

New Zealand Budget 2021

WHAT'S HAPPENING GLOBALLY?



Global pandemic

163,869,893 cases, **3,398,302** deaths, **1,407,945,776** vaccine doses administered

Economic and social shutdowns

*as of May 2021

WHAT DOES THIS MEAN FOR NEW ZEALAND?



0.9% reduction in NZ GDP compared to the previous year

Unemployment is **4.7%** now and projected to drop to **4.2%**.

GOVERNMENT FINANCES



The Government is committed to spending around **\$19b** over the next four years (**\$15.1b in operating expenditure** and **\$3.9b in capital**).

Covid Response and Recovery Fund will retain **\$5.1b** as a buffer for any future resurgence.

Crown debt is not forecast to go above **50% of GDP** at any point in the forecast.

WHAT DOES THE BUDGET SAY GOVERNMENT WILL DO?



\$3.8b per year to support recovery from COVID-19, together with **\$3.9b over 4 years** in capital investment.

The majority of new spending is in social development to lift main benefit rates, roll out the COVID-19 vaccine, and support economic recovery through the investment in infrastructure.



Increasing the main benefits by between **\$32 and \$55 per adult per week**. This will affect around **109,000 families** and lift up to **33,000 children out of poverty**



\$4.7b investment in **Health**, including support for DHB cost and volume pressures, new capital and health system reform.



Around **\$1b** will be spent on **Maori health and housing**.

\$380m is set aside for **Whai Kainga, Whai Oranga** (housing) and another **350m** from the Housing Acceleration Fund.

Over **\$240m** will be spent on the **Maori Health Authority**.



Significant investment in physical capital, including **\$3.8b** through the **Housing Acceleration Fund** and **\$1.3b in the rail network**.



\$1.5b for the **vaccine programme**, covering the purchase of vaccines and the roll-out programme.

Continued investment in **MIQ** to keep Covid at the border (**\$333m**)



around **\$244m** to support tourism communities and support small businesses with digital training.



WHAT IS THE MESSAGE?



New Zealand is recovering well from the immediate impact of COVID, but there is significant uncertainty.



We expect the Government to increase the focus on climate change in the next year's Budget.



The Budget balances the investment in COVID-19 recovery with significant investment in social welfare to support those who may not be directly benefiting from the economic recovery.