

# The Treasury

## Budget 2015 Information Release

### Release Document July 2015

[www.treasury.govt.nz/publications/informationreleases/budget/2015](http://www.treasury.govt.nz/publications/informationreleases/budget/2015)

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] 6(e)(iv) - to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.
- [4] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [5] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [6] 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.
- [6a] 9(2)(ba)(ii) - to protect information, where the making available of the information would be likely otherwise to damage the public interest
- [7] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [8] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8a] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting the collective and individual ministerial responsibility
- [9] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [10] 9(2)(h) - to maintain legal professional privilege
- [11] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [12] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [13] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [14] Not in scope

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

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

Chair  
Cabinet

**ORAL ITEM: INDICATIVE ACC LEVY REDUCTIONS**

I am seeking Cabinet's agreement to make provision for ACC levy reductions in Budget 2015 forecasts.

I recommend a provision of \$372m levy reductions in the 2016/17 fiscal year, with a projected OBEGAL impact of \$44m in 2015/16. These reductions reflect the following average levy rates in the 2016/17 levy year and out years:

Table 1: Average levy rates (levy year)

<b>Account</b>	<b>Average levy rate 2016/17</b>	<b>Average levy rate 2017/18 and out years</b>
Earners' Account	\$1.23 per \$100 liable earnings	\$1.20 per \$100 liable earnings
Work Account	\$0.80 per \$100 liable earnings	\$0.70 per \$100 liable earnings
Motor Vehicle Account	\$117.98 per vehicle	\$117.98 per vehicle

These levy reductions are based on economic factors as at March 2015 and ACC claims experience as at December 2013. The OBEGAL impacts of these levy reductions could change due to the impacts of economic and other factors.

No decisions on 2016/17 ACC levy rates are sought now. ACC levy decisions can only be made after consultation and recommendations from ACC. This work will be undertaken later in 2015.

**Recommendations**

I recommend that Cabinet:

1. **agree** to a provision in 2015 Budget forecasts of \$372m for ACC levy reductions in 2016/17, with a projected OBEGAL impact of \$44m in 2015/16;

2. **note** that these reductions reflect the following average levy rates:

Average levy rates (levy year)

<b>Account</b>	<b>Average levy rate 2016/17</b>	<b>Average levy rate 2017/18 and out years</b>
Earners' Account	\$1.23 per \$100 liable earnings	\$1.20 per \$100 liable earnings
Work Account	\$0.80 per \$100 liable earnings	\$0.70 per \$100 liable earnings
Motor Vehicle Account	\$117.98 per vehicle	\$117.98 per vehicle

3. **note** that these reductions:
- 3.1 in the Motor Vehicle Account, align with those currently implied by the Government funding policy for the 2016/17 year; and
  - 3.2 in the Earners' and Work Accounts, spread the 2016/17 reductions currently implied by the Government funding policy over two years;
4. **note** that these levy reductions are based on economic factors as at March 2015 and claims experience as at December 2013;
5. **note** that no final decisions on 2016/17 levy rates are sought now, and that any provision agreed under recommendation 1 is subject to:
- 5.1 levy consultation and recommendations by ACC; and
  - 5.2 the fiscal position;
6. **note** that ACC will develop recommendations based on updated ACC claims experience and economic factors for consultation later in 2015;
7. **note** that ACC's recommended levy rates for 2016/17 are unlikely to align with the levy rates outlined in recommendation 2.