



## Minute of Decision

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### **Additional Item: Excluding the Impact of the Tobacco Excise Increase from CPI Adjustments**

#### **Portfolio: Finance**

On 19 April 2010, Cabinet:

1 **noted** that on 12 April 2010, Cabinet:

- 1.1 agreed to increase the excise and excise-equivalent duties on all tobacco products;
- 1.2 directed the Treasury, in consultation with the Inland Revenue Department, the Ministry of Social Development, the Ministry of Health, and Statistics New Zealand, to assess the desirability of excluding the price impact of tobacco excise increases from the Consumer Price Index (CPI) and report to the Cabinet Social Policy Committee (SOC) by 30 September 2010, or to Budget Ministers in time for amendments to be included in Budget night legislation if requested by Budget Ministers;

[CAB Min (10) 12/11]

- 2 **agreed** that Budget legislation to implement the government's tax reform package include amendments to the New Zealand Superannuation and Retirement Income Act 2001, the Income Tax Act 2007, the War Pensions Act 1954 and other relevant Acts to exclude tobacco products from the CPI measures applied to adjust New Zealand Superannuation, Veterans' Pension and Working for Families tax credit entitlements in 2011, 2012 and 2013;
- 3 **agreed** that a corresponding amendment to exclude tobacco products from inflation adjustment calculations will need to be made to the Social Assistance (Future focus) Bill which is currently before the Social Services Select Committee;
- 4 **noted** that the decisions set out in paragraphs 2 and 3 above will not compromise the independence of the Government Statistician or the official measure of inflation;

- 5 **directed** the Treasury, in consultation with the Ministry of Social Development, the Inland Revenue Department, Statistics New Zealand, the Parliamentary Counsel Office and other relevant agencies, to prepare draft legislation to give effect to the decision set out in paragraph 2 above, and provide further advice to relevant Ministers on options for implementation of the decision set out in paragraph 3 above, and on any subsequent implementation issues.

Secretary of the Cabinet

Reference: CAB Min (10) 12/11

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