

Labour's Real Fiscal Plan

Labour's new investments

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Labour Party policy plans (\$m) - additional to PREFU

Year	2017/18	2018/19	2019/20	2020/21	2021/22	Notes
Families Package	289	1,155	1,156	1,204	1,255	*7
Paid parental leave	60	121	124	129	133	*2
Double refugee quota		25	50	50	52	
Other changes		56	56	56	58	
Social security and welfare	349	1,357	1,386	1,439	1,498	
Paying back National's underfunding	21	293	293	293	293	
Delivering a Modern Health System		554	1,243	2,069	2,864	
Health	21	847	1,536	2,362	3,157	
Additional student financial support	139	273	274	275	275	
Reforms to tertiary education	170	344	353	544	743	
Increased funds for 100% qualified ECE centres		33	74	86	86	
Careers advisory services		10	20	26	27	
Delivering a Modern Education System		95	360	475	843	
School leavers toolkit		25	50	50	50	
Other education changes		106	144	129	134	
Education	309	886	1,275	1,585	2,158	
Extra police		40	41	42	43	
Law and order		40	41	42	43	
Extra IRD investigation staff	15	30	31	32	33	
Core Government Services	15	30	31	32	33	
R&D tax credits		100	200	250	300	
Regional Development		50	75	75	-	
Ready for Work		60	60	60	60	
Other changes		20	25	28	28	
Economic and Industrial Services		230	360	413	388	
Affordable Housing Authority set up	100					
Tourism and conservation infrastructure fund		75	75	75	75	
Insulation grants		30	60	90	120	
Housing and community development	100	105	135	165	195	
Smaller expenditure commitments	50	150	150	150	150	
Additional spending commitments	844	3,645	4,914	6,188	7,622	
Additional contribution to NZS Fund	500	1,000	1,500	16	330	
KiwiBuild	2,000					
Additional capital spending commitments	2,500	1,000	1,500	16	330	
Additional finance costs	40	179	265	447	747	*3
Reverse National's tax cuts	486	1,896	1,895	1,976	1,976	
Bright line and negative gearing changes		30	60	90	120	
Multinational taxation	-	-	-	-	-	*4
International visitor levy		75	75	75	75	
Other revenue changes		-	-	-	-	

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Additional revenue	486	2,001	2,030	2,141	2,171	
2017/18	913	913	913	913	913	
Budget 2018		835	835	835	835	
Budget 2019			879	879	879	
Budget 2020				1,472	1,472	
Budget 2021					3,429	
Operating allowance	913	1,748	2,627	4,099	7,528	^{*5}
Total Operating Allowance over four years					16,915	^{*6}
Total Incremental Operating Expenses in Labour Budget	1,797	5,572	7,806	10,734	15,897	
Total Incremental Expenditure in PREFU	-	1,700	3,434	5,202	7,006	
Net Additional Labour Expenditure	1,797	3,872	4,372	5,532	8,891	

Notes

1. Need to include cost of Families Package from 1 April 2018.
2. Inclusion of Paid Parental Leave costings.
3. Higher finance costs to take account of the additional borrowing.
4. This revenue is already booked, refer page 12 of the PREFU Additional Information.
5. Operating allowances are cumulative.
6. This \$16.9 billion of operating allowances is on top of the \$24.5 billion of additional spending commitments. Labour's total additional operating expenditure is \$41.8 billion, which is over twice the amount in the Pre-Election Fiscal Update.

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Fiscal year ending June	2017/18	2018/19	2019/20	2020/21	2021/22	Notes
Revenue including Labour's changes						
Taxation revenue	78,172	82,858	87,293	91,404	95,756	
Other sovereign revenue	5,079	5,422	5,826	6,040	6,390	
Total revenue levied through Sovereign power	83,251	88,280	93,119	97,444	102,146	
Sale of goods and services	17,523	18,191	18,800	19,202	20,370	
Interest revenue and dividends	3,772	3,921	4,142	4,361	4,207	
Other revenue	3,780	3,871	3,926	3,975	4,269	
Total revenue earned through operations	25,075	25,983	26,868	27,538	28,845	
Total revenue (excluding gains)	108,326	114,263	119,987	124,982	130,992	
Adjusted for Revenue changes	- 100	- 200	- 200	- 200	- 200	*7
Total adjusted revenue (excluding gains)	108,226	114,063	119,787	124,782	130,792	
Expenses including Labour's investments						
Social security and welfare	31,796	34,304	35,576	36,864	38,415	
Health expenditure	16,453	17,295	18,016	18,757	19,575	
Education	15,093	15,797	16,230	16,757	17,243	
Core Govt. services*	5,358	4,685	4,508	4,352	4,486	
Law and order	4,435	4,577	4,631	4,673	4,686	
Transport and communications	9,778	10,083	10,191	11,120	11,422	
Economic and industrial services	8,062	8,733	9,122	9,214	9,629	
Defence	2,286	2,351	2,362	2,372	2,372	
Heritage, culture & recreation	2,327	2,351	2,356	2,364	2,460	
Primary services	1,994	1,987	1,992	2,043	2,105	
Housing and community development	2,215	2,130	2,113	2,252	2,357	
Environmental protection**	1,025	937	994	996	996	
GSF pension expenses	167	213	240	256	247	
Other	453	615	610	610	150	
Finance costs	4,248	4,274	4,359	4,443	4,882	
Operational allowance	913	835	879	1,472	3,429	
Top-down expense adjustment	- 1,175	- 570	- 525	- 500	- 520	
Total Crown expenses excluding losses	105,428	110,597	113,657	118,046	123,934	
Adjustment to additional spending commitments	349	121	124	130	134	*8
Adjustment for Operating Allowance Corrections		913	1,748	2,627	4,099	*9
Adjustment for additional finance costs	6	37	89	166	282	*10
Total Adjusted Crown expenses excluding losses	105,783	111,668	115,618	120,969	128,449	
Balances						
Minority share of OBEGAL	- 392	- 421	- 460	- 476	- 463	
OBEGAL (excluding minority shares)	2,051	1,975	3,709	3,337	1,880	
Net gains/losses on financial instruments	2,770	2,935	3,187	3,440	3,055	
Net gains/losses on non-financial instruments	- 177	- 78	- 27	- 32	-	
Less minority interest shares of net gains/losses	- 48	- 19	- 9	- 9	- 13	
Total gains/losses	2,545	2,838	3,151	3,399	3,043	
Net surplus/deficit from associates and joint ventures	206	245	281	299	298	
Operating balance (excluding minority interests)	4,802	5,058	7,141	7,035	5,221	

Notes

7. This revenue is already booked, refer page 12 of the PREFU Additional Information.

8. Inclusion of all Labour's spending commitments.

9. Operating allowances accumulated correctly.

10. The finance costs of Labour's additional borrowing.

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Fiscal year ending June	2017/18	2018/19	2019/20	2020/21	2021/22	Notes
Core Crown						
Core Crown revenue	85,139	89,962	94,663	99,001	103,627	
Adjusted Core Crown revenue	85,039	89,762	94,463	98,801	103,427	
Core Crown expenses	81,934	86,144	88,227	91,785	96,071	
Adjusted Core Crown expenses	82,289	87,215	90,188	94,708	100,586	
Net surplus SOEs and Ces	-699	-573	-566	-756	-962	
OBEHAL (excluding minority interests)	2,506	3,245	5,870	6,460	6,594	
Adjustments to OBEHAL	455	1,271	2,161	3,123	4,715	
Revised OBEHAL (excluding minority interests)	2,051	1,975	3,709	3,337	1,879	¹¹
Core Crown cash						
Retained surpluses SoEs, Ces and NZS Fund; and non-cash items and working capital movements	1,955	1,722	1,801	2,243	3,025	
Net Core Crown operating cash flow	4,006	3,697	5,510	5,580	4,904	
NZS Fund contribution	-500	-1,000	-1,500	-2,200	-2,500	
Other capital items	-8,180	-6,602	-6,439	-6,325	-7,053	
Net Core Crown capital cash flow	-8,680	-7,602	-7,939	-8,525	-9,553	
Core Crown residual cash	-4,674	-3,906	-2,429	-2,945	-4,649	
Core Crown Debt						
Opening Core Crown net debt	60,560	65,557	69,573	71,974	74,822	
Core Crown residual cash deficit	4,674	3,906	2,429	2,945	4,649	
Value adjustments	323	110	-28	-97	-195	
Closing Core Crown net debt	65,557	69,573	71,974	74,822	79,276	¹²
as a % of GDP						
Core Crown expenses	29.1%	29.4%	29.0%	29.3%	29.8%	
OBEHAL	0.7%	0.7%	1.2%	1.0%	0.6%	
Closing Core Crown net debt	23.2%	23.5%	23.2%	23.1%	23.5%	¹³
memo item: nominal GDP	282,626	296,548	310,543	323,240	337,085	
Net capital expenditure activity						
Net purchase of physical assets	3,676	2,648	2,313	1,980	2,181	
Net advances	375	311	108	122	228	
Net investments	2,773	2,440	2,073	1,588	1,310	
Contributions to NZS Fund	500	1,000	1,500	2,200	2,500	
KiwiBuild	2,000	0	0	0	0	
Future new capital spending	346	1,353	2,185	2,635	3,612	
Top-down capital adjustment	-990	-150	-240	0	-276	
Net capital spending***	8,680	7,602	7,939	8,525	9,553	

Notes

11. OBEHAL declining after 2019/20, breaching Labour's Budget Responsibility Rules.

12. Net Debt climbs by \$19 Billion over the forecast period

13. Net Debt stays well above 20% of GDP, breaching Labour's Budget Responsibility Rules.