

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
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- [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.



Cabinet



CAB Min (14) 12/6

Copy No: 16

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Inland Revenue Business Transformation: Delivering the First Stage of New Zealand's Future Revenue System

Portfolio: Revenue

On 7 April 2014, following reference from the Cabinet Business Committee, Cabinet:

Background

- 1 **noted** that on 26 March 2013, the Cabinet Committee on State Sector Reform and Expenditure Control:
 - 1.1 agreed that *IR for the Future* reflects an appropriate vision for New Zealand's future revenue system;
 - 1.2 agreed in principle to the investment objectives for Inland Revenue's business transformation programme and to modernising the revenue system through business process re-engineering, supported by new technology, as the preferred way forward;

[SEC Min (13) 4/4]
- 2 **noted** that on 28 August 2013, the Cabinet Economic Growth and Infrastructure Committee:
 - 2.1 confirmed the programme roadmap and investment objectives for the business transformation programme;
 - 2.2 directed Inland Revenue to commence the development of one or more business cases for Stage 1: *Enabling secure digital services*;

[EGI Min (13) 20/7]
- 3 **noted** that Inland Revenue's focus areas over the next four years are its transformation change agenda, delivering and improving its core business, and government policy and priorities;
- 4 **noted** that Inland Revenue proposes to deliver Stage 1: *Enabling secure digital services* in three work-streams of initiatives – strategic, foundational and tactical;

Fiscal implications

- 5 **noted** that, subject to paragraph 18 below, a tagged contingency, with draw-down subject to one or more business cases, [7] is being requested through the Budget 2014 process to allow Inland Revenue to:
- 5.1 complete the overall design of the changes to the revenue system required to achieve *IR for the Future*;
 - 5.2 advance work to integrate legacy and new technology platforms;
 - 5.3 deliver early improvements;
- 6 **noted** that a further \$19.5 million in 2014/15 is being requested through the Budget 2014 process to enable Inland Revenue to complete the current phase of work to bring on board a service provider to deliver detailed design and to progress a number of foundational and tactical initiatives;
- 7 **noted** that Inland Revenue is forecasting capital expenditure [7] [7], as well as an associated depreciation and capital charge [7], to advance work to integrate legacy and new technology platforms, and to deliver early improvements;
- 8 **noted** that the forecast capital expenditure will be met from existing Inland Revenue balance sheet reserves, and that no new appropriation will be required to cover the associated depreciation and capital charge;
- 9 **noted** that no new appropriations will be required for the capital spending, depreciation and capital charge, and that these amounts will be included in the request for financial delegation;
- 10 **noted** that as part of the Budget 2014 process, Inland Revenue will be seeking authority to incur expenditure relating to the business transformation programme [7] 1
- 11 [7]
- 12 **noted** that Inland Revenue will manage its resources, including budgets, at an aggregate level to allow for stream-specific financial pressures to be mitigated through the reassignment of efficiencies from other streams;

Further work

- 13 **noted** that Inland Revenue has shortlisted two firms to provide design services for the strategic work-stream, and that both have partnered with New Zealand-based firms;
- 14 **noted** that Inland Revenue proposes to release a Request for Proposal for design services to the two shortlisted firms on 28 April 2014;

- 15 **noted** that Inland Revenue will also issue Requests for Proposals at the appropriate time for foundational and tactical initiatives associated with Stage 1 of the business transformation programme;
- 16 **noted** that work is being advanced in the foundational work-stream to ensure that existing and new technology platforms can co-exist and to prepare customer data for migration;
- 17 **noted** that Inland Revenue will implement a series of tactical initiatives to improve myIR functionality, develop new applications for mobile devices, and encourage digital interactions with customers where appropriate;
- 18 **directed** Inland Revenue to prepare one or more business cases for consideration by Cabinet [7] to confirm the scope of:
- 18.1 design, subject to the successful conclusion of negotiations with the selected service provider to deliver detailed design;
- 18.2 foundational initiatives to be advanced, once assessments have been completed;
- 18.3 tactical initiatives to be advanced, once assessments have been completed;
- 19 **authorised** the Minister of Finance and the Minister of Revenue to approve the issuing of all Requests for Proposals for foundational and tactical initiatives associated with Stage 1 of the programme;
- 20 **noted** that a detailed implementation business case for Stage 1, presenting options for technology replacement, implementation options, and revised costs and benefits for the programme, will be submitted to Cabinet by [7]
- 21 **noted** that the Minister of Revenue intends to continue to seek the guidance of the Government ICT Ministerial Group prior to critical decision points;
- 22 **directed** Inland Revenue to report to ICT Ministers on the issues concerning the adoption of RealMe as part of the programme.

Secretary of the Cabinet

Reference: CAB (14) 161
