

Final options for Budget 2009 Medium-Term Projections

Net Debt to GDP

Fiscal Year	08/09	12/13	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Final Budget	8.7%	30.7%	35.6%	35.7%	36.4%	36.6%	36.2%	35.2%	33.7%
Reduced KA	8.7%	30.7%	35.3%	35.1%	35.4%	35.3%	34.5%	33.3%	31.5%
Longer NSZF holiday	8.7%	30.7%	35.6%	35.7%	35.4%	34.6%	34.2%	33.3%	31.8%
Reduced KA and longer holiday	8.7%	30.7%	35.3%	35.1%	34.4%	33.3%	32.6%	31.3%	29.6%

Under the current final Budget 2009 track:

- Net debt peaks at 36.6% of GDP in 19/20 and falls to 33.7% of GDP by 22/23 (a **2.9%** drop).

Returning to the previous capital allowance (KA) assumption of \$1.65b until 2015/16, then the previous Government's track (\$900m, growing with inflation):

- Net debt peaks at 35.4% of GDP in 18/19 and falls to 31.5% of GDP by 22/23 (a **3.9%** drop).

Delaying contributions until the other measure of the operating balance (OBEGAL excluding net returns from the NZS Fund) is in sufficient surplus leads to an 11-year contribution holiday and:

- Net debt peaks at 35.7% of GDP in 17/18 and falls to 31.8% of GDP by 22/23 (a **3.9%** drop).

Having both a reduced capital allowance assumption and a longer contribution holiday:

- Net debt peaks at 35.3% of GDP in 16/17 and falls to 29.6% of GDP by 22/23 (a **5.7%** drop).



