



New Zealand Budget 2024

We've characterised the Budget as 'dancing on the head of a pin' - the Finance Minister pulling off some bold moves, whilst maintaining the precarious balance of trying not to overstep (inflationary) or stall (by suppressing business and consumer confidence) - with the hope of better times ahead.

Against the backdrop of a difficult economic and fiscal environment, the Government's first Budget aims to demonstrate restraint whilst investing in infrastructure, providing relief to New Zealanders still facing cost of living pressures, and signalling to business that Government aims to get out of the way.



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Key facts and figures (2024/25)

- 0.2%** Real GDP growth in 2024, increasing to 1.7% in 2025
- 3.4%**: Inflation forecast for 2024, dropping to 2.2% in 2025
- 4.9%**: Unemployment rate start of 2024 and expected to grow to 5.2% in 2025



What this means for Aotearoa New Zealand

- \$13.4:** Operating deficit in 2024/25
- 2027/28** Forecast return to surplus
- \$2.4b** : Net new Capital funding



Government finances

- \$9.1b:** Total 'new' spending per year
- \$5.9b:** Total 'savings'/new revenue measures per year
- \$2.7b** reduction in tax revenue in 2025 but forecast to increase by \$35.8b by 2028
- 43.1%:** Government debt (% of GDP)



Where is the Government focusing?

Tax relief: \$14.7b

As promised in its election manifesto, the Government has delivered personal tax cuts aimed at low-middle income New Zealanders worth on average around **\$60 per fortnight** plus a range of additional tax credits.

Health and social services: \$8b

The budget invests \$5.5 billion in hospital and specialist services, primary care and public health showing a commitment to frontline health services.

Education: \$2.93b

\$1.48 billion for new schools and classrooms prioritises infrastructure. Also includes a 2.5-3% increase in school operating budgets, \$153m for charter schools and \$477m for free school lunches.

Law and order: \$2.9b

Corrections benefits the most with \$1.94 billion for more Corrections officers and prison expansions. Police will have an increase of around \$650m for more police officers, increased pay and infrastructure.

Infrastructure: \$68b total investment over 5 years

\$4.1b investment in land transport makes roading the main priority for new investment with an additional \$1.2 billion for the Regional Infrastructure Fund and \$1 billion for cyclone and flood recovery.

Social investment: \$51m

Funding will be dedicated to establishing the new Social Investment Agency and a Social Investment Fund for commissioning new initiatives.

Defence: \$571m

A significant increase in Defence Force pay and projects, including upgrading equipment and infrastructure.

**Compared with Budget 2023*