

# Review of 2020 Election commitments

**NZIER report to the National Party**

18 September 2020



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## Authorship

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# 1 Introduction

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You have asked us to review the costings of the package of expenditure and revenue proposals that the National Party will be promoting during the current election campaign.

## 1.1 The basis of our review

The costing of the individual items in the package was undertaken by the National Party. We have been asked to review them. In doing so we have examined material provided by the Party which outline the policies, the detailed costings themselves and the methodology used to determine those costings.

## 1.2 Fiscal impact, not an economic assessment

The National Party, as is standard, has released the fiscal impacts of its proposals, rather than undertaking an economic assessment of the costs and benefits of the proposals. This is the same approach the Treasury follows in presenting the annual Budget and is thus appropriate.<sup>1</sup>

We have, therefore, also not commented on the merits of the individual policies.

## 1.3 Basis of comparison

Regarding overall fiscal effects, we have compared the National Party's proposals with the forecasts and projections presented by the Treasury in its Pre-election Economic and Fiscal Update (the Pre-EFU), released on 16 September 2020.

The Pre-EFU represents the appropriations and revenue legislated by the just dissolved Parliament, together with the announced initiative of the current Government. Other parties contesting the election, including the parties forming and supporting the current Labour-led Government will be announcing their own policies and associated fiscal proposals. We have not included these in our review. In making any comparisons between what the National Party has proposed and the policies of other parties, we strongly recommend checking to see how they are presented relative to the Pre-EFU.

## 1.4 Timeframe

The National Party has released detailed spending and revenue plans for the current financial year, the next financial year (the first Budget after the election), and the following three financial years. This is consistent with the approach Treasury uses in preparing its Economic and Fiscal Updates. We can, therefore, compare the Party's proposals and those of the current Government on a like-for-like basis.

The National Party has also released a debt track going out to the 2033/34 financial year. This allows a comparison with the 10-Year medium-term projections contained in the Pre-EFU.

<sup>1</sup> Individual spending proposals announced in any Budget may be subject to a separate business case or other cost/benefit assessment as part of the policy development process.

## 1.5 Our methodology

In undertaking this review, we have been guided by the Treasury's guidance on Costing of Political Party Policies issued in advance of the election.<sup>2</sup> In accordance with this approach, we have checked how the National Party has calculated the initial fiscal impact of its proposals. We have also examined whether the Party is proposing any fiscal risks and contingent liabilities arising, e.g. from proposed Government guarantees.

Many of the spending proposals involve discrete increases in funding envelopes, which are relatively easy to review.

Other proposals involve changes in entitlements or the parameters of existing programs. Determining the cost of these proposals requires an estimate of the uptake of the program. We have not undertaken independent estimates but have reviewed those made by the National Party and assessed their appropriateness.

### 1.5.1 The benchmark

The benchmark bottom line we have used is the Operating Balance Before Gains and Losses (OBEGAL) in the Crown's Statement of Financial Performance. The OBEGAL is the technical term for what is commonly known as the Budget deficit or surplus.

Both the current Government (as set out in the Pre-EFU) and the National Party are proposing significant increases in operating and capital spending over the course of the next Parliament and beyond.

It would not be appropriate within the usual New Zealand budgeting framework to describe the National Party's overall proposals as representing a 'cut' in expenditure, because they are proposing to significantly increase expenditure above current levels. What they are proposing is a slower rate of increase than in the Pre-EFU.

## 1.6 What positive and negative mean

We have used the standard budgeting convention when it comes to discussing whether any particular item is positive or negative.

We apply the same treatment to both revenue and expenditure.

Any spending figure that is positive means that expenditure has increased: the deficit will get bigger. A negative number means that expenditure has decreased: the deficit reduces.

The same applies for taxes, in that a positive number means **less** tax (bigger deficit), while a negative number means **more** revenue is generated.

To give some specific examples, the National Party is proposing to:

- increase spending on health by \$171 million in its first Budget and so is a **positive** number

reverse the current Government's plans to reform vocational education, saving \$41.7 million in 2021/22, hence this is a **negative** number

<sup>2</sup> <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/planning/costing-political-party-policies#calc>



- index the income tax thresholds, which will reduce revenue raised by \$600 million in 2023/24. This makes the deficit bigger, so is recorded as **positive**.

In all the tables that follow, negative numbers appear in brackets, e.g. (41.7).

## 2 The package

Details of the package of measures that we reviewed, and the method used by the National Party to arrive at the individual costings, are in Appendix A.

Most of the proposals relate to future Budgets, except for some Covid-19 stimulus proposals that will be undertaken this financial year.

### 2.1 Operating expenditure

**Table 1 Summary of the operating components of the package**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
<b>Revenue</b>	<b>2,039</b>	<b>3,265</b>	<b>2,190</b>	<b>690</b>	<b>1,666</b>	<b>9,849</b>
<b>Operating Expenditure</b>						
Health		171	194	213	213	792
Education		91	258	368	424	1,141
Social Development	0	226	226	226	226	904
Economic Development	401	298	3	-	-	702
Environment		16	25	28	30	98
Law and Order		45	45	41	41	173
Other	-	30	30	30	30	120
Covid-19 Contingency	2,000	2,000	-	-	-	4,000
Contingency for unannounced initiatives	-	125	75	-	-	200
Savings	-	(461)	(448)	(448)	(448)	(1,806)
<b>Total spending initiatives</b>	<b>2,401</b>	<b>2,547</b>	<b>497</b>	<b>547</b>	<b>606</b>	<b>6,683</b>
<b>Total operating initiatives (spending plus revenue)</b>	<b>4,440</b>	<b>5,812</b>	<b>2,686</b>	<b>1,237</b>	<b>2,272</b>	<b>16,531</b>

Source: National Party

Note that the revenue initiatives are positive: meaning that the National Party is proposing to raise less revenue than that set out in Pre-EFU.

## 2.2 Capital spending

The National Party has also announced a series of capital spending proposals.

**Table 2 Summary of the capital components of the package**

\$ billions

Policy	2021/22	2022/23	2023/24	2024/25	Total over four years
Transport	2.7	2.8	3.2	5.0	13.7
Health	0.4	0.4	0.4	0.4	1.6
Education	0.8	0.8	0.8	0.7	3.1
<b>Total capital initiatives</b>	<b>3.9</b>	<b>4.0</b>	<b>4.4</b>	<b>6.1</b>	<b>18.4</b>

Source: National Party

## 2.3 Revenue

The net effect of the revenue proposals is a **decline** in total revenue against the Pre-EFU forecast, meaning that it has a negative effect on the Crown's operating balance (they make the deficit larger).

The proposals relating to changes in the depreciation of certain assets will affect the timing of tax receipts, rather than being a permanent reduction in revenue. However, over the next five years, the depreciation proposals have a negative effect of revenue, with an increase occurring outside the forecast period. Presenting the proposals in this way is consistent with standard Budget procedures.

## 2.4 Spending

Most of the spending proposals involve **increased** spending at the Output Class level (i.e. at the level of individual programmes) against forecast, while there are several proposals that involve reducing currently planned spending.

## 2.5 Future operating allowances

The National Party has announced future operating allowances that are lower than those of the current Government, as set out in the Pre-EFU. All of the spending proposals in the package are a charge against the allowances.

**Table 3 National's expense allowances**

\$ millions

	2020/21	2021/22	2022/23	2023/24	2024/25	Five year total
Covid-19 Fund underspend	4,440	4,621				9,061
Covid-19 Fund reprioritisations		500				500
Budget 2021		1,500	1,500	1,500	1,500	6,000
Budget 2022			1,800	1,800	1,800	5,400

	2020/21	2021/22	2022/23	2023/24	2024/25	Five year total
Budget 2023				1,800	1,800	3,600
Budget 2024					1,800	1,800
Total operating allowances	4,440	6,621	3,300	5,100	6,900	20,361
<b>Total net operating allowances available</b>		<b>814</b>	<b>704</b>	<b>9,953</b>	<b>4,718</b>	<b>10,189</b>

Source: National Party

There is fiscal headroom over the term of the coming Parliament, meaning that if elected, the National Party could accommodate additional spending of up to \$10.189 billion over the five years to 2024/25 and still be within its overall spending envelope.

The National Party is, however, proposing lower expenditure allowance than those in the Pre-EFU.

**Table 4 Difference between National's expense allowances and the Pre-EFU**

\$ millions

	2021/22	2022/23	2023/24	2024/25	Total over four years
Budget 2021	(900)	(900)	(900)	(900)	(3,600)
Budget 2022	-	(600)	(600)	(600)	(1,800)
Budget 2023	-	-	(800)	(800)	(1,600)
Budget 2024	-	-	-	(300)	(300)
<b>Total operating allowance reduction</b>	<b>(900)</b>	<b>(1,500)</b>	<b>(2,300)</b>	<b>(2,600)</b>	<b>(7,300)</b>

Source: National Party

These differences need to be put into the perspective of the size of the annual Budget. In the current fiscal year (2020/21), total Core Crown Expenses are estimated by the Treasury to total \$119.5 billion, falling to \$109.9 billion in the 2021/22 financial year. The National Party's proposals would see spending only fall to \$112.3 billion in that year.

## 2.6 Capital spending

The National Party has also released a ten-year capital programme.

The programme includes a combination of new initiatives and reversals of existing commitments, most noticeably suspending contributions to the NZ Super Fund. There are also proposed changes in the way some capital spending is financed.



**Table 5 Capital programme**

\$ billions

Spending area	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	4 year total	10 year total
Transport	2.7	2.8	3.2	5.0	5.2	2.4	0.7	6.4	1.7	1.0	13.7	31.1
Health	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	1.6	4.0
Education	0.8	0.8	0.8	0.7	0.7	0.2	0.2	0.2	0.2	0.2	3.1	4.8
<b>Total new initiatives</b>	<b>3.9</b>	<b>4.0</b>	<b>4.4</b>	<b>6.1</b>	<b>6.3</b>	<b>3.0</b>	<b>1.3</b>	<b>7.0</b>	<b>2.3</b>	<b>1.6</b>	<b>18.4</b>	<b>39.9</b>

Source: National Party

This programme will be financed from an increased capital allowance, borrowings by the NZ Transport Agency and reprioritisations.

**Table 6 Capital funding sources**

\$ billions

Spending area	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	4 year total	10 year total
NLTF Reprioritisation	0.4	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	2.3	6.3
NZTA Borrowing	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	4.0	10.0
NZ Upgrade Programme	-	-	-	-	1.3	1.3	1.3	-	-	-	-	3.9
Extra capital allowance	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	1.5	3.7
Existing capital allowance	2.15	2.65	3.29	3.45	3.51	3.58	3.18	3.25	3.31	3.38	11.5	31.8
<b>Remaining capital allowance</b>	<b>0.1</b>	<b>0.6</b>	<b>0.9</b>	<b>(0.7)</b>	<b>0.5</b>	<b>3.9</b>	<b>5.2</b>	<b>(1.7)</b>	<b>3.0</b>	<b>3.8</b>	<b>0.9</b>	<b>15.7</b>
Super Fund Contributions	(2.4)	(2.0)	(2.3)	(2.3)	(2.2)	(2.0)	(1.8)	(1.6)	(1.4)	(1.2)	(9.1)	(19.1)
KiwiBuild Savings	(1.0)	-	-	-	-	-	-	-	-	-	(1.0)	(1.0)

Source: National Party

There will be capital headroom over the next Parliamentary term. Unlike the case with operating expenditure, however, capital headroom is less critical. The National Party is proposing to increase capital spending to specifically accommodate projected capital needs, meaning that it is unlikely that it will suffer any “capital surprises”.

## 2.7 Debt track

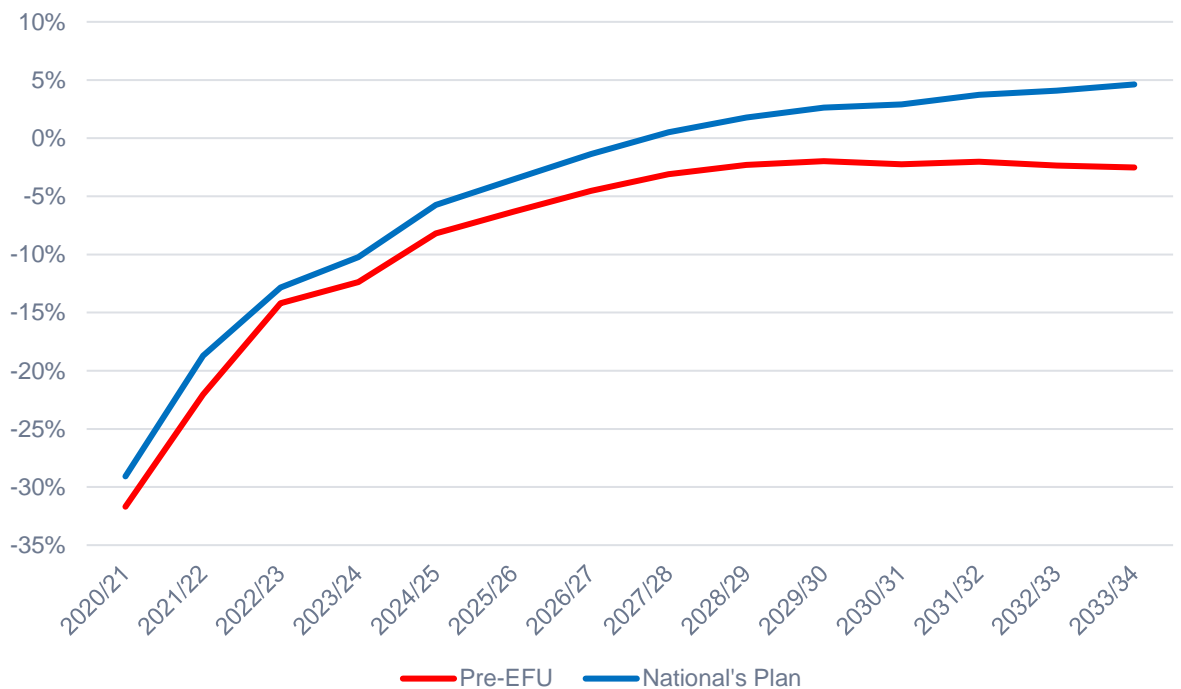
The National Party has made a commitment to return the Budget to surplus, meaning total debt will eventually fall in dollar terms. Accordingly, they have also released a proposed debt track going out to the 2033/34 financial year.

## 2.8 The bottom line

When combined, the National Party’s package will see the OBEGAL reduce slightly each year. The Budget will return to surplus in the 2027/28 fiscal year. The Pre-EFU projects deficits for the next fourteen years.

**Figure 1 OBEGAL: an earlier return to surplus**

Percent of GDP

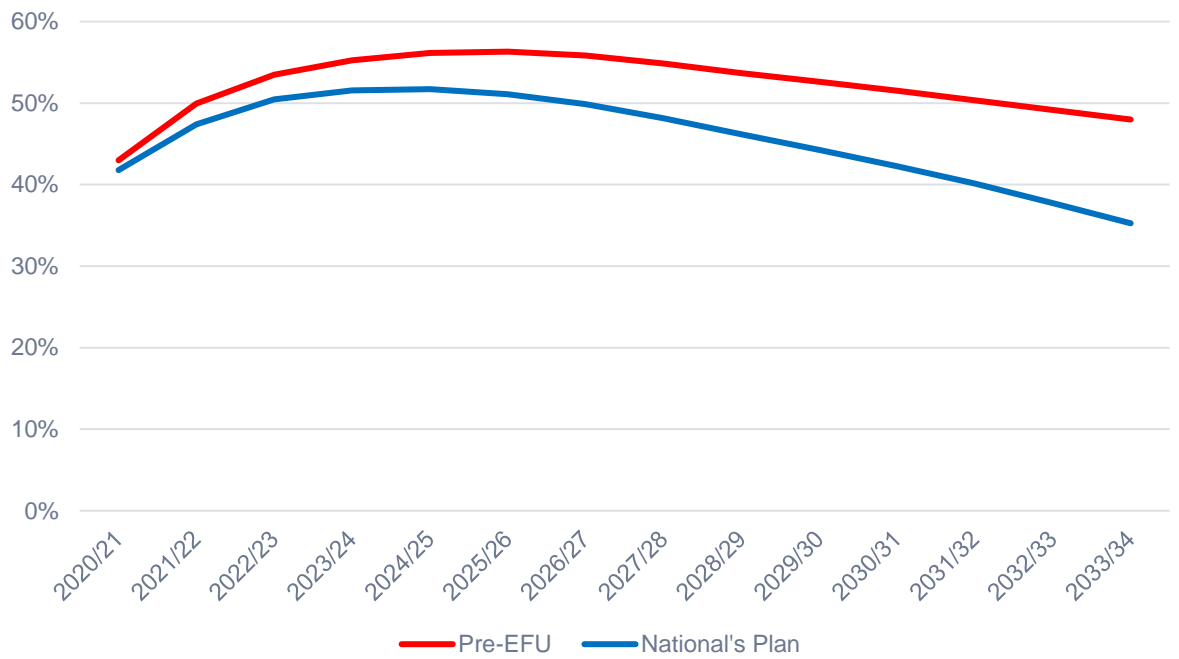


Source: National Party, Treasury Pre-EFU

Core Crown debt is projected by the National Party to be 34.9 percent of GDP in 2033/34. The Pre-EFU projections have debt at 47.9 percent of GDP in that year. In Figure 2 (over the page), the debt to GDP ratio in the Pre-EFU eventually starts to fall as debt is growing slower than GDP. The National Party’s plan has the ratio falling faster because after 2027/28, debt itself is decreasing, due to the return to surpluses.

**Figure 2 Lower debt track**

Percentage of GDP



Source: National Party, Treasury Pre-EFU

### 3 Detailed comments

In this section we provide detailed comments, on an exceptions' basis, on individual components of the package.

#### 3.1 Temporary personal tax relief

The proposal is to lift the current \$14k threshold to \$20k; \$48k threshold to \$64k (average income) and the \$70k threshold to \$90k.

**Table 7 Proposed tax thresholds**

Bottom of threshold	Top of threshold	Rate
0	\$20,000	10.5%
20,001	64,000	17.5%
64,001	90,000	30.0%
90,000		33.0%

Notes

1 Thresholds will apply from 1 December 2020 to 31 March 2022.

Source: National Party



This will be funded by drawing down from the unallocated Covid-19 Fund (as opposed to using operating allowances).

### **3.2 Contingency for policies yet to be announced**

A number of policies have been developed and costed, but have yet to be announced by the National Party.

We have reviewed these costings using the same methodology as the announced policies and a contingency representing their cost has been included in the fiscal policy announcement.

### **3.3 Future operating allowances**

When the current system of producing Economic and Fiscal Forecasts was introduced in 1994, Treasury initially prepared its forecasts for spending in future years on the basis of policy announcements in the current Budget, making no allowance for the possibility that subsequent Budgets might also include spending proposals affecting the out years. For example, its forecasts for the 1994 Budget did not include any possible changes in revenue or spending that might be announced in the 1995, 1996 and 1997 Budgets.

This practice resulted in projections of the operating balance, especially in the out years, that diverted materially from what actually transpired.

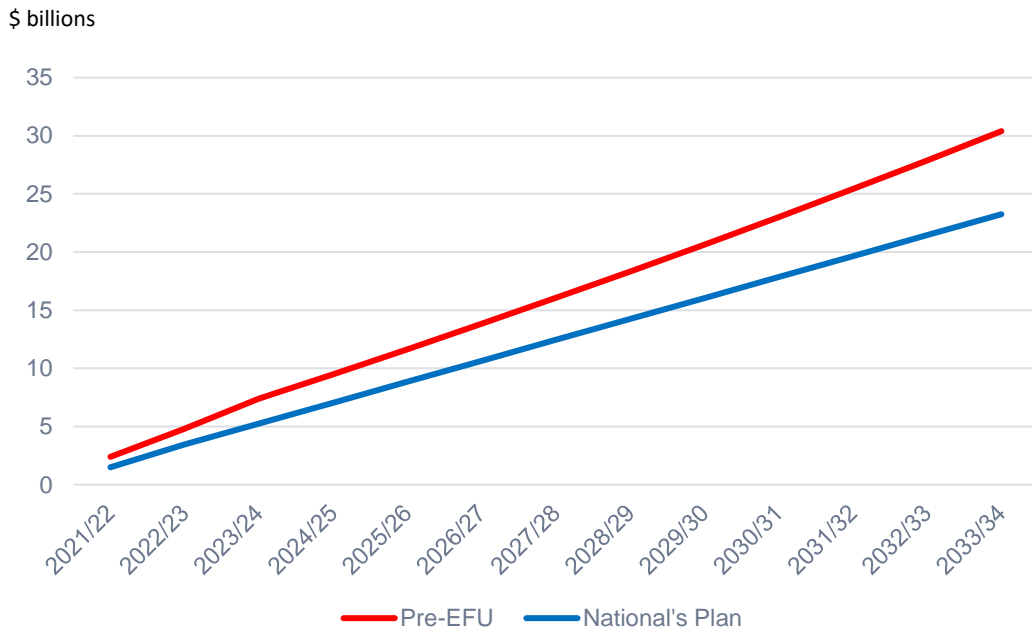
To correct for this inaccuracy, in the 1997 Budget Economic and Fiscal Update, the Treasury included an expense provision for initiatives to be announced in the next two Budgets. This practice continues to date, although the allowance now covers the next three Budgets.

The size of these future allowances is now a key element of any government's fiscal intentions.

In the Pre-EFU, total Budget allowances in 2023/24 are \$7.4 billion. National's total is \$10.189 billion. Again, this is in the context of a Pre-EFU forecast of total spending of \$116.1 billion in that year.



**Figure 3 Expense allowances each year**



Source: Treasury Pre-EFU, National Party, NZIER

### 3.4 Debt track

The National Party's debt track is lower than that contained in the Pre-EFU mainly because of the Party's decision to have lower expense allowances every year out to 2033/34. However, because it plans to have a lower OBEGAL deficit than in the Pre-EFU and return to surplus, Crown borrowing will be lower and this will, in turn, lead to lower interest expense on the stock of debt. This effect has been incorporated into the Party's debt track calculations. In all other respects, they have used the economic projections in the Pre-EFU, including on economic growth and interest rates.

## 4 Assessment

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All of the National Party's announced fiscal commitments are within its proposed spending allowance levels, and the Party has left itself \$10.189 billion in unallocated operating spending fiscal headroom over the term of the coming Parliament. It also has headroom on the capital side.

In the medium-term, the Party is committing to a significant level of new spending, but at a lower level than the track contained in the Pre-EFU.

We have reviewed the costings prepared by the National Party and we can confirm that they are based on appropriate information and data and provide voters with a sound basis upon which to assess the package.



## Appendix A Details

Some of the items in the tables in this appendix have been rounded to the nearest million dollars, which means they might not perfectly reconcile with the tables in the main body.

### A.1 Revenue policies

The National Party is proposing seven discrete revenue policy changes.

**Table 8 Details of revenue policies and source material for costings**

Policy	Details	Source of costing materials
Tax relief	One-off lift in personal income tax thresholds to apply for 16 months.	Temporary changes for 16 months, beginning 1 December 2020. Cost is based off Treasury's Tax Revenue Model.
Double Depreciation for Plant, Equipment and Machinery	Double rate of depreciation allowed for new plant and equipment valued over \$150,000 purchased after 1 April 2021.	Based on average investment in this class of assets in Statistics NZ national accounts for the last five and an average depreciation rate of 10%.
Tax Indexation	Index the thresholds in the income tax schedules to inflation	BEFU2020 Inflation forecasts
Reduce bright-line test to 2 years	Reverse current Government's extension.	Fiscal forecasts of the extension contained in the IRD Regulatory Impact Assessment. <sup>3</sup>
Repeal ring fencing of losses on residential property	Reverse current Government's ring-fencing provisions	Fiscal impact of introduction of the policy contained in BEFU2018 Summary of Initiatives.
\$150k Instant Asset Write-Off	Allow firms to write-off individual assets up to \$150,000 in value in year of purchase, rather than current depreciation treatment.	National Party internal calculations. Based on similar scheme operating in Australia and previous policies in New Zealand.
Small business tax package	Up to \$10,000 in tax credits for each new business established in 2021 and 2023.	National Party internal calculations. Based on IRD and stats NZ data.

Source: National Party and NZIER

<sup>3</sup> <https://treasury.govt.nz/sites/default/files/2018-03/ria-ird-bl-2018.pdf>



**Table 9 Fiscal impact of the revenue policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Tax relief	2,039	2,621				4,660
Double Depreciation for Plant, Equipment and Machinery		430	430	430	430	1,720
Tax Indexation	-	-	-	600	600	1,200
Reduce bright-line test to 2 years	-			50	50	100
Repeal ring fencing of losses on residential property	-			190	190	380
\$150k Instant Asset Write-Off		204	1,750	(590)	386	1,749
Small business tax package		10	10	10	10	40
<b>Total</b>	<b>2,039</b>	<b>3,265</b>	<b>2,190</b>	<b>690</b>	<b>1,666</b>	<b>9,849</b>

Source: National Party

## A.2 Education

**Table 10 Details of education policies and source material for costings**

Policy	Details	Source of costing materials
Smaller class sizes	Reduce average class sizes in Years 2 to 6. This will require an additional 2,015 teachers to be employed. Policy to be phased-in over three years.	National Party internal calculations. Data on student and teacher numbers from Ministry of Education website. <sup>4</sup> Assumes average cost per teacher of \$83,000, which is appropriate given current Primary Teachers' Collective Agreement rates. <sup>5</sup> Includes an allowance for small number of new classrooms.
Second language	One hour's teaching of a second language in all primary school classes.	National Party internal calculations. Based on data from on student and teacher numbers from Ministry of Education website. <sup>6</sup> Assumes an average cost of \$38 per hour, which is appropriate given current Primary

<sup>4</sup> <https://www.educationcounts.govt.nz/>.

<sup>5</sup> <https://www.education.govt.nz/school/people-and-employment/employment-agreements/collective-agreements/primary-teachers-collective-agreement/part-3-remuneration/>.

<sup>6</sup> <https://www.educationcounts.govt.nz/>.



Policy	Details	Source of costing materials
		Teachers' Collective Agreement rates. <sup>7</sup>
Increased funding for complex needs	Increase global funding to allow additional resources to be provided to students with complex needs.	Discrete policy initiative. \$160m per year ongoing from 2023/24, with phase-in of one third and two thirds in 2021/22 and 2022/23.
Teacher registration fees	Remove the annual teacher registration fees.	\$16m per year ongoing from 2022/23. <sup>8</sup> Current annual revenue to Teachers' Council of \$7million, but rate of fees to increase from 2021.
Voluntary bonding for teachers in hard to staff areas or subjects	\$500,000 increase in funding.	Discrete policy initiative.
Increase the number of Teacher Aides	Increase funding by \$38 million.	Discrete policy initiative.

Source: National Party and NZIER

**Table 11 Fiscal impact of the education policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Smaller class sizes	-	56.7	113.3	170.0	170.0	510.0
Second language	-	40.4	40.4	40.4	40.4	161.6
Increased funding for complex needs	-	53.3	106.7	160.0	160.0	480.0
Teacher registration fees	-	-	16.0	16.0	16.0	48.0
Voluntary bonding for teachers in hard to staff areas or subjects	-	0.5	0.5	0.5	0.5	2.0
Increase the number of Teacher Aides	-	38.0	38.0	38.0	38.0	152.0

Source: National Party

<sup>7</sup> <https://www.education.govt.nz/school/people-and-employment/employment-agreements/collective-agreements/primary-teachers-collective-agreement/part-3-remuneration/>.

<sup>8</sup> [https://d3n8a8pro7vhm.cloudfront.net/nationalparty/pages/14273/attachments/original/1594257461/Teacher\\_Registration\\_Fees\\_%E2%80%93\\_Q\\_A.PDF?1594257461](https://d3n8a8pro7vhm.cloudfront.net/nationalparty/pages/14273/attachments/original/1594257461/Teacher_Registration_Fees_%E2%80%93_Q_A.PDF?1594257461)





## A.3 Health

**Table 12 Details of health policies and source material for costings**

Policy	Details	Source of costing materials
Surgical mesh register	Establish a surgical mesh register.	Establishing a register was costed at \$15 million over ten years in 2018. <sup>9</sup>
Lumsden Maternity	Reinstate birthing unit in Lumsden.	Based on previous funding levels.
Wanaka Maternity	Establish birthing unit in Wanaka.	Internal National Party estimates.
Gynae Cancer package	Targeted funding for greater awareness, clinical guidelines, increased testing and greater access to clinical trials.	Discrete policy initiative. \$20m spread evenly over four years.
Interim Cancer Agency Board	Establish an interim board for the New Zealand cancer agency	Based on cost of the interim Climate Committee
Pharmac Budget Boost	A cancer drug fund, additional funding for medicines for rare disorder and increase PHARMAC funding at same rate of increase as overall health budget.	Discrete policy initiatives.
Child Dental Package	Increase resources for the paediatric and school dentals service to ensure all children have appropriate access to high quality dental care.	Discrete 30% increase over current levels.
Social Worker Navigator	Phased introduction of a social worker of 'lived experience' navigator in every GP medical practice in New Zealand.	≈1,000 GP practices; average cost of \$64,000 per navigator. Phased-in: \$21m year 1, \$43m year 2 and \$64m year 3 onwards.
Scope Increase for primary care	Support increases in scope for primary care practitioners.	Discrete policy initiative.
Medicines Reuse	Introduce a system for unused medicine to be returned, which if unexpired can then be distributed to people who cannot afford the medicine.	\$1m operating cost is an assumption.
Pilot Low Dose CT Lung Scanning	Conduct a pilot of Low Dose CT Lung Scanning.	Discrete policy initiative.
Double Cochlear Implants	Double existing funding.	Discrete policy initiative.
National Eye Health Survey	Fund an Eye Health Survey.	\$0.5 million operating cost is an assumption.
VLCA Targeting	This will increase annual funding.	Discrete policy initiative.
Increased Aids NZ Funding		Discrete policy initiative.
Rotorua Helicopter	Fund a rescue helicopter based in Rotorua.	Costing based on feedback from the Rotorua Rescue Helicopter Trust, using a conservative estimate of operating costs.

Source: National Party and NZIER

<sup>9</sup> <https://www.health.govt.nz/system/files/documents/publications/surgical-mesh-registry-cost-benefit-analysis.pdf>



**Table 13 Fiscal impact of the health policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Surgical mesh register		2.0	2.0	2.0	2.0	8
Reinstate birthing unit at Lumsden Maternity		0.3	0.3	0.3	0.3	1
Establish birthing unit at Wanaka		0.3	0.3	0.3	0.3	1
Gynae Cancer package		5	5	5	5	20
Interim Cancer Agency Board		1	3			4
Pharmac Budget Boost		90	90	90	90	360
Rare Disorders		5	5	5	5	20
Child Dental Package		30	30	30	30	120
Social Worker Navigator		21	43	64	64	192
Scope Increase for primary care		2.5	2.5	2.5	2.5	10
Medicines Reuse		1	1	1	1	4
Pilot Low Dose CT Lung Scanning		1.5	1.5	1.5	1.5	6
Double Cochlear Implants		8.4	8.4	8.4	8.4	34
National Eye Health Survey		0.5	0.5	0.5	0.5	2
VLCA Targeting		5	5	5	5	20
Increased Aids NZ Funding		1	1	1	1	4
Rotorua Helicopter		1.5	1.5	1.5	1.5	6

Source: National Party

## A.4 Economic development

**Table 14 Details of economic development policies and source material for costings**

Policy	Details	Source of costing materials
JobStart	\$10,000 cash payment to businesses for all additional new employees employed in 2020/21 and 2021/22.	Assumes 50,000 new jobs.
Tourism Accelerator	Direct grants for tourism projects aimed at increasing demand for tourism.	Discrete contestable fund, \$25 million per year.
BusinessStart	Advice and capital for people who have lost their job due to Covid who start a new business.	10,000 new businesses each year, with 50% eligible for funding. \$10,000 limit to tax credit; \$1,000 limit for business plan advice; \$130 company registration fee.



Policy	Details	Source of costing materials
		Business mentoring discrete fund.
TRENZ	Fund 2021 and 2022 TRENZ tourism conferences.	Discrete policy initiative.

Source: National Party and NZIER

**Table 15 Fiscal impact of the economic development policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
JobStart	250	250				500
Tourism Accelerator	100					100
BusinessStart	51	46				97
TRENZ		2.5	2.5			5

Source: National Party

## A.5 Environment

**Table 16 Details of environment policies and source material for costings**

Policy	Details	Source of costing materials
Clean up NZ's beaches	Additional funding each year.	Discrete policy initiative.
Electric Vehicle (EV) Package	Exempt electric vehicles from Fringe Benefit tax (FBT) and electrify government vehicle fleet.	FBT: based on number of new vehicles required to meet target. based on \$40,000 average cost of vehicle, one third private use, giving FBT payable of \$1,123 per vehicle. RUC of \$1,072.  Government fleet: based on 2,000 EVs added to fleet in 2021/22 and 2022/23.

Source: National Party and NZIER

**Table 17 Fiscal impact of the environment policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Clean up NZ's beaches		2	2	2	-	6
Electric Vehicle Package		14	23	26	30	93

Source: National Party



## A.6 Law and order

**Table 18 Details of law and order policies and source material for costings**

Policy	Details	Source of costing materials
Expand Integrated Service Response	Double proposed funding	Cost benefit analysis of pilot proposals. <sup>10</sup>
Independent Police Conduct Authority increased funding		Discrete policy initiative.
Increase funding for Drug Intelligence		Discrete policy initiative.
Expand use of Drug and Alcohol Courts	Establish two additional courts.	
CleanStart		Same funding as 2016 Out of Gate programme. <sup>11</sup>
Increase Funding for Education and Drug Treatment in Prison	Increase annual funding from \$6m to \$10m	Discrete policy initiative.
Meth Plan	Contestable Fund; additional detox; Matrix Pilot programme; alcohol/drug specialist at each DHB	\$10 million annual contestable fund: Discrete policy fund. 13 additional detox beds at \$140k per bed Matrix Pilot programme: Discrete policy initiative. Alcohol/drug specialist: 1 day a week \$250 per hour.

Source: National Party and NZIER

**Table 19 Fiscal impact of law and order policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Expand Integrated Service Response	-	10	10	10	10	40
Independent Police Conduct Authority increased funding	-	1	1	1	1	4
Increase funding for Drug Intelligence	-	5	5	5	5	20
Expand use of Drug and Alcohol Courts	-	3	3	3	3	12
CleanStart	-	5	5	5	5	20
Increase Funding for Education and Drug Treatment in Prison	-	4	4	4	4	16
Meth Plan	-	17	17	14	14	63

Source: National Party

<sup>10</sup> <https://www.justice.govt.nz/assets/Documents/Publications/nIG96VfM-ISR-Evaluation-Synthesis-Report.pdf>

<sup>11</sup> [https://www.corrections.govt.nz/data/assets/pdf\\_file/0018/13617/Budget\\_2016\\_Factsheet\\_-\\_OOG.pdf](https://www.corrections.govt.nz/data/assets/pdf_file/0018/13617/Budget_2016_Factsheet_-_OOG.pdf)



## A.7 Social development

**Table 20 Details of social development policies and source material for costings**

Policy	Details	Source of costing materials
First 1000 Days Package	Multi-pronged policy package. Includes: increased funding for parents of new babies, both universal and targeted, enhanced screening of health, to identify behavioural, social, or developmental concerns, lower ECE class sizes and funding of a National Centre for Child Development	Individualised funding: \$3,000 per child for 90% of population, \$6,000 for 10% in higher risk group, assumes 58,000 new babies per year.  Post-natal care: \$280 per day for an additional one day stay,  All other components discrete policy initiatives.

Source: National Party and NZIER

**Table 21 Fiscal impact of social development policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
First 1000 Days Package		226	226	226	226	904

Source: National Party

## A.8 Other policies

**Table 22 Details of other policies and source material for costings**

Policy	Details	Source of costing materials
Te Korowai Whakamaru/NZ Border Protection Agency	Establish Agency.	Based on level of funding for CERA. Resources will also be transferred from existing agencies.
Covid-19 Contingency		

Source: National Party and NZIER

**Table 23 Fiscal impact of other policies**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Te Korowai Whakamaru/NZ Border Protection Agency		30	30	30	30	120
Covid-19 Contingency	2,000	2,000				



Source: National Party

## A.9 Savings

**Table 24 Details of savings and source material for costings**

Policy	Details	Source of costing materials
Means Test Best Start Payment in Year 1		Assumes 50% reduction in uptake.
Vocational reform saving		Costed at \$41.7m.
Abolish Fees Free	Reverse current policy of allowing the first year of tertiary education to be fee-free.	Costed at \$359m per year.

Source: National Party and NZIER

**Table 25 Fiscal impact of savings**

\$ millions

Policy	2020/21	2021/22	2022/23	2023/24	2024/25	Total over five years
Means Test Best Start Payment in Year 1		(60)	(60)	(60)	(60)	(240)
Vocational reform saving	-	(41.7)	(29.4)	(29.4)	(29.4)	(129.9)
Abolish Fees Free		(359.0)	(359.0)	(359.0)	(359.0)	(1,436.0)

Source: National Party

