The Treasury

Budget 2026 Information Release

September 2026

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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

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[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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Date: 30 March 2026

To: Minister of Finance (Hon Nicola Willis)

Deadline: None
(if any)

In Between Travel (IBT) scheme support

Purpose

The Ministry of Health recently provided advice on how the In Between Travel (IBT) scheme could be used to support providers that deliver critical health and support services given fuel price increases (H2026080523 and H2026080751 refer). We understand that the IBT was discussed at Cabinet today and that you are interested in advice on options to progress targeted support through this scheme.

We can discuss this advice with you at Fiscal Matters tomorrow. You also have a meeting with the Minister of Health on Wednesday 1 April on his Budget 2026 package. If you and the Minister of Health wish to progress targeted support through the IBT, we can engage with the Ministry of Health (and other agencies, noting the impact on other votes) on a proposal for Cabinet or as part of a broader reprioritisation process for fuel intensive agencies.

In Between Travel Scheme

Background

The IBT was introduced in 2014 and sets out how Home and Community Support Services (HCSS) employees (support workers, caregivers, and health care professionals) are compensated when they use their own vehicle for travel between clients (it does not include the commute to and from work). IBT is primarily part of the health system, but there are impacts on disability support and ACC workers (more information provided below).

HCSS workers are currently compensated based on a mileage rate of $0.635 per kilometre. For comparison, the comparable IRD rate for business motor vehicle expenditure claims for petrol is $1.17 per kilometre and is retrospective based on the cost of running a vehicle for the previous 12 months. As the employer, Health NZ has the option to increase this reimbursement rate. In 2025/26, the forecast costs for IBT mileage payments are $71.356 million (H2026080523 refers).

[34]

The scheme has known incentive challenges and the Sapere Review of Aged Care and Funding Models noted that the scheme needed urgent reform and

[33]

presented an uncapped liability to the government.[2] [34]

We have requested further information from the Ministry of Health on the case for a temporary increase in IBT rates as well as their costings.

Direct impact for other agencies

In addition to Health NZ, two other government agencies have IBT in their contracts:

- **Ministry of Social Development (MSD) Disability Support Services** would be required to match the funding for any increased mileage rate as Health NZ processes payments for all sector IBT through the one process; and
- **ACC** provides IBT but currently paid at a slightly higher rate ($0.70/km vs. $0.635/km)

The relevant agencies have advised they could manage the direct fiscal impacts of a higher rate for the rest of this financial year but not beyond that.

Considerations for how support could be provided

The Ministry of Health's advice is currently only to note and discuss options. If you are seeking to agree a targeted increase to the IBT, you could ask the Ministry of Health, MSD and ACC to provide further detail, including how a proposal could be best operationalised. We have provided some considerations below.

Clear time-limited design and messaging

Any support should be transparent, targeted, and have clear trigger points for when it starts and ends. We suggest that funding is provided via a mechanism that reinforces the time-limited nature of the support, such as calling it a "temporary fuel supplement payment".

Funding duration

The Minister of Health sought advice for charges over a 3 – 12-month period. Given the uncertainty of how long the conflict will last and the impact on fuel prices, it would be best to progress an option for the shortest period and align with the recent changes to the in-work tax credit, to ensure Government support is aligned where possible. For instance, rate changes could be made for three months till 30 June, or until the price of 91 octane petrol drops below $3 for four consecutive weeks, whichever comes first. You could also consider a longer option, for instance 6 months (with the same caveat), which would require new funding or reprioritisation for agencies.

Funding level

The Ministry of Health's paper provides scenarios ranging from a 30% - 50% increase in the mileage rate. The current rate used by Health NZ and MSD is $0.635 per kilometre, ACC uses a rate of $0.7 per kilometre. If Ministers wish to progress a temporary increase in IBT mileage rates, our starting point would be a temporary increase closer to 10% - 20%. This would:

[2] A-review-of-aged-care-funding-and-service-models-2024.pdf.

- better reflect how fuel costs have changed since the last time the IBT mileage rate was updated in March 2022; and
- [33]

Table 1. Overview of different IBT financial implications assuming 10% - 50% mileage increases

Agency	**3 months assuming 10%** ($0.699 per km) ($m)	**3 months assuming 20%** ($0.762 per km) ($m)	**3 months assuming 50%** ($0.953 per km) ($m)
Health NZ	1.75	3.50	8.75
MSD	0.48	0.95	2.38
ACC	0.60	1.19	2.98
Total	**2.82**	**5.64**	**14.11**

Funding source

We note that the Ministry of Health has stated that any temporary costs for Vote Health (until 30 June) could be managed within baselines. If you want to commit funding beyond this now, we consider it should be sourced from the Vote Health Budget 2026 operating envelope (T2026/573 refers).

If changes were made for a 3-month period, MSD and ACC have advised they would be able to cover these costs within baselines; however, if the period was longer, they would either need to reprioritise further or seek new funding.

Health NZ has noted it could withhold the 6% provider margin on the increased mileage rate to ensure that all additional funding flows directly to workers. You could discuss this point further with the Minister of Health.

Risks

Precedent

Providing funding via the IBT could create funding expectations, particularly for:

1. **Providers with in-service travel costs** (i.e. travel between clients/appointments) not covered by the IBT. Treasury is urgently engaging with social sector agencies to understand these workforces. Feedback received to date includes:
   a. *Oranga Tamariki:* Community-based social workers (e.g. those that provide early intervention services like Family Start) and assistance to caregivers relating to travel costs for children and young people who are in the care or custody of the Oranga Tamariki Chief Executive (statutory care). Also included are resource workers and care capacity workers that support the day-to-day travel needs of children in statutory care.
   b. *MSD:* Family violence including women's refuge and elder abuse response, participation and inclusion support for very high needs disabled people, Out of School Care and Recreation (OSCAR) services that support parents to work by collecting and caring for children, food secure communities including transport for food distribution services.

2. **Providers with broader cost pressures**. Funding support for a narrow subset of providers may create pressure to expand to a broader set. All-of-government work is underway to map the impacts of increased fuel costs on funded sector providers. This

includes understanding the criticality of different services, provider challenges and potential fiscal and non-fiscal levers of support at different stages of the National Fuel Plan.

Fiscal implications

While a short, time-limited change may be manageable within baselines in the near term, extensions beyond a short period create sustainability risks and could require additional funding and impact allowances. Using the IBT scheme also raises value for money and incentive concerns (as noted in the Sapere review).

Difficult to unwind

Even if framed as time-limited, an increase may be hard to reverse, particularly if fuel costs remain elevated.

Summary of key risks and mitigations

Option *(if Ministers wish to provide targeted support)*	**Key mitigated risk**
Fund any additional funding from Vote Health's [37] operating envelope.	This would mitigate the fiscal implications but is not sustainable for longer durations. We would need to work through funding sources for MSD and ACC if an option longer than 3 months is progressed.
Increase lower than the 30–50% scenarios (e.g., temporary 10–20%).	This would mitigate the fiscal implications.
Withhold the 6% provider margin on the increased mileage rate.	This would mitigate the fiscal implications but may be operationally complex and/or contested by providers; could also have flow-on viability impacts for some providers.
Use a mechanism and communications plan that reinforces support is temporary (e.g., a "temporary fuel supplement payment"), link to In Work Tax Credit trigger, and noting the providers being targeted for this funding have a unique set of circumstances.	This would help mitigate risk around support being difficult to unwind but would still be difficult to manage if prices remain above $3.00/litre.

Next steps

We can discuss this advice and next steps with you at Fiscal Matters tomorrow.

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