



Our ref : 00790127

Hon Ronald (Shane) Love MLA
Leader of The Nationals WA
PO Box 216
DONGARA WA 6525

Dear Mr Love

**2025 STATE ELECTION POLICY COSTING – IMPACT OF THE
NATIONALS WA COMMITMENTS ON STATE FINANCES –
27 FEBRUARY 2025**

The Caretaker Conventions applying to the 2025 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 7 February 2025.

On 27 February 2025, the Department of Treasury (Treasury) received your request to verify 43 costings as detailed in **Attachment A**. Treasury notes that the requested costings at **Attachment A** do not represent a complete list of all election commitments announced by The Nationals WA.

Treasury also notes that a number of commitments submitted for costing have unclear funding sources or assume a partial or total funding allocation from existing programs (such as Royalties for Regions) without identifying offsetting amounts. As these programs are fully allocated in the PFPS, it has not been possible for Treasury to identify the assumed net debt impact of the relevant commitments. As a result, Treasury has:

- focussed on verifying the gross cost (i.e. recurrent and capital expenditure) or foregone revenue of each commitment; and
- assumed commitments are funded from new Consolidated Account funding in order to calculate the net debt impact (unless otherwise stated in **Attachment A**).

Treasury's estimates are detailed in **Attachment A**. Based on the assumptions outlined above and in the explanatory footnotes, the estimates for 34 of the submitted commitments are considered reliable and Treasury has not identified any difference between The Nationals WA costings and Treasury's costings. A total of nine variances have been identified, with explanatory footnotes and/or additional details at **Attachment A**.

Relative to the PFPS, the impact on the State's finances of the 43 commitments submitted is outlined in the table below. As indicated, the costed commitments are estimated to increase net debt by \$3.512 billion over the current forward estimates period (i.e. to 30 June 2028). This comprises a direct cost of \$3.383 billion (as detailed in **Attachment A**), and a flow-on impact of \$129 million for interest costs.

<p style="text-align: right;">Table 1</p> <p style="text-align: center;">IMPACT ON STATE FINANCES ^(a) The Nationals WA Commitments to 27 February 2025</p>				
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Estimated Impact of Commitments ^(b)				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	-	-813	-897	-845
Revenue	-	-207	-195	-160
Expenses	-	605	701	685
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	-	1,111	2,311	3,512
Asset Investment Program	-	279	304	352
Cash Surplus/Deficit	-	-1,092	-1,204	-1,205
Revised PFPS Aggregates				
GENERAL GOVERNMENT SECTOR				
Net Operating Balance	3,190	2,736	2,628	1,994
Revenue	49,021	47,731	46,252	46,288
Expenses	45,830	44,995	43,624	44,294
TOTAL PUBLIC SECTOR				
Net Debt at 30 June	33,812	37,416	39,329	41,118
Asset Investment Program	13,561	11,711	9,495	8,605
Cash Surplus/Deficit	-5,090	-3,114	-1,568	-1,427
<p>(a) Based on information made available by The Nationals WA and analysis by Treasury with input from State Government agencies.</p> <p>(b) Includes the impact of indirect costs such as changes to interest.</p>				

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

Yours sincerely



Michael Barnes
UNDER TREASURER

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05 MAR 2025

ELECTION COMMITMENTS SUBMITTED FOR COSTING

The following table lists the election commitments submitted by The Nationals WA on 27 February 2025 for costing by the Under Treasurer under the Caretaker Conventions. The table shows the estimated gross cost to 30 June 2028 for both The Nationals WA costing and Treasury's costing, as well as Treasury's estimate of the net debt impact to 30 June 2028. Other election commitment costing advice is available on Treasury's website www.wa.gov.au/organisation/departments-of-treasury.

ELECTION COMMITMENT COSTINGS

Table 2

Commitment Title		The Nationals WA Gross Cost to 30 Jun 2028	Treasury Gross Cost to 30 Jun 2028	Gross Cost Variance	Treasury Net Debt Forecast to 30 Jun 2028
		\$m	\$m	\$m	\$m
1	Crime & Youth Justice Strategy ^(a)	105.0	105.0	—	105.0
2	Community Water Supply Program ^(a)	7.5	7.5	—	7.5
3	Farm and Pastoral Water Scheme ^(a)	15.0	15.0	—	15.0
4	Extension and expansion of eID Tag Incentive Payment ^(a)	2.9	2.9	—	2.9
5	Returning livestock animal welfare compliance to the Department of Agriculture ^(b)	—	—	—	—
6	Restoration of Agricultural Education Directorate ^(c)	0.5	1.0	0.5	1.0
7	Pilot Microgrid	3.0	3.0	—	3.0
8	Veterans Funding Commitments ^(a)	4.4	4.4	—	4.4
9	Resilient Fishing Environments	52.5	52.5	—	52.5
10	Cowaramup Primary School upgrade ^(d)	12.0	12.0	—	12.0
11	Carnarvon Agronomist	0.5	0.5	—	0.5
12	Community Champions Fund	6.0	6.0	—	6.0
13	Narrogin Emergency Services Centre ^(a)	4.5	4.5	—	4.5
14	Protecting the future of regional racing ^(a)	18.8	18.8	—	18.8
15	South West Agribusiness Precinct ^(a)	6.0	6.0	—	6.0
16	Major upgrade to Geraldton-Mt Magnet Road ^(e)	33.8	33.8	—	33.8
17	Albany Regional Airport Enhancements ^(f)	8.0	8.0	—	8.0
18	Keirnan Park Netball Courts – Stage 1 Delivery ^(a)	30.4	30.4	—	30.4
19	Local Infrastructure Fund	112.5	112.5	—	112.5
20	Indian Ocean Drive Upgrade	12.0	12.0	—	12.0
21	Royal Flying Doctor Service Geraldton Base ^(a)	12.0	12.0	—	12.0
22	Domestic Violence Strategy ^(g)	56.3	56.3	—	56.3
23	Making a Difference for Regional Arts ^(a)	28.5	28.5	—	28.5
24	Nationals Plan to Tackle Homelessness ^{(a) (h)}	7.5	7.7	0.2	7.7
25	Kalbarri Multipurpose and Evacuation Centre ^{(a) (i)}	7.0	17.0	10.0	17.0
26	Esperance Desalination	2.0	2.0	—	2.0
27	Payroll Tax Reform ^{(a) (j) (k)}	876.0	564.0	–312.0	564.0
28	Abolishing Stamp Duty for First Home Buyers ^{(j) (l)}	216.0	371.0	155.0	371.0
29	Regional Health Infrastructure Fund ^(a)	300.0	300.0	—	300.0
30	Patient Assisted Travel Scheme Boost ^(a)	75.0	75.0	—	75.0
31	Building Regional Homes Program ^(a)	300.0	300.0	—	300.0
32	Regional Headworks Fund ^(a)	300.0	300.0	—	300.0
33	\$300m Community Care Package	225.0	225.0	—	225.0
34	Safer Local Roads	207.0	207.0	—	207.0
35	Mid West Rescue Helicopter ^{(a) (m)}	40.0	95.0	55.0	95.0

Table 2 (cont.)

ELECTION COMMITMENT COSTINGS

Commitment Title		The Nationals WA Gross Cost to 30 Jun 2028	Treasury Gross Cost to 30 Jun 2028	Gross Cost Variance	Treasury Net Debt Forecast to 30 Jun 2028
		\$m	\$m	\$m	\$m
36	Emergency Services Funding Boost ^(a)	128.9	128.9	—	128.9
37	Volunteering Policy ^{(a) (n)}	2.0	3.0	1.0	3.0
38	WA Recovery & Resiliency Agency ^(a)	90.0	90.0	—	90.0
39	Esperance Senior High School	60.0	60.0	—	60.0
40	Margaret River Senior High School ^(o)	45.0	60.0	15.0	60.0
41	Boost Boarding Away from Home Allowance ^{(a) (p)}	7.2	8.0	0.8	8.0
42	\$8 million Country Week Assistance Program	6.0	6.0	—	6.0
43	HomeBuild Relief Payments & Construction Recovery Loan Scheme ^(q)	20.0	20.0	—	31.0
TOTAL ^(r)		3,446.5	3,372.0	—74.5	3,382.9

- (a) References to funding arrangements are not clear or an identified funding source is fully allocated and offsetting savings have not been specified. Treasury has therefore assumed new Consolidated Account funding.
- (b) The commitment assumes a funding reallocation from the RSPCA to DPIRD, to enable DPIRD to undertake livestock animal welfare compliance. However, this function is currently undertaken by DPIRD and the RSPCA continues to deliver animal companion welfare services on behalf of the State. Therefore, no reallocation is required, and the commitment does not impact State finances.
- (c) Treasury has updated the cost of this commitment to reflect actual salary rates, staffing on-costs and indexation for 1.5 FTE curriculum support positions.
- (d) Treasury has assumed that the scope of this commitment is limited to a new early childhood education block only and excludes any broader school upgrades.
- (e) The commitment is assumed to be part funded by the Commonwealth on an 80:20 basis. At this stage, this assumption is considered reasonable given scope in the Federation Funding Agreement for higher project funding shares at the discretion of the Commonwealth Government.
- (f) Partly funded from existing project allocation.
- (g) Treasury has only costed the components of the domestic violence strategy contained in the costing request that include financial implications. The commitment to bolster WA Police Force specialist Family and Domestic Violence teams to improve response times and outcomes has not been costed as insufficient information has been provided to calculate an accurate cost estimate.
- (h) The commitment expense impact has been updated to reflect application of the Non-Government Human Services Sector indexation to the service agreement for the Advance Zero Project.
- (i) See further information under **Kalbarri Multipurpose and Evacuation Centre** below.
- (j) Amounts represent foregone taxation revenue and increased expenses, with no offsetting expenditure reduction.
- (k) See further information under **Payroll Tax Reform** below.
- (l) See further information under **Abolishing Stamp Duty for First Home Buyers** below.
- (m) See further detail under **Mid West Rescue Helicopter** below.
- (n) The commitments expense impact has been updated for more recent volunteer numbers since 2021-22.
- (o) See further detail under **Margaret River Senior High School** below.
- (p) Treasury has updated the cost of this commitment to reflect the current number of eligible students and current forecast indexation rates.
- (q) See further information under **HomeBuild Relief Payments and Construction Recovery Loan Scheme** below.
- (r) Totals may not sum due to rounding.

Kalbarri Multipurpose and Evacuation Centre

The submitted cost of \$7 million for the Multipurpose and Evacuation Centre in Kalbarri is assumed to be based on a Quantity Surveyor cost plan prepared in October 2023. This cost plan has been updated to reflect current construction rates and escalation to the proposed commencement date.

In addition, allowances have been made for noticeable exclusions from the \$7 million estimate such as the Department of Finance fees, agency fees, Headworks, Environmental Sustainable allowance, and Building Act compliance costs.

Payroll Tax Reform

The Nationals WA costing of \$292 million per annum (\$876 million over the current forward estimates period) is sourced from a 2023 report commissioned by the Chamber of Commerce and Industry Western Australia (CCIWA). However, this costing relates to a rebate with eligibility determined by Western Australian wages rather than Australia-wide wages, which is the basis for payroll tax thresholds and rates.

As a result, the \$292 million per annum submitted costing is a significant overestimate because it includes all businesses with Western Australian wages below \$7.5 million instead of all businesses with Australia-wide wages below \$7.5 million. Treasury has also costed the proposal using the most recent payroll tax data, which is not available to The Nationals WA or to CCIWA.

Abolishing Stamp Duty for First Home Buyers

The Nationals WA have committed to abolishing transfer duty for all first home buyers to support up to 20,000 households. In costing this proposal, Treasury has used updated first home owner transfer duty data that was not available to the Nationals WA. Treasury estimates the 20,000 cap would be reached in the second half of 2027-28, with the amount of transfer duty applying to subsequent first home buyers being based on existing transfer duty rates and concessions. Treasury's costing is higher than the Nationals WA costing due to both the average reduction in transfer duty payable (\$15,000 for the Nationals WA compared to Treasury's estimate of \$19,000) and the assumed number of first homebuyers per year (4,800 for the Nationals WA compared to Treasury's estimate of 7,600).

Mid West Rescue Helicopter

The Department of Fire and Emergency Services has provided a high-level estimate for purchasing and to operating a Mid West Rescue Helicopter, indicating a minimum cost of \$95 million 30 June 2028.

Margaret River Senior High School

Treasury and the Department of Education have estimated the cost to deliver the full announced scope of this commitment at \$60 million, based on indicative cost estimates for a Stage 2 redevelopment of the school to accommodate a 200-student increase in accommodation and specialist learning areas for design, technology and enterprise, a performing arts space and other upgrades in line with the costing request.

HomeBuild Relief Payments and Construction Loan Recovery Scheme

Detailed assumptions underlying the loan scheme component of this commitment were not included in the costing request.

To prepare an indicative financial impact for this commitment, Treasury has made a number of assumptions, including a similar take-up rate by builders as experienced under the existing Builders' Support Facility.

Based on these assumptions, the indicative net debt impact of the loan scheme is estimated to be \$11 million at 30 June 2028, with a further \$20 million arising from the provision of \$20 million in HomeBuild Payment grants (for a total \$31 million net debt impact to 30 June 2028).