

Performance Information for Appropriations

Vote Revenue

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Revenue (M57)

ADMINISTERING DEPARTMENT: Inland Revenue Department

MINISTER RESPONSIBLE FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister of Revenue is responsible for appropriations in the Vote for the 2012/13 financial year covering the following:

- a total of nearly \$692 million on departmental output expenses including management of debt and outstanding returns, policy advice, services to inform the public about entitlements and meeting obligations, services to process obligations and entitlements, and taxpayer audit
- a total of \$104 million for departmental capital expenditure
- a total of nearly \$3,789 million for non-departmental benefits and other unrequited expenses
- a total of just over \$9 million for non-departmental borrowing expenses, and
- a total of nearly \$2,324 million for non-departmental other expenses.

The Minister of Revenue is also responsible for Crown revenue and receipts in the Vote for the 2012/13 financial year covering the following:

- a total forecast of \$51,848 million on tax revenue
- a total forecast of just over \$1,488 million on non-tax revenue, and
- a total forecast of \$951 million on capital receipts.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Outcomes	Appropriations
<ul style="list-style-type: none"> Responsibly manage the Government's finances. Build a more competitive and productive economy. Deliver better public services within tight financial constraints. Rebuild Canterbury. 	<p>Inland Revenue's mission is to contribute to the economic and social wellbeing of New Zealand by collecting and distributing money. Our success is reflected in our two outcomes:</p> <ul style="list-style-type: none"> revenue is available to fund government programmes through people meeting payment obligations of their own accord, and people receive payments they are entitled to, enabling them to participate in society. <p>The difference we want to make is reflected by the impacts we seek:</p> <ul style="list-style-type: none"> more customers are able to self-manage more customers register and report accurate information when required more customers claim their correct entitlements more customers pay and file information on time, and the behaviour of non-compliant customers improves. 	<p>Management of Debt and Outstanding Returns</p> <p>Policy Advice</p> <p>Services to Inform the Public About Entitlements and Meeting Obligations</p> <p>Services to Process Obligations and Entitlements</p> <p>Taxpayer Audit</p>

Objectives of the Vote

Vote Revenue contributes to improving the economic and social wellbeing of New Zealanders, through the collection of revenue and the administration of social policy programmes.

We need an effective and efficient tax administration with a stable revenue base and low compliance costs for Government to achieve its priorities. Inland Revenue is also working to continuously provide improved value for money from existing Government expenditure. Delivering efficient services that improve compliance and reduce compliance costs and being effective in our administration of social policy programmes will help give our customers the support and choices they need.

Inland Revenue is actively planning for the future development of our systems and processes through our Business Transformation programme to enable us to achieve our strategic mission - to be a world class organisation recognised for service and excellence.

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	612,085	658,924	601,110	639,994	672,071	662,571	691,913	-	691,913	671,285	654,342	645,475
Benefits and Other Unrequited Expenses	3,999,147	4,456,302	4,174,064	4,152,510	3,796,000	3,796,000	N/A	3,788,600	3,788,600	3,709,200	3,674,800	3,744,400
Borrowing Expenses	1,153	5,345	7,242	7,126	9,010	9,010	-	9,010	9,010	9,010	9,010	9,010
Other Expenses	993,065	2,439,044	1,189,922	1,250,447	1,314,607	1,143,607	-	2,323,764	2,323,764	2,381,707	2,213,923	2,336,305
Capital Expenditure	110,721	62,884	58,589	37,578	98,000	65,000	104,000	-	104,000	88,000	73,000	72,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	5,716,171	7,622,499	6,030,927	6,087,655	5,889,688	5,676,188	795,913	6,121,374	6,917,287	6,859,202	6,625,075	6,807,190
Crown Revenue and Capital Receipts												
Tax Revenue	51,254,848	49,045,237	46,034,792	46,845,147	48,603,000	48,603,000	N/A	51,848,000	51,848,000	55,487,000	58,522,000	61,243,000
Non-Tax Revenue	861,314	978,390	1,167,344	1,144,478	1,014,000	1,014,000	N/A	1,488,300	1,488,300	1,515,600	1,427,900	1,524,200
Capital Receipts	616,700	910,075	728,704	771,040	878,500	878,500	N/A	951,000	951,000	1,165,000	1,248,000	1,319,000
Total Crown Revenue and Capital Receipts	52,732,862	50,933,702	47,930,840	48,760,665	50,495,500	50,495,500	N/A	54,287,300	54,287,300	58,167,600	61,197,900	64,086,200

New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Broadening the definition of income for student loan repayment purposes	Services to Inform the Public About Entitlements and Meeting Obligations Departmental Output Expenses	-	-	100	70	-
	Services to Process Obligations and Entitlements Departmental Output Expenses	-	-	200	130	-
	Impairment of Debt Relating to Student Loans Other Expenses to be incurred by the Crown	(3,486)	-	-	-	-
	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	(481)	(553)	(610)	(633)
Changes to the definition of parental income for the student allowance scheme	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	1,660	1,631	1,501	1,442	1,442
Child support scheme reform	Management of Debt and Outstanding Returns Departmental Output Expenses	34	678	491	291	184
	Services to Inform the Public About Entitlements and Meeting Obligations Departmental Output Expenses	68	1,356	983	581	367
	Service to Process Obligations and Entitlements Departmental Output Expenses	237	4,746	3,439	2,034	1,286
Efficiency savings	Management of Debt and Outstanding Returns Departmental Output Expenses	-	(509)	(750)	(1,775)	(1,896)
	Policy Advice Departmental Output Expenses	-	(57)	(75)	(172)	(223)
	Services to Inform the Public About Entitlements and Meeting Obligations Departmental Output Expenses	-	(1,330)	(2,188)	(4,919)	(4,677)
	Service to Process Obligations and Entitlements Departmental Output Expenses	-	(538)	(750)	(1,718)	(1,673)
	Taxpayer Audit Departmental Output Expenses	-	(566)	(825)	(2,004)	(2,119)
Expanding fee-free Youth Guarantee (YG) tertiary places	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	(1,612)	(3,765)	(4,954)	(5,172)

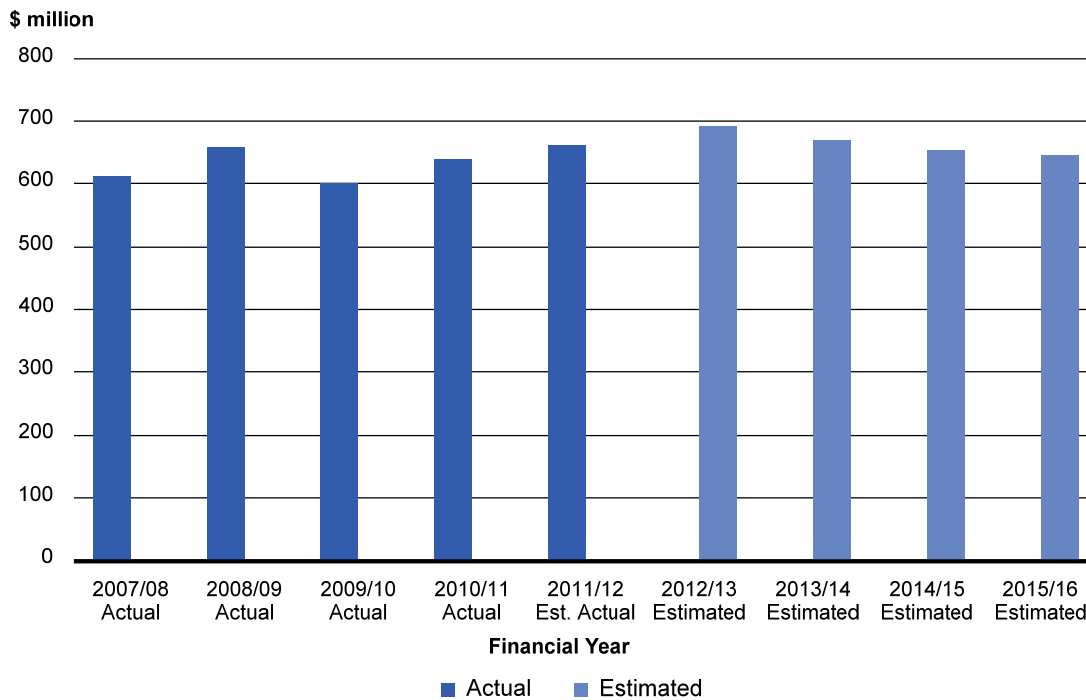
Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Fixing a 4% annual maximum fee movement in 2015 and 2016	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	-	-	7,840	17,540
Increasing the student loan repayment rate from 10% to 12%	Impairment of Debt Relating to Student Loans Other Expenses to be incurred by the Crown	(235,103)	-	-	-	-
	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	(35,715)	(37,607)	(37,340)	(37,554)
No CPI adjustments to student loan allowance parental income threshold for 4 years	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	1,177	1,923	2,631	3,080
Removal of State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver funding contributions	Management of Debt and Outstanding Returns Departmental Output Expenses	-	(1,303)	(1,312)	(1,359)	(1,453)
	Policy Advice Departmental Output Expenses	-	(171)	(173)	(178)	(189)
	Services to Inform the Public About Entitlements and Meeting Obligations Departmental Output Expenses	-	(1,351)	(1,372)	(1,473)	(1,675)
	Service to Process Obligations and Entitlements Departmental Output Expenses	-	(2,965)	(2,972)	(3,010)	(3,085)
	Taxpayer Audit Departmental Output Expenses	-	(1,812)	(1,823)	(1,882)	(2,000)
Removing student allowance eligibility for postgraduate study and Long Programmes	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	6,117	11,712	10,895	10,512
Repealing the student loan voluntary repayment bonus	Impairment of Debt Relating to Student Loans Other Expenses to be incurred by the Crown	(1,097)	-	-	-	-
	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	(7,193)	(7,584)	(7,715)	(7,806)
Revenue investment	Management of Debt and Outstanding Returns Departmental Output Expenses	-	10,400	10,400	10,400	10,400
	Taxpayer Audit Departmental Output Expenses	-	8,001	9,584	9,584	9,584
	Impairment of Debt Other Expenses to be Incurred by the Crown	-	(14,478)	(10,766)	(10,766)	(10,766)

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Scaling up of the student loan overseas-based borrower initiative	Management of Debt and Outstanding Returns Departmental Output Expenses	2,730	4,850	4,850	-	-
Setting a 2 EFTS annual student loan borrowing limit	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	-	(32)	(46)	(46)	(47)
Setting a per-EFTS student loan borrowing limit for pilot training	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	1,771	(2,982)	(1,764)	(2,109)	(2,901)
Simplifying filing requirements for individuals and record-keeping requirements for businesses	Services to Inform the Public About Entitlements and Meeting Obligations Departmental Output Expenses	620	806	605	2,705	-
	Services to Process Obligations and Entitlements Departmental Output Expenses	2,232	4,322	4,335	4,893	-
Student loans: extending pay period assessments to the salaries and wages of all student loan borrowers	Impairment of Debt Relating to Student Loans Other Expenses to be incurred by the Crown	(4,718)	-	-	-	-
	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	(60)	(338)	(344)	(345)	(390)
Trades training - skills for Canterbury initiatives	Initial Fair Value Write-Down - Student Loans Other Expenses to be incurred by the Crown	370	670	-	-	-

Analysis of Significant Trends

Departmental Output Expenses

Figure 1 - Trends in departmental output expenses



Source: Inland Revenue

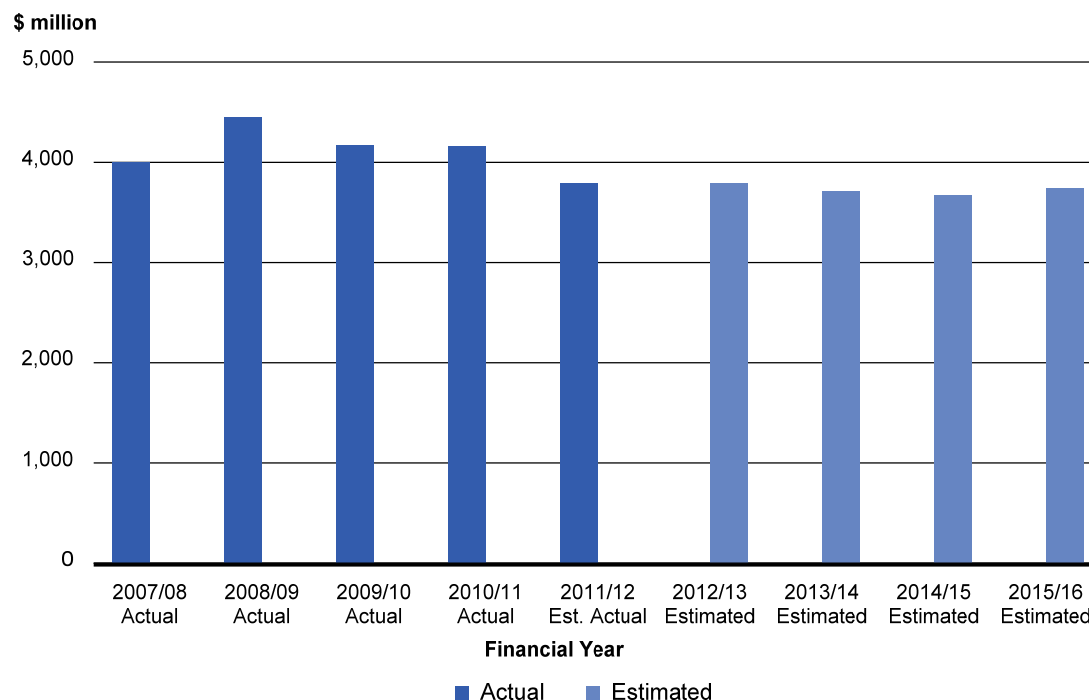
Expenditure on departmental output expenses has grown from \$612 million in 2007/08 to an estimated amount of nearly \$663 million in 2011/12 and a budgeted amount of nearly \$692 million in 2012/13.

The expenditure growth in the years to 2008/09 was largely driven by initiatives such as KiwiSaver, the long-term accommodation solution in Wellington, and student loans. The expenditure decrease from \$658.924 million in 2008/09 to \$601.110 million in 2009/10 is attributable to value for money savings including a voluntary redundancy process and internal restructurings.

Inland Revenue continues to identify value for money savings to meet cost pressures and to deliver efficiency savings to the Crown. These savings are offset by funding from Budget 2010 for additional audit and compliance activities that will deliver increased tax revenue and collections to the Crown from 2010/11 and funding from Budget 2012 for revenue investment to deliver additional tax revenue and increase cash collections from 2012/13. The Vote Revenue baseline would decrease if those two budget initiatives were excluded.

Non-Departmental Benefits and Other Unrequited Expenses

Figure 2 - Non-departmental benefits and other unrequited expenses



Source: Inland Revenue

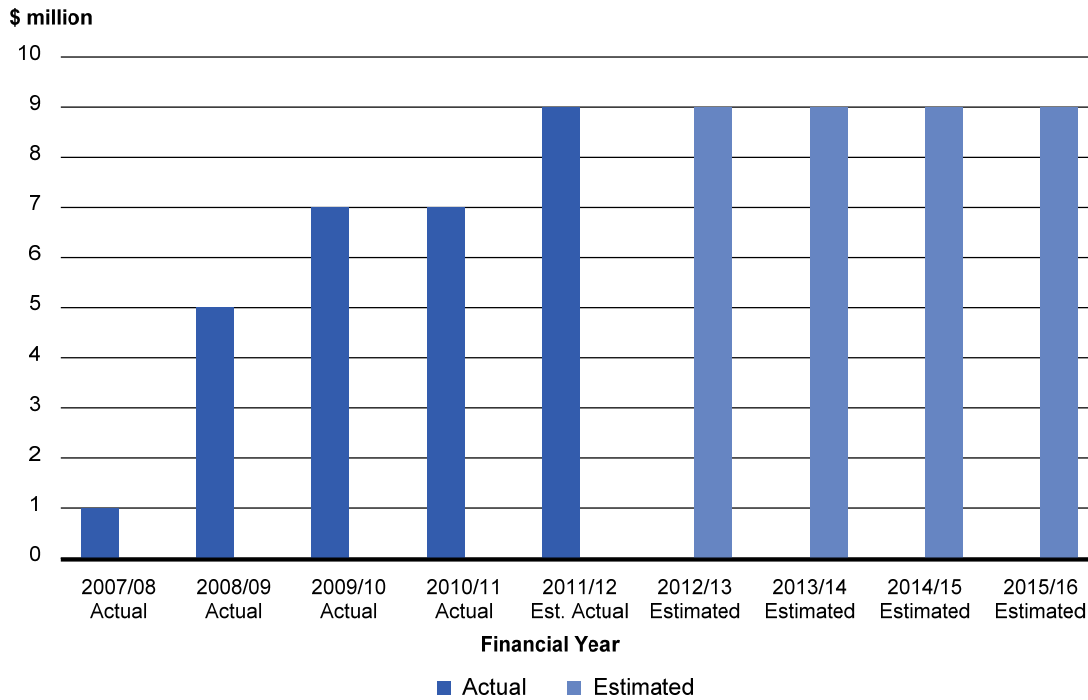
Benefits and other unrequited expenses includes appropriations for KiwiSaver (ie, kickstart payment, tax credit, interest), Working for families tax credits (eg, family tax credit, in-work tax credit, paid parental leave), research and development tax credit up to 2008/09, payroll subsidy and child support payments to custodial parents.

The 2007/08 year shows the first impact of KiwiSaver, with the full year impact reflected in the increase in 2008/09 (ie, the first full year of the member tax credit and employer tax credit). In 2009/10 there were legislative changes to KiwiSaver (repeal of the employer tax credit and member fee subsidy, in addition to a reduction in the compulsory contribution rates) and the repeal of the research and development tax credit.

The 2011/12 year shows the first impact of the policy changes in relation to making KiwiSaver more cost-effective (eg, halving the member tax credit) and working for families reform for Budget 2011 (eg, changes to abatement thresholds and abatement rates). These policy changes combined with the KiwiSaver scheme maturing (ie, kick-starts declining) have resulted in a declining trend in total benefits and other unrequited expenses.

Non-Departmental Borrowing Expenses

Figure 3 - Non-departmental borrowing expenses



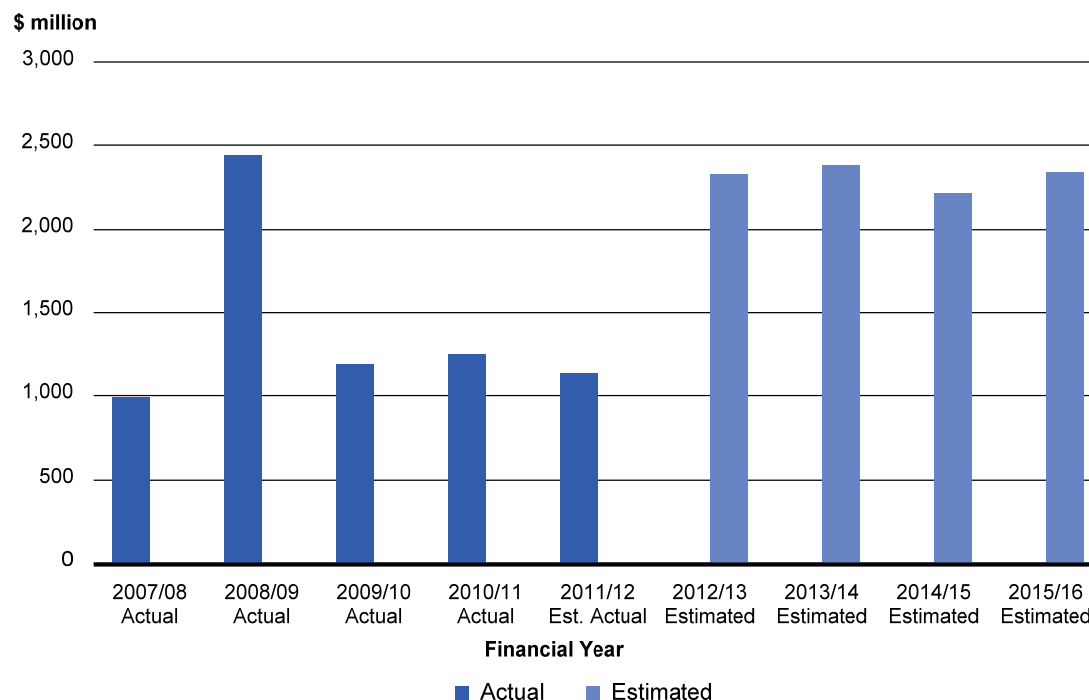
Source: Inland Revenue

Borrowing expenses include interest payments for the income equalisation, adverse event and environmental restoration account schemes. The interest payable can vary depending on factors such as income changes in the farming, agriculture, fishing and forestry sectors in any particular year. Interest payable is also impacted by deposits set aside to mitigate adverse events and detrimental environmental effects.

The higher interest payments from 2011/12 reflect an increase in forecast deposits into the income equalisation and environmental restoration schemes.

Non-Departmental Other Expenses

Figure 4 - Non-departmental other expenses



Source: Inland Revenue

Other expenses include bad debts, the initial fair value write-down on student loans and impairments relating to student loan, child support, general tax, and family support debt.

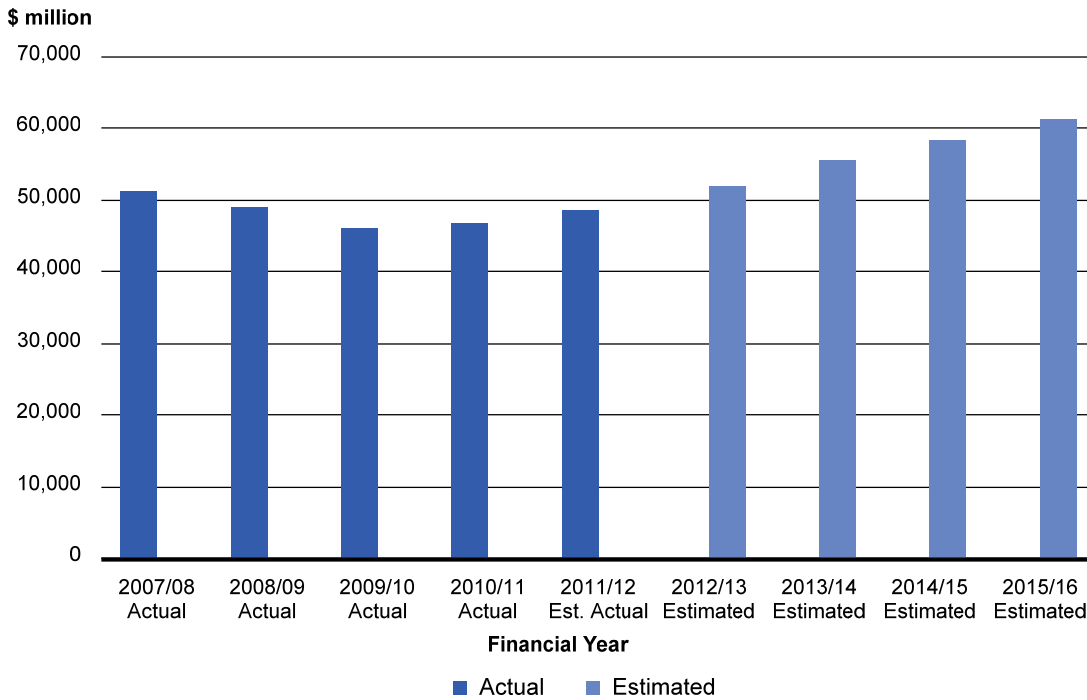
The large increase in other expenses in 2008/09 related to large increases in the impairments for debt and student loans.

The decrease in estimated actual in 2011/12 relates to the reduction in impairment of debt relating to student loans. This is a result of policy initiatives announced as part of Budget 2012. This is partly offset by an increase reflecting the first impact of Inland Revenue administering the initial fair value write-down on new student loan borrowings (three months only). The first full year impact is reflected from 2012/13 - which mainly represents the growth between the 2011/12 estimated actual and the 2012/13 budget. The initial fair value write-down on new student loans was previously included in Vote Social Development. The transfer to Vote Revenue is therefore fiscally neutral to the Crown.

The decrease in 2014/15 relates to proposed child support scheme amendments, which will reduce child support penalties and is forecast to reduce the level of child support impairment from 2014/15 onwards.

Tax Revenue

Figure 5 - Tax revenue

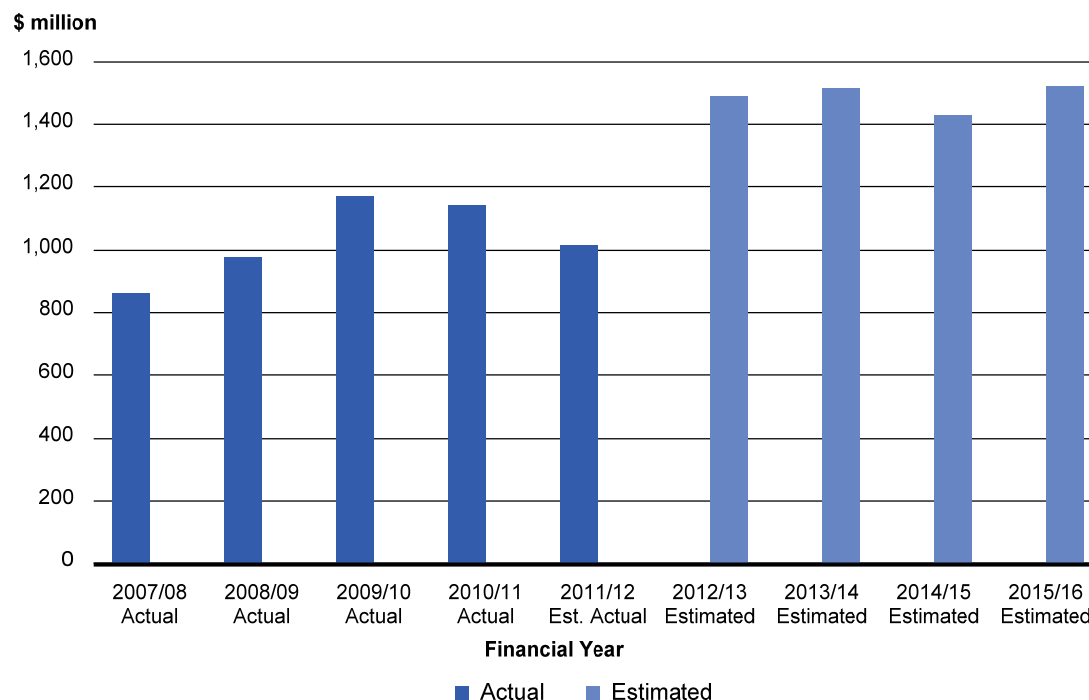


Source: Inland Revenue

From 2007/08 to 2009/10, total tax revenue declined, mainly due to changes in the personal income tax scale and a reduction in the company income tax rate. Growth in total tax revenue resumed in 2010/11, more-or-less in line with the growth in nominal GDP. Growth is forecast to continue through to 2015/16 as the economic recovery, earthquake repairs and rebuilding gather momentum. Fiscal drag in personal income taxes and an assumed decline in corporate tax loss offsets add to the pace of tax growth through the forecast period.

Non-Tax Revenue

Figure 6 - Non-tax revenue



Source: Inland Revenue

Non-tax revenue incorporates child support collections from non-custodial parents, student loan interest unwind (interest income due to reversing the initial discount rate over the life of the loan), and unclaimed monies.

The general increase in non-tax revenue from 2007/08 to 2009/10 is mainly due to growth in child support receipts from non-custodial parents.

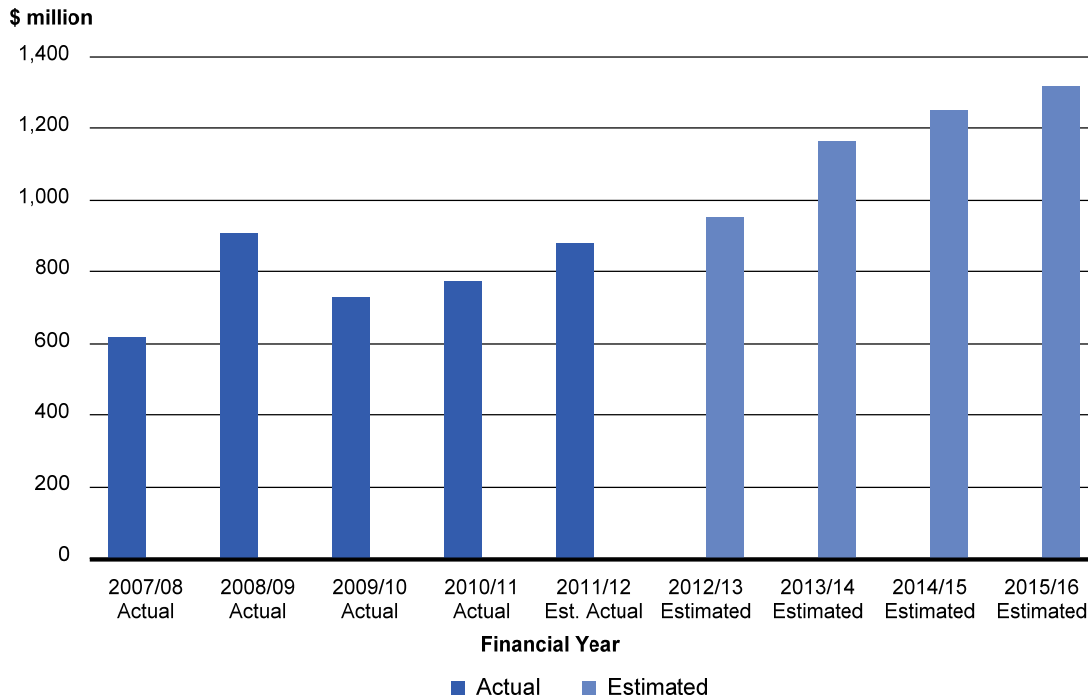
The decrease in estimated revenue for 2011/12 is due to the reversal of child support penalties as a result of the IT purification changes implemented in the child support system. This is a one-off adjustment.

From the last three months of 2011/12 onwards, there is increased student loan interest unwind (approx \$60 million per year) resulting from the system redesign allowing the real-time transfer of student loans from the Ministry of Social Development to Inland Revenue. From this time, Inland Revenue accounts for the total interest unwind on the loan book. This is a fiscally neutral adjustment between votes.

The small decrease in revenue in 2014/15 is the first impact of the proposed child support scheme amendments.

Capital Receipts

Figure 7 - Capital receipts



Source: Inland Revenue

Capital receipts include student loan capital repayments and deposits into the adverse event income equalisation, income equalisation and environmental restoration account schemes.

In 2008/09 there was a significant one-off increase in deposits into the reserve schemes. In 2009/10 the scheme balances returned to the normal trend as the additional deposits from the prior year were withdrawn.

In out-years, the growth in receipts reflects a forecast increase in student loan borrower repayments as a result of holding the repayment threshold constant, growth in incomes and the impact of policy decisions and overseas based borrower debt initiatives.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Outcomes, Impacts and the link to our Appropriations

The following table shows how Inland Revenue appropriations (and the outputs associated with these) link to the impacts it is trying to contribute to and ultimately to the outcomes it is seeking to achieve.

Appropriations (classes of outputs delivered by Inland Revenue)	The impacts we seek	The outcomes we desire
Management of Debt and Outstanding Returns	<p>If Inland Revenue works effectively with customers who have not met their obligations, they will pay their existing debts and not get into debt in the future. This will have the following impact:</p> <ul style="list-style-type: none"> the behaviour of non-compliant customers improves. <p>As a consequence:</p> <ul style="list-style-type: none"> more customers pay and file information on time. 	<p>This contributes to Inland Revenue's outcomes:</p> <ul style="list-style-type: none"> revenue is available to fund government programmes through people meeting payment obligations of their own accord, and people receive payments they are entitled to, enabling them to participate in society.
Policy Advice	<p>Policy Advice improves the design and operation of the tax system. Having an efficient tax system contributes to the achievement of all the impacts:</p> <ul style="list-style-type: none"> more customers are able to self-manage more customers register and report accurate information when required more customers claim their correct entitlements more customers pay and file information on time, and the behaviour of non-compliant customers improves. 	<p>This contributes to Inland Revenue's outcomes:</p> <ul style="list-style-type: none"> revenue is available to fund government programmes through people meeting payment obligations of their own accord, and people receive payments they are entitled to, enabling them to participate in society.
Services to Inform the Public About Entitlements and Meeting Obligations	<p>Providing customers with relevant information and advice, certainty in relation to the application of the law, and a choice in how they engage with Inland Revenue will give customers increased understanding of obligations and entitlements. This will have the following impact:</p> <ul style="list-style-type: none"> more customers are able to self-manage. <p>As a consequence:</p> <ul style="list-style-type: none"> more customers register and report accurate information when required more customers claim their correct entitlements, and more customers pay and file information on time. 	<p>This contributes to Inland Revenue's outcomes:</p> <ul style="list-style-type: none"> revenue is available to fund government programmes through people meeting payment obligations of their own accord, and people receive payments they are entitled to, enabling them to participate in society.

Appropriations (classes of outputs delivered by Inland Revenue)	The impacts we seek	The outcomes we desire
Services to Process Obligations and Entitlements	<p>Accurate, timely, complete and efficient processing will increase customers' confidence in the tax and social policy system. This will have the following impacts:</p> <ul style="list-style-type: none"> • more customers register and report accurate information when required • more customers claim their correct entitlements, and • more customers pay and file information on time. 	<p>This contributes to Inland Revenue's outcomes:</p> <ul style="list-style-type: none"> • revenue is available to fund government programmes through people meeting payment obligations of their own accord, and • people receive payments they are entitled to, enabling them to participate in society.
Taxpayer Audit	<p>If Inland Revenue targets non-compliant customers, it will identify additional revenue and help to provide greater certainty to customers regarding their obligations. This will have the following impact:</p> <ul style="list-style-type: none"> • the behaviour of non-compliant customers improves. <p>As a consequence:</p> <ul style="list-style-type: none"> • more customers register and report accurate information when required • more customers claim their correct entitlements, and • more customers pay and file information on time. 	<p>This contributes to Inland Revenue's outcomes:</p> <ul style="list-style-type: none"> • revenue is available to fund government programmes through people meeting payment obligations of their own accord, and • people receive payments they are entitled to, enabling them to participate in society.

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations, please see the Statement of Intent for Inland Revenue.

Performance Standards Applying to Departmental Output Expenses

When reviewing and determining Inland Revenue's performance measures and targets for the coming year, a number of factors were taken into consideration:

- level of funding
- Government priorities
- strategic direction
- current and historical performance
- forecast performance and predicted future demand
- policy changes
- delivering better value for money
- providing better public services, and
- importance of improving compliance while maintaining high levels of customer service.

This document includes previous year targets and estimated year-end actuals to provide comparison and context for our performance. Notes are also included where appropriate to add further explanation. The targets included are year-end targets. Some measures will have targets that vary during the year due to the cyclical nature of Inland Revenue's business.

The following information is an indication of the expected demand for Inland Revenues' services and is provided for context only.

	2011/12		2012/13
	Forecast Activity	Estimated Actual	Forecast Activity
Number of customer service contacts.	5.500m - 6m	5.470m	5.100m - 5.600m
Number of self-help service contacts.	18.500m - 20.500m	15.140m	13.900m - 15.300m
Number of tax and social policy registrations (excluding child support) received.	730,000 - 810,000	690,000	680,000 - 750,000
Number of child support applications received.	56,000 - 62,000	50,000	48,000 - 53,000
Number of applications for administrative review of child support assessments received.	4,400 - 4,900	4,500	4,300 - 4,800
Number of returns received.	7.450m - 8.250m	7.500m	7.100m - 7.850m
Percentage of returns filed electronically.	50%	50%	55%
Percentage of income tax returns filed electronically.	70%	78%	80%
Percentage of GST returns filed electronically.	30%	35%	35%
Number of payments received.	7.600m - 8.400m	8.500m	8.100m - 9m
Percentage of payments received electronically.	65%	66%	70%

Further information on the definition of Inland Revenue's performance measures is contained in the Performance Delivery Measurement Document (PDMD) which can be found at <http://www.ird.govt.nz/aboutir/reports/>

Management of Debt and Outstanding Returns (M57)

Scope of Appropriation

Taking action where returns are outstanding and where payments are overdue, including providing people with assistance on the actions they need to take to meet their obligations. This includes collection on behalf of other agencies and external parties.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	111,333	109,476	130,872
Revenue from Crown	107,178	107,178	127,385
Revenue from Other	4,155	4,155	3,487

Reasons for Change in Appropriation

The increase in appropriation of \$19.539 million mainly relates to:

- additional funding of \$10.400 million from Budget 2012 for revenue investment
- the transfer of underspending generated by savings and efficiencies in 2011/12 to 2012/13 resulting in a \$4 million movement
- additional funding of \$2.120 million and the transfer of funding from 2011/12 to 2012/13 for the scaling up of the student loan overseas-based borrower initiative resulting in a \$2.920 million movement
- the transfer from 2011/12 to 2012/13 for additional debt compliance activity resulting in a \$1.600 million movement
- a fiscally neutral adjustment between departmental output expenses arising from the reorganisation of Policy Advice appropriations of \$1.083 million
- additional funding to reflect sub-leasing recoveries from other government agencies of \$600,000
- additional funding of \$408,000 from Budget 2010 for additional audit and compliance activity
- the reversal of the \$2.996 million return of funding to the Crown in 2011/12 for child support reciprocal cases in Australia
- the reversal of (\$2.830 million) relating to one-off transfers that were made from 2010/11 to 2011/12
- the return of (\$1.303 million) relates to funding for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver employer contributions
- the return of (\$523,000) in 2012/13 relating to the long-term accommodation solution in Wellington, and
- the return of an efficiency saving to the Crown of (\$509,000).

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Unless otherwise specified, all performance measures cover the breadth of Inland Revenue's business (tax, social policy and KiwiSaver). Inland Revenue works with customers who have not met their obligations so that they: file their outstanding returns, pay their existing debts, and do not get into debt in the future. This contributes to the impact of improving the behaviour of non-compliant customers.			
Maximum percentage growth in outstanding returns (see Note 1).	(2%)	15%	0%
Maximum percentage of outstanding returns over one year old. Reducing and finalising outstanding returns provides certainty in relation to customers' obligations. Doing this in a timely manner increases the ability of Inland Revenue to collect the amount due.	57%	59.5%	57%

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Minimum percentage of outstanding returns finalised within six months.	65%	63%	65%
Minimum percentage of outstanding employer monthly schedules finalised within three months.	N/A	N/A	85%
Maximum average cost of finalising an outstanding return (see Note 2). In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$12.50	\$11.50	\$15.00
Minimum debt value cleared, as a percentage of debt book (debt turnover).	100%	100%	100%
Maximum percentage of collectable debt value over two years old (see note 3).	36%	53.6%	50%
Minimum percentage of debt cases resolved within three months. Early intervention to collect debt improves the ability of Inland Revenue to collect outstanding amounts due. This is combined with a continuing focus on managing aged debt.	65%	65%	65%
Minimum percentage of debt value resolved for those who did not have a debt at the start of the year. Successful management of customers who have not been in debt before will help to improve their compliance behaviour in the future.	65%	69.4%	65%
Minimum cash collected for every debt dollar spent. In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$40.00	\$40.00	\$40.00
Minimum percentage of NZ paying parent child support debt cases resolved within 12 months. Timely action to collect child support debt helps to ensure that custodial parents receive the amounts that they are due.	70%	70%	70%

Note 1 - The 2011/12 measure was a minimum percentage reduction in outstanding returns of 2%.

Note 2 - The average cost is expected to rise as a result of an increased focus on outstanding returns.

Note 3 - The change in this target represents an improvement on historic performance in this area.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Efficiency savings	2012/13	-	(509)	(750)	(1,775)	(1,896)
Removal of SSRSS and KiwiSaver funding contributions	2012/13	-	(1,303)	(1,312)	(1,359)	(1,453)
Revenue investment	2012/13	-	10,400	10,400	10,400	10,400
Child support reform bill	2011/12	34	678	491	291	184

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government - cont'd						
Scaling up of the student loan overseas-based borrower initiative	2011/12	2,730	4,850	4,850	-	-
Budget 2010 tax package - additional audit and compliance activity	2010/11	10,304	10,712	10,712	8,526	8,526
New Zealand Productivity Commission	2010/11	(21)	(22)	(22)	(22)	(22)
IT/infrastructure	2009/10	204	204	204	204	204
Revenue and cash protection and growth	2009/10	3,103	3,103	3,103	3,103	3,103
Value for money - line by line review	2009/10	(649)	(649)	(649)	(649)	(649)
Previous Government						
Implementation of Government initiatives - Budget 2008	2008/09	41	41	41	41	41
People capability - remuneration	2008/09	682	682	682	682	682

The above table includes policy initiatives since Budget 2008. Technical adjustments to the appropriation are excluded. Where initiatives have been extended or renamed in later budget cycles, the original and subsequent entries have been merged under a single name.

Policy Advice (M57)

Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	16,101	15,939	7,808
Revenue from Crown	15,934	15,934	7,806
Revenue from Other	167	167	2

Reasons for Change in Appropriation

The decrease in appropriation of (\$8.293 million) mainly relates to:

- a fiscally neutral adjustment between departmental output expenses arising from the reorganisation of Policy Advice appropriations of (\$7.477 million)
- the reversal of (\$594,000) relating to one-off transfers that were made from 2010/11 to 2011/12
- the return of (\$171,000) relating to funding for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver employer contributions, and
- the return of an efficiency saving to the Crown of (\$57,000).

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Unless otherwise specified, all performance measures cover the breadth of Inland Revenue's business (tax, social policy and KiwiSaver). The provision of relevant policy advice will contribute to the achievement of all Inland Revenue's desired impacts by improving the design and operation of the overall tax and social policy systems.			
Percentage of regulatory impact statements assessed as adequate - advice is complete, convincing, consulted, clear, and concise.	100%	100%	100%
We will ensure that the Minister is satisfied with the quality of: <ul style="list-style-type: none"> • policy advice • tax legislation, and • revenue forecasts. 	Achieved	Achieved	Achieved
Minimum percentage of ministerial correspondence responded to within ten days. (This measure transferred to Services to Inform the Public About Entitlements and Meeting Obligations.)	95%	95%	N/A
Percentage of parliamentary questions responded to within required timeframes. (This measure transferred to Services to Inform the Public About Entitlements and Meeting Obligations.)	100%	100%	N/A

We will provide the Minister with:

- tax and social policy advice as agreed in the Government's tax policy work programme using the Generic Tax Policy Process (details available at <http://taxpolicy.ird.govt.nz>)
- draft tax bills as agreed, and support their introduction and passage through Parliament
- budget forecasts and updates, and
- regular reports on progress.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Efficiency savings	2012/13	-	(57)	(75)	(172)	(223)
Removal of SSRSS and KiwiSaver funding contributions	2012/13	-	(171)	(173)	(178)	(189)
IT/infrastructure	2009/10	6	6	6	6	6
Previous Government						
Implementation of Government initiatives - Budget 2008	2008/09	7	7	7	7	7
People capability - remuneration	2008/09	119	119	119	119	119

The above table includes policy initiatives since Budget 2008. Technical adjustments to the appropriation are excluded. Where initiatives have been extended or renamed in later budget cycles, the original and subsequent entries have been merged under a single name.

Services to Inform the Public About Entitlements and Meeting Obligations (M57)

Scope of Appropriation

Providing information and assistance to customers on the application of the law. Responding to customer enquiries about tax and social support programmes. Adjudication on behalf of the Commissioner on proposed taxpayer assessments. Providing binding rulings and other statements on the interpretation and application of the law administered by Inland Revenue. Provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making responsibilities).

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	251,799	247,808	256,103
Revenue from Crown	248,105	248,105	252,742
Revenue from Other	3,694	3,694	3,361

Reasons for Change in Appropriation

The increase in appropriation of \$4.304 million mainly relates to:

- the transfer of underspending generated by savings and efficiencies in 2011/12 to 2012/13 resulting in a \$8.400 million movement
- a fiscally neutral adjustment between departmental output expenses arising from the reorganisation of Policy Advice appropriations of \$4.409 million
- additional funding to reflect sub-leasing recoveries from other government agencies of \$1.600 million
- additional funding of \$1.288 million in 2012/13 relating to child support scheme reform
- the transfer from 2011/12 to 2012/13 for the service transformation project resulting in a \$840,000 movement
- additional funding of \$790,000 from Budget 2011 for making KiwiSaver more cost-effective
- additional funding of \$231,000 from Budget 2010 for additional audit and compliance activity
- additional funding of \$186,000 and the transfer of funding from 2011/12 to 2012/13 for the simplifying filing requirements for individuals and record-keeping requirements for businesses initiative resulting in a \$512,000 movement
- the reversal of (\$7.476 million) relating to one-off transfers that were made from 2010/11 to 2011/12
- the return of (\$1.351 million) relating to funding for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver employer contributions

- the return of an efficiency saving to the Crown of (\$1.330 million)
- the return of (\$1.283 million) in 2012/13 relating to the long-term accommodation solution in Wellington
- the reversal of (\$700,000) in 2012/13 relating to secondments to other government agencies
- the return of (\$666,000) in 2012/13 relating to the student loans redesign initiative, and
- savings of (\$129,000) relating to the repeal of Gift Duty.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Unless otherwise specified, all performance measures cover the breadth of Inland Revenue's business (tax, social policy and KiwiSaver). Providing customers with relevant information and advice, certainty in relation to the application of the law, and a choice in how they engage with Inland Revenue will give customers increased understanding of their obligations and entitlements. This will contribute to achieving Inland Revenue's desired impact of more customers being able to self-manage.			
Minimum percentage of customers who are satisfied with the quality of the services provided.	85%	86%	85%
Minimum percentage of customers who are satisfied with the quality of online services.	N/A	N/A	85%
Minimum percentage of all initial telephone enquiries fully resolved at the time.	75%	72%	75%
Minimum percentage of attempted calls that we answer (see Note 1).	70%	85%	75%
Minimum percentage of priority telephone calls answered within one minute (see Note 2).	75%	71%	70%
Minimum percentage of general telephone calls answered within four minutes (see Note 2). It is important that Inland Revenue provides customers with a quality service. A key aspect of this is being able to answer telephone calls in a timely and accurate manner.	75%	76.3%	70%
Minimum percentage of paper correspondence answered within three weeks (see Note 2).	80%	67%	75%
Minimum percentage of electronic correspondence answered within one week (see Note 2). It is important that Inland Revenue provides customers with a quality service. A key aspect of this is being able to answer correspondence in a timely and accurate manner.	80%	60%	70%
Maximum average cost of a customer initiated contact. In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$34.00	\$33.90	\$34.00
Percentage of all rulings reports, adjudication reports, public items and technical correspondence or advice, meet the applicable purpose, logic, alternatives, consultation, and practicality standards.	100%	100%	100%

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Minimum number of published or finalised public items that give the Commissioner's interpretation of the law.	25 - 45	26	25
Minimum percentage of adjudication cases completed within three months of receipt.	90%	93%	90%
Minimum percentage of taxpayer ruling applications that have a draft ruling completed within three months of receipt.	90%	100%	90%
Minimum percentage of non-qualifying ruling applications that have a draft ruling completed within the timeframe agreed with the applicant (which will not be more than six months from the receipt of the application).	90%	100%	90%
Minimum percentage of public items (including relevant public consultation), completed within eighteen months of allocation.	90%	93%	90%
Minimum percentage of ministerial correspondence responded to within ten days. (This measure transferred from Policy Advice.)	N/A	N/A	95%
Percentage of parliamentary questions responded to within required timeframes. (This measure transferred from Policy Advice.)	N/A	N/A	100%

Note 1 - A balanced approach to channel management will be taken and this is reflected in the target set.

Note 2 - The change in this target reflects our planned approach to channel management and our historic performance in this area.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Broadening the definition of income for student loan repayment purposes	2013/14	-	-	100	70	-
Efficiency savings	2012/13	-	(1,330)	(2,188)	(4,919)	(4,677)
Removal of SSRSS and KiwiSaver funding contributions	2012/13	-	(1,351)	(1,372)	(1,473)	(1,675)
Child support reform bill	2011/12	68	1,356	983	581	367
Making KiwiSaver more cost-effective	2011/12	250	1,040	-	-	-
Simplifying filing requirements for individuals and record-keeping requirements for businesses	2011/12	620	806	605	2,705	-
Budget 2010 tax package - additional audit and compliance activity	2010/11	5,825	6,056	6,056	4,820	4,820
New Zealand Productivity Commission	2010/11	(57)	(62)	(62)	(62)	(62)
Student support savings package	2010/11	216	142	142	142	142
Bonus for voluntary student loan repayments	2009/10	1,568	1,568	1,568	1,568	1,568
IT/infrastructure	2009/10	494	494	494	494	494
Student loan redesign	2009/10	1,668	1,002	1,002	1,002	1,002
Value for money - line by line review	2009/10	(5,318)	(5,318)	(5,318)	(5,318)	(5,318)
Implementing tax and KiwiSaver changes	2008/09	(886)	(942)	(942)	(942)	(942)

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Previous Government						
Implementation of Government initiatives - Budget 2008	2008/09	117	117	117	117	117
Improved compliance and customer experience	2008/09	(1,483)	(1,483)	(1,483)	(1,483)	(1,483)
People capability - remuneration	2008/09	1,934	1,934	1,934	1,934	1,934
Budget 2008 personal tax package	2007/08	98	98	98	98	98

The above table includes policy initiatives since Budget 2008. Technical adjustments to the appropriation are excluded. Where initiatives have been extended or renamed in later budget cycles, the original and subsequent entries have been merged under a single name.

Services to Process Obligations and Entitlements (M57)

Scope of Appropriation

Registering tax payers, making tax assessments, assessing child support liabilities including providing a readily accessible inexpensive process for reviewing assessments, receiving and making payments to customers, processing applications and payments for social support programmes, collection of ACC Earners' levies, supplying information to other government agencies and accounting and reporting the collection of Crown revenue.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	121,953	120,664	124,789
Revenue from Crown	98,181	98,181	103,092
Revenue from Other	23,772	23,772	21,697

Reasons for Change in Appropriation

The increase in appropriation of \$2.836 million mainly relates to:

- additional funding of \$4.509 million in 2012/13 relating to child support scheme reform
- additional funding of \$2.090 million, and the transfer of funding from 2011/12 to 2012/13 for the simplifying filing requirements for individuals and record-keeping requirements for businesses initiative resulting in a \$3.244 million movement
- the transfer of underspending generated by savings and efficiencies in 2011/12 to 2012/13 resulting in a \$2.800 million movement
- the transfer from 2011/12 to 2012/13 for the service transformation project resulting in a \$1.960 million movement
- additional funding to reflect sub-leasing recoveries from other government agencies of \$800,000

- a fiscally neutral adjustment between departmental output expenses arising from the reorganisation of Policy Advice appropriations of \$749,000
- additional funding of \$260,000 from Budget 2011 for making KiwiSaver more cost-effective
- the reversal of (\$4.314 million) relating to one-off transfers that were made from 2010/11 to 2011/12
- the return of (\$2.965 million) relating to funding for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver employer contributions
- the return of (\$2.662 million) in 2012/13 relating to the student loans redesign initiative
- the return of (\$704,000) in 2012/13 relating to the long-term accommodation solution in Wellington
- the return of an efficiency saving to the Crown of (\$538,000), and
- savings of (\$301,000) relating to the repeal of Gift Duty.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Unless otherwise specified, all performance measures cover the breadth of Inland Revenue's business (tax, social policy and KiwiSaver). Accurate, timely, complete, and efficient processing by Inland Revenue will increase customers' confidence in the tax and social policy system. This will contribute to achieving the impact of more customers: registering and reporting accurate information, claiming their correct entitlements, paying and filing information on time.			
Minimum percentage of income tax returns finalised within four weeks.	85%	86%	85%
Minimum percentage of GST returns finalised within three weeks.	95%	98%	95%
Minimum percentage of employer monthly schedule employee deductions finalised within four weeks.	N/A	N/A	95%
Minimum percentage of social policy and tax registrations processed within five working days.	88%	84.4%	85%
Minimum percentage of payments banked on the day of receipt.	99%	99%	99%
Minimum percentage of payments correctly processed to customers' accounts.	99.5%	99.5%	99.5%
Maximum average cost of processing income tax returns, GST returns, and employer monthly schedules. In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$4.00	\$3.90	\$4.00
Minimum percentage of notices and statements produced without error.	98.5%	99.1%	98.5%
Minimum percentage of income tax refunds issued within six weeks.	N/A	N/A	85%
Minimum percentage of GST refunds issued within four weeks (see Note 1).	N/A	N/A	95%

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Minimum percentage of tax credit claim payments made within three weeks.	85%	89.3%	90%
Minimum percentage of working for families tax credit (WFTC) payments made on the first regular payment date following an application.	95%	96.2%	95%
Minimum percentage of paid parental leave payments issued to customers on the first regular pay day following the agreed date of entitlement.	97%	96.7%	97%
Minimum percentage of NZ based student loan borrowers' repayments collected (see Note 2).	95%	125%	100%
Minimum percentage of NZ based student loan borrowers who pay on time. It is important that Inland Revenue is able to collect student loan repayments and child support assessments in a complete and timely manner.	85%	97%	95%
Minimum percentage of child support assessments issued within two weeks.	70%	85%	80%
Minimum percentage of child support administrative review decisions issued within seven weeks.	85%	85%	85%
Minimum percentage of NZ based child support assessments received by the due date.	70%	69.5%	68%
Minimum percentage of NZ based child support assessments collected.	78%	75.1%	75%
Maximum average cost of child support administrative review. In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$600	\$750	\$750

Note 1 - Section 46 of the Goods and Services Tax Act 1985 stipulates refunds are to be issued within fifteen working days unless selected for a screening or investigation. The four weeks issuing timeframe allows additional time to include those selected in our performance.

Note 2 - Result exceeds 100% due to the inclusion of voluntary repayments ie, those payments that are over and above the annual repayment threshold.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Broadening the definition of income for student loan repayment purposes	2013/14	-	-	200	130	-
Efficiency savings	2012/13	-	(538)	(750)	(1,718)	(1,673)
Removal of SSRSS and KiwiSaver funding contributions	2012/13	-	(2,965)	(2,972)	(3,010)	(3,085)
Child support scheme reform	2011/12	237	4,746	3,439	2,034	1,286
Making KiwiSaver more cost-effective	2011/12	1,000	1,260	-	-	-

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government - cont'd						
Simplifying filing requirements for individuals and record-keeping requirements for businesses	2011/12	2,232	4,322	4,335	4,893	-
New Zealand Productivity Commission	2010/11	(26)	(28)	(28)	(28)	(28)
Student support savings package	2010/11	93	61	61	61	61
Bonus for voluntary student loan repayments	2009/10	1,232	1,232	1,232	1,232	1,232
IT/infrastructure	2009/10	275	275	275	275	275
Revenue and cash protection and growth	2009/10	56	56	56	56	56
Student loan redesign	2009/10	6,671	4,009	4,009	4,009	4,009
Value for money - line by line review	2009/10	(1,140)	(1,140)	(1,140)	(1,140)	(1,140)
Implementing tax and KiwiSaver changes	2008/09	(590)	(627)	(627)	(627)	(627)
Previous Government						
Implementation of Government initiatives - Budget 2008	2008/09	62	62	62	62	62
People capability - remuneration	2008/09	1,007	1,007	1,007	1,007	1,007
Budget 2008 personal tax package	2007/08	66	66	66	66	66

The above table includes policy initiatives since Budget 2008. Technical adjustments to the appropriation are excluded. Where initiatives have been extended or renamed in later budget cycles, the original and subsequent entries have been merged under a single name.

Taxpayer Audit (M57)

Scope of Appropriation

Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.

Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	170,885	168,684	172,341
Revenue from Crown	169,021	169,021	171,201
Revenue from Other	1,864	1,864	1,140

Reasons for Change in Appropriation

The increase in appropriation of \$1.456 million mainly relates to:

- additional funding of \$8 million from Budget 2012 for revenue investment
- the transfer of underspending generated by savings and efficiencies in 2011/12 to 2012/13 resulting in a \$4.800 million movement

- a fiscally neutral adjustment between departmental output expenses arising from the reorganisation of Policy Advice appropriations of \$1.236 million
- additional funding to reflect sub-leasing recoveries from other government agencies of \$1 million
- additional funding of \$644,000 in 2012/13 relating to child support scheme reform
- additional funding of \$603,000 from Budget 2010 for additional audit and compliance activity
- the return of an efficiency saving to the Crown of (\$566,000)
- the return of (\$1.812 million) relating to funding for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver employer contributions
- the reversal of (\$6.462 million) relating to one-off transfers that were made from 2010/11 to 2011/12
- the return of (\$4.612 million) in 2012/13 relating to the revenue and cash protection and growth initiative, and
- the return of (\$830,000) in 2012/13 relating to the long-term accommodation solution in Wellington.

Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Unless otherwise specified, all performance measures cover the breadth of Inland Revenue's business (tax, social policy and KiwiSaver). By targeting non-compliant customers, Inland Revenue will identify additional revenue and help to provide greater certainty to customers about their obligations. This will contribute to the impact of improving the behaviour of non-compliant customers.			
Minimum percentage of cases completed that are correct, complete, clear, and appropriately referenced.	90%	97%	90%
Minimum percentage of audited customers who are satisfied with their experience. Delivery of a quality audit will help to secure a change in the behaviour of non-compliant customers.	65%	70%	65%
Minimum percentage of audits that result in a material discrepancy. Using a risk based approach to audit selection helps to target cases where a change in customer behaviour is required. This will also help identify discrepancies, and therefore the potential for additional revenue generation.	70%	70.1%	70%
On average, we will complete audits within agreed timeframes: <ul style="list-style-type: none"> • 4 months for general audits • 12 months for risk based audits • 16 months for evasion and fraud audits, and • 28 months for Aggressive Tax Planning (ATP) audits. 	N/A	N/A	Achieved
Minimum percentage of disputed cases completed within fifteen months.	75%	75.1%	75%
Minimum discrepancy identified for every output dollar spent. In order to make the best use of the resources it is important that Inland Revenue focuses on the cost of services provided.	\$7.00	\$7.40	\$7.40

During the year we will undertake work on a range of litigation cases to protect the integrity of the tax system through ensuring the correct tax is paid and by clarifying the law. We will report on the major cases that we are engaged in or have concluded and their results on a quarterly basis.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Efficiency savings	2012/13	-	(566)	(825)	(2,004)	(2,119)
Removal of SSRSS and KiwiSaver funding contributions	2012/13	-	(1,812)	(1,823)	(1,882)	(2,000)
Revenue investment	2012/13	-	8,001	9,584	9,584	9,584
Budget 2010 tax package - additional audit and compliance activity	2010/11	15,189	15,792	15,792	12,570	12,570
New Zealand Productivity Commission	2010/11	(36)	(38)	(38)	(38)	(38)
IT/infrastructure	2009/10	256	256	256	256	256
Revenue and cash protection and growth	2009/10	4,808	196	196	196	196
Value for money - line by line review	2009/10	(1,128)	(1,128)	(1,128)	(1,128)	(1,128)
Previous Government						
Implementation of Government initiatives - Budget 2008	2008/09	75	75	75	75	75
People capability - remuneration	2008/09	1,258	1,258	1,258	1,258	1,258

The above table includes policy initiatives since Budget 2008. Technical adjustments to the appropriation are excluded. Where initiatives have been extended or renamed in later budget cycles, the original and subsequent entries have been merged under a single name.

Part 3 - Details for Benefits and Other Unrequited Expenses

Part 3.2 - Non-Departmental Benefits and Other Unrequited Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Primary outcome - Improving the economic and social wellbeing of New Zealanders	KiwiSaver: Kickstart Payment KiwiSaver: Interest KiwiSaver: Tax Credit Payroll Subsidy
Secondary outcome - People receive payments they are entitled to, enabling them to participate in society	Child Support Payments Child Tax Credit Family Tax Credit In-Work Tax Credit Minimum Family Tax Credit Paid Parental Leave Payments Parental Tax Credit

Child Support Payments PLA (M57)

Scope of Appropriation

Child support payments to custodial persons who are not dependent on the state for financial support (expenses incurred pursuant to section 141 of the Child Support Act 1991).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	220,000	220,000	227,000

Reasons for Change in Appropriation

This appropriation is for child support payments to custodial parents who are not dependent on the Crown for financial support. The child support is collected from non-custodial parents. The growth in appropriation to 2012/13 reflects a forecast increase in the numbers of non-custodial parents and the incomes of non-custodial parents. This will result in increased payments to custodians.

Conditions on Use of Appropriation

Reference	Conditions
Section 141 of the Child Support Act 1991	On-payment of money received by the Commissioner by the way of child support to qualifying custodians, if the qualifying custodian of that child is not a recipient of a social security benefit.

Child Tax Credit PLA (M57)

Scope of Appropriation

Extra assistance for low to middle income families who are not dependent on the state for financial support (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	1,600

Reasons for Change in Appropriation

The child tax credit was replaced by the in-work tax credit in April 2006. People ineligible for the in-work tax credit could continue to receive the child tax credit until no longer eligible. The appropriation will continue to decline as the tail of remaining recipients gradually changes to the in-work tax credit or otherwise lose eligibility.

Conditions on Use of Appropriation

Reference	Conditions
Subpart MZ of the Income Tax Act 2007	Sets out the entitlement for and calculation of the Child Tax Credit.
Section 185(1)(e) of the Tax Administration Act	Establishes a permanent legislative authority to allow money payable by the Commissioner by way of credits of tax under subpart MZ of the Income Tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Family Tax Credit PLA (M57)

Scope of Appropriation

Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,111,000	2,111,000	2,113,000

Reasons for Change in Appropriation

The appropriation for family tax credit is forecast to remain largely unchanged. Tax credits for children aged under 16 were increased on 1 April 2012. Only a small increase is seen in 2012/13 due to the offsetting effect of attrition in eligibility due to abatement as average incomes increase.

Conditions on Use of Appropriation

Reference	Conditions
Reference MD 3 of the Income Tax Act 2007	Sets out the entitlement for and calculation of the Family Tax Credit.
Section 185(1)(e) of the Tax Administration Act	Establishes a permanent legislative authority to allow money payable by the Commissioner by way of credits of tax under subparts MA to MF of the Income Tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Working for Families reform for Budget 2011	2011/12	(16,000)	(65,000)	(82,000)	(133,000)	(133,000)
Budget 2010 tax package - implementing policy changes	2010/11	27,377	1,178	7,407	7,407	7,407

In-Work Tax Credit PLA (M57)*Scope of Appropriation*

Extra assistance for low to middle income families where the person works a minimum of 20 hours per week and does not have a partner, or a person and their partner work a minimum of 30 hours per week (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	568,000	568,000	565,000

Reasons for Change in Appropriation

The decline in the In-Work Tax Credit appropriation for 2012/13 (relative to 2011/12) reflects attrition in eligibility to claim the credit as average incomes are forecast to increase.

Conditions on Use of Appropriation

Reference	Conditions
Sections MD 4-10 Of the Income Tax Act 2007	Sets out the entitlement for and calculation of the In-Work Tax Credit.
Section 185(1)(e) of the Tax Administration Act	Establishes a permanent legislative authority to allow money payable by the Commissioner by way of credits of tax under subparts MA to MF of the Income tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Working for Families reform for Budget 2011	2011/12	(9,000)	(35,000)	(42,000)	(61,000)	(61,000)
Budget 2010 tax package - implementing policy changes	2010/11	(3,081)	(11,224)	(8,912)	(8,912)	(8,912)

KiwiSaver: Interest (M57)*Scope of Appropriation*

To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7,000	7,000	7,000

Conditions on Use of Appropriation

Reference	Conditions
Sections 84-91 of the KiwiSaver Act 2006	Interest payable by Inland Revenue on KiwiSaver member contributions while they await being forwarded to KiwiSaver scheme providers.

KiwiSaver: Kickstart Payment (M57)*Scope of Appropriation*

To enable the one-off payment made on opening a KiwiSaver account for members who meet the required eligibility criteria as set in the KiwiSaver Act 2006.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	226,000	226,000	177,000

Reasons for Change in Appropriation

The KiwiSaver kickstart payment is a one-off payment to new members on first joining the scheme. The rate of new membership will decline over time until the scheme matures. In 2009/10, there were 359,000 new KiwiSaver members and 312,000 in 2010/11. It is forecast that 226,000 new members will join the scheme in 2011/12 and 177,000 in 2012/13.

Conditions on Use of Appropriation

Reference	Conditions
Section 226 of the KiwiSaver Act 2006	This section of the Act sets out the entitlement for a \$1,000 kick-start payment to each member upon joining.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Making KiwiSaver more cost-effective	2011/12	(6,277)	(4,262)	(2,147)	(2,114)	(2,114)

KiwiSaver: Tax Credit (M57)*Scope of Appropriation*

To enable the payment of a tax credit to KiwiSaver members and the payment of residual tax credits to employers as set out in the Income Tax Act 2007.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	475,000	475,000	504,000

Reasons for Change in Appropriation

The KiwiSaver: Tax Credit appropriation includes the employer tax credit (which ceased in 2009), and the member tax credit. The member tax credit is linked to the level of member contributions made to the scheme and is paid annually. Growth in the member tax credit to 2012/13 is predominantly affected by an increase in the total number of contributing members as well as increases in contributions.

Conditions on Use of Appropriation

Reference	Conditions
Part MK 9-16 of the Income Tax Act 2007(repealed)	Repealed with effect from 1 April 2009.
Part MK 1-8 of the Income Tax Act 2007	Provides a member tax credit to match member contributions up to a cap of \$10 per week.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Making KiwiSaver more cost-effective	2011/12	(463,070)	(484,255)	(483,817)	(492,325)	(492,325)
Amendments to the KiwiSaver scheme	2008/09	(816,000)	(846,000)	(846,000)	(846,000)	(846,000)

Minimum Family Tax Credit PLA (M57)

Scope of Appropriation

Extra payment made to families where at least one parent is working for salary or wages (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	11,000	11,000	11,000

Reasons for Change in Appropriation

Although the prescribed amount of this credit entitlement was increased from \$22,204 to \$22,568 per annum with effect from 1 April 2012, underlying attrition caused by income growth and the abatement mechanism means that no increase in appropriation is required.

Conditions on Use of Appropriation

Reference	Conditions
Subpart ME of the Income Tax Act 2007	Sets out the entitlement for and calculation of the Family Tax Credit.
Section 185(1)(e) of the Tax Administration Act 1994	Establishes a permanent legislative authority to allow money payable by the Commissioner by way of credits of tax under subparts MA to MF of the Income Tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Budget 2010 tax package - implementing policy changes	2010/11	(546)	(618)	(545)	(545)	(545)

Paid Parental Leave Payments PLA (M57)

Scope of Appropriation

Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	156,000	156,000	163,000

Reasons for Change in Appropriation

The growth in appropriation to 2012/13 largely reflects wage growth and annual indexation of the maximum entitlement. The volume of claims slightly increases from 2011/12, to reflect an expected increase in employment and more parents opting for paid parental leave rather than the parental tax credit.

Conditions on Use of Appropriation

Reference	Conditions
Part 7A of the Parental Leave and Employment Protection Act 1987	Establishes the entitlement for and calculation for a payment for parental leave.

Parental Tax Credit PLA (M57)

Scope of Appropriation

To enable payment of additional financial support to be made to working families for the eight week period following the birth of a child (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	18,000	18,000	17,000

Reasons for Change in Appropriation

Parents of newborns can receive financial assistance through either the parental tax credit or paid parental leave payments (but not both), provided they meet the eligibility criteria. The decline in the parental tax credit appropriation to 2012/13 reflects an expectation that income growth will cause greater abatement and/or more parents opting for paid parental leave.

Conditions on Use of Appropriation

Reference	Conditions
Sections MD 11-12 of the Income Tax Act 2007	Sets out the entitlement for (MD11) and calculation of (MD12) of the Parental Tax Credit.
Section 185(1)(e) of the Tax Administration Act 1994	Establishes a permanent legislative authority to allow money payable by the Commissioner by way of credits of tax under subparts MA to MF of the Income Tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Working for Families reform - Budget 2011	2012/13	-	(1,000)	(2,000)	(3,000)	(3,000)
Budget 2010 tax package - implementing policy changes	2010/11	(314)	(390)	(495)	(495)	(495)

Payroll Subsidy (M57)*Scope of Appropriation*

To enable the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	3,000

Reasons for Change in Appropriation

The payroll subsidy is expected to increase over time as more employers utilise the services of payroll intermediaries.

Conditions on Use of Appropriation

Reference	Conditions
Section RP4 of the Income Tax Act 2007	Establishes the payment of a subsidy by the Commissioner to a listed PAYE intermediary for a payroll service that they provide to an employer (RP4(1)). The calculation of the subsidy is specified in the Income Tax (Payroll Subsidy) regulations.
Section 185(1)(g) of the Tax Administration Act 1994	Establishes a permanent legislative authority to allow money payable by the Commissioner in accordance with section RP 4 of the Income Tax Act 2007 to be paid out of the Crown Bank Account without further appropriation.

Part 4 - Details for Borrowing Expenses

Part 4.2 - Non-Departmental Borrowing Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Primary outcome: Improving the economic and social wellbeing of New Zealanders	Adverse Event Interest Environmental Restoration Account Interest Income Equalisation Interest

Adverse Event Interest PLA (M57)

Scope of Appropriation

This appropriation is limited to interest on Adverse Event Income Equalisation Reserve accounts held by taxpayers in the farming and agriculture business (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10	10	10

Environmental Restoration Account Interest PLA (M57)

Scope of Appropriation

This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	2,000

Income Equalisation Interest PLA (M57)

Scope of Appropriation

This appropriation is limited to interest on Income Equalisation Reserve Scheme accounts held by taxpayers in the farming, fishing or forestry industries (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	7,000	7,000	7,000

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Primary outcome: Improving the economic and social wellbeing of New Zealanders	Bad Debt Write-Offs Impairment of Debt Impairment of Debt Relating to Child Support Impairment of Debt Relating to Student Loans Initial Fair Value Write-Down - Student Loans

Bad Debt Write-Offs (M57)

Scope of Appropriation

This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	857,000	857,000	894,000

Reasons for Change in Appropriation

The increase in the 2012/13 appropriation reflects the flow-on effects of the recent economic environment, which has resulted in growth in bad debt write-offs. It is forecast that this trend will continue in out-years.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Budget 2010 tax package - implementing policy changes	2010/11	1,700	-	-	-	-

Impairment of Debt (M57)

Scope of Appropriation

This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the Crown debt book.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	347,000	247,000	246,522

Reasons for Change in Appropriation

This appropriation is for the impairment of tax, family support and KiwiSaver debt. Impairment is linked to the forecast for overdue debt balanced against business initiatives to limit debt growth. The 2011/12 appropriation reflects an allowance for volatility if debt growth exceeds current forecasts. The appropriation for 2012/13 and outyears reflect debt growth forecasts without an allowance for volatility.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Revenue Investment	2012/13		(14,478)	(10,766)	(10,766)	(10,766)
Budget 2010 tax package - additional audit and compliance activity	2010/11	(154,000)	(154,000)	(146,300)	(138,600)	(130,900)

Impairment of Debt Relating to Child Support (M57)

Scope of Appropriation

This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the debt, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of child support debt.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	112,000	112,000	422,000

Reasons for Change in Appropriation

The Estimated Actual for 2011/12 is \$112 million. This is lower than prior year actuals due to system purifications that have been undertaken this year to correct child support accounts with incorrect penalties. These purifications have decreased child support penalty revenue and child support debt, which in turn decreases the impairment of child support debt.

The 2012/13 forecast of \$422 million reflects a return to normal impairment levels and is based on compounding child support penalty growth.

Impairment of Debt Relating to Student Loans (M57)

Scope of Appropriation

This appropriation is limited to amounts relating to impairment arising from objective evidence of one or more loss events that occurred after the initial recognition of the loan, and the loss event (or events) has had a reliably measurable impact on the estimated future cash flows of the collective book of student loan debt.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	(134,404)	(194,404)	110,000

Reasons for Change in Appropriation

The 2011/12 appropriation for the impairment relating to student loans incorporates several policy initiatives as part of Budget 2012. These policy initiatives result in a reduction in impairment of \$244.404 million (see table below).

The 2012/13 appropriation is largely unchanged from 2011/12, when policy initiatives are excluded.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Broadening the definition of income for student loan repayment purposes	2011/12	(3,486)	-	-	-	-
Increasing the student loan repayment rate from 10% to 12%	2011/12	(235,103)	-	-	-	-
Repealing the student loan voluntary repayment bonus	2011/12	(1,097)	-	-	-	-
Student loans: Extending pay period assessments to the salaries and wages of all student loan borrowers	2011/12	(4,718)	-	-	-	-
Transfer of student loan appropriations from Vote Social Development to Vote Revenue	2011/12	10,000	10,000	10,000	10,000	10,000
Increasing medical training places	2010/11	(60)	(128)	(128)	(128)	(128)
Expansion of the bonded merit scholarship scheme	2009/10	(7)	(7)	(7)	(7)	(7)
Increasing the student allowance parental income threshold by 10%	2009/10	(16)	(16)	(16)	(16)	(16)
Increasing the student loan scheme living cost component to \$155 per week	2009/10	107	107	107	107	107
Lowering the age limit for student allowance parental Income testing by one year	2009/10	(38)	(38)	(38)	(38)	(38)
Student achievement component: access in priority areas	2009/10	64	64	64	64	64
Previous Government						
Annual inflation adjustment of the student allowance personal income threshold	2008/09	(1)	(1)	(1)	(1)	(1)
Expansion of step-up scholarships	2008/09	(22)	(22)	(22)	(22)	(22)
Increasing the parental income threshold by 10%	2008/09	(10)	(10)	(10)	(10)	(10)

Initial Fair Value Write-Down - Student Loans (M57)

Scope of Appropriation

This appropriation is limited to the initial fair value write-down of student loans.

Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	126,511	115,511	651,242

Reasons for Change in Appropriation

From 1 April 2012, the initial fair value write-down will be administered under Vote Revenue, previously this appropriation was administered under Vote Social Development. The increase in appropriation in 2012/13 reflects the first full year of this change.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Current Government						
Fixing a 4% annual maximum fee movement in 2015 and 2016	2014/15	-	-	-	7,840	17,540
Broadening the definition of income for student loan repayment purposes	2012/13	-	(481)	(553)	(610)	(633)
Expanding fee-free Youth Guarantee (YG) tertiary places	2012/13	-	(1,612)	(3,765)	(4,954)	(5,172)
Increasing the student loan repayment rate from 10% to 12%	2012/13	-	(35,715)	(37,607)	(37,340)	(37,554)
No CPI adjustments to student loan allowance parental income threshold for 4 years	2012/13	-	1,177	1,923	2,631	3,080
Removing student allowance eligibility for postgraduate study and Long Programmes	2012/13	-	6,117	11,712	10,895	10,512
Repealing the student loan voluntary repayment bonus	2012/13	-	(7,193)	(7,584)	(7,715)	(7,806)
Setting a 2 EFTS annual student loan borrowing limit	2012/13	-	(32)	(46)	(46)	(47)
Setting a per-EFTS student loan borrowing limit for pilot training	2011/12	1,771	(2,982)	(1,764)	(2,109)	(2,901)
Changes to the definition of parental income for the student allowance scheme	2011/12	1,660	1,631	1,501	1,442	1,442
Student loans: Extending pay period assessments to the salaries and wages of all student loan borrowers	2011/12	(60)	(338)	(344)	(345)	(390)
Trades training - Skills for Canterbury initiatives	2011/12	370	670	-	-	-
Transfer of student loan appropriations from Vote Social Development to Vote Revenue	2011/12	129,151	723,068	731,917	742,366	742,366

Reporting Mechanisms

Appropriation	Reporting Mechanism
Bad Debt Write-Offs	Annual Report of Inland Revenue and the Financial Statements of the Government
Impairment of Debt	Annual Report of Inland Revenue and the Financial Statements of the Government
Impairment of Debt Relating to Child Support	Annual Report of Inland Revenue and the Financial Statements of the Government
Impairment of Debt Relating to Student Loans	Annual Report of Inland Revenue, the Financial Statements of the Government, and the Student Loan Scheme Annual Report
Initial Fair Value Write-Down - Student Loans	Annual Report of Inland Revenue, the Financial Statements of the Government, and the Student Loan Scheme Annual Report

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Intermediate outcome - Revenue is available to fund Government programmes through people meeting payment obligations of their own accord	Inland Revenue Department - Capital Expenditure
Intermediate Outcome - People receive payments they are entitled to, enabling them to participate in society	

Inland Revenue Department - Capital Expenditure PLA (M57)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Inland Revenue Department, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	24,085	17,000	38,000
Intangibles	73,915	48,000	66,000
Other	-	-	-
Total Appropriation	98,000	65,000	104,000

Reasons for Change in Appropriation

The Budget of \$104 million for 2012/13 includes capital injections of \$6.476 million for child support reform, Budget 2010 tax policy initiatives and leasehold improvements. Included in the 2012/13 budget are initial business transformation initiatives, mainframe replacement, and student loans.