

The Treasury

Budget 2017 Information Release

Release Document July 2017

www.treasury.govt.nz/publications/informationreleases/budget/2017

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
[25]	to protect the commercial position of the person who supplied the information or who is the subject of the information	9(2)(b)(ii)
[26]	to prevent prejudice to 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	9(2)(ba)(i)
[27]	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	9(2)(ba)(ii)
[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Treasury Report: 2017/18 and 2018/19 ACC Levies

Date:	21 November 2016	Report No:	T2016/2230
		File Number:	CM-1-3-1-2-3

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	[40]	30 November 2016
Associate Minister of Finance (Hon Steven Joyce)	As above	30 November 2016
Associate Minister of Finance (Hon Paula Bennett)	As above	30 November 2016

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Helen Anderson	Senior Analyst [39]	[23]	✓
Ben McBride	Manager, Health [39]	[23]	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.

Note any feedback on the quality of the report

Enclosure: No

Executive Summary

[40]

There are some risks and pressures that have not been factored into ACC's levy proposals, including around the costs of the proposed pay equity settlement to ACC (see for example T2016/2190 and T2016/2222). Given ACC's high solvency levels and uncertainty about these impacts, we recommend that any additional pressures over the next two years be swept up in the next levy round (along with all the other changes that will occur to ACC's estimated costs before then) rather than affecting levy decisions now.

Recommended Action

We recommend that you:

[40]

[40]

- d **note** there are some risks and pressures (including around the costs of pay equity settlement) that have not been factored into ACC's levy proposals, but pressures can be readily absorbed by ACC's accounts until levies are next set and we understand the extent to which these need to be funded,

[40]

Agree/disagree.

Hon Bill English
Minister of Finance

Agree/disagree.

Hon Steven Joyce
Associate Minister of Finance

Agree/disagree.

Hon Paula Bennett
Associate Minister of Finance

Ben McBride
Manager, Health

Hon Bill English
Minister of Finance

Hon Steven Joyce
Associate Minister of Finance

Hon Paula Bennett
Associate Minister of Finance

- As noted in the draft Cabinet paper, the costs to ACC of the proposed pay equity settlement (see for example T2016/2190 and T2016/2222) are expected to fall heavily on the Motor Vehicle Account. Assuming the costs were recouped from levy payers in line with the funding policy, on current estimates they would entirely offset the proposed Motor Vehicle levy reduction over the next two years. But given ACC's high solvency levels and uncertainty about these impacts, we recommend they are swept up in the next levy round (along with all the other changes to economic factors, costs and scheme performance that will occur

before then) rather than affecting this year's levy decisions. We understand the Motor Vehicle Account can readily absorb pay equity costs in the interim.

[40]

-

Pay equity costs are currently projected to increase Earners' levies by an additional \$0.02; as for the Motor Vehicle Account, we recommend these costs be managed as part of the next levy round when they are more certain.

[40]

