



BUILDING THE RECOVERY Budget in Brief

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 rein in debt and get the Budget back into surplus.

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REFORMING THE TAX SYSTEM

Our tax package is the biggest reform of the tax system in nearly 25 years. Changes are designed to help boost economic growth, make the tax rules fairer, and help hard-working Kiwis get ahead under their own steam.

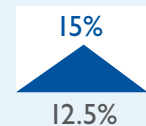
1 OCTOBER 2010



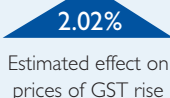
Across the Board Tax Cuts

Income Under \$14,000	Income \$14,001 - \$48,000	Income \$48,001 - \$70,000	Income Over \$70,000
12.5%	21%	33%	38%
10.5%	17.5%	30%	33%

GST



Superannuation, Working For Families, & Benefits



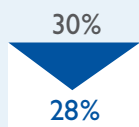
Tax Rates on Savings



2011



Company Tax Cut



Ensuring New Zealand is competitive.

1 April



Making Working For Families Fairer

- Tightening rules around investment and rental losses.
- Ending inflation adjustment of abatement threshold to stop higher-earners getting bigger increases than lower-earners.



Investment Property Changes

1 April

- Ending the ability to claim depreciation on buildings with a life of 50 years or more.
- Tightening the rules on Loss Attributing Qualifying Companies (LAQCs).

CALCULATE YOUR TAX CUT



To get a better estimate of how the tax package affects you, visit the tax calculator at:

www.taxguide.govt.nz

A GROWING ECONOMY

3.2%

Expected growth rate of the economy in the March 2011 year.

2016

The year the Budget is forecast to return to surplus. 3 years earlier than forecast in Budget 2009.

BETTER FRONTLINE PUBLIC SERVICES

\$1.1 BILLION

New spending in 2010/11.

\$1.8 BILLION

Spending freed up over 4 years for priority areas like health, education, and law & order.

SPENDING BOOST



HEALTH ▲ \$512m in 2010/11

\$2.1b more over 4 years for frontline health priorities.



EDUCATION ▲ \$417m in 2010/11

\$1.4b more over 4 years for better schooling and early childhood education.



Research, Science, and Technology

\$321m over 4 years for new initiatives. Science is a key engine for faster growth.



Faster Broadband

\$248m extra over 4 years for our flagship broadband initiatives to help grow jobs and our economy.

WHAT THE TAX PACKAGE MEANS



The Average Family \$76,000 income a year
2 kids, a mortgage, receive Working For Families
After tax cuts, GST rise, and WFF increase:

>> **\$25 A WEEK BETTER OFF**



The Average Earner \$50,000 income a year
Renting, and saving towards a first home
After tax cuts and GST rise:

>> **\$16 A WEEK BETTER OFF**



A Retired Couple receiving NZ Super
Own their home, no other income
After tax cuts, GST rise, and Super increase:

>> **\$11 A WEEK BETTER OFF**



Own 10 Houses

A High Income couple \$300,000 income a year
Own ten rental properties
Claim depreciation equal to their rental income
After tax cuts, GST rise, & depreciation changes:

>> **\$107 A WEEK WORSE OFF**