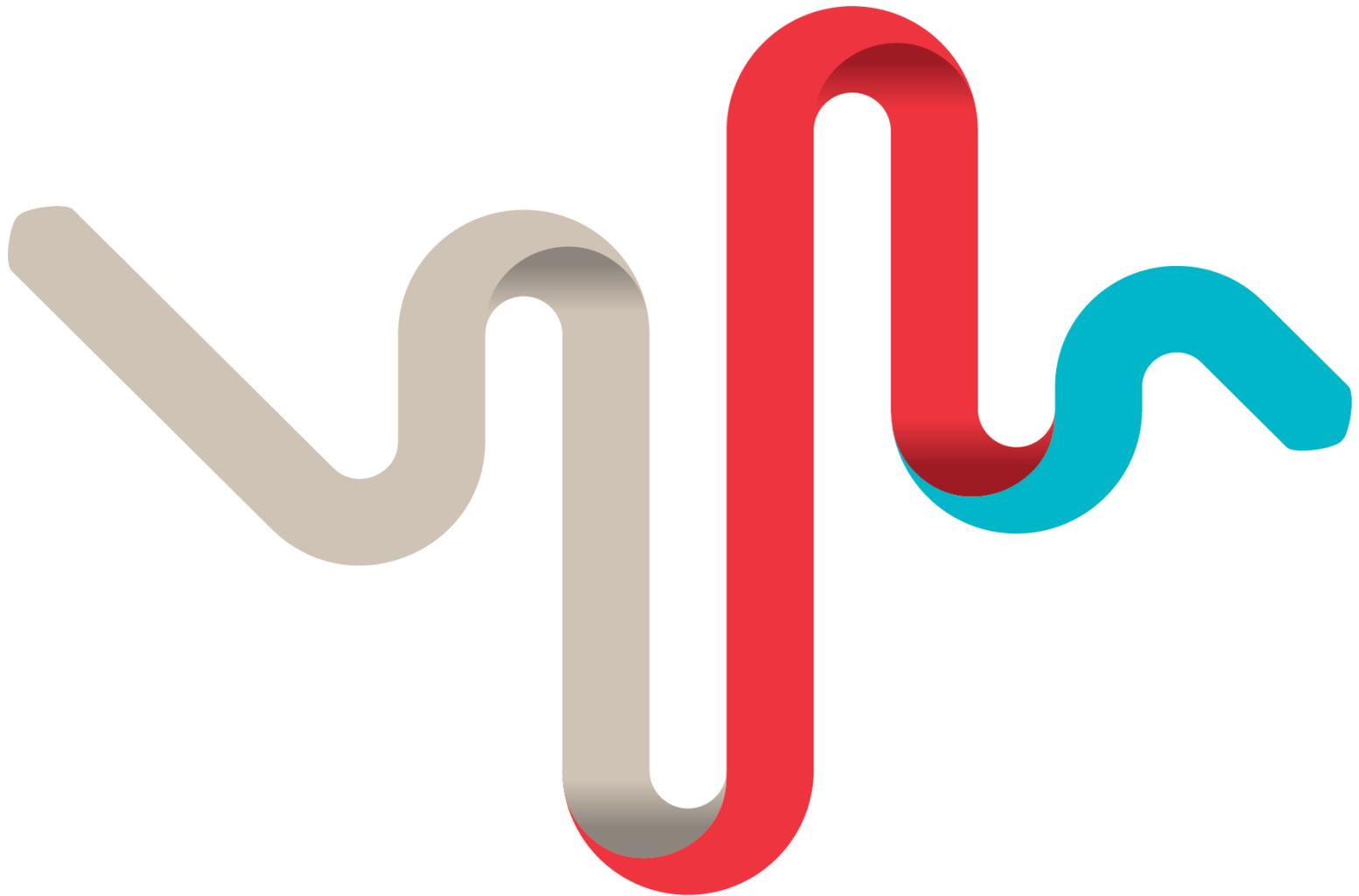


Summary: Budget 2021

20 May 2021



Wellbeing Budget 2021: Securing New Zealand's recovery

The key priority in this year's Budget is the long-term wellbeing of New Zealanders.

The Government has reported that the country's recovery from the biggest economic contraction in our history has been faster than expected, and that this was supported by a strong and early Covid response. The main areas of focus in Budget 2021 are to:

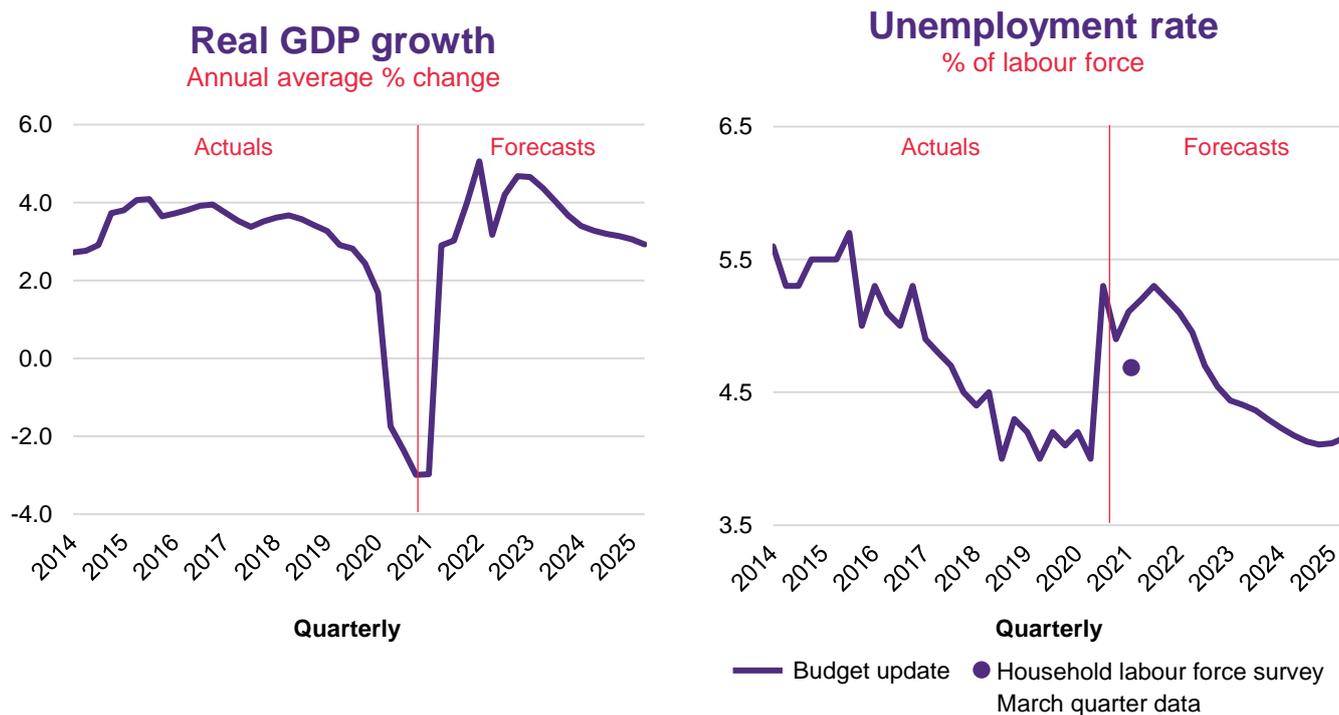
- continue to keep Aotearoa New Zealand safe from COVID-19
- accelerate the recovery and rebuild from the impacts of COVID-19
- lay the foundations for the future; this includes addressing key issues such as climate change responses, housing affordability and child poverty.

Key highlights

New Zealand's strong recovery is expected to continue.

The Treasury forecasts annual average real GDP growth of 2.9 percent in the year ending June 2021, rising further to 3.2 percent and 4.4 percent in the following years.

The Wage Subsidy Scheme, which supported nearly 1.8 million jobs by helping people to stay connected to their employers, helped to prevent a rapid increase in unemployment. The unemployment rate increased to only 5.2 percent in the September 2020 quarter, before declining to 4.7 percent in the March 2021 quarter.



The key initiatives of the budget are:

- Lifting weekly main benefit rates by between \$32 and \$55 per adult to tackle inequality and child poverty, as well as reinstating the Training Incentive Allowance
- \$300 million to recapitalise New Zealand Green Investment Finance to continue to invest in support of climate change mitigation, with a particular focus on decarbonising public transport, waste and plastics
- Infrastructure investment totals \$57.3 billion over the next five years, and to increase housing supply we are investing \$3.8 billion in a Housing Acceleration Fund
- Just under \$1.5 billion allocated for the COVID-19 Vaccine and Immunisation Programme, which provides fully funded, free COVID-19 vaccines
- Investing \$4.7 billion in health, which includes more funding for PHARMAC, plus the transition to a new health system and establishment of a Māori Health Authority

Future of work

Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation, and support into employment those most affected by COVID-19, including women and young people.

Through the 2021 Budget the Government will continue to invest heavily in education, skills and training. For example, by providing a digital skills programme and training support to industries, business and workers have the skills they need to succeed in an increasingly evolving digital environment.

Māori and Pacific

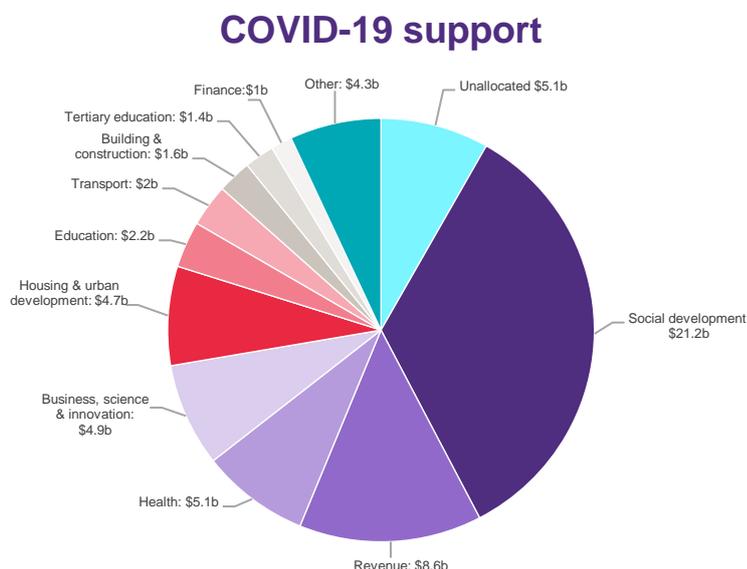
Lifting Māori and Pacific incomes, skills and opportunities and combatting the impacts of COVID-19.

Through the 2021 Budget the Government will support Maori and Pacific peoples, particularly in housing and health, to develop solutions that are driven by Maori and Pacific communities.

COVID-19 response and recovery fund

To support the Governments ongoing rebuild from COVID-19, they have funded the \$3.8 billion Housing Acceleration Fund from the CRRF. Just as we have stamped out community spread and supported businesses and workers.

\$5.1 billion remains in the CRRF as a contingency to respond to further outbreaks, should they occur, and to continue our economic rebuild.



Keeping New Zealanders safe from COVID-19

COVID-19 vaccine rollout

Another top priority for Government this year is to ensure all New Zealanders who wish to, are able to get free, fair and equitable access to a COVID-19 vaccine. It has already allocated \$1.5 billion from the CRRF to support the rollout of the COVID-19 vaccine programme in New Zealand. This will provide enough of the Pfizer vaccine for all New Zealanders who want to get the two doses they need to be protected, free of charge.

Accelerating the recovery and rebuild

The Government is driving economic recovery through investment in business, infrastructure, and tourism support.

Ongoing Investment in Infrastructure: \$57.3b capital

There will be Crown infrastructure investment over the next four years totalling \$57.3 billion. Infrastructure is at the core of New Zealand's economic recovery plan. At the beginning of this term, the Government already had \$42 billion of infrastructure investment in progress over the next four years in roads and rail, schools and hospitals, housing and energy generation – Budget 2021 adds considerably to this investment.

Tourism Communities: Support, Recovery and Re-set Plan: \$200m operating and capital

Funded from the COVID-19 Response and Recovery Fund, the \$200 million *Tourism Communities: Support, Recovery and Re-set Plan* provides support for those communities that are most reliant on international tourism, as well as for the tourism sector nationwide, to enable the reset of tourism in response to COVID-19 to be more sustainable and resilient.

Small Business Digital Training, Advisory and Support Programme: \$44m

This funding will enable a partnership with the private sector to deliver a two-year nationwide programme to supply core digital business skills training to New Zealand small businesses.

Laying the foundations for a better future

Main benefit increases to tackle inequality and child poverty

The Government is lifting weekly main benefit rates by between \$32 and \$55 per adult to bring these in line with a key recommendation of the Welfare Expert Advisory Group and provide an additional boost to families with children.

Housing Acceleration Fund: \$2.1b operating and \$1.7b capital

The Government is committed to increasing the pace and scale of new housing supply by supporting the provision of infrastructure and housing and expanding the Land for Housing Programme. This initiative is funded from the CRRF, as part of the ongoing rebuild from COVID-19.

Source: <https://www.treasury.govt.nz/sites/default/files/2021-05/b21-at-a-glance.pdf>

