

The Treasury

Budget 2024 Information Release

September 2024

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From: [Claire Hubert \[TSY\]](#)
To: [Emma Grigg](#)
Cc: [Emily Fulford \[TSY\]](#); [Claire McLellan \[TSY\]](#); [Robert O'Hara \[TSY\]](#); [Connor Haythornthwaite \[TSY\]](#); [^Parliament: Simon McLoughlin](#); [^Parliament: Hamish Dick](#); [^Parliament: Grant Johnston](#); [Emma Harris \[TSY\]](#); [^Parliament: Paula Oliver](#); [Nick Venter](#); [Rachael Bowie](#); [Michael Eglinton \[TSY\]](#)
Subject: RE: Cab paper feedback- for action
Date: Thursday, 9 May 2024 11:06:00 am

Hi Emma,

Have checked with our Analytics & Insights team and we can't think of any further detail that MoF should be aware of when using these figures.

We tried to tie down a definition of an earner earlier in this work but it proved to be very complicated, so we stuck with the definition of an individual used in our TAWA model - being aged 15 and over.

Thanks for sharing!

Claire

From: Emma Grigg <Emma.Grigg@parliament.govt.nz>
Sent: Thursday, May 9, 2024 10:13 AM
To: Claire Hubert [TSY] <Claire.Hubert@treasury.govt.nz>; Emma Harris [TSY] <Emma.Harris@treasury.govt.nz>
Cc: Emily Fulford [TSY] <Emily.Fulford@treasury.govt.nz>; Claire McLellan [TSY] <Claire.McLellan@treasury.govt.nz>; Robert O'Hara [TSY] <Robert.O'Hara@treasury.govt.nz>; Connor Haythornthwaite [TSY] <Connor.Haythornthwaite@treasury.govt.nz>; ^Parliament: Simon McLoughlin <simon.mcloughlin@parliament.govt.nz>; ^Parliament: Hamish Dick <Hamish.Dick@parliament.govt.nz>; ^Parliament: Grant Johnston <Grant.Johnston@parliament.govt.nz>; ^Parliament: Paula Oliver <paula.oliver@parliament.govt.nz>; Nick Venter <Nicolaas.Venter@parliament.govt.nz>; Rachael Bowie <Rachael.Bowie@parliament.govt.nz>
Subject: RE: Cab paper feedback- for action

Hi Claire – MOF gave a pre Budget speech this morning and used the 83% statistic – that is 83% of individuals ~~under~~ ~~over~~ 15 will benefit from the tax package. I also confirmed with her that the individuals population in this instance includes individuals that are not earning. I understand that it is not possible to run this number on individuals who are earners. Is there any more detail I should be aware of if she is going to be using this number. I note the Cabinet paper uses the individuals percentage of 83% and also the household percentage of 94%.

Thanks

Emma

From: Claire Hubert [TSY] <Claire.Hubert@treasury.govt.nz>
Sent: Tuesday, April 23, 2024 3:40 PM
To: Emma Harris [TSY] <Emma.Harris@treasury.govt.nz>
Cc: Emily Fulford [TSY] <Emily.Fulford@treasury.govt.nz>; Claire McLellan [TSY]

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Subject: RE: Cab paper feedback- for action

Hi Emma,

No problem. Thank you for those clarifications.

We have completed the requests – further detail below. I'll add suggested text which includes the below data into the draft Cabinet paper now, and tag you. Please note we still need to QA some of these figures. I've also added the suggested text on implementation from IR.

Thanks

Claire

Additional data requests

1. **The maximum amount people will benefit from the package - \$51 per fortnight**

- From PIT changes only – individuals earning above \$78,100 can gain \$40 per fortnight (to the nearest dollar)
- From PIT + IETC changes – individuals earning between \$53,500 and \$66,000 can gain \$51 per fortnight (to the nearest dollar)
- If the individual is a parent they may be able to gain more from IWTC and FamilyBoost policies, but this becomes complicated as it depends on the make-up and total income of the family (are they a sole parent, do they have a partner who is an earner), age of children, number of children, etc.

2. **How much an average income household with 2 primary-school age children would gain per fortnight** (i.e. the example in National's Back Pocket Boost document) - **\$102 per fortnight**

- In the year ended June 2023, average household income was \$126,411
- We would assume this income was split 50/50 between two adults, so they would earn c.\$63,205 each
- Each individual would therefore gain \$51 per fortnight (to the nearest dollar), as with the figures above
- This would give a total household gain of \$102 per fortnight (to the nearest dollar), which is very similar to the example given in the Back Pocket Boost document
- The presence of primary school aged children is irrelevant, as they are not young enough to qualify for FamilyBoost refunds to Early Childhood Education costs, and the household earns too much to qualify for IWTC changes.

Request no.3 ends up with no relevant factors that are different to no.2, as we assume a 50/50 income split for the average household, and the 2 primary-school aged children made no difference.

Earners vs households

Our data lets us look at individuals (i.e. all adults aged over 15), though we have never looked at earners (i.e. removing adults who do not have income from the dataset). We would not be able to deliver something that looks solely at earners in the given timeframe, so we have looked at individuals.

We could say:

- 83% of individuals gain from the tax package
- An average individual gains by \$32/fortnight

Please note the above figures have just been developed with new BEFU forecasts so are yet to be QA-ed (we can do this before midday tomorrow).

Hamish's reference to the \$2.15 gained would be the weekly amount that an individual earning between \$15,600 and \$44,000 would receive (i.e. \$4.30/fortnight) if they were not eligible for IWTC or FamilyBoost changes. This is because they will only gain from the first PIT threshold change (the IETC changes kick in at \$44,000). However, this does not represent the average individual.

We have also updated our household figures with BEFU forecasts, and overall the package increases the income of 94% of households by \$60 per fortnight on average. Households with children gain by \$39 per week on average.

We can give explanatory lines about households, if helpful. This could be something like:
Households are defined as one or more people living together in a private dwelling and sharing facilities. A household could contain more than one family, which is defined as a single person or couple and any dependent children.

From: Emma Harris [TSY] <Emma.Harris@treasury.govt.nz>

Sent: Tuesday, April 23, 2024 10:53 AM

To: Claire Hubert [TSY] <Claire.Hubert@treasury.govt.nz>

Cc: Emily Fulford [TSY] <Emily.Fulford@treasury.govt.nz>; Claire McLellan [TSY] <Claire.McLellan@treasury.govt.nz>; Robert O'Hara [TSY] <Robert.O'Hara@treasury.govt.nz>; Connor Haythornthwaite [TSY] <Connor.Haythornthwaite@treasury.govt.nz>; ^Parliament: Emma Grigg <emma.grigg@parliament.govt.nz>

Subject: RE: Cab paper feedback- for action

Hi Claire

The paper is going to MoF for approval tomorrow afternoon, so figures **by 1pm tomorrow** would be great. Apologies for my mistake in the commissioning email, I can confirm we are after further detail on the second bullet, rather than an additional ask:

- If known, the maximum amount people will benefit from the package (e.g. x per fortnight)
- How much an average income household **with 2 children** would benefit per fortnight
- How much an average income household with income split 50/50 would benefit by (MoF has listed \$100 per fortnight, unsure if this is accurate)

On your other points

- MoF wants to clarify whether the figure given on page 6 of [this doc](#) (\$100 per fortnight benefit for 2 **primary-school aged** children) is correct
- MoF's rationale for changing to 'earners' was that an 'earner' is more easily definable (and the benefit more easily calculable) than a household- which as you say, can have a number of different structures. Hamish seemed to think that the \$2.15 was the amount some earners (rather than households) would benefit by- **is this correct?** If the analysis has been conducted based on households I think its fine to leave it as that but may be useful to have some lines in the TR on the calculation methodology.

Please call me if unclear- would be useful to chat this through!

From: Claire Hubert [TSY] <Claire.Hubert@treasury.govt.nz>

Sent: Tuesday, April 23, 2024 10:09 AM

To: Emma Harris [TSY] <Emma.Harris@treasury.govt.nz>

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Subject: RE: Cab paper feedback- for action

Hi Emma,

Thanks for your message.

Timeline

Can I confirm **what time today** you need the additional data? I can then come back with a list for you of what is possible before that time.

Data requests

I've reviewed the updated paper and there seems to be a couple of differences. In this e-mail I understand that you have asked for:

1. The maximum amount an individual earner will benefit from the package per fortnight
2. How much an average income household would benefit per fortnight
3. How much an average income household with income split 50/50 would benefit by per fortnight

In a comment on the paper you have instead written in the list of what you need:

4. How much an average income household **with 2x children** would benefit by per fortnight

Can I confirm if this is intended to be an additional ask, or further detail on number (2)?

Please note that a policy such as FamilyBoost is dependent on the age of the children (whether they are in early childhood education or not), so a family with 2x very young children stands to benefit much more in potential ECE refunds than a family with 2x teenage children. Is this comment perhaps intended to seek figures for a household with 2x young children, both in ECE?

You have also edited some of the text to change figures from “households” to “earners”. A household can be made up of a range of different adults-with-jobs/adults-without-jobs etc. For example, it will include single-adult households, or households where one adult works and the other doesn't. For this reason, an “earner” is not simply a household divided by 2. We can give you figures for earners, but they will be different than for households. Please can you confirm whether you are also asking for:

5. How many individual earners gain from the package?
6. How much does an individual earner gain from the package per fortnight on average?

Let me know if any of this is unclear and whether it would be helpful for us to pick up with the office directly for clarification.

Thanks

Claire

From: Emma Harris [TSY] <Emma.Harris@treasury.govt.nz>
Sent: Monday, April 22, 2024 7:34 PM
To: Claire McLellan [TSY] <Claire.McLellan@treasury.govt.nz>; Claire Hubert [TSY] <Claire.Hubert@treasury.govt.nz>; Robert O'Hara [TSY] <Robert.O'Hara@treasury.govt.nz>; Connor Haythornthwaite [TSY] <Connor.Haythornthwaite@treasury.govt.nz>; ^Parliament: Emma Grigg <emma.grigg@parliament.govt.nz>
Cc: Emily Fulford [TSY] <Emily.Fulford@treasury.govt.nz>
Subject: Cab paper feedback- for action

Hello tax team!

We've now received feedback from MoF on the B24 Cabinet paper we provided on Friday night. We've started making her marked up changes in the Teams version of the paper I uploaded today (you should have received an access link). She had a few revisions to the tax section and also requests for some specific figures.

It would be amazing if you could:

- Review the updated text (in particular, MoF asked for tax savings to be given by fortnight rather than week. I have doubled the numbers but keen for confirmation this is correct as realise it may be more nuanced!)
- [@^Parliament: Emma Grigg](#) are we able to be any more specific on why the PIT, IWTC, and IETC tax changes cannot be implemented before 31 July? (Hamish said you might know), What's currently in the paper is:

The PIT, IWTC, and IETC tax changes will be effective from 31 July 2024. I was advised that in order to ensure these changes could be implemented without major delivery challenges, the implementation date would need to be delayed. This date provides New Zealanders with relief as soon as possible, while allowing employers, payroll software providers, payroll service providers and Government organisations a reasonable amount of

time to implement the changes.

- Provide \$ figures for the below (MoF wants to include these as they were in the PM's pledge card):
- If known, the maximum amount people will benefit from the package (e.g. x per fortnight)
- How much an average income household with income split 50/50 would benefit by (MoF has listed \$100 per fortnight, unsure if this is accurate)
- How much an average income household would benefit per fortnight

I realise this is a lot to ask, and MoF has communicated that she understands if these estimates cannot be provided in time for the Cabinet paper lodging.

Many thanks- and let me know if you have any questions!

Emma

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