



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

Our ref : 00614000

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 26 February 2021, the Department of Treasury (Treasury) received your request to verify costings for a third tranche of election commitments announced by the Australian Labor Party from 19 February 2021 to 25 February 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 \$349 million over the current forward estimates period (i.e. to 30 June 2024). This comprises a direct cost of \$343.1 million (as detailed in Attachment A), and a flow-on impact of \$6 million for interest costs.

Combined with the previous costing requests published on 17 and 24 February 2021, the Australian Labor Party's commitments submitted for costing to date are estimated to total \$2.168 billion in net debt terms to 30 June 2024.

Table 1

IMPACT ON STATE FINANCES (a)
Australian Labor Party Commitments to 26 February 2021

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Estimated Impact of Tranche 3 Commitments (b)				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	-2	-38	-53	-54
Revenue	-	-	-	-
Expenses	2	38	53	54
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	2	79	226	349
Asset Investment Program	-	39	95	69
Estimated Impact of Total Commitments Costed to Date (b)				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	-160	-303	-317	-324
Revenue	-	-	-	-
Expenses	160	303	317	324
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	161	633	1,405	2,168
Asset Investment Program	1	169	454	435
Revised PFPS Aggregates				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	2,964	1,928	1,166	1,587
Revenue	36,622	34,252	32,919	33,986
Expenses	33,659	32,324	31,754	32,399
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	36,808	39,858	41,759	42,388
Asset Investment Program	7,597	8,655	7,187	6,512

(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 interest expenses.

The Australian Labor Party's cost estimates for tranche three 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**).

It is noted that some election commitments are subject to financial contributions from third parties, including the Commonwealth Government. These contributions are subject to finalisation of negotiations with the relevant third party. Treasury's costings in these instances assume the proposed third party contributions as detailed in your costing request.

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

Yours sincerely

Michael Barnes
 UNDER TREASURER

4 March 2021

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ELECTION COMMITMENTS SUBMITTED FOR COSTING

The following table lists the election commitments submitted by the Australian Labor Party on 26 February 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
160 Climate Resilience Fund	11.5	11.5	-
161 Industry Growth Partnership - Oats	7.9	7.9	-
162 Northern Native Seed Initiative	3.8	3.8	-
163 Industry Growth Partnerships (Wine Export)	2.3	2.3	-
164 Aquaculture Precinct Planning	2.2	2.2	-
165 Artificial Shellfish Reef	0.6	0.6	-
166 Grain Freight Upgrades	20.0	20.0	-
167 Boost to Food Industry Innovation	3.0	3.0	-
168 Film Industry	115.0	115.0	-
169 Iron Ore Wagon Manufacturing Fund	15.0	15.0	-
170 Plan for Jobs	4.6	4.6	-
171 Employing Apprentices and Trainees	20.5	20.5	-
172 Aboriginal Rangers	32.0	32.0	-
173 Aboriginal Cultural Centre	15.0	15.0	-
174 Tourism Package	31.8	31.8	-
175 Early Childhood Dental Program	4.7	4.7	-
176 Investing in Modern Equipment for Tafe	18.8	18.8	-
177 CCTV in Kalgoorlie	1.0	1.0	-
178 Duncraig Senior High School	30.8	30.8	-
179 Urban Forest	1.0	1.0	-
180 Carnarvon Flood Support	1.0	1.0	-
181 Backing North Wanneroo Agriculture	0.8	0.8	-
TOTAL	343.1	343.1	-