

The Treasury

Budget 2015 Information Release

Release Document July 2015

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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] 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.



Cabinet

Amended Minute:
CAB Min (15) 12/4

Copy No:

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Extending Investment in Inland Revenue's Investigation and Collection Activities

Portfolio: Revenue

On 20 April 2015, Cabinet:

- 1 **agreed** to incorporate an initiative in Budget 2015 for Revenue investment for Vote Revenue, specifically covering areas of aggressive tax planning and property compliance, and addressing the hidden economy;
- 2 **noted** that a Revenue investment in Inland Revenue would cost \$73.848 million over five years, with additional tax revenue of \$642.388 million over five years and impairment of \$51.603 million, which represents a net return on investment of \$8.00 for every \$1.00 spent;
- 3 **approved** the following changes to appropriations to give effect to the initiative in paragraph 1 above, with a corresponding impact on the operating balance:

	\$ million – increase / (decrease)				
Vote Revenue Minister of Revenue	2015/16	2016/17	2017/18	2018/19	2019/20
Departmental Output Expenses: Investigations (funded by Revenue Crown)	7.440	16.602	16.602	16.602	16.602
Non Departmental Other Expenses: Impairment of Debt and Debt Write-offs	5.199	11.601	11.601	11.601	11.601
Total Operating	12.639	28.203	28.203	28.203	28.203

- 4 **noted** that as a result of the initiative in paragraph 1 above, there is a forecast increase in tax revenue, as set out in the following table:

	\$ million – increase / (decrease)				
Vote Revenue Minister of Revenue	2015/16	2016/17	2017/18	2018/19	2019/20
Tax Revenue	64.720	144.417	144.417	144.417	144.417

- 5 **agreed** to incorporate an initiative in Budget 2015 for extending the Budget 2012 revenue investment funding for Vote Revenue for three years;
- 6 **noted** that extending the Budget 2012 revenue investment funding for Vote Revenue would cost \$59.952 million over three years, with additional tax revenue of \$339.441 million over three years and a reduction in impairment of \$19.575 million over three years, which represents a return on investment of \$6.20 for the revenue-generating component and \$5.50 for the cash-generating component;
- 7 **approved** the following changes to appropriations to give effect to the initiative in paragraph 5 above, with a corresponding impact on the operating balance:

Vote Revenue Minister of Revenue	\$ million - increase / (decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20
Departmental Output Expenses:					
Investigations (funded by Revenue Crown)	-	-	9.584	9.584	9.584
Management of Debt and Outstanding Returns (funded by Revenue Crown)	-	-	10.400	10.400	10.400
Non Departmental Other Expenses:					
Impairment of Debt and Debt Write-offs	-	-	(6.525)	(6.525)	(6.525)
Total Operating	-	-	13.459	13.459	13.459

- 8 **noted** that as a result of the initiative in paragraph 5 above, there is a forecast increase in tax revenue and cash collected, as set out in the following table:

Vote Revenue Minister of Revenue	\$ million – increase / (decrease)				
	2015/16	2016/17	2017/18	2018/19	2019/20
Tax Revenue	-	-	113.147	113.147	113.147
Cash Collected	-	-	37.500	37.500	37.500

9 [8]

Secretary of the Cabinet

Reference: CAB (15) 172

Secretary's note: This minute has been reissued to add paragraph 9 which was agreed at Cabinet.
