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

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[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: Finalising Budget 2026 Invitations

Date:	24 September	**Report No:**	T2025/2482
		File Number:	BM-2-1-2026-M128350

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Agree** to formalise a savings target of [33] . for Welfare, Working for Families, and Social Housing in Budget invitation letters to relevant Ministers **Indicate** your decisions on outstanding initiatives **Provide feedback** on the attached invitation letter template and draft Budget Ministers slides	29 September 2025

Contact for telephone discussion (if required)

Name	Position	Telephone		1st Contact
Thulacksha Thayarooban	Analyst, Budget	[39]	N/A (mob)	✓
Emily Fulford	Team Leader, Budget		N/A (mob)	

Minister's Office actions (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report	

Enclosure: Yes (attached)

Treasury Report: Finalising Budget 2026 Invitations

Purpose of Report

1. This report seeks your decisions on outstanding matters to finalise Budget 2026 invitations and provides you with further advice on the indicative savings possible through each current savings workstream after reflecting your decisions on savings invitations.

Background

2. At Budget Matters on Monday 15 September you requested advice on setting an envelope for Foreign Affairs, and inviting Pharmac for an invest-to-save initiative in Vote Health. This advice is attached in **Annex A**, alongside two other outstanding initiatives that require your decisions.

3. On 21 September you indicated which spending and savings initiatives you want to invite into the Budget process [T2025/2274]. There were a small number of initiatives where you requested further advice before deciding on invitations. We have provided responses to these questions and seek your decisions on these initiatives in **Annex B**.

4. There were three initiatives for which you have made a decision on whether or not to invite into Budget 2026, however you had questions on the quantum or alternative funding sources. Responses to these questions are attached in **Annex C** for your information.

5. The draft templates for Budget Invitation letters are attached at **Annex D** for your review and feedback. Details on specific invitations for each portfolio will be included in annexes to the letters and you will receive a draft of these annexes next week.

Savings

6. We have advised that you will need to identify at least [1] and [33] of savings and reprioritisation options to fund the Government's priorities and create fiscal headroom. It is still possible for existing workstreams to deliver sufficient savings to balance likely spending demands (assuming there is no further deterioration in the forecasts). However, this relies on each workstream delivering close to the likely maximum of their possible savings range and Ministers making significant policy trade-offs.

7. To help achieve the level of savings and reprioritisation required, we recommend formalising a [33] savings target for Welfare, Working for Families and Social Housing reform via your Budget invitation letter to portfolio Ministers and agencies.

8. You have already agreed to use a target to implement a baseline reduction for most agencies, which is expected to generate around $0.2 billion of savings at Budget 2026 with a reduction of 3-4% [T2025/2774].

9. This leaves a savings gap of [33]

   The TSPWP has a large range of possible savings of up to $0.7 billion or more, particularly if decisions are taken to maximise savings through Shareholder Loans options.

Next steps

10. You have a Budget Ministers meeting scheduled on 6 October to discuss and agree Budget 2026 invitations. We have provided you the draft slides for this meeting alongside this report.

11. We have drafted a Budget invitation letter template for you to send portfolio Ministers. This is attached in **Annex D** for your feedback. Details on specific invitations for each portfolio will be included in annexes to the letters and you will receive a draft of these next week.

12. The next steps for Budget invitation letters are set out below:

Item	Date
Draft invitation letters and annexes provided to you for feedback	2 October
Budget Ministers: Invitations	6 October
Final invitation letters and annexes provided to you for approval	9 October
Recommended date for issuing letters (before your international travel)	13 October

Recommended actions

We recommend that you:

a **agree** to formalise a savings target of [33] for Welfare, Working for Families, and Social Housing in Budget invitation letters to relevant Ministers;

Agree / Disagree

b **indicate** your decisions on outstanding initiatives in Annexes A and B, and

c **provide feedback** on the attached invitation letter template and draft Budget Ministers slides.

Emily Fulford
Team Leader - Budget

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Annex A: Initiatives for invitation

Foreign Affairs Envelope

<table>
<tr><td rowspan="2">($m operating per annum)</td><td colspan="3">Budget 2026 Recommended Envelopes</td><td rowspan="2">Budget 2025 Funding
($m per annum)</td></tr>
<tr><td>High</td><td>Medium</td><td>Low</td></tr>
<tr><td></td><td>105</td><td>75</td><td>10</td><td>133</td></tr>
<tr><td>Key choices and Judgements</td><td colspan="4">Our first best advice is that the Minister of Foreign Affairs (the Minister) is not invited into the Budget 2026 process as we consider there are sufficient options within MFAT’s baseline to fund emerging costs through reprioritisation. However, following your indication you would like to set an envelope for Vote Foreign Affairs, we make the following suggestions:

• The high envelope reflects the amount of funding required to baseline the remaining half (following Budget 2025 decisions) of the time-limited funding provided for the 2022-2025 International Climate Finance Commitment, and therefore resolving the corresponding funding reduction in the International Development Cooperation (IDC) appropriation. It would provide an additional $32.633 million p.a on top of that signalled by the Minister as required for aid activities in Southeast Asia [FPS-25-MIN-0021 refers].

• The medium envelope would be sufficient to maintain IDC funding for the Southeast Asia region identified in the Minister’s recent Cabinet paper on the region [FPS-25-MIN-0021 refers]. It would not completely baseline the time-limited funding for the previous 2022-2025 International Climate Finance Commitment though, as in the high envelope.

• The low envelope provides just over 10% of the funding request for Southeast Asia aid, and just under 10% of funding required to baseline the time-limited 2022-2025 International Climate Finance commitment funding. It would require MFAT to present reprioritisation options within baselines to fund priority spending areas at Budget 2026.

We have not reflected funding to host the 2027 Pacific Island Forum (PIF) ($15 million one off estimate) in the envelope. This reflects your decision not to invite funding for PIF into Budget 2026 as this cost can be met from within baselines [T2025/2274 refers].

If you want take policy decisions to address funding reduction in the IDC appropriation ahead of Budget decisions and/or what the level of New Zealand’s next International Climate Finance Commitment should be, you could discuss with the Minister of Foreign Affairs taking a standalone paper to Cabinet pre-Christmas. This may require pre-committing a portion of the envelope against the Budget 2026 operating allowance, especially if any new Commitment is an increase on the current one.</td></tr>
<tr><td>Recommended actions</td><td colspan="4">a. agree to a Foreign Affairs envelope of high 105, medium 75 and low 10
Agree / Disagree

b. indicate whether you would like decisions on the Foreign Affairs envelope made:
Option 1: through the usual Budget decision-making process over February-April
Agree / Disagree
Option 2: through a standalone Cabinet paper ahead of Budget 2026 (e.g. before Christmas)
Agree / Disagree</td></tr>
</table>

Vote Health: Fiscally Neutral Pharmac Initiative

Vote	Health
Track	New spending
Description	You agreed to invite an initiative to uplift the Combined Pharmaceutical Budget but requested more information on how this uplift could be fiscally neutral in recognition of the savings it may generate elsewhere in the health system.
Operating Average Per Annum ($m)	0
Total Capital ($m)	N/A
Treasury advice	Treasury is supportive of a discrete initiative being invited for Pharmac separate to the health envelope. Our first best advice is to invite this initiative as a funding uplift to CPB without the requirement for a fiscally neutral component. We consider Pharmac to have a strong track record of managing cost pressures and risks within the CPB to both allow it to purchase more medicines and keep a lid on the cost of pharmaceutical spending to the Crown, which many other countries struggle to achieve. At Budget 2025, Pharmac submitted a bid for a societal impacts pilot programme that was not progressed (we recommended deferring given the recent Pharmac investment). We understand that as part of this work, Pharmac was considering what it could mean to change its assessment and decision-making approach to account for broader societal and fiscal benefits for a select number of medicines. More detail on the benefits of additional investment in the CPB, and an outline of the updated societal impacts pilot with an invest-to-save lens, could be required as a condition of the budget invite. We recognise that you are requesting an assessment from the health entities on how feasible a fiscally neutral initiative could be. If you wish to progress with commissioning a framework from Pharmac, the Ministry of Health and Health NZ, we recommend that you seek specific detail on how the funding could result in savings elsewhere in the health system and how this would impact the Pharmac purchasing model. We note you could also direct Pharmac to update its Budget 2025 societal impacts pilot bid to fund a small number of medicines with an invest-to-save lens. There are several challenges to consider for a fiscally neutral approach to this initiative. New Zealand has a rationed healthcare system with unmet demand - while avoided procedures and treatments due to better pharmaceutical access is beneficial to individuals, the health system and the economy, they will largely not be cash releasing. These improvements will not "bottom out" waitlists. We also note that the value for money is just one consideration in Pharmac's assessment process amongst others including health benefit - so a funded pharmaceutical may not always be cheaper than the equivalent condition treatment or management. Due to the independence and flexibility of the Pharmac purchasing model, it is likely to be difficult to bank savings. Pharmac retains sole discretion about what pharmaceuticals it purchases, and often its forward purchasing is not set at the time funding is allocated (with the entity making ongoing decisions to generate greater savings within the CPB - i.e. switching to generic brand drugs). This makes offsetting the cost of funding increases to Pharmac with savings from other parts of the health system difficult.
Conditions on Invitation	If you agree to invite a fiscally neutral initiative, we recommend you commission Pharmac, the Ministry of Health and Health NZ to work on a framework with specific detail on: a. How this pharmaceutical funding could result in tangible savings in other areas of health system spend; and

	b. How these savings could be used to offset the CPB uplift in practice, without undermining the Pharmac model. If you agree to invite this initiative without the fiscally neutral requirement, we recommend you require detail on: c. A societal impacts pilot with an invest-to-save lens and the benefits of additional investment in the CPB
MoF Decision	a. agree to invite this initiative into Budget 2026; and *Agree / Disagree* b. indicate whether you want this initiative to be fiscally neutral. *Yes/No*

Education Review Office - Regulatory functions related to licensing and certificating education services - One-off Transition Costs

Vote	Education Review Office
Track	Other Ministerial Priorities
Description	Regulatory functions related to licensing and certificating education services (ECE, private schools, and school hostels) are to be transferred from the Ministry of Education to ERO. There is a remaining cost of $2.5 million related to the transition, which the Associate Minister of Education has signalled to Cabinet that he will seek Budget 2026 funding for (SOU-25-MIN-0078).
Operating Average Per Annum	2.519
Total Capital	
Rationale for invitation	Time-limited with commitments to deliver
Treasury advice	We recommend you invite the Associate Minister of Education to submit an initiative that seeks funding for one-off transition costs relating to the transfer of regulatory functions from the Ministry of Education (MoE) to the Education Review Office (ERO). In June 2025, Cabinet agreed that responsibility for licensing and certificating early childhood services be transferred from MoE to ERO. Cabinet also agreed to transfer responsibility for licensing, registration and compliance functions for private schools and school hostels from MoE to ERO. [38]
Conditions on Invitation	This initiative should be invited on the condition that the Budget 2025 tagged contingency for such transition costs has been fully exhausted by Budget 2026 submissions.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / disagree*

Vote Justice – Three New Courthouses

Vote	Law and Order Envelope: Justice
Description	This investment seeks to replace the Rotorua combined High and District Court, Rotorua Māori Land Court, and Waitakere District Court with the current plan being for the courthouses to be developed and maintained using Justice's public-private partnership (PPP) model.
Total Capital ($m)	568
Associated Operating Average Per Annum ($m)	[33] and [38]
Investment Ready?	Yes
Treasury advice	We recommend inviting this initiative as it is aligned to the Government's priorities. We recommend any related operating funding should be managed within the law-and-order envelope. The costs associated to the courthouse designs are currently under review by the National Infrastructure Funding and Financing (NIFFCo) and the Crown Infrastructure Delivery (CID). The Detailed Business Case was approved by Cabinet in late 2024.We recommend inviting this initiative as it is aligned to your priorities. We recommend any related operating funding should be managed within the law-and-order envelope. The costs associated to the courthouse designs are currently under review by the National Infrastructure Funding and Financing (NIFFCo) and the Crown Infrastructure Delivery (CID). The Detailed Business Case was approved by Cabinet in late 2024.
Conditions on Invitation	(1) NIFFCo/CID review of costs completed, and recommendations reflected in design and costings; (2) Alternative funding and delivery options provided.
MoF Decision	a. Agree to invite this initiative into Budget 2026 *Agree / Disagree*

Annex B – Initiatives requiring decisions

Vote	Initiative Title	Question	Treasury Advice	MoF Decision
Education	Ka Ora, Ka Ako - Healthy School Lunches Programme	*When does the funding run out and when do the current contracts end?*	Funding for the Healthy School Lunches Programme expires at the end of the 2026 calendar year. Similarly, current contracts end at the end of the 2026 calendar year. Therefore, funding would need to be sought through Budget 2026 if Ministers wish the Programme to continue beyond 2026.	Invite / Do not invite
Transport	[33]			Invite / Do not invite
Transport				Invite / Do not invite

Vote	Initiative Title	Question	Treasury Advice	MoF Decision
	[33]			
Health	Health Capital Envelope	*Can the high amount be $1.2b? Seems too high*	We expect a $1.2 billion envelope would still be a stretching level of investment for Health New Zealand and therefore agree that this would be an appropriate 'high' envelope to set. However, this envelope would exclude some investments signalled in the current Health Infrastructure Plan (HIP) as needing Budget 2026 funding. $1.2 billion will give room for HNZ to seek funding for delivery-ready investments (approx.$450 million), and another approx. $750 million of headroom to be allocated between: • Next steps on high priority hospital developments in Tauranga, Hawkes Bay and Palmerston North [37] • Remediation of existing premises [37] • Other smaller investments (pipes replacement in Auckland, next steps on the Mason Clinic, improvements to LINACs, etc) [37]	Agree to the high, medium and low envelope sizes for health capital: • High - $1.2 billion • Medium – $950 million • Low - $450 million *Agree / disagree*

Annex C – Further information on select initiatives

Vote	Initiative Title	Question	Treasury Response	MoF Comments
Education	Education Capital Expenditure	*I understand MOE are delivering more from their allocated capex than expected due to efficiencies being gained from new procurement disciplines. Could Treasury please find out the extent of this – it suggests limited new capital is required for B26.*	Treasury agree that efficiencies from MoE's new value for money procurement principles should be factored into any Budget 2026 submission for new capital funding, and we will incorporate this into the conditions outlined in the Education invite letter. We will also investigate the extent to which these efficiencies can/should reduce the new spend submissions in Budget 2026 as part of the vote team's discussions with MoE ahead of bid submissions and Cabinet consideration of the Growth in the School Property Portfolio Detailed Business Case.	
Internal Affairs	2026 General Election Support	*These costs seem excessive. Could it be covered from baselines?*	Due to the change in Government, Election transition costs in 2023 were higher compared to 2020 and covered a range of non-discretionary costs including contractual payments for outgoing staff, onboarding new staff, security assessments, and costs associated with clearing and reestablishing ministerial offices for the new administration. DIA has limited ability to reprioritise within baselines, as it is already reprioritising funding and undertaking ongoing change processes to meet cost pressures across its portfolios, to support the transfer of new functions such as NEMA and managing cost recovery shortfalls in key identity services such as passports and citizenship grants. It is also currently in scope for a baseline reduction. DIA could be expected to absorb costs incurred in 2025/26 through reprioritisation and/or retention of underspends. We note that DIA	

Vote	Initiative Title	Question	Treasury Response	MoF Comments
			received additional cost pressure funding in Budget 2025 to maintain existing levels of support services to Ministers. If this initiative is invited into Budget 2026, we can provide further advice on scaled options for funding and associated trade-offs as part of the assessment process.	
Māori Development	Te Māori - The Return: Māori-led International Cultural Diplomacy Platform	*Could it seek funding from another contestable fund source?*	Yes, this initiative could seek funding from contestable funds by either rescoping activities or scaling the initiative. It would be eligible for: • Cultural Diplomacy International Programme ($0.750 million per annum) • Grants from Creative New Zealand ($0.500 million per annum) However, the above options would not provide sufficient funding for the current initiative. If it was rescoped with a stronger focus on domestic events, it may be eligible for: • Events Attraction Package ($40 million for events in 2026) • Māori Development Fund ($40.5 million per annum) Cross-government funding could also be considered from TPK, Foreign Affairs, or NZTE baselines. If this is a priority for the Minister of Māori Development and is not invited into the Budget process, we recommend the above funding mechanisms are explored.	

Annex D: Budget 2025 invitation letter draft template

Envelope agency letter

Hon [Minister]
Minister of/for [portfolio]
Parliament Buildings

Dear [Minister]

Thank you for your engagement on Budget 2026.

As outlined in the Budget 2026 strategy Cabinet paper, Budget 2026 is taking place in a tight fiscal environment and global uncertainty. In the face of that uncertainty, it is crucial that we continue to maintain fiscal discipline to achieve better economic outcomes for New Zealanders.

I am writing to you to set out the core components of Budget 2026 and the specific areas and initiatives am I am inviting you to submit for Budget 2026.

Envelope – Spending (Operating)

You are invited to submit spending initiatives (including operating expenditure associated with capital initiatives) within an operating expenditure envelope for Budget 2026. Low, medium, and high envelope scenarios envelopes are annexed to this letter (Annex [envelope]). An envelope does not constitute a guarantee of funding at any particular level.

These are net envelopes (i.e. spending less reprioritisation and savings options). As an envelope agency, you have not been set a baseline reduction target. However, I expect you to identify credible reprioritisation options as part of your submission. You should submit those as individual savings initiatives to give full visibility to Budget Ministers on trade-offs and options. When developing reprioritisation options, I would like you to consider options that align with the guidance I am setting for other Ministers delivering baseline reductions, which are set out in Annex[savings].

You have flexibility on which initiatives you submit within the envelope. However, you should ensure that coalition commitments and funding necessary to maintain critical service delivery are prioritised. I have also included a list of initiatives that I would like to see prioritised.

Envelope – Capital

You are also invited to submit investment initiatives within a capital envelope for Budget 2026. These are net, rather than gross envelopes, and therefore any savings or asset recycling options you identify can be used to offset expenditure.

You have flexibility on which initiatives you submit within the envelope. However, I have included a list of initiatives that I would like to see prioritised.

A significant number of agencies had large capital underspends in the last financial year. Delivering infrastructure in a timely manner is essential for us to deliver on our Going for Growth plan and broader government priorities. Therefore, I intend to only recommend to Cabinet funding initiatives that I am assured can be delivered promptly.

In practice, this means that Budget Ministers will be considering whether – where relevant – Cabinet has agreed to a Detailed Business Case (DBC) or Single State Business Case (SSBC) ahead of submission or one is due to be considered by Cabinet before April 2026; and whether a project will start work within twelve months of funding. Where a Cabinet approved DBC or SSBC is not available at the time of initiative submission, I expect that a draft document will be made available at that time instead.

Baseline Savings

As agreed by Cabinet, most agencies have been set a baseline reduction target. Your agency is exempted from the baseline reduction exercise this year, and consequently no target has been set.

Value-for-Money

When making decisions on Budget initiatives, Budget Ministers will consider whether the initiative is supported by strong evidence, has a clear delivery plan, and presents robust value-for-money analysis, including climate impacts analysis, where relevant. The Treasury will issue specific guidance to agencies about the analysis that you are expected to submit alongside initiatives.

Next steps

I invite you to write to me by [Date] providing a brief summary of your spending and/or savings submissions. I ask that you agency also submits initiatives into the Treasury's system by [Time, Date]. The Treasury will be issuing guidance and templates for agencies shortly, which will include more detailed requirements for the Budget 2026 process.

The contents of this letter are Budget-Sensitive, and a reminder of Budget information security guidelines are annexed to this letter.

Thank you for your continued commitment to getting the Government's books back in order and ensuring spending represents value for money. I look forward to receiving your submissions in December.

Yours Sincerely,

Hon Nicola Willis
Minister of Finance

Cc [Minister]
[Chief Executive]

Non-envelope agency letter

Hon [Minister]
Minister of/for [portfolio]
Parliament Buildings

Dear [Minister]

Thank you for your engagement on Budget 2026.

As outlined in the Budget 2026 strategy Cabinet paper, Budget 2026 is taking place in a tight fiscal environment and global uncertainty. In the face of that uncertainty, it is crucial that we continue to maintain fiscal discipline to achieve better economic outcomes for New Zealanders.

I am writing to you to set out the core components of Budget 2026 and the specific areas and initiatives am I am inviting you to submit for Budget 2026.

Spending

The list of operating spending initiatives I am inviting you to submit are annexed to this letter. While these initiatives will be considered as part of the wider Budget 2026 process, an invitation is not a guarantee of funding.

When submitting a spending initiative, unless otherwise agreed or directed, you should provide reprioritisation options that Budget Ministers can consider to fully or partially self-fund an initiative. You should submit those as individual savings initiatives to give full visibility to Budget Ministers on trade-offs and options.

Unless you have been invited, costs associated with the increase in KiwiSaver employer contributions should be managed within agencies' baselines.

Capital

The list of capital spending initiatives I am inviting you to submit are annexed to this letter.

A significant number of agencies had large capital underspends in the last financial year. Delivering infrastructure in a timely manner is essential for us to deliver on our economic growth and broader government priorities. Therefore, I intend to only recommend to Cabinet funding initiatives that can be delivered promptly.

In practice, this means that I will be considering whether – where relevant – Cabinet has agreed to a Detailed Business Case (DBC) or Single State Business Case (SSBC) ahead of submission or one is due to be considered by Cabinet before April 2026; and whether a project can start work within twelve months of funding. Where a Cabinet approved DBC or SSBC is not available at the time of initiative submission, I expect that a draft document will be made available.

Baseline Savings

As agreed by Cabinet, most agencies are being set a baseline reduction target over the next three Budgets. Annex [Savings] includes your agency's savings target, outlines how targets are calculated, and sets out guidance for how these targets should be met.

Targeted Policy Savings

Please refer to Annex [Savings] for the list of targeted policy savings initiatives I am inviting you to submit. Please provide a range of options, including how savings can be maximised and what trade-offs this entails. These initiatives must be in addition to your baseline savings target.

Value-for-Money

When making decisions on Budget initiatives, Budget Ministers will consider whether the initiative is supported by strong evidence, has a clear delivery plan, and presents robust value-for-money analysis, including climate impacts analysis, where relevant. The Treasury will issue specific guidance to agencies about the analysis that you are expected to submit alongside initiatives.

Next steps

I invite you to write to me by [Date] providing a brief summary of your spending and/or savings submissions. I ask that you agency also submits initiatives into the Treasury's system by [Time, Date]. The Treasury will be issuing guidance and templates for agencies shortly, which will include more detailed requirements for the Budget 2026 process.

The contents of this letter are Budget-Sensitive, and a reminder of Budget information security guidelines are annexed to this letter.

Thank you for your continued commitment to getting the Government's books back in order and ensuring spending represents value for money. I look forward to receiving your submissions in December.

Yours Sincerely,

Hon Nicola Willis
Minister of Finance

Cc [Minister]
[Chief Executive]

Agency without a Budget 2026 invitation

Hon [Minister]
Minister of/for [portfolio]
Parliament Buildings

Dear [Minister]

Thank you for your engagement on Budget 2026.

As outlined in the Budget 2026 strategy Cabinet paper, Budget 2026 is taking place in a tight fiscal environment and global uncertainty. In the face of that uncertainty, it is crucial that we continue to maintain fiscal discipline to achieve better economic outcomes for New Zealanders.

I am not inviting you to submit any spending initiatives and capital investments in Budget 2026. Although we recognise that your agency may be facing pressure on services and outputs, we consider that these pressures can be managed within your agency's baseline. This includes any costs associated with the increase in KiwiSaver employer contributions.

Baseline Savings

As agreed by Cabinet, most agencies have been set a baseline reduction target. Your agency is exempted from the baseline reduction exercise this year, and consequently no target has been set.

Thank you for your continued commitment to getting the Government's books back in order and ensuring spending represents value for money.

Yours Sincerely,

Hon Nicola Willis
Minister of Finance

Cc [Minister]
[Chief Executive]