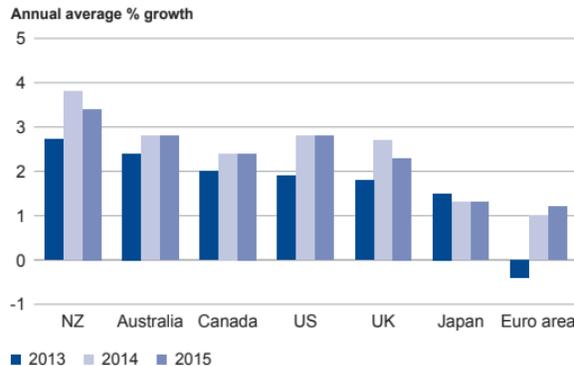


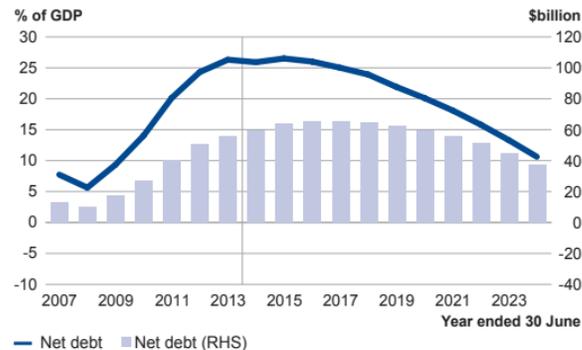
New Zealand's GDP growth robust globally



This graph shows actual and the Treasury's forecast growth rates of headline real GDP (calendar years).

Net core Crown debt reducing

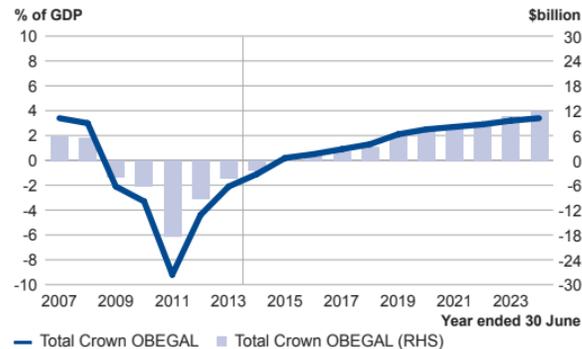
2014/15: \$63.6b (26.4% of GDP)



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

Operating balance returns to surplus

2014/15: \$0.4b (0.2% 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.

Budget 2014 allocation of the Future Investment Fund

The Future Investment Fund was established to invest the money released by selling minority shareholdings in electricity companies and reducing the Government's stake in Air New Zealand.

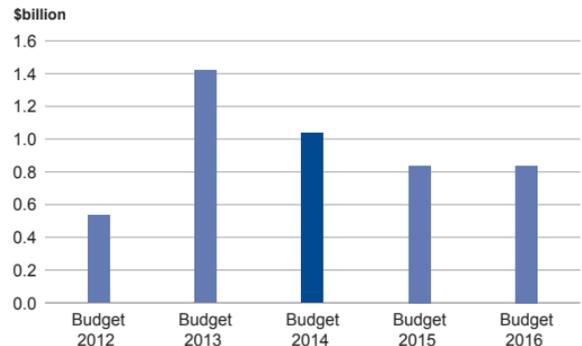
In Budget 2014, the Government is allocating \$1.0 billion of new capital from the Fund on top of the \$2.0 billion allocated in Budgets 2012 and 2013.

Schools, health, transport and the Canterbury rebuild all benefit from the Future Investment Fund.

2014 allocation:

	\$m
Health	200
Education	172
KiwiRail	198
University of Canterbury	144
Canterbury Housing Contingency	75
Irrigation Infrastructure	40
Other Initiatives	210
Total	1,039

Allocation from the Fund



The total gross proceeds of the Government Share Offer programme are \$4.7 billion.

Support package for families

The Budget includes a \$500 million package over four years to support families, including:

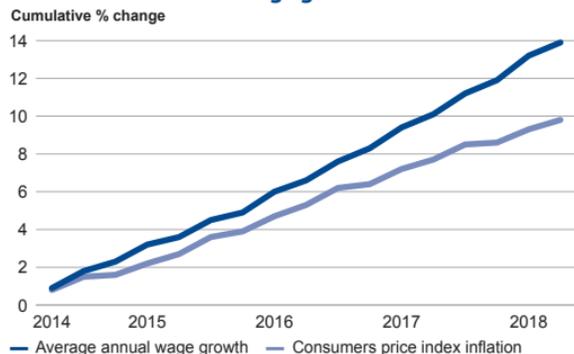
- \$171.8 million to extend paid parental leave (PPL):
 - Additional four weeks, starting with a two-week extension from 1 April 2015, and another two weeks from 1 April 2016.
 - Extend eligibility of paid parental leave to caregivers other than parents (for example, "Home for Life" caregivers), and to extend parental leave payments to people in less-regular jobs or who recently changed jobs.
- \$42.3 million to increase the parental tax credit (PTC) from \$150 a week to \$220 a week, and increase the payment period from eight to 10 weeks, from 1 April 2015.
- \$90 million to provide free GP visits and prescriptions for children aged under 13, starting on 1 July 2015.
- \$155.7 million to help early childhood centres remain affordable and increase participation towards the 98 per cent target.
- \$33.2 million in 2014/15 to help vulnerable children, including eight new Children's Teams to identify and work with at-risk children, screening of people who work with children, and additional resources to support children in care.

Boosting economic performance

New initiatives and policies to boost economic performance:

- A \$375 million loan to the New Zealand Transport Agency to kick-start \$815 million of Auckland Transport projects, further reducing Auckland congestion.
 - \$69 million extra over four years for New Zealand Trade and Enterprise.
 - \$57 million extra over four years for contestable science funding.
 - \$58 million in increased tax deductions for R&D by start-up firms.
 - 6,000 extra places in the apprenticeship reboot.
- The Budget also includes a package to improve the competitiveness of our tertiary education sector:
- \$83 million extra of additional science, agriculture and health science funding.
 - \$53 million to establish two extra Centres of Research Excellence from 2016.

Momentum in wage growth to continue



Average annual wage growth is calculated from the Treasury's forecast of average weekly earnings per FTE (ordinary time) as measured by the Quarterly Employment Survey (QES).

Who pays income tax...and how much

Annual individual taxable income (\$)	Number of people (000)	%	Tax paid (\$m)	%
Zero	312	9	0	0
1 - 10,000	358	10	166	1
10,001 - 20,000	635	18	1,131	4
20,001 - 30,000	474	14	1,540	5
30,001 - 40,000	306	9	1,576	6
40,001 - 50,000	310	9	2,126	7
50,001 - 60,000	284	8	2,647	9
60,001 - 70,000	207	6	2,555	9
70,001 - 80,000	157	5	2,442	9
80,001 - 90,000	124	4	2,309	8
90,001 - 100,000	78	2	1,732	6
100,001 - 125,000	99	3	2,734	10
125,001 - 150,000	42	1	1,467	5
150,001+	86	2	6,164	22
All	3,470	100	28,589	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 2015.

Note: Figures may not sum to total owing to rounding.

Personal income tax

10.5c per \$1 on income up to \$14,000

17.5c per \$1 on income between \$14,001 and \$48,000

30c per \$1 on income between \$48,001 and \$70,000

33c per \$1 on income over \$70,000

Company tax rate

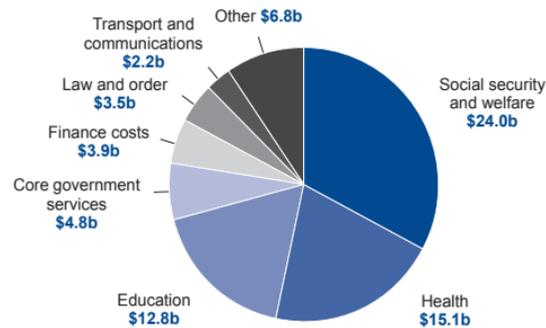
The company tax rate is 28%

GST

The rate of GST is 15%

Where core Crown expenses go

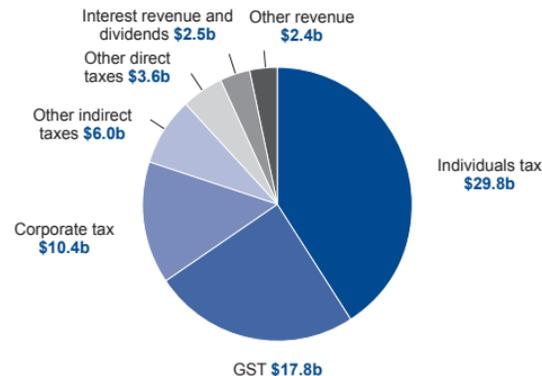
2014/15: \$73.1b (30.3% of GDP)



Social security and welfare includes social assistance benefits such as NZ Superannuation, Jobseeker Support and Emergency Benefit, Supported Living Payment and Sole Parent Support.

Where core Crown revenue comes from

2014/15: \$72.5b (30.1% of GDP)



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

Expenses and revenue are on a core Crown basis and so exclude Crown entities and State-owned Enterprises.

How the following factors affect tax revenue

A 1% point increase in:	(\$m)
Wages and salaries	285
Taxable business profits	130
Spending by households	170

Estimated effect on a full year's revenue of a one-percentage point change in the growth of income or spending source in 2014/15.

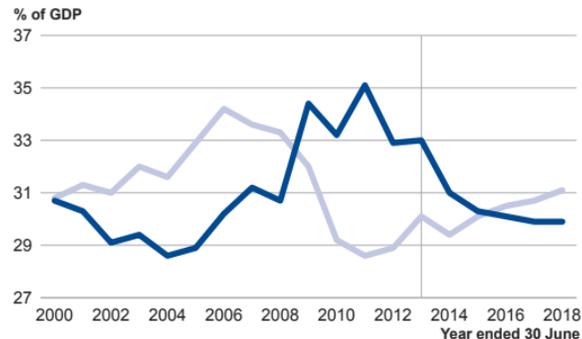
The full-year cost of...

\$1 a week increase (in the hand) in NZ Superannuation	35
\$1 a week increase (in the hand) in other benefits	15
\$1 billion increase in government debt	45

Ready reckoner for tax rate and base changes:

www.treasury.govt.nz/government/revenue/estimatesrevenueeffects

Spending restraint will lead to growing surpluses



— Core Crown expenses % of GDP

— Core Crown revenue % of GDP

Tax revenue has increased as the economy has recovered. But the fiscal turnaround has been achieved largely by expenditure restraint that targets value and results.



2014
BUDGET

Key Facts for Taxpayers

Hon Bill English
Minister of Finance

15 May 2014

Embargo: Contents not for communication in any form before 2:00pm on Thursday 15 May 2014.

www.treasury.govt.nz/budget/app

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