

The Treasury

Budget 2024 Information Release

September 2024

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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).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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
- [31] 9(2)(f)(ii) - to maintain the current constitutional conventions protecting collective and individual ministerial responsibility
- [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] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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From: [Jean Le Roux \[TSX\]](#)
 To: [Parliament, Emma Grigg](#)
 Cc: [Claire McElellan \[TSX\]](#); [Robert O'Hara \[TSX\]](#); [Laura King \[TSX\]](#); [Jas Singh \[TSX\]](#)
 Subject: Overview of flow ons
 Date: Wednesday, 10 April 2024 10:03:09 am
 Attachments: [fmao001.png](#)

Hi Emma

Following our chat this morning, please find below what I understand the picture to be re. flow ons.

- Recipients of main benefits will not automatically gain from the package and this has been flagged to MoF at numerous occasions. We understand there is no willingness to change the status quo. However, Ministers could choose to make an accompanying increase to main benefit rates for an additional fiscal cost - should they wish to do so, the decision would need to be made this week.
- Student Allowances will automatically increase by around \$2 per week as a result of changes to personal income tax thresholds, as they are set gross of income tax. However, the flow-through to student allowance can be prevented by reducing the gross rates in legislation so that the net rates remain unchanged. We recommend taking a consistent approach to main benefits and student allowances, i.e. both gain or both do not gain. If MoF wants to prevent flow on to student allowances we need a decision this week. If no decision then tax changes will flow through by default. The table below was included in B team TR provided to Hamish yesterday – it summarises the issue and is one channel to secure MoF's decision.
- The maximum rate of student loan living costs will not automatically adjust, and we do not recommend applying an equivalent increase.
- New Zealand Superannuation rates will experience both a direct increase (as they are set gross of tax and will increase due to personal income tax threshold adjustments) and an indirect increase (as they are set relative to the net average wage, which will increase from the personal income tax threshold adjustments).

Initiative ID	Initiative title	Residual issue	Treasury recommendation	Minister of Finance decision	Operating (\$million)							Capital (\$million)
					2023/24	2024/25	2025/26	2026/27	2027/28 & outyears	Total Operating	Operating Per annum	Total Capital
15745	Personal income tax threshold changes	<p>You have a choice around whether to allow the tax changes to flow through to people receiving Student Allowance. The rates of Student Allowance are set gross in legislation which means that without further decisions, the tax changes would directly apply to the net rates of Student Allowance.</p> <p>The flow-through to Student Allowance would be around \$2 per week, provided that the gross rates are at least \$300 per week.</p> <p>Alternatively, flow-through to Student Allowance could be prevented altogether. This would require a decision to reduce the gross rates of Student Allowance to stop the tax changes from flowing through.</p>	<p>We have assessed this and recommend preventing the tax changes flowing through to Student Allowances. Alignment with the benefit system is a principle of the student support system, and since main benefits will not increase from the tax changes, the same approach should be taken for Student Allowance.</p> <p>Preventing the tax changes flowing through would require reducing the gross (before-tax) rates of Student Allowances so that the net (after-tax) rates stay the same after the tax changes.</p> <p>This would involve changing legislation to reduce the gross rates of Student Allowance. Even though the overall effect would be that the net rates of Student Allowance people receive would not change, there is a risk that the decision to reduce the gross rates is scrutinised.</p> <p>This would <i>reduce</i> the cost of the personal income tax threshold changes by \$13.3 million over the forecast period.</p> <p>We have consulted with the Ministry of Education on this recommendation.</p>	<i>Agree to reduce the gross rates of Student Allowance to prevent the personal income tax changes flowing through to the net rates.</i>	-	3.1	3.4	3.4	3.4	13.3	3.3	N/A



Jean Le Roux
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 Te Tai Ōhanga – The Treasury
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