

The Treasury

Budget 2021 Information Release

August 2021

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Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0116.26: 2021 Budget Package: Vote Revenue**

Date: **16 April 2021**

Creator: Cabinet Office

No Information has been Withheld

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Cabinet

Minute of Decision

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2021 Budget Package: Vote Revenue

On 12 April 2021, Cabinet:

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2021 Budget package, as listed in the summary below and detailed in the attached initiative documents:

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25
13521	Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework	-	9.109	4.507	1.715	0.351
13136	Ensuring the tax system is operating fairly	-	2.470	2.530	-	-
Total Operating		-	11.579	7.037	1.715	0.351

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2020/21	2021/22	2022/23	2023/24	2024/25
13521	Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework	-	(0.109)	(0.596)	(1.117)	(1.599)
Total Capital		-	(0.109)	(0.596)	(1.117)	(1.599)

- 2 **approved** changes to appropriations to implement the initiatives, as set out in the attached initiative documents;
- 3 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;

- 4 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2020/21 Supplementary Estimates, the 2021/22 Estimates and the fiscal forecasts;
- 5 **noted** that all communications relating to the 2021 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Michael Webster
Secretary of the Cabinet

Vote: Revenue

Appropriation Administrator: Inland Revenue

Title: Reinstating the Training Incentive Allowance for Levels 4 to 7 on the New Zealand Qualifications Framework

Initiative Sponsors: Ministry of Education

Description: This initiative will provide four years of funding to support around 16,000 sole parents, disabled people and carers receiving an eligible benefit with study costs when studying at levels 4 to 7 on the New Zealand Qualifications Framework. Higher-level qualifications are expected to improve participants' employment outcomes and incomes.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Operating Balance Impact	-	9.109	4.507	1.715	0.351
Debt Impact	-	(0.109)	(0.596)	(1.117)	(1.599)
Total	-	9.000	3.911	0.598	(1.248)

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Non-Departmental Other Expenses:					
Initial Fair Value Write-Down Relating to Student Loans	-	9.197	4.765	2.071	0.774
Total Operating	-	9.197	4.765	2.071	0.774

Additional recommendations

- 6 **agreed** that the Operating Balance Impact of \$15.682 million be charged against the COVID-19 Response and Recovery Fund established at Budget 2020;
- 7 **noted** that the Debt Impact line above shows capital receipts from the repayment of student loans and will not be credited against an allowance as this is expected to be fiscally neutral over 10 years;
- 8 **noted** that the difference between the appropriation amounts and the Operating Balance Impact above represents an adjustment for the net present value of the expected repayments (“interest unwind”);
- 9 **noted** that related funding has also been provided through each of Vote Social Development (Initiative 13240) and Vote Tertiary Education (Initiative 13532).

Vote: Revenue

Appropriation Administrator: Inland Revenue

Title: Ensuring the tax system is operating fairly

Initiative Sponsors: Inland Revenue

Description: This initiative will collect information on the level of net worth and tax paid by high wealth individuals and their related entities. This information will be used to develop basic research to evaluate the proportion of economic income that this group pays in tax, and understand the overall distribution of income and wealth.

Appropriation changes

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Impact	-	2.470	2.530	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.470	2.530	-	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Departmental Output Expenses:					
Policy Advice (funded by revenue Dept)	-	0.300	0.300	-	-
Multi-Category Expenses and Capital Expenditure:					
Services for Customers (MCA)					
<i>Departmental Output Expenses:</i>					
Services to Ministers and to inform the public about entitlements and meeting obligations (funded by revenue Dept)	-	2.170	2.230	-	-
Total Operating	-	2.470	2.530	-	-