



Backing the Workforce

Budget 2026 | Fact sheet

Budget 2026 provides \$201.2 million operating expenditure (opex) and \$0.4 million capital expenditure (capex) over four years for a range of workforce initiatives.

Areas such as professional learning and development are addressed in other parts of Budget 2026. Teacher pay is funded separately and agreed in collective bargaining.

Key initiatives

- **\$157.2 million** to cover the additional cost to school Boards for the employer contribution rate increase to KiwiSaver. This will cover the additional costs related to teachers, non-teachers and principals.
- **\$23.5 million** is allocated for:
 - education payroll system upgrades and compliance improvements to improve operational performance and reduce risk, and
 - work to support ongoing calculations for Holidays Act remediation payments.
- **\$18.1 million** to establish a new regulatory function within the Ministry to set high standards for the teaching profession and initial teacher education.
- **\$2.2 million** to fund an annual Excellence Awards event for schools, kura and teachers in compulsory schooling, to recognise excellence and share examples of successful, transferable and transformative best practice. Thirty-two cash prizes will be awarded.

Initiative	Funding	Facts
KiwiSaver - Cost Pressure	\$157.2 million opex	<p>This funds increased KiwiSaver contributions from 1 April 2026, when the default employer contribution rate rises to 3.5%.</p> <p>The funding will go to the KiwiSaver accounts of:</p> <ul style="list-style-type: none"> • teachers and principals who are funded from staffing entitlements and who are employed by state and state integrated school boards, and • non-teaching staff and over entitlement teachers who are employed by school boards.
Professional Standards Setting – new Ministry of Education Function	<p>\$17.8 million opex</p> <p>\$0.3 million capex</p>	<p>This will establish a professional standards setting function within the Ministry, following the legislated transfer of this work from the Teaching Council from July 2026.</p> <p>The initiative will fund:</p> <ul style="list-style-type: none"> • eight ongoing and four fixed term FTE to operate the new regulatory function, • an Expert Advisory Group, and • contract experts in policy, regulatory and standards development, to lead the standards review programme, and develop a framework for evaluating system level effectiveness.
Schools' payroll – compliance & remediation cost pressure	<p>\$14 million opex</p> <p>\$0.1 million capex</p>	<p>This will fund critical work to calculate and prepare to pay a further estimated \$225 million in Holidays Act remediation for 2013-2025.</p> <p>It will also establish a pathway to future legislative and contractual compliance in the schools' payroll.</p> <p>This includes specialist resources and services that will be required to:</p> <ul style="list-style-type: none"> • calculate individual entitlements, and • plan and coordinate the various components of work that need to be undertaken to achieve payroll compliance and reduce, or remove the need for, future remediations.
Education Payroll Upgrade	\$9.5 million opex	This will fund initial work to upgrade the schools' payroll system to a secure platform, improving standardised payroll services and system reliability for schools and reducing compliance risks.
Excellence Awards for Schools, Kura and Teachers	\$2.2 million opex	This will fund 32 annual Excellence Awards for schools, kura and teachers in compulsory schooling, including an annual awards ceremony that recognises excellence and shares examples of successful, transferable and transformative best practice that improve learning outcomes for learners.
School Onsite Training Programme - Cost Pressures	\$0.6 million opex	This will fund a 4% increase in tertiary fee subsidies for students on the School Onsite Training Programme.