

Vote Revenue

APPROPRIATION MINISTER(S): Minister of Revenue (M57)

APPROPRIATION ADMINISTRATOR: Inland Revenue Department

RESPONSIBLE MINISTER FOR INLAND REVENUE DEPARTMENT: Minister of Revenue

Supplementary Estimates of Appropriations

Details of Appropriations

Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Departmental Output Expenses			
Management of Debt and Outstanding Returns (M57) 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.	124,896	12,854	137,750
Policy Advice (M57) 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.	8,100	68	8,168
Services to Inform the Public About Entitlements and Meeting Obligations (M57) 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).	267,502	(450)	267,052
Services to Other Agencies RDA (M57) This appropriation is limited to the provision of services by Inland Revenue to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Revenue.	-	710	710
Services to Process Obligations and Entitlements (M57) 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.	133,511	25,182	158,693
Taxpayer Audit (M57) Identifying risks to revenue and designing and undertaking audit activities accordingly. Managing litigation of disputed tax cases.	182,796	(10,934)	171,862
Total Departmental Output Expenses	716,805	27,430	744,235
Departmental Capital Expenditure			
Inland Revenue Department - Capital Expenditure PLA (M57) 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.	77,000	(22,000)	55,000
Total Departmental Capital Expenditure	77,000	(22,000)	55,000

	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Benefits and Other Unrequited Expenses			
Child Support Payments PLA (M57) 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).	237,000	3,000	240,000
Child Tax Credit PLA (M57) 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).	1,400	400	1,800
Family Tax Credit PLA (M57) Family Support payments made to beneficiaries and non-beneficiaries during the year (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,026,000	(50,000)	1,976,000
In-Work Tax Credit PLA (M57) 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).	511,000	12,000	523,000
KiwiSaver: Interest (M57) To enable the payment of interest on KiwiSaver contributions as set out in the KiwiSaver Act 2006.	8,000	2,000	10,000
KiwiSaver: Kickstart Payment (M57) 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.	165,000	76,000	241,000
KiwiSaver: Tax Credit (M57) 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.	575,000	22,000	597,000
Minimum Family Tax Credit PLA (M57) 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).	12,000	2,000	14,000
Paid Parental Leave Payments PLA (M57) Paid Parental Leave Payments made to parents eligible under the Parental Leave and Employment Protection Act 1987.	176,000	(176,000)	-
Paid Parental Leave Payments (M57) This appropriation is limited to Paid Parental Leave Payments made to parents in accordance with the Parental Leave and Employment Protection Act 1987.	-	101,311	101,311
Parental Tax Credit PLA (M57) 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).	15,000	2,000	17,000
Payroll Subsidy PLA (M57) This appropriation is limited to the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf, section 185 of the Tax Administration Act 1994.	3,000	300	3,300
Total Benefits and Other Unrequited Expenses	3,729,400	(4,989)	3,724,411

	2013/14		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Titles and Scopes of Appropriations by Appropriation Type			
Non-Departmental Borrowing Expenses			
Adverse Event Interest PLA (M57) 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).	10	10	20
Environmental Restoration Account Interest PLA (M57) This appropriation is limited to interest on Environmental Restoration accounts (expenses incurred pursuant to section 185 of the Tax Administration Act 1994).	2,000	-	2,000
Income Equalisation Interest PLA (M57) 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).	8,000	-	8,000
Total Non-Departmental Borrowing Expenses	10,010	10	10,020
Non-Departmental Other Expenses			
Bad Debt Write-Offs (M57) This appropriation is limited to bad debt write-offs for Crown debt administered by Inland Revenue.	931,000	25,000	956,000
Impairment of Debt (M57) 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.	266,234	75,000	341,234
Impairment of Debt Relating to Child Support (M57) 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.	392,000	(66,000)	326,000
Impairment of Debt Relating to Student Loans (M57) 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.	110,000	35,434	145,434
Initial Fair Value Write-Down Relating to Student Loans (M57) This appropriation is limited to the initial fair value write-down of student loans.	537,000	125,824	662,824
Total Non-Departmental Other Expenses	2,236,234	195,258	2,431,492
Total Annual and Permanent Appropriations	6,769,449	195,709	6,965,158

Details of Projected Movements in Departmental Net Assets

Inland Revenue Department

Details of Net Asset Schedule	2013/14 Main Estimates Projections \$000	2013/14 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2013/14
Opening Balance	270,346	270,343	Supplementary Estimates opening balance reflects the audited results as at 30 June 2013.
Capital Injections	3,177	5,329	Capital injections of \$2.122 million for the Foreign Account Tax Compliance Act (FATCA) initiative, \$3.163 million for the child support scheme reform package, \$30,000 from the better public services (BPS) seed fund, and \$14,000 for the Budget 2010 tax package initiative.
Capital Withdrawals	-	(279)	Capital withdrawal of (\$279,000) for the Budget 2010 tax package initiative.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	273,523	275,393	

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2013/14				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	716,805	27,430	-	27,430	744,235
Benefits and Other Unrequited Expenses	3,729,400	N/A	(4,989)	(4,989)	3,724,411
Borrowing Expenses	10,010	-	10	10	10,020
Other Expenses	2,236,234	-	195,258	195,258	2,431,492
Capital Expenditure	77,000	(22,000)	-	(22,000)	55,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	6,769,449	5,430	190,279	195,709	6,965,158
Crown Revenue and Capital Receipts					
Tax Revenue	56,665,000	N/A	(283,000)	(283,000)	56,382,000
Non-Tax Revenue	1,565,800	N/A	(149,800)	(149,800)	1,416,000
Capital Receipts	1,131,000	N/A	21,000	21,000	1,152,000
Total Crown Revenue and Capital Receipts	59,361,800	N/A	(411,800)	(411,800)	58,950,000

1.4 - Reconciliation of Changes in Appropriation Structure

Estimates	2013/14 (Estimates) \$000	Supplementary Estimates (Changes during the year)	Amount Moved \$000	New Structure	2013/14 (Restated) \$000
Paid Parental Leave Payments PLA	176,000	Transferred to Paid Parental Leave Payments	(176,000)	Paid Parental Leave Payments	101,311

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-4.

Mapping the Layout of the 2013/14 Supplementary Estimates to the Layout of the 2013/14 Estimates

Supplementary Estimates Structure 2013/14		Estimates Structure 2013/14	
Part #	Part Name	Part #	Part Name
2.1	Departmental Output Expenses	2.1	Departmental Output Expenses
2.2	Departmental Other Expenses	5.1	Departmental Other Expenses
2.3	Departmental Capital Expenditure and Capital Injections	6.1	Departmental Capital Expenditure
3.1	Non-Departmental Output Expenses	2.2	Non-Departmental Output Expenses
3.2	Non-Departmental Benefits and Other Unrequited Expenses	3.2	Non-Departmental Benefits and Other Unrequited Expenses
3.3	Non-Departmental Borrowing Expenses	4.2	Non-Departmental Borrowing Expenses
3.4	Non-Departmental Other Expenses	5.2	Non-Departmental Other Expenses
3.5	Non-Departmental Capital Expenditure	6.2	Non-Departmental Capital Expenditure
4	Multi-Category Expenses and Capital Expenditure	N/A	Did not exist in the Estimates

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	124,896	12,854	137,750
Revenue from the Crown	121,934	12,854	134,788
Revenue from Others	2,962	-	2,962

Reasons for Change in Appropriation

This appropriation increased by \$12.854 million to \$137.750 million for 2013/14 due to:

- a transfer of \$1.680 million from 2012/13 to 2013/14 and additional funding of \$1.867 million for the business transformation programme
- a transfer of \$807,000 from 2012/13 to 2013/14 for restructuring costs, and
- a fiscally neutral adjustment of \$8.500 million between departmental output expenses.

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,100	68	8,168
Revenue from the Crown	8,098	68	8,166
Revenue from Others	2	-	2

Reasons for Change in Appropriation

This appropriation increased by \$68,000 to \$8.168 million for 2013/14 due to:

- funding of \$18,000 from the Ministry of Foreign Affairs and Trade trade negotiations fund, and
- a fiscally neutral adjustment of \$50,000 between departmental output expenses.

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	267,502	(450)	267,052
Revenue from the Crown	265,541	50	265,591
Revenue from Others	1,961	(500)	1,461

Reasons for Change in Appropriation

This appropriation decreased by (\$450,000) to \$267.052 million for 2013/14 due to:

- additional funding of \$4,000 relating to the paid parental leave payments initiative
- additional funding of \$36,000 relating to the parental tax credit initiative
- a transfer of \$3.480 million from 2012/13 to 2013/14 and additional funding of \$3.867 million for the business transformation programme
- a transfer of \$964,000 from 2012/13 to 2013/14 for the child support scheme reform initiative
- a transfer of \$1.699 million from 2012/13 to 2013/14 for restructuring costs
- a fiscally neutral return of (\$500,000) relating to secondments to other agencies, and
- a fiscally neutral adjustment of (\$10 million) between departmental output expenses.

Services to Other Agencies RDA (M57)

Scope of Appropriation

This appropriation is limited to the provision of services by Inland Revenue to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Revenue.

Expenses and Revenue

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	710	710
Revenue from the Crown	-	-	-
Revenue from Others	-	710	710

How Performance will be Assessed and End of Year Reporting Requirements

	2013/14		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Performance Measures			
Minimum percentage of satisfaction of the Department of Internal Affairs for services provided.	n/a	95%	95%
Minimum percentage of satisfaction of the New Zealand Productivity Commission for services provided.	n/a	95%	95%

End of Year Performance Reporting

Performance information for this appropriation will be reported by Inland Revenue in the department's Annual Report 2015.

Reasons for Change in Appropriation

This appropriation increased by \$710,000 for 2013/14 due to:

- funding of \$650,000 for shared financial services to the Department of Internal Affairs, and
- funding of \$60,000 for support services provided to the New Zealand Productivity Commission.

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	133,511	25,182	158,693
Revenue from the Crown	112,514	25,182	137,696
Revenue from Others	20,997	-	20,997

Reasons for Change in Appropriation

This appropriation increased by \$25.182 million to \$158.693 million for 2013/14 due to:

- additional funding of \$590,000 relating to the Foreign Account Tax Compliance Act (FATCA) initiative
- additional funding of \$14,000 relating to the paid parental leave payments initiative
- additional funding of \$144,000 relating to the parental tax credit initiative
- a transfer of \$1.620 million from 2012/13 to 2013/14 and additional funding of \$1.800 million for the business transformation programme
- a transfer of \$2.250 million from 2012/13 to 2013/14 for the child support scheme reform initiative
- a transfer of \$200,000 from 2012/13 to 2013/14 for student loans redesign
- a transfer of \$564,000 from 2012/13 to 2013/14 for restructuring costs, and
- a fiscally neutral adjustment of \$18 million between departmental output expenses.

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	182,796	(10,934)	171,862
Revenue from the Crown	182,531	(10,934)	171,597
Revenue from Others	265	-	265

Reasons for Change in Appropriation

This appropriation decreased by (\$10.934 million) to \$171.862 million for 2013/14 due to:

- a transfer of \$2.220 million from 2012/13 to 2013/14 and additional funding of \$2.466 million for the business transformation programme
- a transfer of \$930,000 from 2012/13 to 2013/14 for restructuring costs, and
- a fiscally neutral adjustment of (\$16.550 million) between departmental output expenses.

2.3 - Departmental Capital Expenditure and Capital Injections

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

	2013/14		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	21,277	(4,277)	17,000
Intangibles	55,723	(17,723)	38,000
Other	-	-	-
Total Appropriation	77,000	(22,000)	55,000

Reasons for Change in Appropriation

This appropriation decreased by (\$22 million) to \$55 million for 2013/14 mainly due to mainframe services being contracted as a service rather than a capital purchase.

*Capital Injections and Movements in Departmental Net Assets***Inland Revenue Department**

Details of Net Asset Schedule	2013/14 Main Estimates Projections \$000	2013/14 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2013/14
Opening Balance	270,346	270,343	Supplementary Estimates opening balance reflects the audited results as at 30 June 2013.
Capital Injections	3,177	5,329	Capital injections of \$2.122 million for the Foreign Account Tax Compliance Act (FATCA) initiative, \$3.163 million for the child support scheme reform package, \$30,000 from the better public services (BPS) seed fund, and \$14,000 for the Budget 2010 tax package initiative.
Capital Withdrawals	-	(279)	Capital withdrawal of (\$279,000) for the Budget 2010 tax package initiative.
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	273,523	275,393	

Part 3 - Details of Non-Departmental Appropriations

3.2 - Non-Departmental Benefits and Other Unrequited Expenses

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).

Reasons for Change in Appropriation

This appropriation increased by \$3 million from \$237 million to \$240 million for 2013/14. The small increase in appropriation reflected an improved labour market; higher incomes increase the amount collected from non-custodial parents and transferred to custodial persons, and increased employment reduces the likelihood that custodial persons are dependent on the Crown for financial support.

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).

Reasons for Change in Appropriation

This appropriation increased by \$400,000 from \$1.400 million to \$1.800 million for 2013/14. 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. The increase in appropriation for the 2013/14 year reflected a slower rate of attrition than was previously assumed.

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).

Reasons for Change in Appropriation

This appropriation decreased by \$50 million from \$2,026 million to \$1,976 million for 2013/14. The smaller appropriation reflected decreased entitlements. This is generally due to higher than expected incomes reducing the net entitlement for families with incomes above the abatement threshold.

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).

Reasons for Change in Appropriation

This appropriation increased by \$12 million from \$511 million to \$523 million for 2013/14. The appropriation was increased to allow for an extra payday falling within the 2013/14 income year. The increase also reflected higher than expected year-to-date claims as the labour market improves.

KiwiSaver: Interest (M57)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation increased by \$2 million from \$8 million to \$10 million for 2013/14. KiwiSaver interest generally applies for the administrative period when members are newly contributing to the scheme, either because they have only just joined the scheme or because existing members have newly commenced work. This appropriation was increased to reflect growth in the number of newly contributing members. As there is no permanent legislative authority for this appropriation, the Supplementary Estimate of \$2 million includes a contingency of \$1 million to reduce the likelihood that the appropriation is overspent in the final three months of the year.

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.

Reasons for Change in Appropriation

This appropriation increased by \$76 million from \$165 million to \$241 million for 2013/14. The KiwiSaver kick-start payment is a one-off payment to new members on first joining the KiwiSaver scheme. Over time, this appropriation will decline as more of the eligible population are existing members. The appropriation for 2013/14 had been revised up to reflect enrolment activity remaining stronger, for longer, than was assumed in Budget 2013. As there is no permanent legislative authority for this appropriation, the Supplementary Estimate of \$76 million includes a contingency of \$10 million to reduce the likelihood that the appropriation is overspent in the final three months of the year.

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.

Reasons for Change in Appropriation

This appropriation increased by \$22 million from \$575 million to \$597 million for 2013/14. This appropriation is linked to the level of member contributions made to the scheme and is paid annually. The appropriation for 2013/14 was revised up to reflect an increase in the total number of contributing members as well as increases in their contributions due to income growth. As there is no permanent legislative authority for this appropriation, the Supplementary Estimate of \$22 million includes a contingency of \$15 million to reduce the likelihood that the appropriation is overspent in the final three months of the year.

Conditions on Use of Appropriation

Reference	Conditions
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.

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).

Reasons for Change in Appropriation

This appropriation increased by \$2 million from \$12 million to \$14 million for 2013/14. Entitlement to, and demand for, this tax credit responds to changes in the labour market. An improvement in the labour market can increase expenditure because maximum entitlements are reviewed annually and also because more people satisfy the eligibility criteria. The appropriation for 2013/14 was revised up in response to higher than expected year-to-date claims.

Paid Parental Leave Payments (M57)

Scope of Appropriation

This appropriation is limited to Paid Parental Leave Payments made to parents in accordance with the Parental Leave and Employment Protection Act 1987.

Reasons for Change in Appropriation

This new appropriation increased by \$101.311 million from nil to \$101.311 million for 2013/14. This appropriation was established after it was identified during 2013/14 that there was no permanent legislative authority (PLA) to make paid parental leave payments. The appropriation for 2013/14 was revised down from the initial PLA estimate of \$176 million in Budget 2013. This reduction was a combination of \$67.689 million that was spent before the PLA issue was identified, and \$7 million that reflected fewer than expected eligible births. As there is no PLA for this appropriation, the Supplementary Estimate of \$101.311 million includes a contingency of \$5 million to reduce the likelihood that the appropriation is overspent in the final three months of the year.

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.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$176 million from \$176 million to nil for 2013/14. The change reflected a correction in authority as it was identified during 2013/14 that this appropriation did not have a permanent legislative authority. The expenditure is now captured under the new Paid Parental Leave Payments appropriation.

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).

Reasons for Change in Appropriation

This appropriation increased by \$2 million from \$15 million to \$17 million for 2013/14. The appropriation was increased to allow for an extra payday falling within the 2013/14 income year.

Payroll Subsidy PLA (M57)*Scope of Appropriation*

This appropriation is limited to the payment of a subsidy to a payroll agent undertaking employers' payroll-related tax compliance activities on their behalf, section 185 of the Tax Administration Act 1994.

Reasons for Change in Appropriation

This appropriation increased by \$300,000 from \$3 million to \$3.300 million for 2013/14. The appropriation was increased slightly to reflect higher than expected take-up by employers of payroll intermediary services.

3.3 - Non-Departmental Borrowing Expenses

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).

Reasons for Change in Appropriation

This appropriation increased by \$10,000 from \$10,000 to \$20,000 for 2013/14. The total appropriation was increased to reflect year-to-date interest entitlements.

3.4 - Non-Departmental Other Expenses

Bad Debt Write-Offs (M57)

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation increased by \$25 million from \$931 million to \$956 million for 2013/14. The increase in appropriation reflected a \$25 million allowance for volatility in the debt growth assumptions and any unexpected increase in write-offs in the last three months of 2013/14.

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.

Reasons for Change in Appropriation

This appropriation increased by \$75 million from \$266.234 million to \$341.234 million for 2013/14. The increase in appropriation reflects a \$75 million allowance for volatility in the debt growth assumptions and the impact from the 2013/14 valuation which will be calculated based on updated repayment data on overdue debt and discount rates.

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.

Reasons for Change in Appropriation

This appropriation decreased by \$66 million from \$392 million to \$326 million for 2013/14. The decrease in this appropriation reflects reductions in forecast child support penalties revenue.

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.

Reasons for Change in Appropriation

This appropriation increased by \$35.434 million from \$110 million to \$145.434 million for 2013/14. This was as a result of the current policy initiative, an interim valuation of the scheme and an allowance for volatility in data and modelling assumptions. The interim valuation of the scheme was completed in March 2014. The final valuation as at 30 June 2014 will be based on an updated model, additional rolled-forward scheme data, and June macroeconomic assumptions.

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

Scope of Appropriation

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

Reasons for Change in Appropriation

This appropriation increased by \$125.824 million from \$537 million to \$662.824 million for 2013/14. This was as a result of an increase in forecast student loan capital lending.