

Budget 2023 – Governance Highlights



Pre-budget announcements softened the blows and took most, but not all of the surprise out of the “no frills” 2023-24 budget. As expected, there was a strong emphasis on infrastructure and resilience, building back after the North Island floods and Cyclone Gabrielle. Climate change saw an additional \$6 billion into the National Resilience Plan as well as funding for initiatives such as warmer healthier homes, free public transport, increasing the Clean Car Discount scheme and expanding electric vehicle infrastructure.

There were a number of key areas of interest for directors as they try and maintain their focus on delivering for their shareholders and stakeholders, while maintaining a focus on long-term benefits. In reviewing the budget, the Institute of Directors has focused on providing a governance lens, identifying budget movements that align with climate transformation, shared value, financial resilience and digital reality, the four externally-focused issues within the [Top 5 Issues for directors in 2023](#); areas that the Government has similarly identified as important for New Zealand’s future. The highlights are not comprehensive, rather they aim to provide directors with a sense of where potential opportunities may arise.

Directors may also be interested in the ASB’s [economic commentary](#) on the NZ Budget 2023 analysing key spending increases, debt impacts and growth outlook.

Climate Transformation	National resilience plan additional \$6 billion to support medium and long-term infrastructure investment	\$37.6 million for research and innovation partnerships on global challenges such as climate change and health through the Horizon Europe Initiative	\$300 million to accelerate investment in lower emissions business activities funded by New Zealand Green Investment Finance Ltd	Investing \$39.2 million improving knowledge mapping coastal areas of New Zealand’s coastline and identifying at risk coastal areas	Additional \$24.7 million to improve data sets on the impacts of climate change and adaptation and mitigation responses	North Island weather events total package of \$941 million including \$149 million support for businesses in affected areas
Shared Value	\$19.6 million providing KiwiSaver contributions paying the ‘employer’ contribution to paid parental leave recipients	Investing \$237.6 supporting employment development programmes plus \$17.1 million to extend the Apprenticeship Boost initiative	\$55.3 million to build a skilled & talented workforce funding research fellowships & an applied doctoral training scheme	Investing \$18.2 million in the tourism sector to upskill, attract & retain workers plus \$8 million to support Māori tourism capability and resilience	Wages forecast to grow faster than inflation over the next four years at an average of 2.2% per year	Unemployment at historically low levels and highest ever level of labour force participation projected to peak at 5.3% late 2024
Financial Resilience	\$40.5 million investment into early-stage venture capital markets through the NZ Capital Growth Partners’ Elevate NZ Venture Fund	Tax rates on trusts to align with the top 39% income tax rate with exceptions for Estates and Trusts for disabled people	Treasury now forecasting NZ will avoid a recession in 2023 with economic activity boosted by recovery from the North Island weather events and increased international tourism	Government forecast to return to surplus in 2025/26, a similar timeframe to that following the GFC	Net debt is expected to peak at 22% of GDP in 2023/24 and reduce by 2026/27 to 18.4% of GDP	Inflation forecast to decline to 3.3% by year end June 2024 after peaking at 7.3% in June 2022
Digital Reality	\$26.6 million for a digital skills package to address sector skills shortages including a focus on increasing participation by women, Māori & Pacific peoples	\$29.9 million to support horticulture technology and innovation through the Agritech Industry Transformation Plan	\$160 million to support growth in the gaming sector by providing a 20% rebate for video game developers	\$9.2 million building cyber resilience at GCSB national cyber security centre plus \$10.3 million for GCSB to meet inflationary pressures	\$1.6 million to improve digital inclusion for Pacific peoples	Three new Science and Innovation hubs backed by \$400 million capital investment and \$51 million operating