

The Treasury

Budget 2013 Information Release

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
- [14] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

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



Briefing note

Reference: T2013/732, PAD BN2013/29

Date: 21 March 2013

To: Gary White/Maraina Hak

cc: Deputy Commissioner, Policy
Mike Nutsford, Policy Manager
[7] , PA to Deputy Commissioner

From: Andrea Black/Paul Kilford

Subject: **Mineral mining review**

We understand from MBIE that Minister Bridges is particularly concerned about the line in the Cabinet paper that states "...raising the tax impost on specified mineral miners, may result in lower production levels – at least in the short term." (See paragraph 7 of the report.)

This line was included as part of the risk analysis of these changes. It was simply designed to point out that the current rules involve the tax system effectively subsidising mining operations. To the extent that any operation is currently marginal, removing those subsidies may make the venture unprofitable.

MBIE is of the view that the Cabinet paper overstates the risk of production levels dropping. Its view is that the vast majority of production levels in New Zealand is concentrated in the hands of a handful of large operators. It believes those operators are not marginal and will not alter production levels in light of changes to the tax system. It has advised Minister Bridges of this view, and we have no reason to query its accuracy. As mentioned above, the Cabinet paper's aim was to ensure that Ministers were aware that removing subsidies would have a detrimental effect on all operators, but marginal operators in particular.

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