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

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

Reference: T2026/868 ST-5-4-3-5-27-M137409

Date: 24 April 2026

To: Minister of Finance (Hon Nicola Willis)

Deadline: None
(if any)

Public Service Transformation Cabinet paper

On Tuesday 28 April 2026, Cabinet is considering the Public Service Transformation paper jointly brought by the Minister for the Public Service and yourself. This paper proposes [33] FTE reduction; [33]

This aide-mémoire advises on the recent change in the phase two target from 60,000 public service FTE to an in-principle target of 55,000 FTE by 30 June 2029 (see Annex A for FTE reduction process timeline).

You are also receiving a joint aide-mémoire to support the Minister for the Public Service and yourself at Cabinet.

An in-principle target of 55,000 FTE enables a clear direction of travel

- We understand the target is intended to resize the public service workforce proportionate to the 2008-2017 average (1% of total population, down from the current 1.2%).

- Maintaining this ratio would support sustainable public finances over time as one tool of fiscal discipline. We note a ratio alone does not substitute for understanding of the value for money of public services but it establishes a useful starting point to set the level of ambition and shape the process.

- On this basis, an in-principle target of 55,000 FTE enables a clear expectation and ambition for agencies to develop proposals and allow for assessment of the potential impacts on services. We do not yet have information to support analysis of these potential impacts until agencies submit their proposals. The process set out in the Cabinet paper allows [33]

What it will take to achieve the target by 30 June 2029

- Delivering this target will require service transformation, back-office functional changes, and the acceleration of the use of digital technology at a scale and speed not achieved to date. The scale of FTE reductions implies two years of

8% productivity gains to maintain the same level of public services. The impact on services will be a key point which agencies draw out in the proposals to implement this target.

[33]

Early engagement on proposals from agencies is key

- Providing Cabinet with confidence [33] will require portfolio Ministers and agencies to develop proposals [33]

- To avoid undeliverable or 'Washington Monument' style proposals, particularly from agencies with large workforces (where changes could have outsized implications for the rest of the public service), we suggest a prioritised approach for central agencies to work closely alongside those large agencies. This will likely require Ministerial prompting to ensure delivery. Reinforcing this expectation with your colleagues at Cabinet will assist in this.

Interaction with the Baseline Reduction Programme

- The alignment of this target and the current baseline reduction programme could be improved. [33] We will provide further advice on how the two programmes can be better aligned over time, including when FTE-related savings should be returned to the centre or recycled within agencies.

David Harrison, Senior Analyst, Public Finance and Value for Money, [39]
Laura King, Senior Manager, Public Finance and Value for Money, [35]

Annex A – FTE reduction process timeline

More efficient and productive public sector	
[33]	
[33] target (transformational change) – 30 June 2029	• Expectations set for responsible Ministers & Chief Executives – May 2026 [33] **Accountability**: Minister of Finance, Minister for the Public Service and Digitising Government