

The Treasury

Budget 2022 Information Release

August 2022

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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Out of Scope
- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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2022 Budget Package: Vote Customs

Appropriation Administrator: New Zealand Customs Service

It is recommended that the relevant Appropriation Minister and the Minister of Finance jointly:

- 1 **note** that Cabinet has approved the Budget initiative(s) for the above Vote for inclusion in the 2022 Budget package, as detailed in the summary table(s) below:

Summary of funded initiative(s) agreed by Cabinet:

Operating Initiative(s) (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14231	Addressing Tobacco Smuggling	-	1.983	3.011	2.132	3.272
13644	Financial Sustainability: Supporting Cash Flow	-	-	-	-	-
Total Operating		-	1.983	3.011	2.132	3.272

Capital Initiative(s) (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
14231	Addressing Tobacco Smuggling	-	0.399	0.275	-	-
13644	Financial Sustainability: Supporting Cash Flow	-	58.500	-	-	-
Total Capital		-	58.899	0.275	-	-

[33]

2 **note** that Cabinet has:

- i. **authorised** the relevant Appropriation Minister and the Minister of Finance (Joint Ministers) jointly to agree to the changes to appropriations (including establishment of new appropriations if necessary) and/or capital injections and related recommendations necessary to give effect to the initiative(s) included in the 2022 Budget package for the above Vote, as detailed in the summary table(s) above;
- ii. **authorised** Joint Ministers jointly to agree that the proposed changes to appropriations and/or capital injections for 2021/22 approved by Joint Ministers as authorised above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- iii. **agreed** that expenses or capital expenditure against appropriations and capital injection authorisations set out in the 2022/23 Estimates and being sought in the Appropriation (2022/23 Estimates) Bill may be met from Imprest Supply until that Bill is enacted and comes into force;
- iv. **authorised** Joint Ministers, for each contingency initiative, jointly to agree:
 - a. the work that needs to be completed or other conditions that need to be satisfied before the contingency is drawn down into appropriations;
 - b. whether the draw down into appropriations requires Cabinet approval or the approval of Joint Ministers;
 - c. the expiry date of contingency funding;
 - d. any related recommendations necessary to give effect to the contingency initiative;
- v. **authorised** Joint Ministers to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2021/22 Supplementary Estimates, the 2022/23 Estimates and the fiscal forecasts;
- vi. **authorised** the chief executives of departments that monitor Crown entities directly affected by Budget decisions taken by Cabinet or taken by Joint Ministers as authorised by Cabinet to inform the chair and/or chief executive of a Crown entity, on a Budget-in-confidence-until-Budget-day basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent and/or Statement of Performance Expectations;
- vii. **noted** that all communications relating to the 2022 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;

3 **agree** to establish new appropriations where required to implement the initiative(s)

included in the summary table(s) above, as detailed in the attached initiative document(s);

- 4 **approve** changes to appropriations and/or the capital injections to the administering department (where applicable) to implement the initiative(s) included in the summary table(s) above, as set out in the attached initiative document(s);
- 5 **approve** the additional recommendation(s) to give effect to the initiative(s), as set out in the attached initiative document(s);
- 6 **agree** that the proposed change(s) to appropriations and/or capital injections for 2021/22 detailed in the attached initiative document(s) be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase(s) be met from Imprest Supply;

Vote: Customs

Appropriation Administrator: New Zealand Customs Service

Title: Addressing Tobacco Smuggling

Description: This initiative supports increased capacity to investigate and prosecute organised tobacco smuggling groups and counter tax evasion from tobacco smuggling.

Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	1.983	3.011	2.132	3.272
Net Core Crown Debt Impact Only	-	0.399	0.275	-	-
No Impact	-	-	-	-	-
Total	-	2.382	3.286	2.132	3.272

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Departmental Output Expenses:					
Revenue Collection and Other Services (funded by revenue Crown)	-	1.983	3.011	2.132	3.272
Capital Injections:					
New Zealand Customs Service - Capital Injection	-	0.399	0.275	-	-
Total Operating	-	1.983	3.011	2.132	3.272
Total Capital	-	0.399	0.275	-	-

Additional Recommendation

- 7 **agree** that the Minister of Finance and the Minister of Customs may jointly approve changes to the phasing of operating funding received for this initiative to ensure alignment with the implementation plan;

Vote: Customs

Appropriation Administrator: New Zealand Customs Service

Title: Financial Sustainability: Supporting Cash Flow

Description: This initiative will provide a temporary capital injection to support Customs' reduced cash flow caused by the shortfall in third party funding due to the low number of travellers. As the number of travellers increases, Customs will repay this injection.

Appropriation Changes

	\$m - increase/(decrease)						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance Impact*	-	-	-	-	-	-	-
Net Core Crown Debt Impact Only	-	58.500	-	-	-	(58.500)	-
No Impact	-	-	-	-	-	-	-
Total	-	58.500	-	-	-	(58.500)	-

* Unless non-cash, will also impact net core Crown debt.

	\$m - increase/(decrease)						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Capital Injections:							
New Zealand Customs Service - Capital Injection	-	58.500	-	-	-	-	-
Capital Withdrawals:							
New Zealand Customs Service - Capital Withdrawal	-	-	-	-	-	(58.500)	-
Total Operating	-	-	-	-	-	-	-
Total Capital	-	58.500	-	-	-	(58.500)	-

Additional Recommendations

- 8 **agree** that the Minister of Finance and the Minister of Customs may jointly reschedule or rephase the \$58.500 million capital withdrawal scheduled for 2026/27 based on the balance of the Border Clearance Levy memorandum account;
- 9 **agree** that the Minister of Finance and Minister of Customs may jointly establish a departmental appropriation for any finance cost implications from the repayable capital injection;

- 10 **agree** that the Minister of Finance and Minister of Customs may jointly, increase departmental baselines if necessary, to provide for capital charge liabilities arising from the above capital injection and the 2021/22 capital injections at the 2022 October Baseline Update;
- 11 **note** that any such increases to departmental baselines will be funded by revenue other;

