



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator Christine Milne
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Milne

Please find attached a response to your costing request, *Better deal for renters* (letter of 29 August 2013).

The response to this request will be released on the PBO website (<http://aph.gov.au/pbo>).

If you have any queries about this costing, please do not hesitate to contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

5 September 2013



COSTING – ELECTION CARETAKER PERIOD

Name of proposal to be costed:	Better deal for renters
Summary of proposal:	<p>The proposal would implement: new national minimum standards for private rental tenancies, a funding package of \$100 million per year for landlords to spend up to \$500 per property to upgrade their properties and provide \$3 million per year to Tenancy Advice Services. The new national minimum standards for private rental tenancies would be administered by the States and Territories.</p> <p>The intention of the proposal is to improve conditions for households living in rental housing.</p> <p>The proposal would have effect from 1 July 2014.</p>
Person/party requesting costing:	Senator Christine Milne, Australian Greens
Date costing request received:	29 August 2013
Date costing completed:	5 September 2013
Date of public release of policy:	22 August 2013
Additional information requested (including date):	On 30 August 2013, the PBO requested clarification on the administrative arrangements for implementing and overseeing the proposed national minimum standards for rental housing.
Additional information received (including date):	On 4 September 2013, Senator Milne's Office clarified that the Department of Families, Housing, Community Services and Indigenous Affairs would set the national minimum standards for rental housing.
Agencies from which information was obtained:	Not applicable

Costing overview

This proposal is expected to decrease both the underlying cash and fiscal balances by \$309.9 million over the 2013-14 Budget forward estimates period. This impact is entirely due to an increase in expenses.

The proposal would have an ongoing impact beyond the forward estimates period.

POLICY COSTING – ELECTION CARETAKER PERIOD

This costing is considered to be of high reliability because all the initiatives involve capped expenditure.

Table 1: Financial implications (outturn prices)^(a)

Impact on	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-	-103.3	-103.3	-103.3
Fiscal balance (\$m)	-	-103.3	-103.3	-103.3

(a) A negative number for the fiscal balance indicates an increase in expenses in accrual terms. A negative number for the underlying cash balance indicates an increase in expenditure in cash terms.

Key assumptions

The PBO has made the following assumptions regarding this costing:

- the costing request specified that all aspects of the proposal would be capped. The PBO has assumed that funding allocated for the \$500 'upgrade' payment is fully utilised, and
- the PBO has not made an assessment of whether the funding is sufficient to meet the policy goals.

Methodology

- The costing represents the sum of the capped amounts plus departmental costs.
- The PBO has estimated a cost of \$0.3 million per year for the provision of extra staff to the Department of Families, Housing, Community Services and Indigenous Affairs to set the national minimum standards for rental housing. This is based on the cost to administer similar programs such as the Universal design for housing policy, which supports the implementation of liveable housing designs for those with disabilities.

Data sources

The costing is based on the capped amounts specified in the costing request.