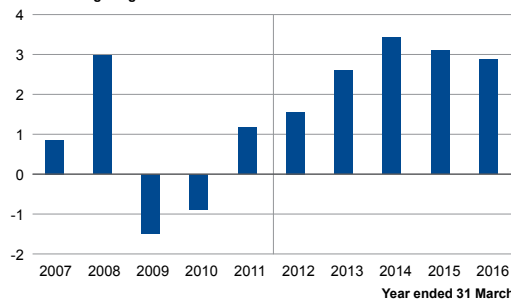


## New Zealand's real GDP recovering

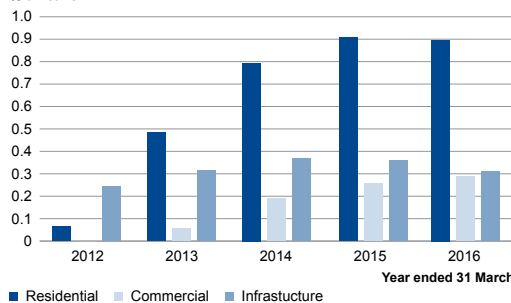
Annual average % growth



This graph shows Budget 2012 history and forecast growth rates of production-based real GDP.

## Earthquake rebuild to boost growth

% of real GDP



This graph shows the forecast gross expenditure on rebuilding capital stock destroyed in the Canterbury earthquakes as a percentage of real GDP.

## Household saving improving

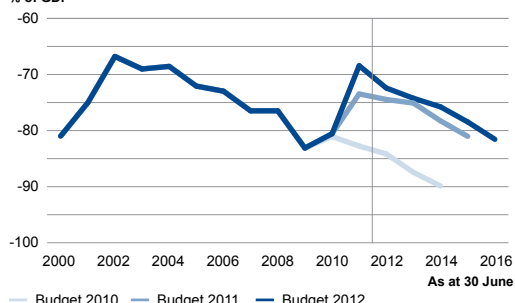
% of household disposable income



The household saving rate is the difference between the disposable income and expenditure of households, as a percentage of disposable income.

## New Zealand's external vulnerability remains

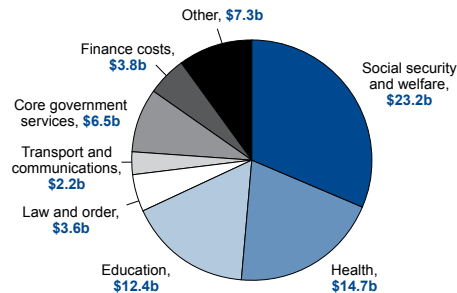
% of GDP



New Zealand's net international investment position is the difference between the value of New Zealand's international assets and liabilities as a percentage of GDP. 2011 benefits from reinsurance inflows related to the Canterbury earthquakes. Budget 2010 and 2011 figures have been updated to reflect historical revisions.

## Where do core Crown expenses go?

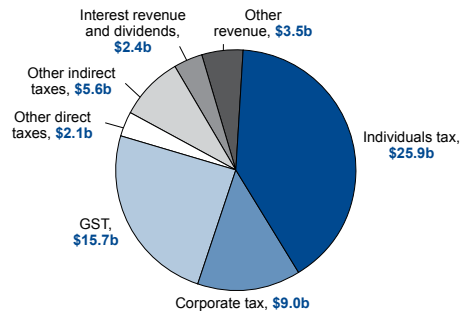
2012/13: \$73.7b (33.8% of GDP)



Social security and welfare includes social assistance benefits such as NZ Superannuation, Domestic Purposes Benefit and the Unemployment Benefit.

## Where does core Crown revenue come from?

2012/13: \$64.2b (29.5% of GDP)

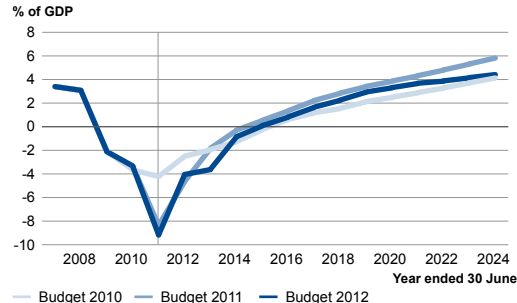


Other direct taxes includes resident interest and dividend withholding taxes. Other indirect taxes includes customs, excise and gaming duties.

Expenses and revenue are on a core Crown basis and so exclude Crown entities and state-owned enterprises.

## Operating balance before gains and losses

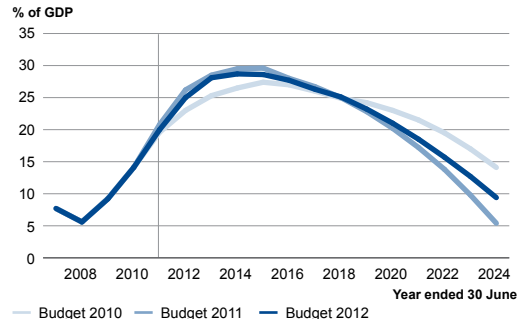
2012/13: -\$7.9b (-3.6% of GDP)



This graph shows the difference between total Crown revenue and expenses. It does not include gains and losses resulting from changing values of assets and liabilities.

## Net core Crown debt

2012/13: \$61.3b (28.1% of GDP)



Net core Crown debt excludes advances and financial assets held by the NZ Superannuation Fund.

## Who pays income tax... and how much?

Annual individual taxable income (\$)	Number of people (000)	%	Tax paid (\$m)	%
Zero	258	8	0	0
1 - 10,000	409	12	198	1
10,001 - 20,000	676	20	1,189	5
20,001 - 30,000	469	14	1,526	6
30,001 - 40,000	352	11	1,814	7
40,001 - 50,000	276	8	1,891	8
50,001 - 60,000	239	7	2,271	9
60,001 - 70,000	187	6	2,342	9
70,001 - 80,000	124	4	1,938	8
80,001 - 90,000	99	3	1,877	7
90,001 - 100,000	57	2	1,275	5
100,001 - 125,000	88	3	2,386	9
125,001 - 150,000	44	1	1,582	6
150,001+	65	2	4,838	19
All	3,343	100	25,127	100

This table includes tax on NZ Superannuation and major Social Welfare benefits, but excludes ACC levies, Working for Families and independent earner tax credits. Only individuals of working age are included, ie, 16 years and above. Analysis is based on Household Economic Survey data sourced from Statistics New Zealand. Data are projected for the year ended March 2013.

Note: figures may not add to totals owing to rounding

## Personal income tax (decreased on 1 October 2010)

10.5c per \$1 on income up to \$14,000 (down from 12.5c)

17.5c per \$1 on income between \$14,001 and \$48,000 (down from 21c)

30c per \$1 on income between \$48,001 and \$70,000 (down from 33c)

33c per \$1 on income over \$70,000 (down from 38c)

## Company tax rate

The company tax rate decreased from 30% to 28% on 1 April 2011.

## GST

The rate of GST rose from 12.5% to 15% on 1 October 2010.

## Main student support changes

- Increase the student loan repayment rate for New Zealand-based borrowers over the repayment threshold from 10 to 12 cents in the dollar from 1 April 2013.
- Remove the student loan voluntary repayment bonus from 1 April 2013.
- Target student allowances: remove eligibility for postgraduate study (except bachelors with honours) and enforce the 200 week limit from 1 January 2013.
- Maintain the student allowance parental income threshold without CPI adjustment from 1 April 2012 until 31 March 2016.

## Increase in student loan repayment rates

Gross annual income (\$)	Weekly repayments (\$)		Increase per week (\$)
	at 10 cents	at 12 cents	
25,000	11.38	13.65	2.27
38,000	36.37	43.65	7.28
48,000	55.60	66.72	11.12
70,000	97.91	117.49	19.58

The student loan repayment threshold is \$19,084 p.a. (about \$367 per week).

## Decrease in student loan repayment times

Level of study	Median repayment time		Difference
	at 10 cents	at 12 cents	
Certificates	5 yrs 8 mths	5 yrs 5 mths	3 mths
Diplomas	6 yrs 1 mth	5 yrs 8 mths	5 mths
Bachelors	7 yrs 4 mths	6 yrs 10 mths	6 mths
Postgraduate	6 yrs 1 mth	5 yrs 8 mths	5 mths
All	6 yrs 5 mths	6 yrs	5 mths

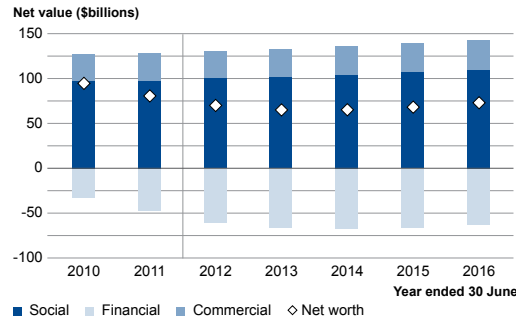
The median repayment time forecast is based on all borrowers who left study in 2009. Data are drawn from the Ministry of Education's Student Loans Integrated Model. This calculation includes the impact of removing the voluntary repayment bonus. Repayment times are rounded to the nearest month.

## Decrease in student loan write-downs

- Budget 2011 changes reduced the write-down of student loan debt from 45.3 cents in the dollar. The 2011/12 write-down is 44.6 cents.
- Budget 2012 changes further reduce the write-down to 41.9 cents in the dollar by 2015/16.

For more information on how student loan changes affect you, please visit: <http://www.studylink.govt.nz>

## Crown's net worth grows from 2013



The net value of the Crown's balance sheet is forecast to decrease to \$65 billion in 2013, before increasing to \$73 billion by 2016.

**Social** – assets and liabilities held to provide public services.

**Financial** – assets and liabilities held to finance or pre-fund government expenditure.

**Commercial** – assets and liabilities held for purely commercial objectives.

## How does a 1% point change in growth affect tax?

Tax source:	(\$m)
Wages and salaries	255
Taxable business profits	115
Spending by households	145

Estimated effect on a full year's revenue of a one-percentage point change in the growth of income or spending source in 2012/13.

## What is the full-year cost of... ?

	(\$m)
\$1 a week increase (in the hand) in NZ Superannuation	30
\$1 a week increase (in the hand) in other benefits	20
\$1 billion increase in government debt	40

Ready reckoner for tax rate and base changes: <http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects>

Further Budget 2012 information is available on: <http://www.treasury.govt.nz/budget2012>



2012  
BUDGET

# Key Facts for Taxpayers

Hon Bill English  
Minister of Finance

24 May 2012

Embargo: Contents not for communication in any form before 2:00pm on Thursday 24 May 2012.

[New Zealand Government](http://www.treasury.govt.nz)