The Treasury

Budget 2026 Information Release

September 2026

This document has been proactively released and is available on:

- 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).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are **© Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [https://creativecommons.org/licenses/by/4.0/].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

TE TAI ŌHANGA
THE TREASURY

Treasury Report: Budget 2026 Invitation Letters

Date:	23 October 2025	**Report No:**	T2025/2720
		File Number:	BM-2-1-2026-M131180

Action sought

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Indicate** your decision on specific initiatives in **Annex A**. **Approve** the response letter to the Minister for Rail in **Annex B**; **Approve** the attached Budget 2026 invitation letters and annexes **Annex C**.	28 October 2025

Contact for telephone discussion (if required)

Name	Position		Telephone	1st Contact
Kevin Cho	Senior 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)

Purpose of Report

1. This report seeks your decisions on:

   a follow-up advice on Budget 2026 invitations (**Annex A)**;

   b responding to the Minister for Rail on Budget 2026 invitations (**Annex B**); and

   c approving for the final Budget 2026 invitation letters and annexes (**Annex C**) to send to Ministers on Tuesday 28 October.

Additional context for specific agency invitation letters and annexes

Foreign Affairs

2. We have included text in the Budget 2026 invitation letter to invite the Minister of Foreign Affairs, supported by the Minister for Climate Change, to report to Cabinet by the end of the year on the International Development Cooperation funding. The letter and annex also reflect your decisions on specific invitations [T2025/2599 refers].

Letters with follow-up advice to be agreed through this Treasury Report

3. The Minister for Housing and Minister for Local Government have written to you seeking invitations into Budget 2026 for regulatory oversight of development levies and interim regulatory oversight of rates capping. We also understand that the Minister for Customs may seek funding to implement the Ministerial Advisory Group on Transnational and Serious Organised Crime's recommendations.

4. We have reflected the Treasury's recommended approach to specific initiatives in the current letter and annexes included in **Annex A**. We will reflect your decisions in the final letters and annexes that will be sent to those Ministers.

Response letter for the Minister for Rail

5. The Minister for Rail wrote to you on 7 October 2025, requesting three rail initiatives (Rail Network Investment Programme, [33] [33] to be considered as part of Budget 2026. We have drafted a response letter reflecting your decisions for your approval in **Annex B** [T2025/2599 refers].

Budget 2026 Invitation Letters for your portfolios

6. Budget 2026 invitation letters for the Social Investment Agency, Ministry of Business, Innovation and Employment and the Treasury will be approved by Hon Bishop as part of his delegations.

Next steps

7. Subject to your final approval and incorporation of any feedback, we will work with your office to send Budget 2026 invitation letters and annexes to Ministers and agencies the week of 27 October.

Recommended actions

We recommend that you:

a **Indicate** your decision on specific initiatives in **Annex A**;

b **approve** the response letter to the Minister for Rail in **Annex B**; and

c **approve** the attached Budget 2026 invitation letters and annexes to be sent to agencies and Ministers the week of 27 October in **Annex C**.

Emily Fulford
Team Leader, Budget

Hon Nicola Willis
Minister of Finance

_____/_____/_______

Annex A: Decisions on Budget 2026 Invitations

Vote Customs – Transnational and Serious Organised Crime-related initiatives

Vote	Customs
Track	Spending
Description	This initiative would fund costs to implement the recommendations of the Ministerial Advisory Group on Transnational and Serious Organised Crime, appointed by Hon Costello.
Operating Average Per Annum ($m)	Possibly over $20 million
Total Capital ($m)	None
Treasury advice	The Ministerial Advisory Group on Transnational and Serious Organised Crime (TSOC) has recently completed its work and published its findings and recommendations. We understand at Hon Costello's direction; agencies have agreed that Customs will lead on funding implications rather than Police. A Cabinet paper is expected in November or December 2025 which may have implications for Budget 2026. Given its potential interaction with the Law and Order envelope, we are providing you with early advice on its treatment regarding envelopes and the baseline reduction programme. **We recommend you do not invite TSOC initiatives into Budget 2026.** This is because: • There are no existing coalition commitments or Cabinet decisions that require TSOC work to be progressed, and no deadline for delivery. Cabinet is also yet to endorse any of the report's findings. • It is unclear how many of the recommendations will materially strengthen the response to TSOC and the value for money of some recommendations is questionable - for example, the creation of an interdepartmental executive board with a 30 FTE business unit to develop TSOC strategies which could duplicate existing work by Police and Customs. • Deferring TSOC implementation to future Budgets allows greater time to consider the merits of each proposal. • We also understand TSOC is a lower priority workstream for Justice Sector agencies. **If you wish to invite TSOC initiatives, we recommend these be considered outside the Law and Order envelope.** We understand it is proposed that work to implement the Ministerial Advisory Group's recommendations will be led by Customs, which is not an agency currently included in the Law and Order envelope. Inviting TSOC outside of the envelope would be consistent with Customs' existing invite for 'meth sprint' initiatives. We also consider that the Justice Sector should prioritise managing its existing critical pressures within the envelope rather than new discretionary spending. Customs is invited for a baseline reduction, with a 2% savings target for Budget 2026 of $1.6 million per annum (and a remaining 10% savings target of $8.1 million per annum). If you wish to invite TSOC initiatives for time-limited or ongoing funding, this may require balancing trade-offs between providing additional funding and baseline reductions savings. This could include choices across providing additional funding, internal reprioritisation, or providing savings. This can be considered further through the Budget 2026 process.

Conditions on Invitation	• Detailed costings for each TSOC initiative and options to fund within baselines. • Each initiative must quantify benefits (such as harm reduction) and sufficiently justify why alternative options have been excluded. • Consultation with relevant Ministers, including the Ministers of Justice and Police, to ensure buy-in **(if invited outside envelope).** • No expectation to submit TSOC-related initiatives **(if invited inside envelope).**
MoF Decision	Agree to either: 1. Option 1 – do not invite Transnational and Serious Organised Crime initiatives into Budget 2026 **(Treasury recommended)** *Agree / Disagree* *OR* 2. Option 2 – invite the Minister of Customs to submit Transnational and Serious Organised Crime initiatives outside of the Law and Order envelope, or *Agree / Disagree* *OR* 3. Option 3 – invite the Minister of Customs to submit Transnational and Serious Organised Crime initiatives within the Law and Order envelope **(not recommended)**. *Agree / Disagree*

Vote Housing – Going for Housing Growth: Pillar 2 – Regulatory Oversight of Development Levies

Vote	Housing
Track	Manifesto commitment
Description	The Ministers for Housing and Local Government have jointly written to you to request an invitation to submit two additional initiatives for Budget 2026. The initiative seeks to expand the Commerce Commission's scope to become the regulator for a new system of local government development levies, a key component of the Government's *Going for Housing Growth* programme.
Operating Average Per Annum ($m)	12-16
Total Capital ($m)	0
Rationale for Inclusion/ exclusion	Included as a National Party manifesto commitment.
Treasury advice	We support inviting this initiative for further consideration. The development levy system is a key component of the *Going for Housing Growth* programme, a National Party manifesto commitment. Cabinet has previously considered the proposal for a development levy system (ECO-24-MIN-0283 refers) and agreed it would include regulatory oversight, but the nature of this oversight is yet to be confirmed. In November 2025, the Minister of Housing intends to seek in-principle Cabinet agreement to investigate the Commerce Commission becoming the regulator of the new development levies system. We understand this agreement is being sought to progress with public consultation on the option of the Commission taking on this role, alongside publishing the exposure draft of the Bill by the end of 2025. Following public consultation, the Minister will report back to Cabinet in April 2026 with detailed options on regulatory oversight, including the financial implications of the Commerce Commission taking on this role. This report-back and the initiative should include wider options for regulatory oversight of development levies, including for an extended 'interim' regime to allow time for longer-term options for regulatory oversight to be considered later. The development levy system is not expected to be operational until 2027/28. However, if Cabinet agrees to proceed with expanding the scope of the Commerce Commission, funding will need to be considered at Budget 2026.
Conditions on Invitation	This initiative should include a range of options to provide regulatory oversight of the development levies system. This should include options for interim regulatory oversight funded from baselines, with the longer-term options for regulatory oversight considered at a later time.
MoF Decision	a. **agree** to invite this initiative for Budget 2026 *Invite [Treasury recommended] / Do not invite*

Vote Internal Affairs – Interim regulatory oversight of rates capping

Vote	Internal Affairs
Track	Spending
Description	The Ministers for Housing and Local Government have jointly written to you to request an invitation to submit two additional initiatives for Budget 2026. This initiative seeks a one-off $3 million in 2026/27 for the Department of Internal Affairs to establish the regulatory framework and deliver interim regulatory oversight of rates capping, including the issuing of guidance to inform councils 2027 long-term plan development. [33] [33]
Operating Average Per Annum ($m)	0.75
Total Capital ($m)	0
Rationale for Inclusion/ exclusion	Included in the Government's Q4 Action Plan
Treasury advice	We do not support inviting this initiative for further consideration. Although Cabinet has agreed to develop a rates-capping model (EXP-25-MIN-0038) and this is reflected in the Q4 Action Plan, we consider that the costs of establishing the regulatory framework and interim regulatory oversight of rates capping can be managed within baselines through the prioritisation of the existing local government work programme. This aligns with the expectation on agencies that departmental funding for policy resources is to be funded within baselines, including through prioritisation of existing activities and work programmes. We note that the local government portfolio currently has departmental funding of $39 million in 2025/26, which is significantly higher than other portfolios within the Vote. The appropriation also has a consistent history of underspends. [33] [33] Further detail will be provided to Cabinet on these costs as part of the Cabinet paper in March 2026. Alternatively, if you wish to invite the $3 million in 2026/27 for further consideration, we consider that the initiative should present a range of options, including funding costs within baselines through prioritisation of the local government work programme.
Conditions on Invitation	If invited, the initiative should include options for funding interim regulatory costs from baselines, with the longer-term options for regulatory oversight considered at Budget 2027.
MoF Decision	a. **agree** to invite this initiative for Budget 2026 *Invite / Do not invite [Treasury recommended]*

Annex B: Response Letter to the Minister for Rail

Rt Hon Winston Peters
Minister for Rail
Parliament Buildings

Dear Winston

Budget 2026 Rail initiatives

Thank you for your letter of 7 October 2025, requesting invitations [33] rail initiatives to be considered as part of Budget 2026.

As you are aware, Budget 2026 is taking place in a tight fiscal environment and global uncertainty and therefore, it is crucial that we continue to maintain fiscal discipline to achieve a better future for New Zealand.

As such, the threshold for considering new initiatives is particularly high, with a strong focus on value for money and consideration of funding for initiatives that cannot be deferred to future Budgets.

Rail Network Investment Programme (RNIP)

I consider that this initiative aligns with the Government's priorities, and I acknowledge that a degree of forward funding certainty is important to give confidence for planning and contracting purposes.

As such, this initiative is invited for consideration through Budget 2026. This initiative should outline a scenario focused on providing the minimum necessary level of planning/contracting certainty without limiting Ministers' medium-term strategic choices on the upcoming RNIP 2027-30 rail investment. The submission will also need to clearly indicate the relative priority of this activity (or components thereof) relative to other invited rail initiatives.

I expect this initiative to be submitted by the Minister of Transport, noting that the approval rights for the RNIP sit with this portfolio.

[33]

[33]

Final invitations for Budget 2026, including for Vote Transport and any specific rail initiatives, will be confirmed formally via invitation letters to responsible Ministers in due course.

Thank you for taking the time to write. I look forward to continuing to work with you to ensure that our investments in rail deliver the best outcomes for New Zealanders.

Yours sincerely

Hon Nicola Willis
Minister of Finance

Cc Hon Chris Bishop, Minister of Transport