

The Treasury

Budget 2026 Information Release

September 2026

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- The Budget website from September 2026 to May 2027 only at: <https://budget.govt.nz/information-release/2026>, and on
- The Treasury website from later in 2026 at: <https://www.treasury.govt.nz/publications/budgets/budget-2026-information-release>

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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

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

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

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

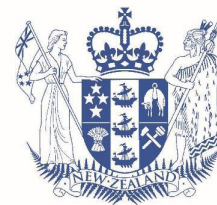
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Hon Simeon Brown
Minister of Health
Parliament Buildings

31 March 2026

Responding to Fuel Cost Pressures at Budget 2026

Dear Simeon

As you are aware, the conflict in the Middle East and resultant disruption to shipping through the Strait of Hormuz has led to significant increases in the price of fuel and resulted in considerable fuel supply-chain constraints.

I understand this has resulted in increased cost pressures in your portfolio which requires fuel for agencies to undertake their day-to-day operations. In the first instance, I expect Ministers to consider what actions could be taken by their agency, or funded services, to reduce fuel demand in a sensible manner that ensures the maintenance of core service delivery.

I remain committed to fiscal responsibility and delivering on our fiscal strategy, particularly to ensure we have resilience in the face of future shocks. Accordingly, I am not proposing to provide any additional funding for your envelope to address these pressures. Rather, I wish to provide you with the opportunity to reconsider the composition of your ^[37] per annum operating envelope.

The Associate Minister of Health (Pharmac) and I also recently invited Pharmac to provide advice on cost pressure contingency funding in case of pharmaceutical supply chain disruption. If progressed, I expect this initiative to be included in the health operating envelope.

What can be submitted within your existing envelope

I invite you to revise your envelope to ensure it is focused on the following areas only, and I expect there to be a focus on maintaining the delivery of public services:

- Any cost pressures in your current envelope that you consider are still critical
- Funding for critical fuel use (either directly by the agency or through essential contracted services)
- Energy security measures and interventions to support the resilience of our public services and that reduce future cost pressures. This may include accelerating existing plans to actively transition to alternative energy sources
- Previously invited new spending initiatives in priority areas should only be considered after the initiatives above.

You are not invited to submit:

- Additional new spending initiatives (which were not previously invited)
- Funding for other inflationary cost pressures as a result of the fuel situation.

Potential cost escalations for investments in delivery

My expectation is that existing project contingencies will cover any costs escalations associated with capital investments in this financial year. Please could you inform the Treasury as soon as possible if you are concerned that fuel costs will have an impact on the cost of any investments in delivery in 2025/26 in excess of existing project contingencies and your ability to manage them through reprioritisation.

Next Steps

I understand that you may have already been considering revising your envelope to account for responding to the fuel situation. I note that we have a follow-up Budget bilateral on 1 April, where we can discuss your current plans.

Please email my office by 5pm, Tuesday 7 April setting out any changes to your package to meet these pressures. I ask that your agency ensures that these initiatives are submitted into CFISnet by the same date. The Treasury will be in touch with your agency on what the limited information requirements for these initiatives are. The Treasury will also provide a scenario to be used when calculating direct fuel price related cost pressures.

The Treasury will soon issue guidance to agencies on how to implement any technical adjustments necessary for responding to the Middle East conflict, given the original technical process has closed.

The Ministerial Oversight Group on the Economic Response Plan to the Middle East conflict has made decisions on the framework for the National Fuel Plan. I will continue to engage with you as and when the situation changes if further measures are required to support the delivery of critical public services.

Thank you for your support as we adapt Budget 2026 to respond to the current global environment.

Yours sincerely,



Hon Nicola Willis
Minister of Finance

Cc Hon David Seymour, Associate Minister of Health
Audrey Sonerson, Director-General and Chief Executive, Ministry of Health