

Budget 2020: Positioning New Zealand for recovery?

WHAT'S HAPPENED?



Global pandemic

4,429,236 cases,
298,165 deaths.

Economic and social shutdowns

WHAT'S THE IMPACT?



4.6% forecast NZ GDP reduction for June 2021 year ▼

Unemployment forecast to peak at **9.8%** September 2020 ▲

GOVERNMENT FINANCES



A total **\$62b** fund to respond to COVID. Budget announcements leave **\$20b** to be committed.

Crown debt forecast to increase from **\$88b** to **\$200b (30.2% to 53.3% of GDP)** by June 2024.

WHAT DOES THE BUDGET SAY GOVERNMENT WILL DO?



Approximately **\$3b** increase per annum with majority in health but including money for mycoplasma bovis, international film production and regional skills and others

CORE PUBLIC SERVICES

COVID-19 FUND



\$4bn Business support, including limited extension to the wage subsidy, loans for R&D activity, NZTE support for exporters and Government assistance for e-commerce



\$400m tourism sector recovery, **\$137m** for Whanau Ora and **\$195m** for Pacific. Arts and sports sectors to be confirmed.



\$1b environment jobs on the land, pest eradication and Department of Conservation estate



\$1.6b Trades and apprenticeship package



\$5b housing, **8,000** additional houses and tenant support



\$3b infrastructure project announcements to come



Additional assistance for caregivers, expanding School Lunch programme. Further announcements as the need arises and the decision is made



WHAT IS THE MESSAGE?

COVID-19 is the Godzilla in the room but it isn't being ignored. **The Budget** focuses on the immediate. Although there are some small signs of a longer term focus, there is not yet a sense of **what the new economy looks like.**



The **COVID** measures are focused on the practical with the hope that there will be longer term benefits.