

Costs of Labour's promises so far

	2011/12	2012/13	2013/14	2014/15	2015/16
A Capital gains tax		20	78	234	462
B 39% top tax rate		176	246	259	277
C First \$5,000 tax free		-177	-840	-1,239	-1,326
D GST off fresh fruit and veges		-75	-315	-331	-351
E R&D tax credit/ETS agriculture policy		-38	-223	-291	-370
F Loss ring-fencing of rental properties		34	135	135	135
G Paid parental leave to 18 weeks	-12	-47	-47	-47	-47
H Women's policies	-8	-23	-23	-23	-23
I Youth employment and skills	-19	-38	-57	-57	-57
J Pay parity for caregivers		-25	-50	-75	-100
K Increase ECE funding		-100	-200	-300	-400
L Tertiary education policies		-33	-65	-95	-127
M Extra police		-6	-12	-18	-24
N ICT policy		-8	-8	-8	-8
O Increased core Crown finance costs	-6	-18	-59	-146	-260
P Total operating impact	-44	-360	-1,440	-2,002	-2,220
Q Reversing mixed-ownership model	-100	-450	-650	-800	-900
R Canterbury earthquake	-280	65	115		
S Total capital impact	-380	-385	-535	-800	-900
T Annual increase in net debt	424	745	1,975	2,802	3,120
U Cumulative increase in net debt	424	1,169	3,144	5,945	9,065

Notes

- A This assumes the CGT could be developed in time for 1 April 2013, as Labour is planning. Revenue numbers are from the Treasury's CGT model, adjusted for a 15% rate.
- B Costed using the Treasury's personal tax costing model which is publicly available at <http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects/personal>
- C Costed using the Treasury's personal tax costing model together with a corresponding increase in net benefits of \$10 a week as per Labour's policy.
- D Labour's numbers.
- E Costs of an R&D tax credit are from the 2008 PREFU, adjusted to reflect a 12.5% rate rather than 15%, and less \$70m savings from cancelling existing programmes. ETS costings are based on a carbon price of \$25/tonne (Labour is using \$50/tonne) and go nowhere near paying for the R&D tax credit (hence the total of these two policies is still a cost).
- F As part of the TWG, officials gave a static revenue estimate of \$269m for loss ring-fencing but advised that "behavioural changes will, however, result in lower revenue gains", as it is relatively easy to structure around. The table conservatively assumes that half this static estimate can be realised over time.
- G Labour's women's policy says that "paid parental leave needs to be extended in coverage and longevity". Previous Labour comments have been around an extension to 18 weeks or 26 weeks. The cost presented here is for an extension to 18 weeks on 1 April 2013.
- H ACE and TIA funding costs from Labour's policy, plus a conservative estimate of \$8m a year for the policy of free dental care for pregnant women (assuming only one check-up per woman).
- I This is Labour's cost of its youth skills package over the first 4 years - \$171m - with an estimated phasing.
- J Labour says this would cost \$100m to \$200m a year as Budgets allow.
- K Labour has promised to find another \$400m of ECE funding over time.
- L Most of this is the cost of indexing university funding for inflation, as in Labour's policy.
- M Labour says it will phase this policy in over 4 years up to a cost of \$24m a year.
- N Labour's costs.
- O Interest costs on extra debt are generated by the Fiscal Strategy Model. Note that the additional interest costs associated with reversing the mixed-ownership model have not been included.
- Q This reverses the Budget 2011 policy of net zero capital allowances over 5 Budgets. Labour would have to borrow more to maintain the same programme of capital investment.
- R Much of this line reflects buying then selling properties to red-zone home owners and the assumption is there is no cost attached to this. The net cost of \$100m across this line is the cost of increasing compensation to red-zone home owners.
- T The operating balance impact plus balance sheet impact equals the increase in debt in that year.
- U Debt accumulates over time, so this line adds each year's increase in debt to the previous stock.