

The Treasury

Budget 2026 Information Release

September 2026

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(b)(i) - to avoid prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by the Government of any other country or any agency of such a Government
- [4] 6(c) - to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [7] 6(e)(ii) - to prevent serious damage to the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the regulation of banking or credit
- [12] 7(a)(i) - to avoid prejudice to the security or defence of the self-governing State of the Cook Islands
- [13] 7(a)(ii) - to avoid prejudice to the security or defence of the self-governing State of Niue
- [14] 7(a)(iii) - to avoid prejudice to the security or defence of Tokelau
- [15] 7(a)(iv) - to avoid prejudice to the security or defence of the Ross Dependency
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest

- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [41] 18(d) - information requested is or will soon be publicly available

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Cabinet

Minute of Decision

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Budget 2026 Package: Vote Tertiary Education

On 7 May 2026, Cabinet:

Appropriation Administrator: Ministry of Education

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2026 Budget package, as listed in the summary table below and detailed in the attached initiative documents:

Summary of initiatives:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
17239	Apprenticeship Boost - Reprioritising Underspend	-	-	-	-	-
17238	Industry Skills Boards - Aligning Funding with Strategic Activities	-	3.000	-	-	-
17600	Ngarimu VC & 28th (Māori) Battalion Memorial Scholarships Fund - Scholarships Expansion	-	0.100	0.100	0.100	0.100
17236	Tertiary Education - Increases to Tertiary Fees and Foundation Education Subsidies	-	3.506	7.010	7.010	7.010
17607	Tertiary Education System Review - Reprioritising Funding from International PhDs	0.200	(0.028)	(0.172)	-	-
17237	Tertiary Education Volume Pressures - Funding Additional Demand in 2026 and 2027	72.280	111.715	94.026	3.000	3.000
17242	Baseline Savings - Agency [33]	-	(1.596)	(7.838)	(14.081)	(14.081)
Total Operating		72.480	116.697	93.126	(3.971)	(3.971)

Summary of Contingency Initiatives:**Operating Contingencies**

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
17356	Final-Year Fees Free – Ending the Scheme	-	6.433	-	-	-
17630	Youth Guarantee – Funding 1000 Additional Places	-	21.727	21.727	21.727	21.727
Total Operating		-	28.160	21.727	21.727	21.727

Diana Hawker
Acting Secretary of the Cabinet

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Apprenticeship Boost - Reprioritising Underspends

Description: This initiative reprioritises funding from Vote Social Development that will likely not be required to fund Apprenticeship Boost for employers of eligible existing and incoming apprentices in 2025/26. A portion of forecast underspends will be retained to allow the Ministry of Social Development to respond to a possible increase in uptake ahead of the end of the financial year.

Additional Recommendations

- 2 **noted** that reprioritised funding will be used to fund Initiative 17238 in Vote Tertiary Education;
- 3 **noted** that there is a related initiative in Vote Social Development (Initiative 17612);

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Industry Skills Boards - Aligning Funding with Strategic Activities

Description: 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 via reprioritisation of forecast underspends in the Apprentice Support appropriation in Vote Social Development. This initiative also authorises the Minister of Finance and Minister for Tertiary Education to make joint decisions on funding that is tagged to be returned to the centre from ISBs and the New Zealand Institute of Skills and Technology (NZIST).

Appropriation Changes

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	-	3.000	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.000	-	-	-

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

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Non-Departmental Output Expenses:					
Industry Standards-Setting Functions	-	3.000	-	-	-
Total Operating	-	3.000	-	-	-

Additional Recommendations

- authorised** the Minister of Finance and the Minister for Tertiary Education to jointly agree whether to either use funds returned from ISBs and remaining cash reserves after the disestablishment of NZIST by 31 March 2026 to increase funding in the *Te Pūkenga Disestablishment and Transition* tagged operating contingency, to be used for the purposes of the operating contingency as agreed by Cabinet [CAB-24-MIN-0148.81, SOU-25-MIN-0076, SOU-26-MIN-0022], or return these funds to the centre;
- noted** that the above initiative relates to Initiative 17612 in Vote Social Development and Initiative 17239 in Vote Tertiary Education;

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Ngarimu VC & 28th (Māori) Battalion Memorial Scholarships Fund - Scholarships Expansion

Description: This initiative delivers five additional scholarships from the Ngarimu VC & 28th (Māori) Battalion Memorial Fund, increasing the annual number of awards to fourteen.

Appropriation Changes

	Sm - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	-	0.100	0.100	0.100	0.100
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.100	0.100	0.100	0.100

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

	Sm - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Benefits or Related Expenses:					
Tertiary Scholarships and Awards	-	0.100	0.100	0.100	0.100
Total Operating	-	0.100	0.100	0.100	0.100

Additional Recommendation

6 **noted** that the above initiative is led by the Minister of Education;

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Tertiary Education - Increases to Tertiary Fees and Foundation Education Subsidies

Description: This initiative provides funding for a 2 percent targeted increase to funding rates for foundation education provision, alongside enabling tertiary education providers to increase tuition and training fees for learners by up to 6 percent in 2027. These increases will support Tertiary Education Organisations to address ongoing cost pressures and maintain the quality of delivery.

Appropriation Changes

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	-	3.506	7.010	7.010	7.010
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	3.506	7.010	7.010	7.010

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

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Foundation and Community Education	-	3.506	7.010	7.010	7.010
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	3.506	7.010	7.010	7.010
Total Operating	-	3.506	7.010	7.010	7.010

Additional Recommendations

- 7 **noted** that the costs to the Crown related to allowing providers to increase fees by 6 percent in 2027 are due to the impacts on student loans and Final-year Fees Free payments, and Initiative 17613 in Vote Revenue (IRD-Crown) and Initiative 17614 in Vote Social Development reflect these impacts;
- 8 **noted** that the Minister for Tertiary Education intends to consult on a proposed Annual Maximum Fee Movement (AMFM) rate of 6 percent for 2027 later in 2026 and that, if confirmed following consultation, some providers may choose to increase fees by a lower rate (or not at all), meaning there is uncertainty around the estimates for increased costs;
- 9 **authorised** the Minister of Finance and the Minister for Tertiary Education to make any technical adjustments necessary to the measures used to reflect AMFM increases in Student Loan Scheme and Final-Year Fees Free forecasts;

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Tertiary Education System Review - Reprioritising Funding from International PhDs

Description: This initiative reprioritises operating funding from limiting growth for funded international PhD students to provide time-limited funding to support the Ministry of Education to conduct a review of the tertiary education funding system. Funding is made available for reprioritisation from aligning the level of funding for new PhD Equivalent Full-Time Students (EFTS) in 2027 with the level of funded new PhD EFTS in 2024.

Appropriation Changes

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	0.200	(0.028)	(0.172)	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	0.200	(0.028)	(0.172)	-	-

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

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Departmental Output Expenses:					
Stewardship and Oversight of the Tertiary Education System (funded by revenue Crown)	0.200	1.062	1.063	-	-
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Qualification Delivery	-	(1.090)	(1.235)	-	-
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	(1.090)	(1.235)	-	-
Total Operating	0.200	(0.028)	(0.172)	-	-

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Tertiary Education Volume Pressures - Funding Additional Demand in 2026 and 2027

Description: This initiative provides funding to enable the Tertiary Education Commission (TEC) to fund 99 percent of forecast tertiary education and training volume at Levels 3-10, over two calendar years. 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.

Appropriation Changes

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	72.280	111.715	94.026	3.000	3.000
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	72.280	111.715	94.026	3.000	3.000

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

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Access to and Success in Tertiary Education	-	1.500	3.000	3.000	3.000
Qualification Delivery	72.280	110.215	91.026	-	-
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	72.280	111.715	94.026	3.000	3.000
Total Operating	72.280	111.715	94.026	3.000	3.000

Additional Recommendation

- 10 **agreed** to treat \$40 million appropriated in the *Tertiary Tuition and Training* Multi-Category Appropriation as an underspend in 2025/26, so it can be drawn onto the TEC's balance sheet mechanism at the end of the 2025/26 financial year;

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Baseline Savings - Agency Savings and ^[33]

Description: This savings initiative delivers on the baseline reduction target for Vote Tertiary Education. The savings are delivered from reductions in departmental funding for the Ministry of Education and in funding for the Tertiary Education Commission from 2026/27 and ^[33]

Appropriation Changes

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Balance Impact*	-	(1.596)	(7.838)	(14.081)	(14.081)
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	(1.596)	(7.838)	(14.081)	(14.081)

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

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Departmental Output Expenses:					
Stewardship and Oversight of the Tertiary Education System (funded by revenue Crown)	-	(0.260)	(0.260)	(0.260)	(0.260)
Non-Departmental Output Expenses:					
Administration of and Support for the Tertiary Education and Careers System	-	(1.336)	(1.336)	(1.336)	(1.336)
Multi-Category Expenses and Capital Expenditure:					
Tertiary Tuition and Training (MCA)					
<i>Non-Departmental Output Expenses:</i>					
Qualification Delivery	-	-	(6.242)	(12.485)	(12.485)
Total Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA)	-	-	(6.242)	(12.485)	(12.485)
Total Operating	-	(1.596)	(7.838)	(14.081)	(14.081)

Additional Recommendation

11 **agreed** that the Minister for Tertiary Education will direct the Ministry of Education to:

11.1 ^[33]

11.2

Vote: Tertiary Education

Appropriation Ministry of Education
Administrator:

Title: Final-Year Fees Free – Ending the Scheme

Description: This initiative provides funding in a tagged contingency to support the Tertiary Education Commission and the Ministry of Social Development to meet costs involved with ending the final-year Fees Free scheme. The final-year Fees Free scheme will close at the end of 2026 and eligible learners who completed a qualification in 2026 will have 12 months following completion to claim their fees, up to 31 December 2027. Savings from ending the final-year Fees Free scheme are generated in Vote Revenue.

Tagged Contingency

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Contingency	-	6.433	-	-	-
Total	-	6.433	-	-	-

Additional Recommendations

- 12 **agreed** to end the final-year Fees Free scheme at the end of 2026;
- 13 **agreed** that eligible learners who complete an eligible qualification or programme by 31 December 2026 can receive their final-year Fees Free entitlement if they apply within the standard timeframe;
- 14 **noted** that further work is required to develop detailed policy and implementation design to close the scheme;
- 15 **authorised** the Minister for Tertiary Education and Appropriation Ministers as relevant to make detailed policy and implementation design decisions in line with the above parameters;
- 16 **noted** that the savings to the Crown related to the above initiative are in Vote Revenue, and Initiative 17638 in Vote Revenue (IRD-Crown) reflects these savings;
- 17 **noted** that the above initiative relates to:
 - 17.1 Initiative 17342 in Vote Education;
 - 17.2 Initiative 17630 and the Foundation Education Subsidy component of Initiative 17236 in Vote Tertiary Education;
 - 17.3 Initiative 17588 in Vote Māori Development;
- 18 **agreed** to establish a tagged operating contingency for the purpose of funding the Tertiary Education Commission and Ministry of Social Development costs involved in the disestablishment of the final-year Fees Free scheme;

- 19 **authorised** the Minister of Finance and, where relevant, the Minister for Tertiary Education and the Minister for Social Development and Employment, to jointly agree to draw down funding from the above contingency (establishing any new appropriations as required), to meet costs involved in the disestablishment of the final-year Fees Free scheme, subject to their satisfaction that the funding can be appropriated;
- 20 **agreed** that the expiry date for the above tagged contingency be 31 March 2027;

Vote: Tertiary Education

Appropriation Administrator: Ministry of Education

Title: Youth Guarantee – Funding 1000 Additional Places

Description: This initiative provides funding in a tagged contingency to fund 1000 Youth Guarantee places on an ongoing basis.

Tagged Contingency

	\$m - increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Operating Contingency	-	21.727	21.727	21.727	21.727
Total	-	21.727	21.727	21.727	21.727

Additional Recommendations

- 21 **authorised** the Minister of Finance and Minister for Tertiary Education to jointly agree to draw down funding from the above tagged contingency (establishing any new appropriations as required), subject to their satisfaction that the funding can be appropriated;
- 22 **agreed** that funding will be drawn down and appropriated into the *Tertiary Tuition and Training* Multi-Category Appropriation (the MCA) with the purpose of funding additional Youth Guarantee volume;
- 23 **noted** that this initiative relates to Initiative 17356 in Vote Tertiary Education and Initiative 17638 in Vote Revenue (IRD-Crown), and that the cost of the above policy is being offset by the closure of the final-year Fees Free scheme;
- 24 **agreed** that if Cabinet does not progress Initiative 17356 in Vote Tertiary Education and Initiative 17638 in Vote Revenue (IRD-Crown), funding held in the above tagged contingency will be reduced to instead fund an additional 455 Youth Guarantee places at a cost of \$9.907 million per annum;
- 25 **agreed** that the expiry date for the above tagged contingency be 31 March 2027.