

Summary of Labour's errors

Incorrectly classifying Budget allowances as one-off instead of annual	\$9,387 million
Delaying the start of the Family Package	\$289 million
Not including the cost of Paid parental leave	\$567 million
Double counting the multi-national taxation revenue	\$902 million
Finance costs associated with additional borrowing	\$580 million
Total cost of Labour's errors	\$11,725 million

1 - Incorrectly classifying Budget allowances as one-off instead of annual

	2017/18	2018/19	2019/20	2020/21	2021/22	Four year total
Labour's numbers	913	835	879	1472	3429	7528
Revised figures	913	1748	2627	4099	7528	16915

Explanation

These figures are Labour's budget operating allowances - but under Labour's plan each budget only funds one year of spending and then stops.

New spending on public services like police wages isn't just one off, it continues on year after year. So Budget operating allowances need to be cumulative. We've made that adjustment for Labour here.

If they weren't adjusted there would be no new money in 2018/19 and 2019/20, and very little in 2020/21 for additional spending in a range of policy areas.

These include portfolios like science, defence, foreign affairs, conservation, justice, corrections and the environment; and wage increases and roll growth for groups like teachers and police. There would also not be any money for further pay equity settlements.

2 - Delaying the start of their Family Incomes Package

	2017/18	2018/19	2019/20	2020/21	2021/22	Four year total
Labour's numbers	0	1155	1156	1204	1255	4770
Revised figures	289	1155	1156	1204	1255	5059

Explanation

Labour have said that their Families Package comes into effect from 1 April, but the costs don't start until 1 July - so they need to include the 3 months cost from 1 April in 2017/18

3 - Not including the cost of 26 weeks Paid Parental Leave

	2017/18	2018/19	2019/20	2020/21	2021/22	Four year total
Labour's numbers	0	0	0	0	0	0
Revised figures	60	121	124	129	133	567

Explanation

Labour have announced 26 weeks Paid Parental Leave, but haven't funded it anywhere (we know, because they have released a detailed costing of their Families Package here (<http://www.labour.org.nz/familiespackage>, but it doesn't include any money for Paid Parental Leave in it).

We've included it for them, with their 1 January 2018 start date.

4 - Double counting multi-national taxation

	2017/18	2018/19	2019/20	2020/21	2021/22	Four year total
Labour's numbers	100	200	200	200	202	902
Revised figures	0	0	0	0	0	0

Explanation

This extra revenue has already been included in Treasury's accounts - so Labour can't count it again. Check page 12 of PREFU Additional Information.

5 - Finance costs

	2017/18	2018/19	2019/20	2020/21	2021/22	Four year total
Labour's numbers	34	142	176	281	465	1098
Revised figures	40	179	265	447	747	1678

Explanation

Labour are going to be borrowing \$12 billion more than they said they would - and an extra \$12 billion on the mortgage comes with higher interest costs. We've assumed the interest rate for the extra borrowing will stay at the PREFU rate of 3.71% although it could be higher as a result of the extra borrowing.

