

Wellbeing Budget 2021: Securing Our Recovery

The Government's Budget 2021 saw sweeping social investment targeting benefits, education, and health as part of a broad focus on New Zealanders' wellbeing.

While the business community saw significantly less investment than in last year's Budget, which was prepared in response to COVID-19, Government spending on digitisation, infrastructure, and skills training – coupled with a positive economic outlook from Treasury – could help address some key challenges for the SME sector.

In particular, the near tripling of Government spending on the Digital Boost programme – with a \$44 million investment split over two years and a new focus on advisory services – should help more SMEs make the transformational journey to digitising their business.

A lift in vocational training funding and a rise in the rates for apprentices may attract more people into training, helping address some of the void left by ongoing skills shortages in businesses across a number of sectors, such as the building industry and the rural sector. However, keeping the skilled employees we've already trained in New Zealand – including 100,000 in the last year – is an area that will need further effort. This is especially important as local industries begin to see growing competition from employers in Australia, with skills pressures also continuing to bite across the Tasman.

But more broadly, most business owners are likely to be pleased that the Government has taken the opportunity to address rising inequalities and living costs. The overheated housing market in particular has become a concern for SME operators. This is partly because they see it as adding to the pressure on attracting skilled people to their region, but also because the family home is often a source of equity for business owners and rising mortgage debt can constrain their ability to borrow further.

Along with the news that the housing market is predicted to stall next year, the broader social focus the Government has taken in areas like health and education, will also be welcomed. The Government's more holistic approach to overall wellbeing is likely to be a contributor to general consumer confidence, with a healthier population with broader educational and vocational opportunities seen to be closely tied to social and economic success. However, one notable absence in this year's Budget was targeted mental health support – something close to the hearts of SME operators, over a third of whom have experienced a mental health condition since starting their business.

However, perhaps the most positive news to come out of Budget 2021 was the health of the economy. Treasury has confirmed New Zealand is in remarkably good shape – especially when compared to early forecasting during the COVID-19 pandemic. While uncertainty has been the prevailing sentiment and business confidence relatively muted in our recent SME surveys, the projections of falling unemployment and solid growth over the next few years might inject a shot of positivity into the arms of local business owners.



Krissy Sadler-Bridge,
MYOB Senior Sales Manager SME

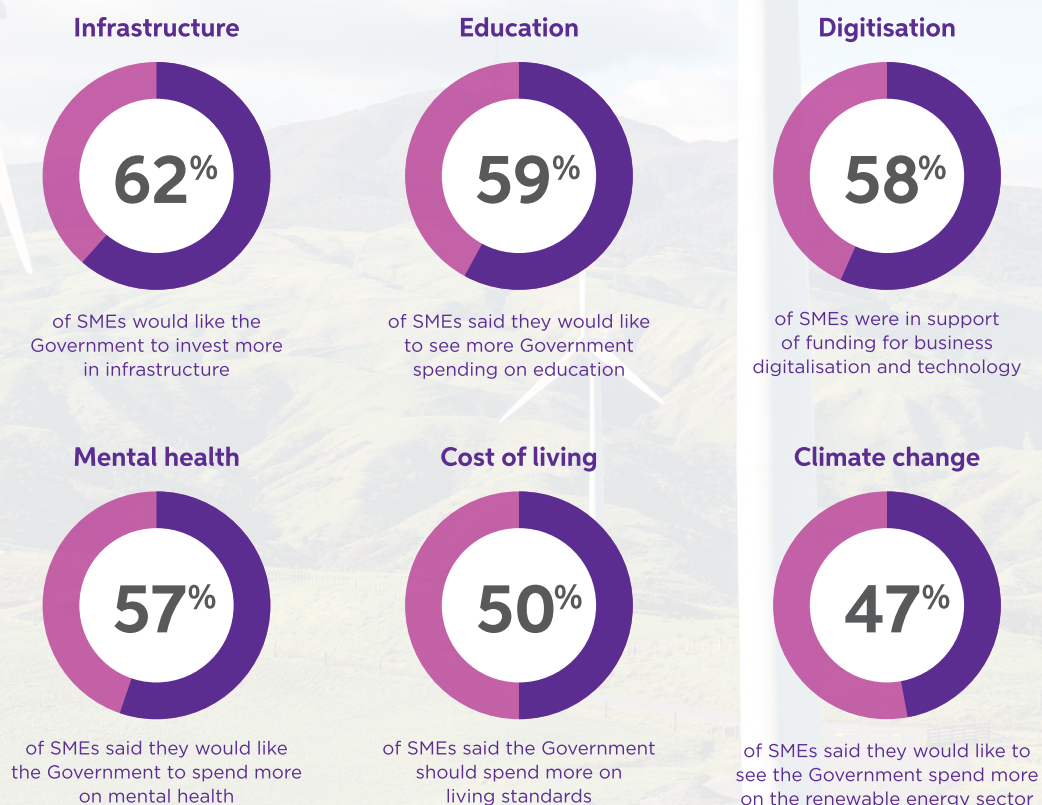
YOU WANTED:

Your Budget 2021 priorities*



Other focus areas

SMEs also wanted to see the Government focus on:



*MYOB SME Snapshot – 500+ SMEs surveyed by Dynata for MYOB between 8-23 April 2021.

YOU GOT:

Budget 2021 delivered

In the 2021 Budget, the Government announced:

 **\$279.5**
MILLION

+ Vocational training

To support vocational education organisations over three years. Including 5% increase on funding rates for apprentices and industry training

 **\$4.5**
BILLION

+ Transport infrastructure

Per year invested in transport services and infrastructure through National Land Transport Fund, as well as \$1.3b investment in rail

 **\$5.1**
BILLION

+ COVID-19

Reserved (pre-Budget) in the COVID-19 Response and Recovery Fund (CRRF) to be deployed to help employers and workers in event of resurgence or alert level change



No changes to tax in Budget 2021

Additional spending:



Digital Boost

\$44
MILLION

Invested in continuing the Digital Boost programme, extending support for skills and training for 30,000 SMEs and funding new digital advisory services



Rural connectivity

\$10
MILLION

Investment over two years, including repurposing a spectrum band to support 5G roll-out in rural areas



Provincial growth

\$66.1
MILLION

For regional economic development with the establishment of the Regional Strategic Partnership Fund



Tourism industry

\$200
MILLION

(Announced pre-Budget) Tourism recovery package, including \$4.5m for psychological and social wellbeing support and training

Funding specifically to support Māori tourism businesses

\$15
MILLION



Climate change

\$300
MILLION

To accelerate investment in low carbon technology

For the Energy Efficiency and Conservation Authority (EECA) to scale up support for business

\$14
MILLION

Toward a national integrated farm planning system for farmers and growers

\$37
MILLION

For more information on Budget 2021
– the Wellbeing Budget, visit:
[Budget.govt.nz](https://budget.govt.nz)

For details and analysis on MYOB research, visit
myob.com/nz/about/media-centre