

# BUDGET 2021 SUMMARY

## MAY 2021

---



## Budget 2021 Summary

The Minister of Finance, Grant Robertson, has stated that the government response to COVID-19 and the strong management of the economy means New Zealand is well placed for economic recovery to accelerate and allow the government to address many longstanding social issues.

This budget is primarily focused on delivering more support and services to those on low incomes and is designed to make more progress in the areas of health, child poverty and housing affordability.

The government expects our economy to expand during the second half of this year with growth reaching 4.4% by June 2023.

Fiscal forecasts for the period shows a deficit reaching 5.3% of GDP in June 2022 before declining to 0.6% of GDP by June 2025. Net core Crown debt will reach 48% of GDP in 2023, before reducing to 43.6% of GDP at the end of the forecast period.

We note that tax rates have not been mentioned other than the expectation that the recently announced rules regarding the deductibility of interest for residential rental property owners and the extension of the Brightline Test from 5 years to 10 years will provide some funding for the budget spending.

## In detail

### Benefit Boost

There will be a \$3.3b boost to benefits between \$32 and \$55 per adult.

Adults that receive employment or disability benefits will receive an increase to their benefits of a further \$20 from July 2021. This increase is expected to lift between 19,000 and 33,000 children out of poverty.

On 1 April 2022 there will be a further increase in benefits with families with children receiving another \$15 a week. Other benefits will also be increased to levels in line with recommendations from the Government's welfare advisory group.

The student living support will also increase by \$25 per week on 1 April 2022.

The jobseeker support benefit will move from \$267 a week to \$315 a week. This is a 17.9% increase.

### Health

District Health Boards will receive \$2.7b to allow them to deal with cost pressures and \$500m has been allocated to deal with the sweeping changes announced recently by the Minister of Health.

\$1.5b has been set aside to fund the COVID-19 vaccination program.

This funding also includes additional funding for PHARMAC and the establishment of a Maori Health Authority.

### Housing and Infrastructure

The government intends to invest \$57.3b over the next 5 years on infrastructure projects.

They have allocated \$380m towards new Maori housing as well as a further \$350m of the recently announced \$3.8b Housing Acceleration Fund has been set aside to enable construction of more homes for Maori.

They will provide funding of \$1.3b for future rail initiatives that cover the acquisition of 60 new locomotives, 1,900 new wagons and a top up of the National Land

Transport Fund to allow for the upgrade of the rail network and provide additional funding for KiwiRail.

## Environment

\$300m will be invested to re-capitalise Green Investments Finance so that it can continue to invest to support climate change mitigation measures.

\$120m has been allocated to deliver more insulation to Kiwi homes as part of the Warmer Kiwi Homes initiative.

## Tourism

Out of the COVID-19 Recovery fund, \$200m has been set aside for tourism communities that have been most affected by the border closure. The government are looking for a tourism reset.



## Wider Support

The government has set aside \$44m to allow partnerships with the private sector to deliver a 2 year national program to supply digital business skills to small businesses as well as \$527m to continue funding the healthy school lunch program.

**FOR MORE INFORMATION ON THE BUDGET 2021 AND HOW WE CAN HELP YOU PLEASE CONTACT US**



For any enquires contact

[www.dfkogc.com](http://www.dfkogc.com)

Level 4  
52 Symonds Street  
Auckland 1010

PO Box 6077  
Victoria Street West  
Auckland 1142

Phone  
09 379 3890