

# Budget 2021

## At a glance



### Key spending areas



#### Business

- \$44 million for Digital Boost
- \$200 million for Tourism investment



#### Health

- \$486 million for health system reform
- \$200 million for Pharmac
- \$1.4 billion for COVID-19 vaccines



#### Infrastructure

- \$1.3 billion for rail projects
- \$296 million for Three Waters Reform



#### Climate Change

- \$300 million for NZ Green Investment Finance
- ETS revenue to be recycled for emissions reduction



#### Housing

- \$380 million for Māori Housing Fund
- Ring fenced \$350 million from the Housing Acceleration Fund for Māori



#### Welfare

- Increase in benefits from \$32 to \$55 per week commencing 1 July 2021

### Economic growth

New Zealand's real GDP growth is improving and expected to strengthen from 2.9% in 2021 to 4.4% in 2023. Growth is then expected to slow to 2.9% by 2025. This compares to Budget 2020 when growth was not expected to become positive until June 2022.

### Employment

The employment outlook is also positive, with a return to almost pre-COVID levels. Unemployment has declined to 4.7% in March 2021 and is expected to reduce to 4.2% to June 2025. House price growth will peak at 17.3% in June 2021 and slow to 0.9% by June 2022.

### Fiscal position

Net core Crown debt is expected to peak in 2023/24 at a total of \$184.2 billion. Debt projections have reduced compared to HYEPU 2020, confirming we are doing better than anticipated. Crown expenses remain high as a reflection of the cost of COVID-19 and will reach \$121.1 billion by 2024/25.

### Core Crown revenue and expenses (2021)

<p><b>\$91 billion</b> Total taxation revenue</p>	<b>\$43.5b Individual Tax</b>	<p><b>\$110.7 billion</b> expenditure</p>
	<b>\$13.4b Corporate Tax</b>	
	<b>\$2.1b Other Direct Income Tax</b>	
	<b>\$24.5b GST</b>	
	<b>\$7.5b Other Indirect Taxation</b>	
	<b>\$6.2b Core government services</b>	
	<b>\$16.3b Education</b>	
	<b>\$2.0b Environmental protection</b>	
	<b>\$23.8b Health</b>	
	<b>\$2b Housing</b>	
	<b>\$37.4b Social security and welfare</b>	
	<b>\$23.0b Additional expenses</b>	