

# 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 Revenue

### Appropriation Administrator: Inland Revenue Department

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
14033	Reduction in revenue from ACC	-	10.600	10.600	10.600	10.600
14048	Research & Development Tax Incentive administration costs – Vote Revenue	-	3.400	3.850	3.850	3.850
13947	Responding to COVID-19 demand and maintaining capability and integrity	-	21.700	53.100	53.100	26.600
<b>Total Operating</b>		-	<b>35.700</b>	<b>67.550</b>	<b>67.550</b>	<b>41.050</b>

- 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 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;
  - v. **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;

- vi. **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:** Revenue

**Appropriation Administrator:** Inland Revenue Department

**Title:** Reduction in revenue from ACC

**Description:** This initiative will replace \$10.6 million in revenue each year that Inland Revenue currently receives from ACC for the collection of earner levies. The amount paid by ACC was last reviewed in 2002 and there have been significant cost savings and other changes since then. Inland Revenue and ACC have developed a new approach for determining the fee so there is no cross-subsidisation. This initiative ensures that Inland Revenue’s services are not adversely affected.

**Appropriation Changes**

	<b>\$m - increase/(decrease)</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26 &amp; Outyears</b>
Operating Balance Impact*	-	10.600	10.600	10.600	10.600
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>10.600</b>	<b>10.600</b>	<b>10.600</b>	<b>10.600</b>

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

	<b>\$m - increase/(decrease)</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26 &amp; Outyears</b>
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Services for Customers (MCA)					
<i>Departmental Output Expenses:</i>					
Services to Process Obligations and Entitlements (funded by revenue Crown)	-	10.600	10.600	10.600	10.600
Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA)	-	10.600	10.600	10.600	10.600
<b>Total Operating</b>	<b>-</b>	<b>10.600</b>	<b>10.600</b>	<b>10.600</b>	<b>10.600</b>
<b>Total Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Vote:** Revenue

**Appropriation Administrator:** Inland Revenue Department

**Title:** Research & Development Tax Incentive administration costs – Vote Revenue

**Description:** This initiative will fund the administration costs for Inland Revenue to deliver its responsibilities within the Research and Development Tax Incentive (RDTI) scheme. This is a flagship Government initiative that aims to increase business investment in R&D. Specifically, the funding will enable Inland Revenue to employ 35 to 45 FTEs each year to assess eligible expenditure and take overall responsibility for approving or declining RDTI claims.

### Appropriation Changes

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	3.400	3.850	3.850	3.850
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>3.400</b>	<b>3.850</b>	<b>3.850</b>	<b>3.850</b>

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

	Sm - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
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 Crown)	-	1.300	1.500	1.500	1.500
Services to Process Obligations and Entitlements (funded by revenue Crown)	-	2.100	2.350	2.350	2.350
Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA)	-	3.400	3.850	3.850	3.850
<b>Total Operating</b>	-	<b>3.400</b>	<b>3.850</b>	<b>3.850</b>	<b>3.850</b>
<b>Total Capital</b>	-	-	-	-	-

**Vote:** Revenue

**Appropriation Administrator:** Inland Revenue Department

**Title:** Responding to COVID-19 demand and maintaining capability and integrity

**Description:** This initiative would retain up to 240 full-time equivalent employees to support the response to and recovery from COVID-19. For example, it will enable Inland Revenue to address rising levels of unfiled returns and debt, to support affected customers to get their tax obligations right from the start, and to respond to emerging integrity risks. The initiative also includes funding to manage remuneration cost pressures from 2022/23 to 2024/25.

### Appropriation Changes

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance Impact*	-	21.700	53.100	53.100	26.600
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	-	-	-	-	-
<b>Total</b>	-	<b>21.700</b>	<b>53.100</b>	<b>53.100</b>	<b>26.600</b>

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

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b>					
Services for Customers (MCA)					
<i>Departmental Output Expenses:</i>					
Investigations (funded by revenue Crown)	-	4.400	11.600	11.600	5.500
Management of Debt and Unfiled Returns (funded by revenue Crown)	-	3.300	8.400	8.500	4.000
Policy advice (funded by revenue Crown)	-	0.400	0.600	0.600	0.700
Services to Ministers and to inform the public about entitlements and meeting obligations (funded by revenue Crown)	-	9.500	22.100	22.000	11.300
Services to Process Obligations and Entitlements (funded by revenue Crown)	-	4.100	10.400	10.400	5.100
<b>Total Multi-Category Expenses and Capital</b>	-	<b>21.700</b>	<b>53.100</b>	<b>53.100</b>	<b>26.600</b>

Expenditure: Services for Customers (MCA)					
<b>Total Operating</b>	-	<b>21.700</b>	<b>53.100</b>	<b>53.100</b>	<b>26.600</b>
<b>Total Capital</b>	-	-	-	-	-