

# The Treasury

## Budget 2014 Information Release

### Release Document

#### July 2014

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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)(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.
- [6] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [7] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [8] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [9] 9(2)(h) - to maintain legal professional privilege
- [10] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [11] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [12] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [13] Not in scope
- [14] 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.

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 [3] 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

## Minute of Decision



CAB Min (14) 13/13

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## Changes to Duty-free Tobacco Concessions to Help Achieve Smokefree 2025

**Portfolio: Associate Health (Hon Tariana Turia)**

On 14 April 2014, following reference from the Cabinet Social Policy Committee, Cabinet:

- 1 **noted** that duty-free tobacco concessions are anomalies that undermine the government's drive to reduce tobacco consumption and smoking rates, through excise tax increases;
- 2 **noted** that the increasing price disparity between normal retail and duty-free tobacco will result in duty-free tobacco gaining an increased market share;
- 3 **noted** that the Māori Affairs Committee, Finance and Expenditure Committee and Health Committee have all recommended that duty-free tobacco concessions be reduced or removed;
- 4 **noted** that officials have developed and assessed a range of options for reducing or removing duty-free travellers' duty-free concessions;
- 5 **agreed** to reduce the incoming travellers duty-free allowance to 50 cigarettes, or 50 grams of cigars or tobacco products, which aligns with the Australian limit;
- 6 **noted** that in respect of the gift allowance, officials consider that removing tobacco from the gift concession is the only feasible option to the status quo;
- 7 **agreed** to remove the gift concession for tobacco products;
- 8 **agreed** that the changes to duty-free tobacco concessions be implemented from 1 November 2014;
- 9 **noted** that, in respect of the decisions in paragraphs 5 and 7, it will be important that New Zealand amends its international obligations and commitments accordingly and as soon as practicable;

10 **noted** that the financial implications of the above decisions are:

Tax revenue	\$m increase / (decrease)			
	2014/15	2015/16	2017/18	2018/19 & out years
November 2014 implementation	35.000	50.000	50.000	50.000

11 **noted** that after further consideration, the New Zealand Customs Service considers that the policy changes could be implemented by 1 November 2014 if additional funding of \$400,000 is provided for 2014/15;

12 **noted** that this additional funding would allow New Zealand Customs Service to meet the increased pressure from high passenger volumes over the summer period;

13 **noted** that one-off funding of \$2,740 million in 2014/15 and ongoing funding of \$0.420 million from 2015/16 is being sought through the Budget 2014 Package for New Zealand Customs Service to implement and manage the changes, as indicated in the following table:

	\$m – increase/(decrease)			
	2014/15	2015/16	2016/17	2017/18 & Outyears
Total Operating	2,740	0.420	0.420	0.420

Secretary of the Cabinet

Reference: CAB (14) 188