



# BUILDING THE RECOVERY Budget Facts

Budget 2010 focuses on lifting long-term economic growth to create jobs, boost incomes, raise living standards, and provide world-class public services to help Kiwi families get ahead. It also keeps us on track to reverse the deficit and get the Budget back into surplus.

SHARE YOUR VIEWS  
HEAR JOHN'S NEWS

Subscribe to Key Notes at  
[www.johnkey.co.nz](http://www.johnkey.co.nz)

**National**  
[www.national.org.nz](http://www.national.org.nz)



## FOCUSES ON GROWTH AND HELPS KIWI FAMILIES GET AHEAD



### The biggest tax reform in nearly 25 years

Average wage earner will be about \$15 a week better off.  
Average family will be about \$25 better off.



### Supports Research, Science, and Technology

A key engine of faster growth. \$321m over 4 years.



**\$2.1b extra for frontline health priorities** over the next 4 years. An extra \$512m in 2010/11.



**\$1.4b extra for better schooling and early childhood education** over 4 years. An extra \$417m for 2010/11.



### More steps to control rising debt

The Government will be back in surplus by 2016 – 3 years earlier than Budget 2009.

## BIGGEST TAX REFORM IN NEARLY 25 YEARS

The tax package provides incentives for Kiwis to get ahead, leaves the vast majority better off, and tilts the economy towards savings, exports, and productive investment.

### 1 October 2010

- Across the board tax cuts - all personal tax rates cut.
- GST rises to 15%.
- NZ Super, Working for Families, and Benefits rise to compensate for GST rise.

### 2011/12 Income Year

- Company tax rate falls to 28%.
- Tighter rules around investment property tax.

At all income levels, across-the-board personal tax cuts more than offset the rise in GST. Low, middle, and high income earners receive a broadly proportionate increase in after-tax incomes.

## CALCULATE YOUR TAX CUT



To get a more accurate estimate of how the tax package affects you, visit the tax calculator at:  
[www.taxguide.govt.nz](http://www.taxguide.govt.nz)

## BETTER PUBLIC SERVICES

**\$1.8 BILLION**

**Lower priority spending** freed up over 4 years for priority areas in health, education, and law and order. This is on top of \$2 billion of lower-priority spending found in Budget 2009.

## SOUND FINANCIAL MANAGEMENT

**\$1.1 BILLION**

**Annual operating allowance for new spending** We will restrict future increases in this allowance to 2 per cent a year.

## A GROWING ECONOMY

**3.2% GROWTH**

In Gross Domestic Product (GDP) forecast in March 2011 year, up from 2.4% predicted in December.

**1.0% EXTRA GROWTH**

Forecast over the next decade thanks to the Budget 2010 tax package.

## BUDGET FIGURES AT A GLANCE

**\$70.7 BILLION**

### Total Core Crown Expenses

An increase of \$5.9 billion in 2010/11 – including adjustments to benefits and NZ Super, and higher government finance costs, which fall outside the operating allowance.

**\$8.6 BILLION**

### Operating Deficit

Before gains and losses for 2010/11 – up from \$6.9 billion the previous year, partly due to timing issues around the tax package, which will be fiscally neutral over the forecast period. Deficits will continue until 2016 – 3 years earlier than Budget 2009.

**14.1% OF GDP**

### Net Crown Debt

Forecast to rise to a peak of 27.4% of GDP in 2015, before falling.

**\$1.45 BILLION**

**Extra Capital Spending** Over 4 years.

# Budget Initiatives at a Glance



## RESEARCH, SCIENCE, AND TECHNOLOGY

Boosting science to help faster economic growth.

**\$321**  
MILLION

for new initiatives. Includes \$234m for supporting business research and development, including technology development grants for firms doing R&D.



## HEALTH

Improving frontline health services for patients.

**\$2.1**  
BILLION

extra for health priorities. Includes \$512m extra for 2010/11.

\$1.4b extra for District Health Boards.

\$59.5b for extra Elective Surgery, including \$8m for breast reconstruction surgery.

\$93m extra for Disability Services.

\$24m for a national Bowel Cancer screening pilot programme.

TWENTY new Doctor Training Places.

\$80m extra for Medicines.



## EDUCATION

Ensuring young New Zealanders have the opportunity to reach their potential and succeed.

**\$1.4**  
BILLION

extra for better schooling and early childhood education. Includes \$417m extra for 2010/11.

\$107m extra for Early Childhood Education and continued funding for 20 hours ECE – to a total of \$1.3b in 2010/11.

\$155.9m new Operational Funding for Schools.

\$349.3m in new operating and capital funding for School Property – includes \$82m in 2010/11 to fix leaky school buildings.

\$48.1m for the Youth Guarantee, increasing the number of places available from 2000 to 2500 next year.

\$48.3m to build Ultra-fast Broadband Support for schools.

765 extra places at Universities.

455 extra core places at Technology Institutes and Polytechs to respond to demand.



## SOCIAL DEVELOPMENT

Better frontline support for those in need.

\$90.5m into a fund for Non-Government Organisations to deliver extra high-quality services.

\$134.3m for Whanau Ora to help families in need.

\$14.9m invested in services for Teenage Parents.

\$26.7m in 2010/11 to expand the Job Opportunities programme – doubling places to 12,000 for 16-24 year-olds with low or no qualifications.



## HOUSING

Growing the supply of affordable housing for families.

\$20m to extend the Housing Innovation Fund, including \$16m for grants and loans to support Social and Affordable Housing and a further \$4m to cover loan impairments.

\$350,000 New Welcome Home Loan limit raised from \$280,000 for first home buyers in higher priced areas.



## INFRASTRUCTURE

Unlogging the arteries of growth, creating jobs, and getting our economy moving.

**\$1.45**  
BILLION for projects in 2010/11 – the second year of a 5-year \$7.5b infrastructure programme.

\$200m for the roll-out of Ultra-Fast Broadband, plus \$48m more for broadband in schools.

\$500m for upgrade of Auckland Rail, and \$250m for the wider rail network and rolling stock.

\$337.4m to lift Prison Capacity and manage justice sector pressures.

\$177.4m for New Schools and School Property.

\$10.7b over 10 years for State Highways. \$3.3b over 5 years to upgrade the National Grid.

## OTHER KEY INITIATIVES

\$75.9m for a new Joint Border Management System to replace ageing border clearance systems run by MAF & Customs.

40,000 Kiwi households have joined Warm Up New Zealand: Heat Smart. We are investing \$347.3m to retrofit more than 180,000 homes with insulation and clean heating.

350 extra Police already on the street towards 600 new frontline police by the end of 2011.