

Request for Costing an Election Commitment

Name of policy proposal:	0% Lease Variation Charge in Town Centres (10 September 2015)
Person requesting costing:	Alistair Coe MLA, Shadow Treasurer
Date of request:	10 October 2016
Summary of proposal:	The Canberra Liberals will remove the Lease Variation Charge (LVC) in Civic and Canberra's town centres.
Issue the proposal will address:	To remove a disincentive to development in Canberra's town centres.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

- Foregone revenue has been calculated using LVC collection data in each town centre from 2011-12 to 2014-15 (YTD 1 June) and averaged out (2015 QoN 409).
- 2016-17 has been calculated on a half yearly basis on the assumption that the LVC will be removed from 1 January 2017.
- Revenue foregone has been indexed at 2.5% over the forwards consistent with the projections for Gross State Product in the costing guidance document.
- No behavioural changes have been accounted for.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)	-625	-1,285	-1,315	-1,340	-4,565
Expenses^(a)					
Capital					
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

Yes. Town collection LVC data from 2011-12 has been used in the calculation of this costing (2015 QoN 409).

Where relevant, is funding for the proposal to be demand driven or a capped amount?

n/a

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education

proposal add to or redirect NERA funding).
No.
Will funding/the cost require indexation?
Revenue foregone has been indexed at 2.5% consistent with the cost escalation rate.
Who will administer the proposal?
ACT Planning and the ACT Treasury.
How will the proposal be administered?
The schedules which determine the charge will be repealed and collection will no longer occur.
Is the proposal part of a broader package?
No.
Has an allowance been made for expenses necessary to support the implementation of this proposal?
<ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
No. Any costs associated with implementing this policy (not including revenue foregone) will be met from within existing resources of Treasury and ACT Planning.
Will the proposal generate savings or offsets?
No.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No.
What are the community impacts associated with the proposal? Who and how many people will be affected?
Positive. A removal of this charge in town centres will promote investment and renewal.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No.
What is the intended implementation date of the proposal?
1 January 2017.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?
1 January 2017.
Will the proposal cease, and if so, when?
Proposal is ongoing.
Is there any additional information relevant to this proposal?
2015 QoN 409.

