



Tax Working Group
Te Awheawhe Tāke

Tax Working Group Information Release

Release Document

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This paper has been prepared by the Secretariat to the Tax Working Group for consideration by the Tax Working Group.

The advice represents the preliminary views of the Secretariat and does not necessarily represent the views of the whole Group or the Government.

Some papers contain draft suggested text for the Final Report. This text does not constitute the considered views of the Group. Please see the Final Report for the agreed position of the Group.

Key to sections of the Official Information Act 1982 under which information has been withheld.

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

Coversheet: **Engagement strategy**

*Discussion Paper for Session 18 of the Tax Working Group
14 September 2018*

Purpose of discussion

The first part of this paper outlines the Secretariat's proposed targeted engagement strategy (excluding the Te Ao Māori workstream). The second part of this paper outlines the planned engagement on environmental issues, including details of planned focus groups.

Key points for discussion

- Does the Group agree with proposed overall approach (Part I of this note)?
- Does the Group agree with proposed approach for the environmental workstream specifically (Part II of this note)?

Recommended actions

We recommend that you:

- a **indicate** if you agree with the proposed approach for the overall approach, specifically:
 - i. targeted engagement with subject matter experts;
 - ii. targeted engagement with representative groups
- b **indicate** whether you are comfortable with the names of proposed people/groups to be included in targeted engagement.
- c **indicate** if you agree with the proposed approach for the environment workstream, specifically:
 - i. focus groups with environmental interest groups in Auckland, Wellington and the South Island;
 - ii. targeted engagement with other interest groups from agriculture and energy sectors.
- d **indicate** whether you wish to be involved in the focus groups or targeted engagement, and if so, which parts.

Engagement Strategy

Discussion Paper for Session 18 of the Tax Working Group

Engagement strategy

Part I: Overall approach

1. We consider that targeted consultation on some topics in the Interim Report is required before the Final Report is written. This note sets out our proposed engagement strategy.
2. There are specific areas that we think would benefit from targeted engagement with *subject matter experts*. There are also items on the TWG's forward agenda that would benefit from being discussed with *representative groups*. Our proposed plan for both of these types of targeted engagement is set out below.

Purpose of engagement

3. Targeted public engagement on proposals, particularly the design issues for extending the taxation of capital income (ETCI) is likely to greatly benefit the Group's final recommendations. Early testing of proposals with the right people will ensure that they are more likely to be workable, and have buy-in from affected groups. The objective is to involve a wider set of expertise in order to help the Secretariat better advise the Group as the Group comes to final recommendations on topics.
4. The targeted engagement would be designed to obtain input from subject matter experts, tax specialists, industry groups, and affected people both on specific technical aspects, and on the impact of the proposals.

High level process

- Discuss proposed people/groups identified for targeted engagement (and confirm with TWG in today's meeting)
 - Run workshops/focus groups
 - Include feedback from engagement into recommendations to TWG on items on the forward agenda
5. If the Group agrees with this strategy, we will begin working with the Group or individual members of the Group to prepare for engagement in late September/October 2018.

Engagement with subject matter experts

6. The areas that we think would benefit from specific, targeted engagement with subject matter experts are set out below.

Topic	Suggested subject matter experts	Approximate timeframe	TWG member(s) to indicate if they want to be involved
Collective investment vehicles (managed funds/PIEs/KiwiSaver)	Darshana Elwela and John Cantin – KPMG Matthew Hanley - EY Mark Russell – PwC Greg Haddon – Deloitte Tom Reiher – MMC Ltd	Week beginning 17 September	
Farming, including livestock and bloodstock	Rural Advisory group	Week beginning 24 September	
Application of ETCI to Māori assets	See separate plan		
Environmental issues	See separate plan		

Note: There are separate, detailed plans for Māori engagement and environmental engagement (attached).

Approach for engaging on other items on the forward agenda

7. For a number of other items on the forward agenda we also recommend engagement with representative groups who commonly engage on recommended tax policy changes. We propose contacting these groups following the release of the Interim Report, and arranging workshops with them on one or more topics (depending on their areas of interest). We have used this approach previously for other large policy projects. The representative groups commonly volunteer some of their members who are happy to meet with officials to discuss/debate detailed policy design issues.
8. For ETCI, these other items would include things like rollover and ringfencing, intangibles and equity interests, treatment of expenditure, administrative design issues (for example information reporting and withholding taxes)
9. On the other areas of the forward agenda, we propose to approach:
- Corporate Taxpayers Group
 - Chartered Accountants Australia and New Zealand
 - Business New Zealand
 - New Zealand Law Society
 - The Big 4 firms
 - Australian practitioners/industries (particularly with reference to possible compliance cost savings)

Part II: Engagement on environmental issues

10. This is a scoping note for engagement on specifically environmental issues prepared with Marjan van den Belt.

Purpose:

1. To socialise and test Chapter 9 and its role in the interim report with a group of stakeholders.
2. To get feedback on findings / recommendations for Chapter 9 of the interim report (Resource-specific recommendations and frameworks - Do the presented frameworks (i.e. traditional tax characteristics, Living Standard Framework and Tax and/or Policy criteria) meaningfully support a desirable transition?)
3. To get feedback on other issues they would like the Group to consider (To consider the unique position of the role of taxation in long-term transitioning for positive ecological and environmental outcomes as one critical component of sustainable development)

Format:

- **Focus groups** with environmental interest groups. Number of focus groups and location tbc – planning on up to three sessions in Auckland, Wellington and South Island. Proposed attendees (taken from submissions received):
 - *NGOs:* Environment and Conservation Organisations of NZ; Environmental Defence Society; Forest and Bird; Greenpeace; NZ Centre for Sustainable Cities (Ralph Chapman); Wise Response
 - *Other groups with a strong interest:* EY, Parliamentary Commissioner for the Environment, Pamu (Landcorp), Waikato Regional Council
 - *Academics:* Felicity Williams, Simon Chapple, Toby Moore, Emily Watson
- **Meeting** with agricultural group – propose Fed Farmers and/or Fertilizer Association
- **Possible meeting** with energy / hydro groups – propose Mercury and/or Z Energy

Proposed timeline:

- 14 September (TWG meeting) – Agree this scope note with TWG
- Late September/early October – Logistics confirmed, invites out
- 9 October [tentative] – Focus group in Wellington
- 10 October [tentative] – Focus group in Auckland
- 11 October [tentative] – Focus group in South Island
- 26 October (TWG meeting) – Marjan apologies
- 2 November – Write up completed
- 9 November – Consideration at TWG (as part of consideration of consultation agenda item)

Costs:

- Travel expenses for Group members (plus possible secretariat support) to any focus groups outside of Wellington