

7 November 2013

Mr Andrew Crow
fyi-request-1195-58a8a047@requests.fyi.org.nz

Dear Mr Crow

Thank you for your request made under the Official Information Act 1982 (OIA), received on 9 October 2013. You requested:

In the last few months there has been many reports of the new tax computer system and a projects cost of \$1.5B over 10 years ... I request a copy of the costings given in the business case that was given to the minister.

I also request a breakdown of the \$1.5B as:

- 1. Cost of hardware.*
- 2. Cost of software purchased.*
- 3. Cost of software written for the project.*
- 4. Cost of contractors.*
- 5. Cost of internal staff time.*
- 6. Any other relevant costs.*

As this project is still in early stages I understand that the costs will be estimates.

It is important to note that the Government has not approved spending \$1.5 billion on the business transformation programme. Final costs of the programme will depend on the choices the Government makes about the extent of Inland Revenue's business change.

Modernising Inland Revenue is necessary to enable the department to deliver better, smarter and more cost-effective services for our customers. This will include a systematic and comprehensive transformation in the operation of Inland Revenue's business, which involves people, processes and policy, enabled by a transformation of the department's technology.

Indicative cost estimates for the business transformation programme were discussed in our *Briefing for the Incoming Minister of Revenue – 2011* and were an early projection of the likely total cost over a period of up to ten years.

You can view the briefing on Inland Revenue's tax policy website, www.taxpolicy.ird.govt.nz, by going to *Publications* and choosing *Browse by type, Other* and *Briefing for the Incoming Minister of Revenue – 2011*. The briefing was released in February 2012. Accordingly, the document is refused under section 18(d) of the OIA, as the information requested is publicly available.

Two additional documents are covered by your request:

- *Inland Revenue Business Transformation: Delivering New Zealand's Revenue System – Report back* (draft Cabinet paper 7 August 2013), and
- *Inland Revenue Business Transformation: Delivering New Zealand's Future Revenue System* (Cabinet paper 22 August 2013).

The Programme Business Case (PBC) outlined in the Cabinet paper *Inland Revenue Business Transformation: Delivering New Zealand's Future Revenue System* is currently being considered by the Government and is a high-level, direction-setting document. Although the PBC contains some high-level cost estimates for the Government's consideration, it does not provide costs for the programme to the level of specificity you request. That level of detail will be provided in future detailed business cases seeking funding for discrete pieces of work within the programme.

The two documents above are withheld in full under section 18(c)(i) of the OIA, as making available the information requested would be contrary to the provisions of a specified enactment, namely the proper operation of Inland Revenue's secrecy obligation in section 81 of the Tax Administration Act 1994 (TAA).

Section 81 imposes a duty on all officers to maintain secrecy of all matters relating to the Inland Revenue Acts. The documents mentioned above relate to the Inland Revenue Acts. Section 81 also sets out a number of exceptions to the secrecy requirement. I have considered all the exceptions that relate to your request. Making the information available is not carrying into effect the Inland Revenue Acts (section 81(1)), nor carrying out a duty of the Commissioner (section 81(1B)). Further, I do not consider that your request falls within any of the other exceptions listed in section 81(4) of the TAA.

Making the information available would disclose high-level cost estimates for a significant project that is currently in the marketplace for services, and will continue to be for some time. Disclosing estimated costing information will prejudice Inland Revenue's position.

This fully covers the information you requested.

You have the right to ask the Ombudsman to investigate and review my decision. The office of the Ombudsman can be contacted at PO Box 10152, The Terrace, Wellington 6143.

Alternatively, you may have the decision reviewed by a review officer who reports directly to the Commissioner of Inland Revenue. Choosing the internal right of review does not preclude you from subsequently seeking a review by the Ombudsman, should you be dissatisfied with the department's internal review. To ask for an internal review, please write to the Commissioner of Inland Revenue, PO Box 2198, Wellington 6140, setting out the details of your complaint.

Yours sincerely



Greg James
Deputy Commissioner, Change