

# The Treasury

## Budget 2017 Information Release

### Release Document July 2017

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Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

[1]	to prevent prejudice to the security or defence of New Zealand or the international relations of the government	6(a)
[4]	to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial	6(c)
[11]	to damage seriously the economy of New Zealand by disclosing prematurely decisions to change or continue government economic or financial policies relating to the entering into of overseas trade agreements.	6(e)(vi)
[23]	to protect the privacy of natural persons, including deceased people	9(2)(a)
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[29]	to avoid prejudice to the substantial economic interests of New Zealand	9(2)(d)
[31]	to maintain the current constitutional conventions protecting collective and individual ministerial responsibility	9(2)(f)(ii)
[33]	to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials	9(2)(f)(iv)
[34]	to maintain the effective conduct of public affairs through the free and frank expression of opinions	9(2)(g)(i)
[36]	to maintain legal professional privilege	9(2)(h)
[37]	to enable the Crown to carry out commercial activities without disadvantages or prejudice	9(2)(i)
[38]	to enable the Crown to negotiate without disadvantage or prejudice	9(2)(j)
[39]	to prevent the disclosure of official information for improper gain or improper advantage	9(2)(k)
[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

Reference: T2017/711 SH-13-5-2-3

Date: 21 March 2017

To: Minister of Finance (Hon Steven Joyce)  
Associate Minister of Finance (Hon Simon Bridges)  
Associate Minister of Finance (Hon Amy Adams)

Deadline: None



## Aide Memoire: Further tax and transfer package options – distributional analysis on individuals

We have previously provided analysis for the three tax and transfer package options presented in Table 1 (T2017/583, T2017/595, T2017/630 and T2017/691 refer). This note provides the distributional analysis on an individual basis for Packages 4, 5a and 6a.

**Table 1: Tax and transfer packages**

	Package 4	Package 5a	Package 6a
Tax thresholds	Increase the \$14,000 threshold to \$18,000, and the \$48,000 to \$52,000.	Increase the \$14,000 threshold to \$22,000, and the \$48,000 to \$55,000.	Increase the \$14,000 threshold to \$22,000, and the \$48,000 to \$52,000.
Independent Earner Tax Credit (IETC)	Maintain the existing IETC.	Remove the IETC.	
Family Tax Credit (FTC)	Align the FTC rates to the eldest child rates, increase abatement rate to 23.75% and reduce the abatement threshold to \$35,900.		
Accommodation Supplement	Update the maxima to reflect 2016 median rents, while re-allocating areas to reflect rental costs.		
<b>Fiscal cost<sup>1</sup> (including clawback)</b>	<b>\$2,000 m</b>	<b>\$2,800 m</b>	<b>\$2,350 m</b>

All of the results in this note are sourced from Taxwell. Suppressed results (\*) are because values must have more than 3000 counts (weighted) and 10 or more sample units.<sup>2</sup>

### Distributional analysis for packages on an individual basis

Tables 2, 3 and 4 present the distributional analysis on an individual basis for the income tax thresholds, FTC, and IETC elements of the three additional packages. Because Working for Families is assessed at the family level, the methodology we use to attribute this component to individuals may artificially inflate the number of winners and losers. As before, we have not included Accommodation Supplement in the distributional impacts as neither Treasury nor MSD models can appropriately capture all of the interactions between the various components of the package.

<sup>1</sup> Rounded to the nearest \$50 million.

<sup>2</sup> Access to the Household Economic Survey data was provided by Statistics New Zealand under conditions designed to give effect to the security and confidentiality provisions of the Statistics Act 1975. The results presented here are the work of the Treasury, not Statistics New Zealand.

**Table 2: Package 4 distributional analysis on an individual basis**

Individual taxable income	Total number of individuals	Number of individuals gaining	Average weekly gain for gaining individuals	Number of families individuals	Average weekly loss for losing individuals
0 - \$14,000	539,000	143,000	\$18	13,000	\$-2
\$14,000 - \$31,000	408,000	371,000	\$12	*	*
\$31,000 - \$48,000	463,000	462,000	\$8	*	*
\$48,000 - \$60,000	305,000	305,000	\$15	*	*
\$60,000 - \$70,000	171,000	171,000	\$17	*	*
\$70,000 - \$100,000	327,000	327,000	\$17	*	*
\$100,000 - \$125,000	117,000	117,000	\$15	*	*
\$125,000 - \$150,000	57,000	57,000	\$15	*	*
\$150,000 +	97,000	97,000	\$15	*	*
	2,483,000	2,050,000	\$14	16,000	\$-2

**Table 3: Package 5a distributional analysis on an individual basis**

Individual taxable income	Total number of individuals	Number of individuals gaining	Average weekly gain for gaining individuals	Number of families individuals	Average weekly loss for losing individuals
0 - \$14,000	539,000	143,000	\$18	14,000	\$-2
\$14,000 - \$31,000	408,000	373,000	\$13	*	*
\$31,000 - \$48,000	463,000	463,000	\$6	*	*
\$48,000 - \$60,000	305,000	305,000	\$25	*	*
\$60,000 - \$70,000	171,000	171,000	\$29	*	*
\$70,000 - \$100,000	327,000	327,000	\$29	*	*
\$100,000 - \$125,000	117,000	117,000	\$28	*	*
\$125,000 - \$150,000	57,000	57,000	\$28	*	*
\$150,000 +	97,000	97,000	\$28	*	*
	2,483,000	2,052,000	\$19	15,000	\$-2

**Table 4: Package 6a distributional analysis on an individual basis**

Individual taxable income	Total number of individuals	Number of individuals gaining	Average weekly gain for gaining individuals	Number of families individuals	Average weekly loss for losing individuals
0 - \$14,000	539,000	143,000	\$18	14,000	\$-2
\$14,000 - \$31,000	408,000	373,000	\$13	*	*
\$31,000 - \$48,000	463,000	463,000	\$6	*	*
\$48,000 - \$60,000	305,000	305,000	\$21	*	*
\$60,000 - \$70,000	171,000	171,000	\$22	*	*
\$70,000 - \$100,000	327,000	327,000	\$22	*	*
\$100,000 - \$125,000	117,000	117,000	\$21	*	*
\$125,000 - \$150,000	57,000	57,000	\$20	*	*
\$150,000 +	97,000	97,000	\$20	*	*
	2,483,000	2,052,000	\$16	15,000	\$-2

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