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

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TE TAI ŌHANGA
THE TREASURY

Treasury Report: Infrastructure Priorities Programme integration in Budget 2026

Date:	26 September 2025	**Report No:**	T2025/2378
		File Number:	ST-4-8-4-11-5-2026-1-M128035

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance** Hon Chris Bishop **Minister for Infrastructure**	Agree the approach to integrating the IPP in Budget 2026. Agree the investments agencies will be required to submit in the IPP Round 3, to support Budget 2026 advice.	End of September, to inform Budget 2026 capital invitation letters.

Contact for telephone discussion (if required)

Name	Position		Telephone	1st Contact
Rebecca Wembri	Senior Advisor, Investment Management System (IMS)	[39]	[35]	✓
David Taylor	Manager, Investment Management System (IMS)			

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: No

Treasury Report: Infrastructure Priorities Programme integration in Budget 2026

Purpose of Report

1. This report sets out how we, the Treasury and the Infrastructure Commission ('the Commission'), propose the Infrastructure Priorities Programme (IPP) should inform Budget 2026 advice. We are seeking your direction on the proposed approach and the investments to request to participate in the IPP Round 3 to support budget advice.

Background

2. The Commission is preparing the National Infrastructure Plan (NIP) to be delivered to the Government in December 2025. The draft NIP includes Recommendation 14 – *'Investment readiness assessment: All Crown-funded infrastructure proposals pass through a transparent, independent readiness assessment before funding'*. Any changes to the status of the IPP in the Investment Management System arising as a result of the Government's response to this recommendation will not be in place to inform Budget 2026. The Treasury will provide you with separate advice on this recommendation as part of the wider Government response to the plan.

What is the difference between the IPP, Gateway and any other assurance process?

3. The purpose of the IPP is to create an independent and standardised process for identifying and signalling nationally significant, unfunded infrastructure proposals and projects that meet strategic objectives, are value for money and can be delivered. It is voluntary for private sector, local and central government infrastructure investments, with the intent to ensure that investment proposals meet key assessment criteria. Assessment reports for endorsed proposals are published publicly. IPP is led and co-ordinated by the Commission.

4. Gateway is a structured review of high-risk project or programme readiness for investment and delivery. It covers all central government capital investment types, not just infrastructure. The purpose is to provide future-focussed, independent, and structured assurance to the Senior Responsible Owner (SRO) that the investment is on track to deliver its outcomes and intended benefits. Gateway responds to specific challenges the agency and SRO are faced with as a central Government investment. If the successful delivery of an investment appears to be in doubt, an escalation process is initiated to draw attention to the risks and issues impacting successful delivery, and to determine whether resolution is feasible. Review outcomes are shared with Cabinet as part of Quarterly Investment Report (QIR). Gateway reviews are facilitated by the Treasury Gateway Unit.

5. Independent Quality Assurance and other project- or programme-initiated assurance, involves the use of external providers to undertake reviews based on specific terms of reference drafted by the agency. Usually backward-looking, these reviews seek evidence that work to date has been completed according to expected standards and processes. They are an input into Gateway reviews and IPP assessments.

How the IPP currently fits in the Investment Management System

6. Cabinet Office Circular CO (23) 9 outlines the roles and responsibilities of parties in the system, including for the Commission and Treasury. As a system leader, the Commission is expected to build capability in agencies and across the system, and provide advice on the planning, procurement and delivery of infrastructure investments. The circular sets out that the Treasury will consult with system leaders, as appropriate, in providing advice to Ministers and Cabinet on investment decisions.

7. The Commission has developed the IPP as a tool to support them in meeting their obligations as a system leader, in providing detailed advice on projects of strategic value. The Commission’s legislation sets out a function for the Commission to provide advice in relation to the priorities for infrastructure, and the IPP is the main mechanism by which this Commission fulfils this function.

8. Completed assessments made through the IPP are currently reflected in the following products and advice to Ministers and Cabinet, noting that the IPP is currently voluntary and therefore this only applies to proposals that choose to participate.

   a **Quarterly Investment Report** – the updated infrastructure dashboards developed for the June 2025 QIR report the IPP outcomes for investments in planning that are seeking Cabinet decisions in the next six months. This gives Cabinet an indicator of readiness for investment, based on an assessment of strategic alignment, value for money and deliverability.

   b **High-Profile High-Risk (HPHR) Investments:** if a HPHR investment has been assessed through the IPP, the outcomes will be included in the QIR Cabinet paper and Treasury Pre-Cabinet briefing for business cases.

   c **Business Cases** – the feedback agencies receive as part of the IPP should support the improvement of investment business cases.

   d **NIP** – proposals and projects assessed as meeting the criteria under the IPP will be published and included within the NIP.

   e **Investment Panel / system leader advice** – IPP assessments inform the Commission input to the Investment Panel, including for Budget 2026 assessment.

Role of the IPP for Budget 2026

9. Since Budget 2020, the Treasury has convened the Investment Panel (the Panel), which comprises external representatives from system and functional leaders, to assess capital budget initiatives. The recommendations made by the Panel on budget initiatives, and broader system insights, have informed Treasury budget assessments and advice to Ministers. The Commission has assessed infrastructure budget initiatives as a member of the Panel. For Budget 2026, we again plan to draw on the expertise of system leaders through the Panel [T2025/2380 refers].

10. The Treasury and the Commission have identified how the IPP can further enhance the advice provided to Ministers at Budget 2026 on a selection of infrastructure investments.

11. We have focused on a subset of investments for a couple of reasons.

- **To avoid significant duplication with the main budget process** which enables the assessment of all budget initiatives and where the Commission will provide input. The investments that are assessed in the IPP should be targeted to those that would benefit from an independent value-for-money and deliverability review.
- **A condition for IPP assessment is that a proposal is 'nationally significant',** identified by applying a $50 million whole-of-life cost threshold for assessment, although there is flexibility in determining 'nationally significant'. It would be appropriate to maintain the focus on investments that meet this requirement.

Identifying a subset of investments to be assessed through the IPP for Budget 2026

12. Based on the June 2025 QIR, 53 infrastructure investments signalled that they may seek Budget 2026 funding. This includes the Roads of National Significance (RoNS) reported by NZ Transport Agency (NZTA). We assessed the 41 investments that are over the $50m cost threshold, prior to your decisions on budget invitations. **This report reflects the decisions you have made on budget invitations** [T2025/2380 refers]. Where you have agreed to an envelope approach for an agency, we have assessed all the initiatives the agency has signalled in the QIR.

13. The Treasury and the Commission recommend 12 investments for IPP assessment, see Table 1. These are investments that have the highest value by budget funding sought (capital and operating) and we have identified would most benefit from the additional IPP assessment. The Commission advises that 12 is also a manageable number of assessments to complete under an expedited IPP assessment process.

[33]

14. The investments we have not recommended to participate in the IPP Round 3, for the purpose of supporting Budget 2026 assessments, are in Annex A. Some projects have already been assessed in previous rounds of the IPP. Other projects meet the $50m threshold but have been assessed to be of lower value relative to the 12 set out in Table 1, noting our intent to identify a subset of investments for the reasons set out in paragraph 10.

15. There are three key judgments we have made in compiling this list.

    a [33]

    While we understand that the NZTA board has now approved the investment cases for the RoNS, it is not clear whether NZTA has completed full detailed business cases (DBC) for these investments. Given the project costs, we think there is value in inviting them to re-submit the initiatives for additional value for money scrutiny.

    b **Assessing investments without a DBC** – to assess investments at Stage 3 of the IPP, the Commission requires a full DBC. A Stage 3 assessment provides advice on whether the preferred option is investment ready.

    If a full DBC cannot be provided, it would be likely that the investment could only be assessed at Stage 2, which would be an assessment of the range of options considered rather than the preferred option. This would still provide information to Ministers and agencies on what additional work is needed to progress the proposal to investment readiness, but it would not endorse the preferred option to support a funding decision. We have highlighted the expected assessment stages in Table 1.

    c **Preference for projects over programmes** – the Commission has advised that Stage 3 assessment is for projects, and programmes can only be assessed at Stage 2. Large programme investments, [33]

16. [33]

17. The final list of investments the Commission assess in the IPP may differ for two reasons: the list is subject to agency decisions on what to include within their envelope submissions and the Commission can only assess an initiative if the agency submits a completed business case.

The IPP assessment outcomes will be in February to align with Budget timelines

18. The Commission will assess investments as part of Round 3 of the IPP, which opened on 11 September 2025 and closes on 11 December. The Commission plan to expedite the assessment process for Budget 2026 initiatives in January, to provide an assessment report by the end of February 2026. A timeline is set out in table 3.

19. Agencies will need to prepare their budget and IPP submissions in parallel to December deadlines. The Commission is unable to assess any late initiatives invited into the Budget process after the 11 December 2025 as part of Round 3 of the IPP.

Table 3: Timeline of Budget 2026 and IPP Assessment Milestones

Budget 2026 and IPP Assessment Milestones	Date
Round 3 of the IPP opens for applications	11 September 2025
Ministers Decisions on approach for IPP integration in Budget 2026	End of September
Budget invitations sent out – includes the request to participate in IPP Round 3	13 October 2025
Round 3 of the IPP closes	11 December 2025
Agency deadline to submit Budget 2026 initiatives to Treasury	Mid-December 2025
IPP assessment of agreed Budget initiatives	December 2025 – February 2026
Commission deliver IPP assessment report to Ministers, Treasury and applicants	End of February 2026
Public release of Round 3 IPP outcomes (reports for any B26 initiatives would be withheld until B26 information is publicly released)	June 2026

Implementation and next steps

20. We are seeking your direction on the proposed approach and the list of investments identified for IPP assessment. If you agree with this advice, the formal request to agencies to participate in Round 3 of the IPP can be made through the Budget 2026 invitation letters to Ministers.

21. For agencies with an envelope, you can still signal the investments expected to take part in the IPP process, should the agency choose to include them within their envelope submissions.

22. There are 31 other non-infrastructure investments (data and digital, specialist equipment, organisational change) reported in the June QIR as seeking Budget 2026 funding. We will need to ensure they are treated fairly in the budget assessment process, in the absence of any additional review mechanism akin to the IPP that would endorse the investment. This is mitigated by the other system leader representatives on the Investment Panel (such as the Government Chief Digital Officer), who will have the opportunity to support the assessment of all investment types invited to Budget.

Budget initiatives may be assessed in future IPP rounds

23. We have focused on designing a practical process to integrate the IPP for Budget 2026, recognising the capacity of the Commission to assess initiatives ahead of budget decisions and the value in focusing on a subset of initiatives. As the Commission is only assessing a subset of initiatives in IPP Round 3, it is possible that some initiatives that are funded at Budget 2026 are assessed through later rounds of the IPP and not endorsed. However, we think this is less likely to be an issue for Budget 2026, as the IPP Round 4 is expected in early 2027. We will work with the Commission to consider how the IPP can be integrated for future Budgets with these considerations in mind.

Recommended actions

We recommend that you:

a **agree** to direct the Infrastructure Commission to assess, as part of the IPP Round 3, a selection of infrastructure investment jointly agreed with the Minister of Finance, to support decisions at Budget 2026.

Agree / Disagree

Minister for Infrastructure

b **agree** that the following initiatives are suitable for assessment in the IPP Round 3, to support budget decisions, subject to their invitation to Budget 2026.

[33]

Agree / Disagree
Minister of Finance

Agree / Disagree
Minister for Infrastructure

c **agree** that the agencies responsible for the investments identified in recommendation b will be required to participate in the IPP Round 3 if they are invited to Budget 2026.

Agree / Disagree

Minister of Finance

d **note** that we will action the request for IPP participation through Budget invitations.

e **note** the following:

- if an agency is unable to submit the required level of planning information, the initiative will not be assessed or will be assessed at an earlier IPP stage,
- if the Commission assesses an initiative at a stage of planning that is earlier than the detailed business case, they will be unable to endorse the preferred option as investment ready,
- the Commission has the capacity to provide an expediated assessment process for 12 projects in IPP Round 3, and will not be able to exceed this number,
- any infrastructure investments invited into the 2026 Budget process after 11 December 2025 will not be assessed through the IPP Round 3.

David Taylor

Manager, IMS

The Treasury

Andy Hagan

General Manager, Investment

The Infrastructure Commission

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Hon Chris Bishop
Minister for Infrastructure

_____/_____/_______

[33]