

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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Subject: Budget Day Messaging - Chief Executives

Kia ora koutou,

With the Budget being unveiled today we wanted to provide chief executives visibility about what to expect to see in the documents regarding baseline reductions and provide clarity around messaging on FTE reductions. Your staff will understandably still have questions that you will be under pressure to answer, particularly around FTE, ^[33]. The below sets out consistent messaging while we all work through this process and will help us all manage our current environment.

We acknowledge while the FTE and baseline reductions have been the main focus of coverage, your staff should know this is one part of a wider transformation of the public service that will ultimately result in better public services for New Zealanders.

We know this will be challenging, but central agencies will work alongside you and ensure you are well supported through this process.

Please contact either of us if you have any questions.

Heather and Mark

Budget Day announcement guidance for Chief Executives

1) What will be disclosed in the Budget documents in relation to public sector transformation

In the Budget documents:

- The only reference to FTE reductions is that the Government has an in-principle target of reducing core public service FTEs to 55,000 by June 2029. ^[33]
- The level of baseline reductions by agency is set out on pages 66 -67 of the Summary of Initiatives in the following format:

	Budget 2026 2% savings	Future 10% savings (5%+5%)
Department breakdown	\$ million (total operating over the forecast period)	
Department of Conservation	(x)	(x)
Department of Internal Affairs	(x)	(x)
Department of the Prime Minister and Cabinet	(x)	(x)
Etc...	(x)	(x)

The two columns refer to total operating over the five-year forecast period, specifically:

- The column labelled, **Budget 2026 2% savings**, refers to the savings that agencies have provided through specific savings initiatives in Budget 2026. They will all reconcile with agency's initiatives through the Summary of Initiatives.
- The column labelled, **Future 10% savings (5%+5%)**, refers to future baseline reduction savings that the agency will provide over the forecast period. As this is a cumulative total over the five-year forecast period, the figure in this column will be equal to five times the amount of the 5% savings target that was specified in your letter from MoF.
 - For example, if MoF's letter specified that an agency's savings targets are \$10m p.a. from 2027/28 and \$10m p.a. from 2028/29, their **future 10% savings (5%+5%)** number will be \$50m.

2) What you can share with your staff regarding baseline and FTE reductions once the Minister of Finance has delivered her Budget speech

- In relation to the FTE reduction:
 - Whether your agency is subject to the in-principle target for public service FTEs to be below 55,000 by 2029.
 - That your agency will need to make a contribution towards the Government's in-principle target of reducing public service FTEs to below 55,000 by 2029.
 - ^[33] We acknowledge the request from chief executives about having clear lines of communication regarding the FTE reduction before scrutiny week. Central agencies are working this through with a view to providing guidance.
 - ^[33]

- In regard to the baseline reduction:
 - Whether your agency is part of or is excluded from the baseline reduction.
 - Level of baseline savings required (as set out above, the level of baseline reductions by agency will be set out on page 66 -67 of the Summary of Initiatives).

3) What needs to be submitted in July

By the end of July 2026 agencies will need to submit:

- [33]
- As part of this year's Performance plans, for agencies subject to a baseline reduction, this will include a very high-level description of how your agency intends to meet the first 5% baseline reduction in 2027/28.

[33]

Mark Sowden | Te Tai Ōhanga – The Treasury

Deputy Secretary

System and Sector Performance

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