach end of life in July 2028. Without investment Police may need to revert to manual processing of ink based fingerprints which could hinder its ability to investigate and prosecute crime and impact on achievement of government target 4 relating to victims of violent crime. The initiative seeks funding for hardware, software and systems, and the costings are robust as they have been informed by a request for information. The Detailed Business Case has been endorsed by Cabinet, requests for proposals are planned following Budget 2026 outcomes, and any delivery risks are manageable.	[38]						3	3	3
	17101	New Capital Investment	Police Property Upgrade Programme Phase 1a	This initiative focuses on 7 projects at the 5 most critical properties within the Police portfolio that require replacement/remediation. Properties have been prioritised based on their current condition, the criticality of the site and the impact to operations due to frontline officers having to work out of temporary locations, and overall operational impact if sites were forced to close. The preferred option enables frontline deployment. Investment is phased, beginning with the most critical properties, to build delivery capacity, and test standardised, repeatable delivery models for future phases. Post IIMG on 16 December the DBC will be focussed on: -Greymouth Police Station and Custody -Whanganui Police Station -Hastings Custody -Hawkes Bay Dogs -Blenheim Police Station and Custody	Excluded	We recommend deferring this initiative. Police seeks funding to redevelop five Police properties, indicated as critical priorities within the wider Police Property Programme Business Case and in Police's draft Long Term Investment Plan. The Police property portfolio is degrading, ageing and no longer fit for purpose. However, it was not prioritised by Justice sector Ministers within the envelope, and we have undertaken only a light touch assessment. The initiative is likely to pose a range of delivery risks because delivery milestones are compressed as a result of late scope changes and submission deadlines. A Detailed Business Case is due in April. If Ministers consider it a priority, this initiative could be scaled to redevelop only Greymouth station and to mitigate delivery risks.									
	17102	New Service Or Policy	Coalition Agreement - Community Patrols and Support	This initiative provides funding to Pasifika Wardens, Neighbourhood Support New Zealand (NSNZ), and Community Patrols New Zealand (CPNZ) to enable these organisations to keep our communities safe and support New Zealand Police to deliver on their statutory functions.	Excluded	We do not support this initiative. Funding provided to Neighbourhood Watch and Community Patrols was proposed as a saving by Police at Budget 2025 as this has no direct impact on frontline services, and agreed. We understand Police's assessment has not changed since Budget 2025. Police funded grants to Neighbourhood Watch and Community Patrols from baselines for a year, and funding is now sought to reverse the savings taken at Budget 2025. Funding is also sought for additional Pasifika wardens; however, limited information is provided to justify the need for further expansion at this time.	8.3	2.1	-	-	-	-	2	3	3
	[33]												2	3	3

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Police	[33]												3	3	4
	17105	New Capital Investment	Stafford v Attorney-General – Settlement Funding and Liability Provisioning (Spain Award Area)	This initiative seeks ongoing operating funding for costs associated with implementing the impact of the Crown's legal obligations (costs for three (3) Police properties) arising from the Stafford v Attorney-General case. A separate process is underway to address compensation, interest, and associated settlement costs. It ensures compliance with the High Court judgment and supports negotiations to resolve the litigation, avoiding further financial and operational risk.	Included	We recommend supporting this initiative. It meets Police's additional land lease costs for two police stations and a radio tower in the Nelson area. These costs arise from the Crown's settlement of the Stafford v Attorney-General case. This funding enables continued Police presence and service levels in the Nelson area. The costings appear reasonable and any delivery risks are manageable. This initiative is not part of the law and order envelope submitted at Budget 2026.	0.6	0.2	-	0.6	0.2	-	3	3	4
	[33]														
Prime Minister and Cabinet	17056	Service Or Policy Cost Escalation	Core central agency functions of the Department of the Prime Minister and Cabinet – continuing funding	This initiative provides ongoing and sustainable funding for continued delivery of the Department of the Prime Minister and Cabinet's core central agency functions including the Policy Advisory Group, Delivery Unit, Cabinet Office, Government House and National Security and Resilience functions. This initiative follows the successful implementation of a new operating model by the Department.	Included	We recommend scaling this initiative to address the shortfall in DPMC's core departmental baseline from 2026/27 (due to the Budget 2025 decision to provide funding for 2025/26 only, pending consideration of outyear requirements in Budget 2026). We consider this scaled level of funding sufficient to provide for a fiscally sustainable, core-business focussed DPMC able to deliver on its new operating model. This will require DPMC finding 2% eligible base savings, as would have been the requirement had outyear funding been provided last Budget. It will also require DPMC ceasing provision of cyber security grants (which we consider not core business for a central agency and of uncertain value), reducing consultant spend to 2013/14 levels, and renting out unused accommodation to offset costs.	66.7	16.7	-	47.9	12.0	-	4	3	4
Public Service	[33]														
	17210	Baseline Reduction	Baseline reduction – Leadership of the Public Management System	This initiative proposes savings in personnel expenditure from the Leadership of the Public Management System appropriation to achieve the Commission's baseline reduction target in 2026/27 and outyears.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present only minor and manageable risks. This initiative delivers savings by reducing the Public Service Commission's personnel expenditure through taking a more deliberate approach to recruitment of new and replacement positions when vacancies arise.	(2.0)	(0.5)	-	(2.0)	(0.5)	-	4	3	3

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Regulation	17097	Baseline Reduction	Vote Regulation Departmental Cost Efficiencies	This savings initiative returns funding from Vote Regulation through reductions in contractors and consultants and other operating costs while maintaining tight controls on spending.	Included	We recommend supporting the baseline savings proposed by the Minister for Regulation of $0.6 million p.a. in 2027/28 and 2028/29, and $0.4 million p.a. in 2029/30 and outyears. We have assessed these savings to be genuine and unlikely to present significant Treaty, legal, or economic risks. This initiative aims to achieve savings through departmental efficiencies, such as reducing spending on contractors and consultants, and reducing the amount of new hires. The impact will primarily affect the Ministry for Regulation's policy function and may pose some risk to the quality of policy advice. However, we consider these risks to be minimal and manageable through work prioritisation. Overall, the benefits of achieving departmental efficiencies outweigh the minimal risks.	(1.6)	(0.4)	-	(1.6)	(0.4)	-	4	4	4
Revenue	[33]														
	17146	Baseline Reduction	Baseline reduction for Inland Revenue	Inland Revenue will commit to the Budget 2026 saving target for Vote Revenue of 2% ($15.8 million) per annum, through efficiencies and savings. This commitment is in addition to the $29. 6 million of annual savings from Budget 2024, compounding cost pressures of a further $16 million (for remuneration and inflationary cost pressures across office accommodation leases and technology contracts), and emerging costs pressures of $8 million (across open banking, digital and artificial intelligence). Excluding the Budget 2024 savings, this is a combined annual savings of c$40 million (5% per annum).	Included	We recommend supporting this savings initiative. This initiative refers to a reduction in Vote Revenue's baseline equating to 2% ($15.8 million) per annum. These savings will be achieved through a reduction in corporate functions and frontline productivity improvements. We consider these savings to be in line with the Minister of Finance's expectations that the target is met from reductions in agencies' operating costs. We consider these savings to be real savings and incentivise longer-term efficiencies in the agency's back-office operations. We note that although these savings are achievable, it will be challenging and there is likely to be a trade-off. This trade-off refers to uncertain economic impacts on tax revenue, debt, and contracted performance.	(63.2)	(15.8)	-	(63.2)	(15.8)	-	4		
	17147	Service Or Policy Savings	Additional compliance activities - individuals and families	Within Inland Revenue's Individuals and Families segments an investment of $15 million per annum would provide a return to the Crown of $45 million per annum, an ROI of 3:1. The department would strengthen compliance activities and enhance early debt collection. This investment would be targeted at the high volume of income tax debt for these customer groups with additional investment in GST and Employer debt. The return of $45 million reflects a reduction in non-departmental tax debt impairment expenditure. In addition, the investment would generate a cash return of 6:1 i.e. $90 million per annum which would reduce debt by at least $360 million over the forecast period from what it would otherwise have been.	Included	We support this initiative on the basis that IR confirms performance measures that demonstrate the additional outcome that the funding provides. This initiative is well-aligned with Government objectives of fiscal sustainability. The target group will consist primarily of sole traders that are under the threshold to register for GST. This initiative will increase IR's compliance activities with a corresponding reduction in Impairment of Debt and Debt Write-Offs. We are confident that IR will be able to deliver this initiative through increased FTEs and existing systems. The proposed performance measurement does not separate the additional outcome of the funding from the aggregate performance measurements for all compliance activities.	(120.0)	(30.0)	-	(120.0)	(30.0)	-	3	4	4
	17148	New Service Or Policy	Tax and Social Policy Work Programme initiatives - placeholder	This placeholder includes the potential small-to-medium sized TSPWP initiatives that may be progressed through Budget 2026. As the Budget proceeds some of these initiatives may become standalone initiatives. Potential initiatives are: * simplify FBT * review the impact of the financial arrangement rules on new migrants * modernise NRCWT * reduce NRCT for asset leasing in the airline industry * simplify approved issuer levy reporting * continue DTA negotiations * progress wider IR compliance work and reduce tax debt * clarify the income tax treatment of software development expenditure review software * expenditure by businesses on SaaS customisation and configuration * improve FamilyBoost, including investigating a possible direct data feed with ECEs, and * the remedial work programme.	Included	We recommend supporting this initiative because it supports the maintenance of the tax system. The proposals under this initiative would normally be funded through the scorecard but the revenue positive measures are being managed against the Budget allowance. Due to the limited information, we are unable to provide a rating to the value of the initiatives included in the TSPWP. [33] The fiscal estimates for each TSPWP initiative are very rough, have come from multiple sources, and are subject to significant change.	73.6	18.4	5.0	73.6	18.4	5.0			

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Revenue	17149	Revenue	Bank tax	[34] The Treasury and Inland Revenue have been directed to provide further advice on a tax levied on bank liabilities, similar to Australia's Major Bank Levy. [34]	Excluded	[34]									
	17150	Service Or Policy Savings	Charities and not-for-profits	This initiative would provide funding to: * introduce integrity measures for donor-controlled charities and donor advised funds and a pay rule for trust allocations to tax exempt beneficiaries * clarifies when membership subscriptions would be taxable and the filing requirements for not-for-profits (NFPs), and increases the deduction for small taxable NFPs to $10,000; * introduces in year donation tax credit refunds and the allocation of tax credits to donee organisations, and * provides NFPs with the option to treat honoraria as salary or wages. The initiative also stops funding of the non-resident charities non-business income exemption [33]	Included	The Treasury supports the full package of initiatives to improve the integrity and simplicity of the not-for-profit tax rules while supporting the sector. It aligns with the Government's objectives. Officials have carried out consultation on the various proposals. There will be further reporting to the Minister as part of Budget process where we will provide more detailed advice on this initiative.	[33]						3	3	3
	17151	Revenue	Shareholder loans	This initiative would implement new tax rules for company loans to shareholders. Inland Revenue is conducting public consultation on the proposed options until 5 February 2026 and Ministers and Cabinet will make final policy decisions as part of Budget 2026. The main proposals would be implemented from 31 March 2027. If implemented, the proposals will generate significant additional tax revenue but will require systems changes to improve the information reported to Inland Revenue and for Inland Revenue to promote compliance.	Included	We recommend supporting this initiative on the basis that the proposal will generate significant additional tax revenue and strengthen the integrity of the tax system. There will be further reporting to the Minister as part of Budget process where we will provide more detailed advice on this initiative.	(1,061.5)	(265.4)	1.0	(1,061.5)	(265.4)	1.0	4		
	17152	Revenue	Foreign investment funds rules reform	This initiative would reform the foreign investment fund (FIF) rules to attract and retain capital and talent in New Zealand. It does this by allowing all taxpayers to use the revenue account method (RAM) for their unlisted foreign shares. For taxpayers at risk of double taxation due to taxation overseas based on citizenship or work rights, these taxpayers would be able to apply the revenue account method for all of their foreign shares. It would also raise the FIF de minimis threshold to $100,000, allow active shareholders to continue using the attributable FIF income method following business expansion, and ensure the 10-year FIF exemptions continue to apply in cases of corporate migration. Note: All fiscals are recurring from 2029/30.	Included	The Treasury supports this initiative as an effective policy for attracting capital and talent. New Zealand's outbound investment rules, in particular the foreign investment fund rules, are commonly cited as a significant barrier to retaining highly skilled New Zealanders and potential migrants. The MoF has already agreed in principle with Inland Revenue's recommended policy design, which would expand the revenue account method so that all NZ taxpayers can use it for their unlisted foreign share holdings.	75.1	18.8	-	75.1	18.8	-	3		
	17179	Welfare Reform	Welfare reform: Working for Families – simplifying eligibility settings and improving information sharing with Customs	This initiative would simplify the Working for Families scheme's eligibility rules to improve the accuracy of payments and customer debt outcomes. The changes would simplify 1) the types of income looked at when calculating entitlements (removing income types where there is low risk of mischaracterisation of income) and 2) the residence requirements used to determine whether a caregiver and dependent child are eligible for support. To support the application of and compliance with the proposed new residence rules, the initiative also proposes improved information sharing between Inland Revenue and the New Zealand Customs Service. Note: All fiscals are recurring from 2029/30. Ministers have not selected a preferred option yet. Note: All fiscals are recurring from 2029/30.	Included	We recommend supporting this initiative as part of a welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. The initiative delivers savings by simplifying the Working for Families scheme's income definitions to improve the accuracy of payments and customer debt outcomes, and improve information sharing between Inland Revenue and Customs to support this. This initiative makes savings and improves the accuracy of payments. We will provide more advice on this initiative as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	(56.3)	(14.1)	-	(56.3)	(14.1)	-	4	4	3
	[33]														

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Revenue	[33]														
	17187	Revenue	Foreign-owned New Zealand banking group tax rules changes	This initiative would make [33] to the tax rules for foreign-owned NZ banking groups: Updates the thin capitalisation rules to address the risk of cross-border related party financing or internal financing being used to reduce tax paid in NZ. The thin capitalisation rules set minimum equity funding requirements for tax purposes (which does not give rise to tax deductions). This limits the level of debt funding allowed for tax purposes (which gives rise to tax deductions). [33]	Included	We recommend supporting this initiative. The initiative is a principled tax change that seeks to ensure foreign-owned NZ banking groups pay the appropriate amount of tax. This will raise revenue and improve the integrity of the tax system, with minimal economic impacts. [33]	[33]								
	[33]														
	17292	Revenue	Vote Revenue initiative	Vote Revenue initiative - refer Vote Revenue team in the Treasury for further detail.	Excluded	The Treasury does not recommend this policy as an efficient means of raising revenue. Our initial fiscal estimates, subject to significant uncertainty and design decisions, suggest that a flat 15% stamp duty on all residential property purchases by tax non-residents could generate between $100 million to $200 million per annum. Introducing a $5 million property threshold would reduce revenue to between $15 million and $40 million per annum. Alternative rates schedules (including progressive schedules used across Australia and the United Kingdom) could also be considered.	(54.1)	(13.5)	0.8	-	-	-	1		
	[33]														

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Revenue	17355	Revenue	Reducing expenditure on donation tax concessions	This initiative includes three options for Reducing expenditure on donation tax concessions. This is linked to the initiative Taxation of not-for-profits - concessions, simplifications and compliance cost reductions.	Included	The Treasury supports this initiative because it is likely to raise significant revenue and support the integrity of the tax system (by reducing the risk around donor-controlled charities). However, the wider social welfare impacts of the initiative have not been assessed. There will be further reporting to the Minister as part of Budget process where we will provide more detailed advice on this initiative.	(289.2)	(72.3)	-	(117.8)	(29.4)	-	3		
	17357	Revenue	Fringe benefit tax change	This initiative includes the change to Fringe benefit tax for motor vehicles, and unclassified benefits (remuneration approach)	Included		[33]								
Security Intelligence	[1]														
Serious Fraud	[33]												3	3	3
													2	3	2
Social Development	17202	New Service Or Policy	Dame Karen Poutasi Response – Strengthening the Safety Nets to Identify and Respond to Children at Risk of Harm	This initiative seeks cross-agency funding to further implement key recommendations from the Dame Karen Poutasi report, including increasing delivery of mandatory training for core children's workers, responding to increased Reports of Concern (RoCs) and Family Court applications, and supporting Health New Zealand to join the Child Protection Protocol (CPP). Agencies have already reprioritised baseline funding to begin implementation of mandatory training and to provide responses to dependent children of sole parents who are either remanded in custody or sentenced to prison, and components within this bid have been scaled. Funding this initiative will allow agencies to build an evidence base on the impact of what is being delivered to inform future budget bids in Budget 2027 or 2028.	Included	We recommend supporting an upscaled version of this initiative to train ~20,000 children's workers over two years, enable Health NZ to join the Child Protection Protocol, and fund Oranga Tamariki to address increased Reports of Concern (ROCs). We do not, however, support funding an additional Family Court judge, which does not appear warranted by the projected increase in statutory applications. This initiative does not seek funding beyond 2027/28 for most components. Regardless, we recommend ongoing funding for OT to respond to additional ROCs. Funding will otherwise expire in 2028/29, creating a funding shortfall against ongoing demand. We recommend allocating this funding in tagged contingency, to ensure funding can be appropriately sized to up-to-date demand forecasts in 2028/29.	[33]								
	[33]														

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
Vote	ID	Budget Track	Title	Description	Current Status	Treasury Recommendation and Commentary	Total Opex	Opex P.A.	Total Capex	Total Opex	Opex P.A.	Total Capex	V	A	D
Social Development	17204	Welfare Reform	Temporary Additional Support – Formula changes	This cross-Vote initiative reduces expenditure on Temporary Additional Support by adjusting the formula to account for the above indexation increases to main benefits between 2018 and 2023. Because of how main benefit rates are used to calculate a client's entitlement, the formula assumes people's daily living costs have increased by more than inflation. The initiative will rebalance the formula (by reducing [33] the maximum rate) to account for this. This change does not impact NZ Superannuants or recipients of Veteran's Pension as these clients did not have the same out of cycle increases to their benefit rates over the period. The formula change also includes a change to the allowable cost categories. This will remove child support liability as an allowable cost.	Included	We recommend supporting this initiative as part of a welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. The initiative delivers savings by reducing expenditure on Temporary Additional Support by adjusting the formula to account for above-indexation increases to main benefits between 2018 and 2023. This initiative makes large savings and improves work incentives, as Temporary Additional Support has a 100% abatement rate. We will provide more advice on this initiative as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	[33]						3	3	3
	17205	Welfare Reform	Income Charging Phase 2 – savings from further policy decisions	This initiative expands on the Budget 2025 initiative income charging Phase 2, which is a critical enabler for MSD's Services for the Future work programme. Income charging Phase 2 relies on PAYE salary and wages income information shared by IR and used by MSD to automatically charge as income against income-tested financial assistance clients receive from July 2028. This initiative includes additional savings from removing annual income assessments, and extending information sharing and income charging rules to some Accident Compensation Corporation (ACC) payments. It also includes transitional costs relating to the income charging initiative, as a whole, as well as a cost neutral change to charge non-PAYE income forwards from the point it is received by clients.	Included	We recommend supporting this initiative as part of a welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. The initiative delivers savings by improving the information the Ministry of Social Development uses to charge as income against income-tested financial assistance. This initiative makes savings and improves the accuracy of benefit payments. We will provide more advice on this initiative as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	(52.5)	(13.1)	-	(52.5)	(13.1)	-	4	4	3
	17206	Welfare Reform	Invest in employment support for sole parents to reduce welfare costs and material hardship for children	The number of sole parents receiving a benefit has been steadily increasing alongside other benefit types with 80,600 on SPS and13,900 on JS as of September 2025. This invest-to-save initiative seeks funding from July 2026 to June 2028 for 228 additional frontline case management FTE, more Flexi-Wage funding, enhanced placement programs, and a $1m flexible fund. Evidence shows that work-focused case management reduce peoples time on benefit and increase sustained exits. Cost-effectiveness for this group is amplified because parents (both SPS and JS-SP) receive higher benefit payment rates to support their dependent children, while evidence shows that work-focused case management significantly reduces time on benefit and delivers strong returns, around $3.40 for every dollar invested.	Included	We recommend supporting this initiative, which would invest in employment supports for sole parents, and recognises savings as a result. Sole parents are typically eligible to receive benefit payments when they are out of work, so interventions that promote employment will typically deliver fiscal savings. This is supported by historical New Zealand evidence, which shows that estimated returns are around $3.40 for every dollar invested. We are confident that the Ministry of Social Development's costings and approach aligns with the agreed invest-to-save framework. The initiative also improves long-term labour market attachment for participants. This increases future earnings and reduces repeat benefit receipt, and there are likely to be additional long-term benefits for children.	(97.2)	(24.3)	-	(97.2)	(24.3)	-	4	4	3
	[33]														
	17208	Welfare Reform	Emergency Housing – Extending scaled-down support services	This initiative seeks funding for Emergency Housing (EH) support services from July 26 to June 28 at a lower level than existing funding. Funding for EH Support Services (EHSS) is required to support households and prevent them needing EH, reduce the duration of stay in EH for clients and facilitate sustainable exits (reducing reoccurring need). Funding for EHSS will be important for managing the inflow, maintaining the current low number of EH clients, and leveraging wider housing initiatives to reduce households in EH to 300. Savings from fewer people requiring EH will be greater than the cost of investment. This initiative is anticipated to result in net savings of $14 million over the forecast period due to maintaining the number of households in EH below 500 from July 26 to June 28.	Included	We recommend supporting this initiative, which would continue Emergency Housing Support Services for two years at a lower level than existing funding. There is some New Zealand evidence suggesting the existing services reduce demand for emergency housing, although the low number of recipients means a rigorous evaluation has not been possible, and non-participant effects may diminish the overall effect. The initiative is therefore likely to achieve fiscal savings, although their quantum is uncertain. The targeted nature of the services is also appropriate given the number of emergency housing recipients has fallen substantially.	(14.3)	(3.6)	-	(14.3)	(3.6)	-	3	3	3
	17247	New Service Or Policy	SuperGold Card: official form of identification	This initiative introduces a version of the SuperGold Card that can be used as official ID, meeting a need for older people who have difficulty accessing supports that require photo identification, such as bank loans. This is particularly the case for older people who are no longer able to drive and therefore do not hold a driver licence. It will fulfil a priority of the New Zealand National Party and New Zealand First coalition agreement to "upgrade the SuperGold Card and Veterans Card to maximise its potential benefit for all SuperGold Card and Veterans Card holders".	Excluded	We recommend not supporting this initiative. It is not certain that an upgraded SuperGold Card would deliver significant benefits as there are existing ID options available, such as the Kiwi Access Card. There is also only limited and outdated evidence of strong demand. If Ministers would like to progress this initiative, we recommend scaling through tighter targeting, lower uptake assumptions, and a co-payment mechanism to reduce fiscal pressure.	36.4	9.1	6.5	-	-	-	2	4	2

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Social Development	17260	Welfare Reform	Accommodation Supplement – Targeted Maxima Increases	This initiative will provide funding to: - make targeted adjustments to the Accommodation Supplement (AS) by increasing the maxima for Areas 3 and 4 from 1 April 2027 - cover additional costs from higher AS payments to eligible clients. The initiative will increase the amount of AS assistance received by approximately 50,000 families, with an average increase of approximately $19 per week. This increase partially responds to the rise in housing costs since the AS maxima was last updated in 2018, based on 2016 rents. More information can be found in the attached document.	Excluded	We recommend not supporting this initiative as part of a welfare reform package that balances fiscal savings, work incentives and impacts on income adequacy and child poverty. The initiative delivers savings by make targeted adjustments to the Accommodation Supplement by increasing the maxima for Areas 3 and 4. This initiative has a significant fiscal cost and is not a high priority for investment in Budget 2026. We will provide more advice on this initiative as part of advice on potential welfare reform packages in late February to inform bilateral discussions in March.	161.2	40.3	-	-	-	-	3	2	3
	[33]														
Social Investment	17141	Baseline Reduction	Vote Social Investment Cost Savings	SIA has been invited to deliver 2% savings for the 2026/27 financial year and outyears as part of Budget 26. This will be achieved by reducing departmental funding only.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and to present no material risks. This initiative delivers savings by reducing back-office costs and the use of contractors and consultants.	(3.2)	(0.8)	-	(3.2)	(0.8)	-	3	4	4
Statistics	17211	New Capital Investment	Stats NZ – Modernise the Integrated Data Infrastructure to support social investment and government decision-making	This initiative upgrades the Integrated Data Infrastructure (IDI) to support social investment (with expected wider benefits). It provides funding to deliver key infrastructure improvements, including: - Core technology upgrades: improved data integration and a new cloud-based Data Lab (user interface and computational processing), providing more timely, up-to-date and accurate integrated data, an enhanced user experience, and unlocking potential for analytical innovation (e.g. the use of AI tools) - Expanded access and analytical tools for both technical and non-technical users - Improved data quality and capabilities to enable more seamless flows and efficient use of greater quantities of data - Greater assurance settings to anticipate new use cases for integrated data, including AI.	Included	We recommend supporting this initiative. The Integrated Data Infrastructure (IDI) is used widely across Government, including to inform the social investment approach, research into policy effectiveness, and to fulfil statutory functions. Without funding to improve the IDI, there would be delivery risks for the Social Investment Agency's projects, and there would be negative impacts on Stats NZ's ability to deliver an administrative Census. Delivery of the IDI is dependent on a larger programme of work and Stats NZ is actively working with the Treasury on this programme. The proposed funding option aligns with Cabinet's previous decisions to prioritise modernising and increasing capacity for the IDI, rather than seeking a full transformation of the system.	59.8	14.9	13.9	59.8	14.9	13.9	4	4	3
	17212	Baseline Reduction	Stats NZ – Modernise data collection, consolidate functions, [38]	This initiative comprises three cost savings components that together meet Stats NZ's 2% baseline reduction requirement ($17.2m) in Budget 26: 1. Modernise data collection methods ($10.4m) by: - Enabling online participation for social surveys, starting with the Household Income and Living Survey, and taking a targeted approach to non-response follow-up - Enabling online participation for business surveys - Automating data cleaning and editing of survey data using AI. 2. Amalgamate administrative overheads and consolidate functions (e.g. strategy, programme and planning functions) ($2.4m) [38]	Included	We recommend supporting this initiative. We have assessed the savings to be achievable and to present only minor and manageable risks. This initiative delivers savings by moving to more online surveys, [38] and seeking further departmental efficiencies.	(17.2)	(4.3)	-	(17.2)	(4.3)	-	3	3	3

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Tari Whakatau	17108	Service Or Policy Cost Escalation	Delivery of Treaty settlements cost pressures – tagged contingency	This initiative will set aside funds as a tagged contingency for: *additional Treaty settlements costs to complete settlements or to progress to the next milestone; and *costs associated with relativity mechanism arbitration hearing. This will enable critical decisions to be taken without impacting on the between-budget contingency.	Included	[38]							3	2	3
	17113	Baseline Reduction	Te Tari Whakatau – savings initiative	This savings initiative returns funding through the reconsideration and negotiations of the existing shared service agreement between Te Tari Whakatau and the Ministry of Justice and ongoing discretionary expenditure reductions.	Included	We recommend supporting this baseline savings initiative. Most savings have been found from departmental efficiencies and discretionary expenditure. We consider that there are some minor but manageable delivery risks. Savings intended to be found through renegotiating the shared services agreement may shift costs onto the Ministry of Justice rather than deliver an overall saving. However, we have assessed the savings to be achievable as Te Tari Whakatau is likely to have sufficient underspends to meet this baseline savings target, regardless of the outcome of negotiations.	(3.2)	(0.8)	-	(3.2)	(0.8)	-	3	4	3
Tertiary Education	17236	Service Or Policy Cost Escalation	Tertiary Education Price Pressures - Tuition and Training Subsidy and Fees Increase	This initiative provides funding for a 2.1% targeted increase to tertiary education and training subsidies for foundation levels, and priority delivery at Levels 3 to 10, alongside enabling tertiary education providers to increase tuition and training fees for learners by up to 6% in 2027. This addresses ongoing funding pressures within New Zealand's tertiary education and training sector and supports providers to sustain the quality of provision in targeted fields as well as further invest in priority areas.	Included	We recommend scaling this initiative and funding it by reprioritising Fees Free funding. We support funding a 6% Annual Maximum Fee Movement (AMFM) in line with Budget 2024 and 2025. We however recommend a subsidy increase of 2% (instead of 2.1%) at levels 1 and 2, and a broad subsidy increase of 1.5% at levels 3 to 7 (sub-degree) (instead of 2.1% targeted to priority areas). A high AMFM combined with broad subsidy increases at levels 1 to 7 most cost-effectively supports provider viability and quality delivery. The AMFM-related cost of the initiative ($34.505m OFP) arises from the Fees Free policy and would be significantly lower if Fees Free was discontinued. While this initiative could be scaled further by further targeting subsidies, we recommend supporting the 6% AFMF at a minimum.	171.8	43.0	-	102.6	25.7	-	3	3	3
	17237	Service Or Policy Cost Escalation	Tertiary Education Volume Pressures - Funding Additional Demand	This initiative provides funding to enable the Tertiary Education Commission to fund 99 percent of forecast tertiary education and training volume at Levels 3-10, over the forecast period. Current baseline funding is unable to fund all forecast enrolments, and without additional funding to meet increased demand, providers may restrict learners' access to tertiary education and training. This initiative also funds an additional 455 additional Youth Guarantee places per year – a 10 percent ongoing increase. This will ensure the system can respond to expected demand in foundation education levels. The initiative also includes funding for the TEC's balance sheet mechanism and for formula-based equity funding that will support the additional demand in the system.	Included	We recommend supporting this initiative by reprioritising Fees Free funding. Current baselines cannot fund demand for Youth Guarantee (YG) and only 95% of demand at levels 3 to 10. Without additional funding, providers may turn away unfunded YG learners and around 17,000 learners p.a. at levels 3 to 10. This risks transferring cost pressures to other sectors (e.g. Jobseeker), deteriorating provision, and impacts on human capital. We recommend holding additional YG funding in a tagged contingency from 2028, when YG changes will be implemented. We recommend funding 99% of forecast volume OFP to resolve the current time-limited funding pressure, in addition to a review to assess how to respond to volume pressures and adjust the balance of government and private contributions in the long term.	587.4	146.8	-	587.4	146.8	-	3	4	4
	17238	New Service Or Policy	Industry Skills Boards - Supporting Strategic Activity	This initiative provides time-limited and targeted funding in 2026 to support Industry Skills Boards' (ISBs) Strategic Workforce Analysis and Planning function during their initial establishment. Priority activities for this funding are exploring industry expectations of secondary school leavers wanting to enter their sectors (school transitions), research into ways to improve apprenticeship uptake and completions (apprenticeship barriers), and supporting relevant data infrastructure (the Shared Data Platform). It supplements core public funding of $30m per annum across the eight ISBs.	Included	We recommend supporting this initiative which reprioritises forecast underspends from Apprenticeship Boost (initiative 17239) to support the new Industry Skills Boards' data infrastructure and workforce analysis functions during their establishment period, until government funding can be supplemented with fees and/or levies. These functions were previously delivered by Workforce Development Councils and support agencies' skills and employment forecasts, workforce planning and delivery of qualifications, and investment advice. The initiative aligns with Government's commitment to re-establish a regionally responsive Vocational Education and Training system and the developing talent and infrastructure pillars of Going for Growth.	3.0	0.8	-	3.0	0.8	-	3	4	3
	17239	Service Or Policy Savings	Apprenticeship Boost - Reprioritising Underspends	This initiative reprioritises funding that will likely not be required to fund Apprenticeship Boost for employers of eligible existing and incoming apprentices in 2025/26. Apprenticeship Boost is a demand-driven initiative, and the underspend reflects weaker-than-expected market demand for apprentices and apprenticeships over this period. The forecast assumes demand for Apprenticeship Boost does not significantly change in 2026, so this initiative retains a portion of funding to respond to a possible increase in uptake in the future.	Included	We recommend supporting this initiative which proposes to reprioritise forecast underspends in Apprenticeship Boost to support a one-off investment of $3 million for newly established Industry Skills Boards, until government for them funding can be supplemented with fees and/or levies (initiative 17238 Industry Skills Boards – Supporting Strategic Activity). There are minimal risks from reprioritising these forecast underspends as sufficient funding remains (including an appropriate buffer) for Apprenticeship Boost in 2025/26.	(3.0)	(0.8)	-	(3.0)	(0.8)	-	2	4	4

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Tertiary Education	17241	Service Or Policy Savings	[33]										3	3	2
	17242	Baseline Reduction	Vote Tertiary Education - Baseline Savings	This initiative delivers baseline savings of $9.399 million per annum on average across the forecast period from Vote Tertiary Education. The savings comprise $1.6 million per annum from the Ministry of Education and Tertiary Education Commission from 2026/27 [33]	Included	We recommend supporting this baseline savings initiative which reduces agency funding by 2% [33] We have assessed savings to be achievable with some uncertain but likely manageable risks. Agency savings are to be achieved by adjusting resourcing and work programmes and reducing FTE. Following a 13% reduction in the Tertiary Education Commission's workforce across 2024 and 2025, further FTE reductions may impact on TEC's monitoring and investment functions, increasing financial and operational risks. [33]	(37.6)	(9.4)	-	(37.6)	(9.4)	-	3	3	3
	17356	Service Or Policy Savings	[Placeholder] Ending the Final-Year Fees Free scheme	This initiative generates savings by ending the final-year Fees Free scheme. Current costings are based on the scheme ending after 31 December 2026, by which any learners who complete their qualification after this date will not receive Fees Free. An alternative option is ending the scheme in 2026 for all except those already in study and who will complete their qualification by a future date (we have assumed 2029 for costings purpose), This would cover most learners currently studying at a bachelor's level qualification who may have expectations of receiving Fees Free. Savings for this option would reduce by approximately $150 million over the forecast period and implementation would be more challenging.	Included	We recommend supporting this initiative. While an evaluation has not been completed for final-year Fees Free, the limited evidence available (for first year Fees-Free) suggests removal would not impact participation or progression in study. Removing Fees Free would increase students' loan balances but we consider the risk of disincentivising study is minimal, as evidence suggests most learners would complete their studies regardless. While we recommend closing the scheme from 1 Jan 2027 in order to maximise savings, there are implementation options that would ensure learners who enrolled while the policy was in place are reimbursed. This would increase implementation timeframes and reduce savings. Current costings are indicative.	(972.5)	(243.1)	-	(972.5)	(243.1)	-	4	2	3
Transport	17138	New Capital Investment	Rail Network Investment Programme (RNIP) - National Rail Freight Network	This initiative funds the maintenance, operation and renewal of the national rail freight network from 2027/28 onward. It will deliver an efficient and reliable national rail network, enabling KiwiRail to continue network services for all rail users and to support projected freight growth on rail, that offers a more productive, efficient and reliable transport network providing economic growth and productivity benefits.	Included	We recommend supporting this initiative. The Rail Network Investment Programme 2027-30 (RNIP) is being drafted in the coming months, and making funding decisions now will set expectations for KiwiRail and co-funders upfront and help drive transformation, reducing overall costs. KiwiRail has indicated that 3 years of funding certainty (rather than the current 1-year approach) would enable more efficient planning, standardised design and bulk procurement; driving costs down by 25%. Alternatively, funding could be scaled to minimum viable levels (1 year at 100%) with the rest deferred until RNIP is drafted - reducing pressure on allowances now but delaying realisation of efficiencies.	477.1	119.3	598.2	477.1	119.3	598.2	3	3	3
	17139	Investment Savings	Reprioritisation - Rail Network Investment Programme (RNIP) tagged contingency	This initiative makes available for reprioritisation $170 million from the Rail Network Investment Programme 2024-27 capital tagged contingency that was established through Budget 2024. As a result of significant savings being identified, this funding is no longer required for the current RNIP period. The funding could be used to offset the cost of other rail initiatives invited to Budget 2026, including the 2027-30 RNIP (national freight network) or RNIP metro rail network overdue renewals initiative.	Included	We recommend supporting this initiative. The final size of Rail Network Investment Programme (RNIP) for 2024-27 was confirmed last year, incorporating cost reductions, and the programme has been fully funded to that agreed level. As the residual tagged contingency funding is no longer required for its sole agreed purpose (supporting RNIP 2024-27), the full remaining amount should be returned to the centre by default. Ministers could choose to communicate this saving as being used to offset some of the cost of key rail spending pressures invited to Budget 2026, namely the 2027-30 RNIP (17138), and Metro Rail Overdue Renewals (17161).	-	-	(170.0)	-	-	(170.0)	4	4	4
	17143	Baseline Reduction	Baseline savings - Rail Grants (Hillside)	This initiative will return $7 million from the Hillside Programme to the Crown, as it is no longer needed for its intended purpose.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present only minor and manageable risks. We note this savings is a return of one-off/time limited funding, which therefore does not create an enduring saving/ongoing baseline reduction. We recommend returning this savings to the centre (Ministry of Transport preferred), over reprioritising for electrical infrastructure upgrades at Westfield (KiwiRail preferred), in line with the stated intention for the 2% baseline savings to be returned to the centre.	(7.0)	(1.8)	-	(7.0)	(1.8)	-	4	4	3

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Transport	17157	New Capital Investment	[PLACEHOLDER] Government Policy Statement on Land Transport 2027	This initiative provides funding for investment in the land transport system for the 2027-2037 period. Subject to prioritisation decisions and the final GPS 2027 (released June 2026 and in force July 2027), there is expected to be a deficit between National Land Transport Fund revenue and expenditure intentions over the GPS 2027 period.	Included	At this stage, we recommend scaling this initiative. There is significant work to do to (a) get clarity on the 'must do' base case, (b) confirm the desired level, if any, of additional funding for investment above current forecast revenue; (c) confirm the highest priorities for investment; and (d) determine funding options and what the resultant accounting treatment would be. Ideally, we recommend any new investment be funded through user revenue rather than grants, to support fiscal discipline and incentivise strong prioritisation based on network need. In the interim, this placeholder assumes that the minimum additional spend needed to responsibly maintain the existing network [33] would be met through increased user revenue; complemented by a owards new investment.	[33]						3	4	2
	17161	New Capital Investment	Rail Network Investment Programme (RNIP) – Metropolitan Rail Networks Overdue Renewals	This initiative funds critical overdue renewals for the Auckland and Wellington metropolitan rail networks. Addressing the backlog of overdue renewals will improve service levels enabling better metro rail passenger services through the underlying resilience of the network infrastructure. This drives value for money, efficiency, and effectiveness from public transport investment, and increases economic growth and productivity. It also delivers wider benefits including reducing congestion on urban roads, and more efficient use of the transport network. KiwiRail has already delivered one and half years of the programme, which complements the work being completed by the Wellington Metro Upgrade Programme (WMUP) and Auckland Rail Network Rebuild (RNR).	Included	We recommend scaling this initiative, to provide full funding for 1 year only. The Crown has an obligation to fund overdue renewals - a defined programme of replacing life-expired assets. Renewals are needed for continued metro operation and to ensure the benefits of investments such as City Rail Link are realised - costs can be phased or tranched but not avoided outright. Given the volume of other metro works underway (e.g. the Wellington Metro Upgrade Programme) we recommend providing 1 year of funding for overdue renewals to avoid oversaturation, with the remainder revisited at Budget 2027. We understand 1 year would be sufficient to provide a minimum viable level of certainty; though would limit realisation of efficiencies.							3	3	3
	17244	Baseline Reduction	Baseline savings – Improving Resilience of the Roading Network (operating costs)	This initiative returns all operating funding associated with the Crown Resilience Fund (CRF) which was announced as part of Budget 2023 to improve the resilience of the roading network. This funding is for the programme management costs associated with both the local roads (LR) and state highway (SH) resilience activities. In Budget 2025, all uncommitted funding in the LR component of the CRF from 2027/28 to 2029/30 was returned. With the LR component scheduled to finish at the end of 2026/27 FY and the SH component running through to the end of 2029/30 FY the return of these operating costs would need to be absorbed by the NLTF.	Included	We recommend supporting this baseline savings initiative. The savings comprise of returning administration funding related to administering NIWE funding. We have assessed the savings to be achievable and present only minor and manageable risks. We note these programme management costs (up to $3.2m) for the completion of both the local roads (LR) and state highway (SH) resilience projects, will now be funded from the National Land Transport Fund (NLTF). However, we assess this is unlikely to have a significant impact and represents a low risk.	(3.2)	(0.8)	-	(3.2)	(0.8)	-	3	4	4
	17248	Baseline Reduction	Baseline savings - Drug and Alcohol Assessment Costs	This initiative proposes scaling funding available for drug and alcohol assessment. NZTA is required to pay for court-ordered drug and alcohol assessments in instances where people have been convicted for repeat driving offences and indefinitely disqualified from driving. NZTA receives $978k per annum for this function but historically has not spent the full allocation.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and present only minor and manageable risks. This programme has historically underspent its available funding, and we agree that the proposed reduction is unlikely to impact delivery of this service. We note if demand for this programme were to increase above available funds (although we assess this is unlikely), the programme would need to be funded out of the National Land Transport Fund (NLTF), increasing existing pressures on the fund. We expect if this was to occur it would be unlikely to have a significant impact in isolation.	(2.0)	(0.5)	-	(2.0)	(0.5)	-	4	4	4
	17249	[33]													
	17275														

							Dept. Submissions $(m)			Current Package $(m)			Value for Money Values		
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Transport	17290	[33]													
Women	17079	Baseline Reduction	Discontinuing Funding Contribution to the Public Service Commission (PSC) - Pay Equity Taskforce	This initiative will deliver $0.2m of savings from 2025/26 by discontinuing funding provided to the Gender Pay Taskforce managed by the PSC. The Ministry for Women was funded in 2021/22 to provide this additional support. The PSC decided to discontinue this Taskforce in 2025.	Included	We recommend supporting this baseline savings initiative. We have assessed the savings to be achievable and to present no material risks.	(0.8)	(0.2)	-	(0.8)	(0.2)	-	4	4	4