



Government of **Western Australia**
Department of **Treasury**

Our ref : 00614598

Hon Mark McGowan MLA
Leader of the Australian Labor Party
(Western Australian Branch)
PO Box 5324
ROCKINGHAM BEACH WA 6969

Dear Mr McGowan

2021 STATE ELECTION POLICY COSTING – IMPACT OF AUSTRALIAN LABOR PARTY COMMITMENTS ON STATE FINANCES

The Caretaker Conventions applying to the 2021 State Election allow the major parties to request costing advice for their party's election commitments, including the impact of these commitments on the Pre-election Financial Projections Statement (PFPS, released on 8 February 2021).

On 5 March 2021, the Department of Treasury (Treasury) received your request to verify costings for a fourth tranche of election commitments announced by the Australian Labor Party to 4 March 2021 and listed at **Attachment A**.

Relative to the PFPS, the impact on the State's finances of these commitments is outlined in the table below. As indicated, the costed commitments are estimated to increase net debt by \$269 million over the current forward estimates period (i.e. to 30 June 2024). This comprises a direct cost of \$261.1 million (as detailed in **Attachment A**), and a flow-on impact of \$7.5 million on interest costs.

Combined with the previous costing requests published on 17 and 24 February 2021 and 4 March 2021, the Australian Labor Party's commitments submitted for costing are estimated to total \$2.437 billion in net debt terms to 30 June 2024.

IMPACT ON STATE FINANCES ^(a)
Australian Labor Party Commitments to 4 March 2021

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Estimated Impact of Tranche 4 Commitments ^(b)				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	-59	-44	-58	-59
Revenue	-	-	-	-
Expenses	59	44	58	59
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	59	115	189	269
Asset Investment Program	- ^(c)	11	16	21
Estimated Impact of Total Commitments Costed to Date ^(b)				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	-219	-347	-375	-384
Revenue	-	-	-	-
Expenses	219	347	375	384
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	220	747	1,594	2,437
Asset Investment Program	1	180	470	456
Revised PFPS Aggregates				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	2,904	1,884	1,108	1,527
Revenue	36,622	34,252	32,919	33,986
Expenses	33,718	32,368	31,812	32,459
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	36,868	39,973	41,948	42,656
Asset Investment Program	7,597	8,666	7,203	6,533

(a) Based on information made available by the Australian Labor Party and analysis by Treasury with input from State government agencies.

(b) Includes the impact of indirect costs such as changes to interest.

(c) Amount less than \$500,000.

The Australian Labor Party's cost estimates for tranche four of its commitments are considered reliable. Treasury has not identified any differences between the Australian Labor Party's costings and Treasury's costings (as outlined in **Attachment A**).

Consistent with the Caretaker Conventions, this advice has been published on the Treasury website.

Yours sincerely

Michael Barnes
 UNDER TREASURER

10 March 2021

Enc.

ELECTION COMMITMENTS SUBMITTED FOR COSTING

The following table lists the election commitments submitted by the Australian Labor Party on 5 March 2021 for costing by the Under Treasurer under the Caretaker Conventions. The table shows the estimated impact on net debt to 30 June 2024 for both the Australian Labor Party costing and Treasury's costing. Other election commitment costing advice is available on Treasury's website at www.treasury.wa.gov.au.

Table 2

ELECTION COMMITMENT COSTINGS

Commitment Title	Labor Party	Treasury	Net Debt
	Costing	Costing	Variance
	Impact on	Impact on	
	Net Debt	Net Debt	
	to 30 Jun 2024	to 30 Jun 2024	
	\$m	\$m	\$m
182 Access to Regional Childcare	3.8	3.8	-
183 Byford Health Hub	30.6	30.6	-
184 Meth Action Plan - Immediate Drug Assistance Coordination Centre	26.8	26.8	-
185 Geographic Expansion of Current MHC Parent Peer Support Groups	4.2	4.2	-
186 Expansion of Community Alcohol and Other Drug Integrated Services in the South Metropolitan Health Service Region (Peel)	6.0	6.0	-
187 20-Bed Rehabilitation Facility in the Perth Metro Region	10.5	10.5	-
188 Investment Attraction and New Industries Fund	75.0	75.0	-
189 Fast-Tracking Mining Approvals and Geoscience Data Transformation Strategy	28.0	28.0	-
190 Strategic Industrial Hub	2.0	2.0	-
191 Removed / not submitted for costing	-	-	-
192 Fremantle City Football Club	0.6	0.6	-
193 Better Beginnings	9.7	9.7	-
194 Expand Department of Education's Direct to Market (D2M) Program ^(a)	-	-	-
195 Animal Welfare Groups	0.8	0.8	-
196 Caring for our Communities	3.1	3.1	-
197 Community Renewables	0.4	0.4	-
198 Community Sporting Clubs	18.3	18.3	-
199 Family and Domestic Violence Support	0.4	0.4	-
200 Greening Our Community	2.1	2.1	-
201 Community Infrastructure - Minor	13.4	13.4	-
202 Minor School Works	14.6	14.6	-
203 Multicultural Community Support	0.8	0.8	-
204 Play and Learn	0.7	0.7	-
205 Regional Tourism Support (minor)	0.3	0.3	-
206 Support for our Local Arts	0.8	0.8	-
207 Support for our Seniors	0.3	0.3	-
208 Transport and Road Safety - Minor	0.9	0.9	-
209 Youth Support	0.8	0.8	-
210 Culturally and Linguistically Diverse (CALD) Women's Health Services in the South Eastern Metro Corridor	1.9	1.9	-
211 Included in 201	-	-	-
212 Waroona Town Centre	1.3	1.3	-
213 Shady Hills Road	1.9	1.9	-
214 Perth Observatory	1.2	1.2	-
	261.1	261.1	-

(a) This commitment is a policy change that does not impact States finances.