

The Treasury

Budget 2014 Information Release

Release Document

July 2014

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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] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(ba)(i) - 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.
- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [7] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 6(e)(iv) - 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.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(a).

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

Hon Todd McClay
Minister of Revenue
Parliament Buildings
WELLINGTON

Dear Minister

Thank you for your submission of Budget initiatives in Vote Revenue for consideration by Budget Ministers as part of the Budget 2014 process.

Budget 2014 initiatives

Budget Ministers have considered your Budget initiatives and have reached the following decisions:

The following initiatives are supported in full:

- Black Hole Research and Development
- Business Transformation
- Child Support Compliance
- Foreign Account Tax Compliance Act (FATCA)
- Repeal of Cheque Duty
- Research and Development Cashing Up Tax Losses
- Technically Neutral Adjustment for Paid Parental Leave Between Vote Revenue and Vote Defence Force
- Unfiled Returns
- [7]

- Suspending the Student Loan Repayment Threshold Until 1 April 2017
[Sponsored by Minister Joyce]
- [7]
[Sponsored by Minister Joyce]

The following initiative is supported, but is to be funded from baselines if you wish to progress it:

[7]

Summary of supported Budget 2014 initiatives:

| \$millions | | Operating | | | | | Capital |
|-------------|--|-----------|----------|----------|----------|----------|------------|
| ID | Initiative Name | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total |
| 8398 | Black Hole Research and Development | - | 0.700 | 2.700 | 4.100 | 5.600 | - |
| 8084 | Business Transformation | - | [7] | | - | - | - |
| 8119 & 8401 | Child Support Compliance Costs (admin and increased payments) | - | 21.227 | 27.259 | 27.104 | 26.979 | - |
| | Net of Estimated Revenue | - | (7.773) | (9.741) | (8.896) | (9.021) | - |
| 8100 | Foreign Account Tax Compliance Act (FATCA) | 0.590 | 2.262 | 1.370 | 1.318 | 1.324 | 4.941 |
| 8423 | Repeal of Cheque Duty | - | 3.500 | 4.000 | 4.000 | 4.000 | - |
| 8101 & 8399 | Research and Development Cashing Up Tax Losses (implementation, admin and fiscal cost) | [7] | | | | | |
| 8142 | Technically Neutral Adjustment for Paid Parental Leave Between Vote Revenue and Vote Defence Force | (0.535) | (0.631) | (0.683) | (0.736) | (0.755) | - |
| 8117 & 8400 | Unfiled Returns Costs (admin and increased impairment and write-offs) | - | 17.855 | 29.967 | 29.967 | 29.234 | - |
| | Net of Estimated Revenue | - | (13.645) | (40.033) | (40.033) | (40.766) | - |
| [7] | | | | | | | |
| 8390 | Suspending the Student Loan Repayment Threshold Until 1 April 2017 | (51.566) | (12.995) | (14.860) | (14.254) | (12.681) | (295.292)* |
| 8393 | [7] | - | - | 1.037 | 1.551 | 1.649 | (5.563)* |
| [7] | | | | | | | |

* Note: These capital impacts are not a charge/receipt against the Future Investment Fund

Budget Ministers have also agreed to place the following conditions around the funding of certain initiatives agreed above:

- Black Hole Research and Development – [8]
- Repeal of Cheque Duty [8]
- Research and Development Cashing Up Tax Losses – A contingency will be established for the implementation and administration costs, subject to the submission of a satisfactory business case to support Cabinet decision making on administrative options.
- Business Transformation – A contingency will be established for all operating funding, excluding \$19.5 million appropriated outright to complete the

Mobilisation Phase. The contingency funding will be available for drawdown subject to the approval of one or more appropriate business cases.

The following initiatives are still under consideration:

- Parental Tax Credit
- Paid Parental Leave Payments
[Sponsored by Minister Bridges]
- Additional Medical Places
[Sponsored by Minister Ryall]

The following initiatives are not supported at this time:

- [7]
-
-
-
-
-

Please note that final decisions on all Budget initiatives will be made by Cabinet on 14 April 2014.

Yours sincerely

Hon Bill English
Minister of Finance