



Policy costing request—during the caretaker period for a general election

Name of policy:	Increasing Rent Assistance by 30 per cent
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	1 July 2016
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	Thursday 30 th June 2016 http://greens.org.au/sites/greens.org.au/files/increasing%20rent%20assistance.pdf
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	<ul style="list-style-type: none">• Increase Commonwealth Rent Assistance by 30%, through an increase of 10 per cent on current levels in each of 2017-18, 2018-19 and 2019-20.• The above is not indexed• Review the structure of CRA payments in accordance with reports by peak bodies recommending that the level of payment should vary according to the average rental cost in each location.• Review abandoning the Rent Assistance rules regarding 'sharers' and aim at linking payments to the level of rent paid, rather than the type of living arrangement people may be in.
What is the purpose or intention of the policy?	

What are the key assumptions that have been made in the policy, including:	
<p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p>	<p>Yes, a broader reducing inequality package in Senator Siewert’s office, which is at http://greens.org.au/inequality</p> <p>And part of our 9-part housing platform at http://greens.org.au/housing</p>
<p>Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?</p>	<p>Demand driven not capped.</p>
<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p>	<p>Commonwealth directly provides CRA to eligible individuals.</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>No</p>
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>No</p>

PBO Policy costing request—during the caretaker period for a general election

If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices)^(a)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)		-357	-730	-1130
Fiscal balance (\$m)		-357	-730	-1130
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	<p>Australian Government expenditure on CRA was \$4.2 billion in 2014-15, increasing from \$3.3 billion in 2010-11 (in real terms) (table GA.13).</p> <ul style="list-style-type: none"> • The average government expenditure per income unit² receiving CRA was \$3127 in 2014-15 (table GA.14). • Nationally in June 2015, there were 1 343 431 income units receiving CRA (table GA.16), with 77.8 per cent of all CRA recipients paying enough rent to be eligible to receive the maximum rate of CRA (an increase from 74.5 per cent in 2011) (table GA.27). • The median CRA payment in 2015 was \$128 per fortnight, with median rent being \$415 per fortnight (table GA.26). <p>Source: Report on Government Services 2016 – Volume G: Housing and Homelessness – Produced by the Productivity Commission for the Review of Government Service Provision – Section G.5 – Commonwealth Rent Assistance</p> <p>http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/housing-and-homelessness/rogs-2016-volume-g-housing-and-homelessness.pdf</p>			

PBO Policy costing request—during the caretaker period for a general election

<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	<p>No</p>
<p>What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	<p>See detailed discussion of policy impacts in the Henry Review - http://taxreview.treasury.gov.au/content/FinalReport.aspx?doc=html/publications/Papers/Final_Report_Part_2/chapter_f5-3.htm</p> <p>Impacts current CRA recipients – take up expected to be full number of eligible individuals receiving CRA.</p> <p>Report on Government Services 2016 – Volume G: Housing and Homelessness – Produced by the Productivity Commission for the Review of Government Service Provision – Figure G.1 – CRA and Rental Stress</p> <p>http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/housing-and-homelessness/rogs-2016-volume-g-housing-and-homelessness.pdf</p>
<p>Administration of policy:</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>	<p>Australian Government, Department of Housing and Homelessness or Department of Infrastructure.</p>
<p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>	
<p>Intended date of implementation:</p>	<p>1 July 2017</p>
<p>Intended duration of policy:</p>	<p>Ongoing</p>

PBO Policy costing request—during the caretaker period for a general election

Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	Report on Government Services 2016 – Volume G: Housing and Homelessness – Produced by the Productivity Commission for the Review of Government Service Provision: http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/housing-and-homelessness/rogs-2016-volume-g-housing-and-homelessness.pdf
Are there any other assumptions that need to be considered?	No
NOTE: <i>Please note that: The costing will be on the basis of information provided in this costing request. The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i>	