

# **Briefing to Incoming Minister Information Release**

## **Release Document**

**December 2017**

**[www.treasury.govt.nz/publications/briefings/2017](http://www.treasury.govt.nz/publications/briefings/2017)  
[www.beehive.govt.nz](http://www.beehive.govt.nz)**

This document has been proactively released. Redactions made to the document have been made consistent with provisions of the Official Information Act 1982.

### **Key to Redaction Codes**

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

- [1] 9(2)(k) – to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above.



30 October 2017

Hon Stuart Nash  
Minister of Revenue  
Parliament Buildings  
Wellington

*Dear Minister,*

Congratulations on your appointment. We look forward to supporting you as Minister of Revenue.

As Minister of Revenue, you are jointly responsible with the Minister of Finance for policy decisions on all taxes within the Revenue portfolio. Currently, the Treasury and Inland Revenue develop policy on these taxes together, and provide joint advice to the Minister of Finance and you.

Attached to this letter is a briefing on the role of the Treasury within the Revenue portfolio. I have also included an organisational chart of the Treasury with key contact information. Bryan Chapple is our Deputy Secretary with responsibility for tax. The Treasury's Tax Strategy team sits within the Economic System directorate, led by James Beard.

We look forward to meeting you to better understand your priorities and how we can best support you.

*Gabriel Makhoulf*

Gabriel Makhoulf





**THE TREASURY**  
Kaitohutohu Kaupapa Rawa

# Briefing for the Incoming Minister of Revenue

October 2017



# Briefing for Revenue Portfolio

## Purpose

This note briefs you on the role of the Treasury in the Revenue portfolio. It supplements the briefings you will be provided with by Inland Revenue.

## Tax Policy

The Treasury advises the Government on all aspects of the Crown's finances, including revenue. The vast majority of the Crown's revenue is raised by taxes administered by Inland Revenue – in particular, individuals income tax, corporate income tax and GST. Inland Revenue also administers significant social policy programmes, including KiwiSaver and Working for Families.

Currently, the Treasury and Inland Revenue jointly advise the Ministers of Finance and Revenue on tax policy within the Revenue portfolio. This ensures policy is well informed both by implementation considerations – given the closeness of policy and administration functions within Inland Revenue – and by wider economic and fiscal considerations – given the Treasury's role as the Government's lead advisor on economic, financial and regulatory policy, and our role in the preparation of the Government's annual Budget. While policy is developed jointly, the Treasury's focus is more on strategic and broader economic aspects.

Officials from both the Treasury and Inland Revenue have previously attended regular tax policy meetings between the Ministers of Finance and Revenue. Given the fiscal implications of tax revenue changes, tax policy meetings between the Minister of Revenue and Inland Revenue officials have also previously been attended by members of the Treasury's Tax Strategy team.

Work on specific policy changes has historically been based on the Government's tax policy work programme, which is agreed by the Ministers of Finance and Revenue. The work programme follows the development of the Government's revenue strategy – which details the Government's objectives for the tax system – at the beginning of each new parliamentary term. It is reviewed and updated regularly to ensure the Government's expectations across the work programme continue to be met.

The Treasury also advises the Minister of Finance and other Ministers on taxes outside the Revenue portfolio – such as excise duties, which are administered by Customs, and proposals for levies in areas such as water and tourism.

## Upcoming Issues

Your programme includes a number of tax policy priorities, including the following:

- *Families Package* – We understand the Government intends to introduce a Families Package from 1 July 2018 and repeal the Budget 2017 tax changes, during its first 100 days. The Treasury, together with Inland Revenue and the Ministry of Social Development, will advise on the design and implementation of the package.
- *Tax Working Group* – We understand the Government intends to establish a Tax Working Group by December. The Treasury will work with Inland Revenue to support this process.
- *Reducing incentives for property speculation* – We understand the Government intends to introduce measures to address negative gearing and extend the bright line test. The Treasury will work with Inland Revenue to provide advice on this.
- *Base Erosion and Profit Shifting (BEPS)* – The previous Government announced a package of BEPS measures in August, with legislation to be introduced by the end of the year and implementation from 1 July 2018. We understand you have an intention to take further measures, including consulting on a Diverted Profits Tax. We would like to discuss Ministers' objectives for already announced and new measures, and the legislative and fiscal implications.
- *Penalties* – The Labour and New Zealand First Coalition Agreement includes a commitment to increase penalties for corporate fraud and tax evasion. The Treasury will work with Inland Revenue to provide advice on this.

In addition, the tax policy work programme is due to be renewed following the development of the Government's new revenue strategy.

## Vote Revenue

For the 2017/18 financial year, Vote Revenue comprises annual and permanent appropriations totalling \$1.3 billion in departmental expenditure and \$5.5 billion in non-departmental expenditure. The Vote also covers Crown revenue and receipts totalling \$73 billion. The Minister of Revenue is responsible for all appropriations, revenue and receipts in the Vote.

The Treasury's Tax Strategy team advises the Minister of Finance on value for money within the Vote, in particular through the annual Budget process.



## Business Transformation

Inland Revenue's Business Transformation change programme is a multi-year, multi-stage change programme. It will modernise New Zealand's tax service, make it simpler and faster for New Zealanders to pay their taxes and give more certainty that they will receive their entitlements. The changes will simplify and streamline Inland Revenue's business processes, policies and customer services as well as upgrade technology platforms. The new system will give Inland Revenue more flexibility and speed to implement future changes in tax and social policies.

The Business Transformation programme is complex, high-risk and fiscally significant. It is one of the major projects monitored by the Treasury. The monitoring role is jointly held by the Tax Strategy team and the Investment Monitoring and Asset Performance team. Through the Minister of Finance, the Treasury advises the Government on the status of significant programmes, and provides support and guidance to help programmes succeed. Along with other central agencies, the Treasury also provides independent advice to Ministers on programme delivery confidence. Our assessment is informed by a set of key performance indicators, considerations such as the quality of governance, and independent assurance reviews.

Stage 1 of Business Transformation focused on migrating GST to new systems and processes, to make it easier for taxpayers to meet their GST obligations. Stage 1 was delivered in March 2017, ahead of schedule, building confidence for successful delivery of later stages. Stage 2 focuses on making individuals' income tax obligations simpler and more certain. It will be implemented over the course of 2018 and 2019.

The Treasury's current delivery confidence for Business Transformation is Amber/Green – which means that successful delivery of the programme appears probable, but constant attention is needed to ensure risks do not materialise into major issues. In summary, Inland Revenue has made good progress preparing for Stage 2, but faces a challenging period of complex system configuration and major organisational change, requiring swift and effective decision making to manage emerging risks. Any change that has a substantial operational impact over the next two years could have an impact on Inland Revenue's ability to deliver on Business Transformation.

The next Independent Quality Assurance and Gateway reviews of the programme are scheduled for early 2018, ahead of the planned "go-live" of Stage 2 in April 2018.

# Our Organisational Structure

## Our teams and key contact information

<b>DS Macro Economics and Growth</b>	
<b>Deputy Secretary, Bryan Chapple</b>	[1]
<p><b>Director Growth and Public Services, Grace Campbell-Macdonald</b></p> <p>Teams:</p> <p>Business Growth &amp; Innovation, Matthew Gilbert, Manager</p> <p>Regulatory Quality, Matthew Gilbert, Manager</p> <p>Economic Strategy &amp; Productivity, Simon McLoughlin, Manager</p> <p>Education &amp; Skills, Diana Cook, Manager</p> <p>Labour Market, Immigration &amp; Tertiary, Kristie Carter, Acting Manager</p> <p>Natural Resources, Alastair Cameron, Acting Manager</p>	
<p><b>Director Economic System, James Beard</b></p> <p>Teams:</p> <p>Macroeconomic &amp; Fiscal Policy, Renee Philip, Manager</p> <p>Modelling &amp; Research and Forecasting, Peter Gardiner, Manager</p> <p>Financial Markets &amp; International, Dasha Leonova, Manager</p> <p>Tax Strategy, Mark Vink, Manager</p>	
<b>DS Strategy, Performance &amp; Engagement, and Chief Operating Officer</b>	
<b>Deputy Secretary and Chief Operating Officer, Fiona Ross</b>	[1]
<p>Teams:</p> <p>People &amp; Wellbeing, Fiona Foster Chief People Officer</p> <p>Finance, Strategy &amp; Performance, Glenn McStay, Chief Financial Officer</p> <p>Information &amp; Technology, Tom Byrne, Chief Information Officer</p> <p>Legal, Facilities, Administration &amp; Ministerial Advisory, Jeremy Salmond, Treasury Solicitor and Chief Security Officer</p> <p>Office of the Executive &amp; Communications, Vicki Plater, Chief of Staff/ Manager Engagement</p>	

<b>DS Financial and Commercial</b>	
<b>Deputy Secretary, Jon Grayson</b>	[1]
<b>Director Commercial, Infrastructure &amp; Housing, Chris White</b> Teams: Commercial Advice, Angela Graham, Manager Governance & Performance, Chris Gregory, Manager Strategy & Policy, Craig Weise, Manager Housing, Tom Hall, Manager National Infrastructure Unit, David Taylor, Manager Transactions Unit – Social Housing, Stacey Wymer, Head	
<b>Director Financial Operations and Head of NZDMO, Sarah Vrede</b> Teams: Accounting & Transactional Services, Charles England, Head Business Information, Dan Clayton, Head Portfolio Management, Murray Jones, Head Risk Policy & Balance Sheet, Andrew Hagan, Head NZ Export Credit Office (NZECCO), Chris Chapman, Manager	
<b>DS Budget and Public Services</b>	
<b>Deputy Secretary, Struan Little</b>	[1]
<b>Director Budget and Public Investment, Andrew Blazey</b> Teams: Justice, Security & Government Services, Colin Hall, Manager Investment Management Asset Performance, Ben McBride, Manager Health, Carolyn Palmer, Manager Welfare and Oranga Tamariki, Kristie Carter, Acting Manager Fiscal & State Sector Management, Angela Mellish, Manager	
<b>Head of Government Finance Profession and Chief Government Accountant, Paul Helm</b> Teams: Strategic Performance Improvement, Sarah Hardy, Manager Fiscal Reporting, Nicola Haslam, Manager	
<b>DS Chief Economic Adviser</b>	
<b>Chief Economic Adviser, Tim Ng</b>	[1]
Teams: Economic Capability, Tony Burton, Deputy Chief Economic Adviser Analytics & Insights, Andrew Hunter, Manager	