



## Budget Special

### **BUDGET 2010: BUILDING THE RECOVERY**

On Thursday 20 May Finance Minister Bill English delivered the 2010 Budget.

This year's Budget focuses squarely on getting the economy growing faster. It helps Kiwi families get ahead. And it sets New Zealand on a path to turn back debt and return to surplus.

It delivers the biggest reform of our tax system for nearly 25 years.

Across the board, personal tax cuts and a package of tax changes will boost economic growth, make the tax rules fairer, and help hard-working Kiwis get ahead.

The tax reforms will leave someone on the average wage almost \$15 a week better off. A family on the average household income with two children will be about \$25 a week better off.

Budget 2010 builds on our economic recovery and tilts the economy so that faster growth comes in the right places.

For too long New Zealand has relied on investment in property speculation, rising debt, and unsustainable increases in government spending. The Budget takes action to encourage investment in the productive parts of the economy such as exporting. It gives the vast bulk of Kiwis extra cash in their pockets so they have more choices.

It also continues this Government's multi-billion dollar investment in infrastructure such as high-speed broadband, roads, rail, and schools. It makes a substantial investment in research, science, and technology.

Despite the tight fiscal environment, we are helping families and the most vulnerable by investing hundreds of millions of dollars more in priority social services such as hospitals, schools, and safer communities.

We are tackling rising debt, and Kiwis will see a return to surplus in the government accounts three years sooner than forecast last year.

From 1 October this year, personal taxes will be cut. GST will increase a small amount to 15 per cent. Superannuation, Working for Families, and benefit rates will all increase to compensate for the GST rise. As National promised, most Kiwi households will be better off.

Next year the company tax rate will fall to 28 per cent, ensuring New Zealand is competitive internationally.

We're investing \$321 million over four years in new initiatives in science, research, and technology – a key driver for a faster growing economy.

We're putting an extra \$2.1 billion into frontline healthcare over the next four years, and an extra \$1.4 billion for better schools and early childhood education services.

Across government, we have identified \$1.8 billion of low-priority spending to be freed up for priority areas such as healthcare, education, and keeping New Zealand communities safe.

We owe it to hard-working Kiwi families to provide them with the financial security, opportunities, and higher incomes that allow them to get ahead in this country.

Budget 2010 does those things and sets out a path to build on our economic recovery.

### **BUDGET HIGHLIGHTS**

#### **RESEARCH, SCIENCE AND TECHNOLOGY**

##### ***Boosting science to help faster economic growth***

- \$321 million for new initiatives, including \$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, including \$12m extra for 2010/11
- \$1.4b extra for District Health Boards
- \$59.5b for extra Elective Surgeries
- \$93m extra for Disability Services
- \$24m for a national Bowel Cancer screening pilot programme
- 20 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, including \$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
- \$48.1m for the Youth Guarantee Scheme
- \$48.3m to build Ultra-fast Broadband Support for schools
- 765 extra places at Universities
- 455 extra places at Technology Institutes and Polytechnics

## SOCIAL DEVELOPMENT

### *Better frontline support for those in need*

- \$90.5 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 Job Opportunities programme

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

## INFRASTRUCTURE

### *Unclogging 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 and 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.

## FRIDAY FORUM

Come along to my Friday Forum to discuss current issues with myself and caucus colleagues Jo Goodhew MP, Tim Macindoe MP and Jackie Blue MP.

**Friday 18 June**

**10.00 – 11.30am**

**Mornington Presbyterian  
Community Centre,  
Maryhill Terrace**

**Morning tea provided**

