



**Parliament of Australia**  
**Parliamentary Budget Office**

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**Parliamentary Budget Officer**

Senator Richard Di Natale  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Renter's Rights* (letter of 24 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.pbo.gov.au)).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

*LB* June 2016



## Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Renter's Rights
Summary of proposal:	<p>The proposal would introduce new national minimum standards for private residential tenancies. A new national body would be established to develop and oversee the implementation of these standards.</p> <p>In addition, the proposal would provide capped funding amounts of:</p> <ul style="list-style-type: none"><li>• \$100 million per year to assist landlords to make upgrades to their properties in order to meet the new standards (\$500 per property for up to 200,000 properties per year)</li><li>• \$10 million per year to review and increase funding to tenancy advice services in states and territories.</li></ul> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	20 June 2016
Date costing request received:	24 June 2016
Date costing completed	24 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

### Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$474 million over the 2016-17 Budget forward estimates period. The financial implications reflect an increase in administered expenses of \$421 million and an increase in departmental expenses of \$53 million. A breakdown of administered and departmental financial implications is at [Attachment A](#).

The proposal would have ongoing annual financial implications beyond the 2016-17 Budget forward estimates period similar to those in 2019-20.

This costing is considered to be of medium reliability. The elements of the proposal involving specified capped funding are of high reliability. The estimated financial implications for establishing a national body to set up and implement the new minimum standards are of medium reliability. These estimates are subject to uncertainty because the scope of the new national body is not finalised and would be subject to negotiation with states and territories.

**Table 1: Financial implications (outturn prices)<sup>(a)(b)</sup>**

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-102.0	-124.0	-124.0	-124.0	<b>-474.0</b>
Underlying cash balance	-102.0	-124.0	-124.0	-124.0	<b>-474.0</b>

(a) A positive number indicates an increase in the relevant budget balance, a negative number a decrease.

(b) Figures may not sum to totals due to rounding.

## Key assumptions

The Parliamentary Budget Office (PBO) has assumed that the establishment of the new agency would require a phase-in period over the first ten months of the proposal. During the phase-in period, additional departmental expenses for establishing and implementing the new minimum standards would be required.

## Methodology

The administered expenditure estimates are as specified in the capped grant amounts.

Estimates of expenses for a national body to develop and implement new national standards are based on expenses for comparable agencies with responsibility for the development and implementation of national standards.

Departmental expenses for administering the capped grants under the landlord assistance package are in addition to the capped amounts as specified in the request. These estimates are based on similar programs and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

Administered and departmental financial implications have been rounded to the nearest \$1 million.

## Data sources

Department of Finance provided indexation and efficiency dividend parameters, and extracts from the Central Budget Management System for the 2016 Pre-election Economic and Fiscal Outlook.

## Attachment A: Renter's Rights—financial implications

**Table A1: Renter's Rights—Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<b>Fiscal and underlying cash balances – expenses/outlays</b>					
<b>Administered</b>					
<i>Landlord assistance package</i>	-83.0	-100.0	-100.0	-100.0	<b>-383.0</b>
<i>Tenancy advice services – additional funding</i>	-8.0	-10.0	-10.0	-10.0	<b>-38.0</b>
Total administered	-91.0	-110.0	-110.0	-110.0	<b>-421.0</b>
<b>Departmental</b>					
<i>New body to set and oversee national minimum standards for residential tenancies</i>	-9.0	-12.0	-12.0	-12.0	<b>-45.0</b>
<i>Department of Social Services<sup>(c)</sup></i>	-2.0	-2.0	-2.0	-2.0	<b>-8.0</b>
Total departmental	-11.0	-14.0	-14.0	-14.0	<b>-53.0</b>
<b>Total</b>	<b>-102.0</b>	<b>-124.0</b>	<b>-124.0</b>	<b>-124.0</b>	<b>-474.0</b>

- (a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.
- (b) Figures may not sum to totals due to rounding.
- (c) Departmental expenses for the Department of Social Services relate to the administering of the landlord assistance package only. The additional funding to tenancy advice services would not be expected to have departmental financial implications.