

The Treasury

Budget 2024 Information Release

September 2024

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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
- [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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Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Budget 2024 Package: Vote Revenue

On 29 April 2024, Cabinet:

Appropriation Administrator: Inland Revenue Department

- 1 **approved** the Budget initiatives for the above Vote for inclusion in the 2024 Budget package, as listed in the summary tables below and detailed in the attached initiative documents:

Summary of initiatives:

Operating Initiatives (Impact on Operating Balance)

| Initiative ID | Initiative Name | \$m - increase/(decrease) | | | | |
|------------------------|---|---------------------------|---------------|--------------|--------------|--------------------|
| | | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| 16154 | Crypto-asset Regulatory Framework – Implementation and Operating Costs | - | 1.400 | 2.000 | 3.000 | 3.700 |
| 15753 | FamilyBoost – Additional Operating Costs - Inland Revenue | - | 2.000 | 2.000 | - | - |
| 16170 | Final-year Fees Free - Implementation and Operating Costs | - | 0.320 | 0.435 | 0.735 | 1.035 |
| 15770 | Reduction in Operating Expenditure – Inland Revenue | - | (14.600) | (14.600) | (14.600) | (14.600) |
| 15772 | Reduction in Systems Maintenance and Change Capacity – Inland Revenue | - | (15.000) | (15.000) | (15.000) | (15.000) |
| 15767 | Investment in Compliance Activities – Operating Costs | - | 29.000 | 29.000 | 29.000 | 29.000 |
| 15754 | Personal Income Tax and Independent Earner Tax Credit Threshold Changes – Operating Costs | - | 9.450 | 4.200 | - | - |
| Total Operating | | - | 12.570 | 8.035 | 3.135 | 4.135 |

Capital Initiatives (Impact on Debt)

| Initiative ID | Initiative Name | \$m - increase/(decrease) | | | | |
|----------------------|--|---------------------------|--------------|--------------|---------|--------------------|
| | | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| 16154 | Crypto-asset Regulatory Framework – Implementation and Operating Costs | - | - | 6.700 | - | - |
| 16170 | Final-year Fees Free - Implementation and Operating Costs | - | 0.700 | - | - | - |
| Total Capital | | - | 0.700 | 6.700 | - | - |

Note: Throughout the document, “total operating” refers to funding over five years (2023/24 to 2027/28) and “total capital” refers to funding over 10 years (2023/24 to 2032/33).

- 1 **noted** that the Minister of Finance and the Minister of Revenue (Joint Ministers) have agreed to amend the Multi Category Appropriation scope statement and category names to be included in the 2023/24 Supplementary Estimates;
- 2 **noted** that policy decisions needed to implement the Tax Package have been included in the Budget 2024 Significant Initiatives Package [CAB-24-MIN-0148];

Rachel Hayward
Secretary of the Cabinet

Vote: Revenue

Appropriation Administrator: Inland Revenue Department

Title: Crypto-asset Regulatory Framework – Implementation and Operating Costs

Description: This initiative provides funding for the development and administration of the Crypto-asset Reporting Framework. The Crypto-asset Reporting Framework is a global minimum standard developed by the Organisation for Economic Cooperation and Development to ensure tax administrators globally have sufficient information to enforce tax laws on taxpayers who derive income from trading crypto-assets.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | 1.400 | 2.000 | 3.000 | 3.700 |
| Net Core Crown Debt Impact Only | - | - | 6.700 | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 1.400 | 8.700 | 3.000 | 3.700 |

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

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|--------------|--------------|--------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Capital Injections: | | | | | |
| Inland Revenue Department - Capital Injection | - | - | 6.700 | - | - |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | 0.800 | 1.100 | 2.200 | 1.500 |
| Services to process obligations and entitlements (funded by revenue Crown) | - | 0.600 | 0.900 | 0.800 | 0.500 |
| Services to protect the integrity of the tax system and functions the Commissioner administers (funded by revenue Crown) | - | - | - | - | 1.700 |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | 1.400 | 2.000 | 3.000 | 3.700 |
| Total Operating | - | 1.400 | 2.000 | 3.000 | 3.700 |
| Total Capital | - | - | 6.700 | - | - |

Additional Recommendation

- 4 **noted** that there is a corresponding initiative in Vote Revenue (IRD-Crown) (Initiative 16150);

Vote: Revenue

Appropriation Administrator: Inland Revenue Department

Title: FamilyBoost – Additional Operating Costs - Inland Revenue

Description: This initiative provides \$4 million of additional operating funding to Inland Revenue for the administration of FamilyBoost. Initial operating funding for Inland Revenue of \$39.2 million over the forecast period was previously agreed by Cabinet [CAB-24-MIN-0089].

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|--------------|--------------|---------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | 2.000 | 2.000 | - | - |
| Net Core Crown Debt Impact Only | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 2.000 | 2.000 | - | - |

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

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|--------------|--------------|---------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to manage debt and unfiled returns (funded by revenue Crown) | - | 0.100 | 0.100 | - | - |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | 1.400 | 1.400 | - | - |
| Services to process obligations and entitlements (funded by revenue Crown) | - | 0.100 | 0.100 | - | - |
| Services to protect the integrity of the tax system and functions the Commissioner administers (funded by revenue Crown) | - | 0.400 | 0.400 | - | - |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | 2.000 | 2.000 | - | - |
| Total Operating | - | 2.000 | 2.000 | - | - |

Additional Recommendation

5 **noted** that initial funding for this initiative was previously agreed by Cabinet [CAB-24-MIN-0089];

| | |
|-------------------------------------|---|
| Vote: | Revenue |
| Appropriation Administrator: | Inland Revenue Department |
| Title: | Final-year Fees Free - Implementation and Operating Costs |
| Description: | This initiative provides funding to Inland Revenue for the implementation and administration costs of the Government's commitment to replace first-year Fees Free with a final-year Fees Free scheme. |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|--------------|--------------|--------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | 0.320 | 0.435 | 0.735 | 1.035 |
| Net Core Crown Debt Impact Only | - | 0.700 | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 1.020 | 0.435 | 0.735 | 1.035 |

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

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|--------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Capital Injections: | | | | | |
| Inland Revenue Department - Capital Injection | - | 0.700 | - | - | - |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | 0.080 | 0.435 | 0.735 | 1.035 |
| Services to process obligations and entitlements (funded by revenue Crown) | - | 0.240 | - | - | - |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | 0.320 | 0.435 | 0.735 | 1.035 |
| Total Operating | - | 0.320 | 0.435 | 0.735 | 1.035 |
| Total Capital | - | 0.700 | - | - | - |

Additional Recommendation

- 6 **noted** that there are corresponding initiatives in Vote Tertiary Education (Initiative 15736), Vote Social Development (Initiative 16169), and Vote Revenue (IRD-Crown) (Initiative 16177);

Vote: Revenue

Appropriation Administrator: Inland Revenue Department

Title: Reduction in Operating Expenditure – Inland Revenue

Description: This savings initiative returns \$14.6 million per annum operating funding for expenditure such as travel, training, accommodation, overtime, and contractors and consultants at Inland Revenue.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|-----------------|-----------------|-----------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | (14.600) | (14.600) | (14.600) | (14.600) |
| Net Core Crown Debt Impact Only | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | (14.600) | (14.600) | (14.600) | (14.600) |

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

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|-----------------|-----------------|-----------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to manage debt and unfiled returns (funded by revenue Crown) | - | (1.800) | (1.800) | (1.800) | (1.800) |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | (6.700) | (6.700) | (6.700) | (6.700) |
| Services to process obligations and entitlements (funded by revenue Crown) | - | (3.800) | (3.800) | (3.800) | (3.800) |
| Services to protect the integrity of the tax system and functions the Commissioner administers (funded by revenue Crown) | - | (2.300) | (2.300) | (2.300) | (2.300) |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | (14.600) | (14.600) | (14.600) | (14.600) |
| Total Operating | - | (14.600) | (14.600) | (14.600) | (14.600) |

| | |
|-------------------------------------|--|
| Vote: | Revenue |
| Appropriation Administrator: | Inland Revenue Department |
| Title: | Reduction in Systems Maintenance and Change Capacity – Inland Revenue |
| Description: | This savings initiative returns \$15 million per annum operating funding for expenditure on systems maintenance and change capacity at Inland Revenue. |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|-----------------|-----------------|-----------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | (15.000) | (15.000) | (15.000) | (15.000) |
| Net Core Crown Debt Impact Only | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | (15.000) | (15.000) | (15.000) | (15.000) |

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

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|-----------------|-----------------|-----------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | (4.500) | (4.500) | (4.500) | (4.500) |
| Services to process obligations and entitlements (funded by revenue Crown) | - | (10.500) | (10.500) | (10.500) | (10.500) |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | (15.000) | (15.000) | (15.000) | (15.000) |
| Total Operating | - | (15.000) | (15.000) | (15.000) | (15.000) |

| | |
|-------------------------------------|--|
| Vote: | Revenue |
| Appropriation Administrator: | Inland Revenue Department |
| Title: | Investment in Compliance Activities – Operating Costs |
| Description: | This initiative provides funding for Inland Revenue to increase its compliance activities on tax and student loan overseas-based borrowers, including those returning, or visiting, New Zealand. |

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|---------------|---------------|---------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | 29.000 | 29.000 | 29.000 | 29.000 |
| Net Core Crown Debt Impact Only | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 29.000 | 29.000 | 29.000 | 29.000 |

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

| | \$m - increase/(decrease) | | | | |
|--|---------------------------|---------------|---------------|---------------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to manage debt and unfiled returns (funded by revenue Crown) | - | 2.900 | 2.900 | 2.900 | 2.900 |
| Services to protect the integrity of the tax system and functions the Commissioner administers (funded by revenue Crown) | - | 26.100 | 26.100 | 26.100 | 26.100 |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | 29.000 | 29.000 | 29.000 | 29.000 |
| Total Operating | - | 29.000 | 29.000 | 29.000 | 29.000 |

Additional Recommendation

- 7 **noted** that there is a corresponding initiative in Vote Revenue (IRD-Crown) (Initiative 15740).

Vote: Revenue

Appropriation Administrator: Inland Revenue Department

Title: Personal Income Tax and Independent Earner Tax Credit Threshold Changes – Operating Costs

Description: This initiative will adjust the current income tax rates or thresholds (including the parameters of the Independent Earners Tax Credit) to provide tax relief and allow New Zealanders to keep more of their income.

Appropriation Changes

| | \$m - increase/(decrease) | | | | |
|---------------------------------|---------------------------|--------------|--------------|---------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Operating Balance Impact* | - | 9.450 | 4.200 | - | - |
| Net Core Crown Debt Impact Only | - | - | - | - | - |
| No Impact | - | - | - | - | - |
| Total | - | 9.450 | 4.200 | - | - |

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

| | \$m - increase/(decrease) | | | | |
|---|---------------------------|--------------|--------------|---------|--------------------|
| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 & Outyears |
| Multi-Category Expenses and Capital Expenditure: | | | | | |
| Services for Customers (MCA) | | | | | |
| <i>Departmental Output Expenses:</i> | | | | | |
| Services to Ministers and to assist and inform customers to get it right from the start (funded by revenue Crown) | - | 8.300 | 4.200 | - | - |
| Services to process obligations and entitlements (funded by revenue Crown) | - | 1.150 | - | - | - |
| Total Multi-Category Expenses and Capital Expenditure: Services for Customers (MCA) | - | 9.450 | 4.200 | - | - |
| Total Operating | - | 9.450 | 4.200 | - | - |

Additional Recommendations

- 8 **noted** that there are corresponding initiatives in Vote Revenue (Initiative 15745), Vote Social Development (Initiative 16209), and Vote Housing and Urban Development (Initiative 16208);
- 9 **noted** that policy decisions needed to implement the Tax Package have been included in the Budget 2024 Significant Initiatives Package [CAB-24-MIN-0148].