

## 2024 Election Commitment – ACT Greens

<b>Name of Commitment:</b>	<b>A better deal for renters</b>	
		<b>Reference Number:</b> GRN005
<b>Request Submitted by:</b>	Shane Rattenbury MLA, ACT Greens	
<b>Date Request Received:</b>	10-Oct-24	
<b>Additional Information Requested (details and date)</b>	Please refer to costings a-c for additional information.	
<b>Additional Information Received (details and date)</b>	Please refer to costings a-c for additional information.	

<b>Financial Implications</b>					
<b>Impact On:</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>TOTAL</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenues <sup>(a)</sup>	0.0	0.0	0.0	0.0	<b>0.0</b>
Expenses <sup>(a)(b)</sup>	-158.1	-1,137.5	-2,487.1	-5,027.6	<b>-8,810.3</b>
- Employee Expenses	-158.1	-554.5	-591.2	-369.9	<b>-1,673.7</b>
- Other Expenses	0.0	-100.0	-447.7	-1,746.4	<b>-2,294.1</b>
- Cost of Financing	0.0	-483.0	-1,448.2	-2,911.3	<b>-4,842.5</b>
Depreciation	0.0	0.0	-460.0	-1,251.8	<b>-1,711.8</b>
Concessional Loan Impacts:	0.0	0.0	-475.9	-2,891.6	<b>-3,367.5</b>
- Concessional Loan Expense	0.0	0.0	-571.0	-3,574.8	<b>-4,145.8</b>
- Unwinding of Concessional	0.0	0.0	95.1	683.2	<b>778.3</b>
<b>Net Operating Balance</b>	<b>-158.1</b>	<b>-1,137.5</b>	<b>-3,423.0</b>	<b>-9,171.0</b>	<b>-13,889.6</b>
Capital Outflows (Loan provided)	0.0	0.0	-2,065.9	-12,934.1	<b>-15,000.0</b>
Capital Inflows (Loan repayments)	0.0	0.0	206.6	1,500.0	<b>1,706.6</b>
<b>Capital Requirement</b>	<b>0.0</b>	<b>-9,200.0</b>	<b>-17,695.3</b>	<b>-25,234.1</b>	<b>-52,129.4</b>
<b>Cash Surplus/Deficit</b>	<b>-158.1</b>	<b>-10,337.5</b>	<b>-20,182.4</b>	<b>-30,261.7</b>	<b>-60,939.7</b>
<small>(a) A negative number indicates a decrease in revenue or an increase in expenses.</small>					
<small>(b) Excludes depreciation</small>					

<b>Other Information</b>
<b>Costing Methodology Used:</b>
<b>- Costing Technique:</b>
Please refer to the following costings for the costing methodology: GRN005a – A better deal for renters – Public housing GRN005b – A better deal for renters – Introduce new minimum standards for rentals GRN005c – A better deal for renters – Zero Interest Loans
<b>- Proposal Parameters:</b>
Please refer to the following costings for the proposal parameters: GRN005a – A better deal for renters – Public housing GRN005b – A better deal for renters – Introduce new minimum standards for rentals GRN005c – A better deal for renters – Zero Interest Loans

**Caveats or qualifications to the costing:**

Please refer to the following costings for the caveats and qualifications:

GRN005a – A better deal for renters – Public housing

GRN005b – A better deal for renters – Introduce new minimum standards for rentals

GRN005c – A better deal for renters – Zero Interest Loans

**Other Comments:**

N/A

**- Statistical Data Used:**

Please refer to the following costings for the statistical data used:

GRN005a – A better deal for renters – Public housing

GRN005b – A better deal for renters – Introduce new minimum standards for rentals

GRN005c – A better deal for renters – Zero Interest Loans



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Stuart Hocking PSM

Under Treasurer

17 October 2024

## 2024 Election Commitment – ACT Greens

<b>Name of Commitment:</b>	<b>A better deal for renters – Public Housing</b>	
		<b>Reference Number: GRN005a</b>
<b>Request Submitted by:</b>	Shane Rattenbury MLA, ACT Greens	
<b>Date Request Received:</b>	10-Oct-24	
<b>Additional Information Requested (details and date)</b>	N/A	
<b>Additional Information Received (details and date)</b>	N/A	

<b>Financial Implications</b>					
<b>Impact On:</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>TOTAL</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenues <sup>(a)</sup>	0.0	0.0	0.0	0.0	<b>0.0</b>
Expenses <sup>(a)(b)</sup>	0.0	-710.1	-1,673.4	-2,566.6	<b>-4,950.1</b>
- Employee Expenses	0.0	-227.1	-233.7	-240.0	<b>-700.8</b>
- Other Expenses	0.0	0.0	-100.0	-192.0	<b>-292.0</b>
- Cost of Financing	0.0	-483.0	-1,339.7	-2,134.6	<b>-3,957.3</b>
Depreciation	0.0	0.0	-460.0	-1,251.8	<b>-1,711.8</b>
<b>Net Operating Balance</b>	<b>0.0</b>	<b>-710.1</b>	<b>-1,673.4</b>	<b>-2,566.6</b>	<b>-4,950.1</b>
<b>Capital Requirement</b>	<b>0.0</b>	<b>-9,200.0</b>	<b>-15,836.0</b>	<b>-13,800.0</b>	<b>-38,836.0</b>
<b>Cash Surplus/Deficit</b>	<b>0.0</b>	<b>-9,910.1</b>	<b>-17,509.4</b>	<b>-16,366.6</b>	<b>-43,786.1</b>
<small>(a) A negative number indicates a decrease in revenue or an increase in expenses.</small>					
<small>(b) Excludes depreciation</small>					

<b>Other Information</b>
<p><b>Costing Methodology Used:</b></p> <p><b>- Costing Technique:</b></p> <p>The costing over the Budget and forward estimates years is \$43.786 million, and \$56.938 million over four years from 2025-26 to 2028-29, to install solar panels on all suitable public homes by 2030 and ensure all new public homes have solar panels from 2025 where feasible.</p> <p>The costing has been completed using a price by quantity methodology, based on similar works undertaken by the ACT Government.</p> <p>Salary costs have been calculated using the 2024-25 Average Salary Costing Template with 2028-29 salary costs indexed by the wage price index.</p>

**- Proposal Parameters:**

- This costing component (GRN005a) is for solar panels for public housing only. The overall election commitment costing also includes components (GRN005b) and (GRN005c) which are presented separately.
- The installation of solar panels on current Housing ACT owned public housing stock would commence in 2025-26, with funding to be fully committed by end of 2028-29 and installation of solar panels completed by 2030.
- The average sized solar panel system required (excluding batteries) is: 8kW at a cost of approximately \$8,000 for single properties, and 20kW at a cost of approximately \$20,000 for Housing ACT owned multi-unit properties.
- A suitability rate of 85 per cent has been applied to the total number of Housing ACT properties currently consisting of approximately 6,200 stand alone properties and 4,600 units within 350 Housing ACT owned complexes.
- 1.5 x ASO 6 FTE positions in Housing ACT is estimated to be required to administer the proposal over four years to 2028-29.
- The costing has used a workers' compensation rate of 3.07 per cent.
- Installation is outsourced and included in the solar panel system costs.
- All new contracts for builds from 1 January 2025, where solar is not a standard inclusion on new constructions or purchases (i.e where there are no mandatory suburb requirements) will require additional funding to install solar panels.
- Depreciation has been calculated on a straight line basis over a 20 year period but is not included as part of the net operating balance as depreciation expenses relating to Housing ACT owned assets are incurred in the public trading enterprise sector.
- Repairs and maintenance expenses are costed at zero per cent of the capital cost in the first year after installation, one per cent the year after, and two per cent ongoing thereafter.

**Caveats or qualifications to the costing:**

- The costs and profile are indicative only and would be subject to feasibility, procurement processes and construction constraints.
- The installation of solar panels on new builds completed from 1 January 2025 under existing contracts, where design has been completed and construction has commenced, would require contract variations which may incur higher costs.
- Installing solar panels on all suitable public homes by 2030 assumes sufficient industry capacity and no additional increase in demand for solar panels by private owners.
- The ACT Greens election announcement also contains a commitment for the installation of reverse cycle heating and cooling for people with health problems living in public housing which has not been included in this costing as no information or eligibility criteria has been provided.

**Other Comments:**

This costing only includes the public housing component of the 'Stronger rights and healthier homes for renters' element of the ACT Greens election announcement – *A better deal for renters* .

Treasury's costing differs from that submitted due to:

- The average size and cost of the solar panel systems required and the estimated number of solar panel installations, reflecting advice from Housing ACT;
- The resourcing required to administer solar panel installation for public housing has been estimated at 1.5 FTE for solar panels over four years (being the duration of the proposal) not 3 FTE over three years;
- The application of the workers compensation rate of 3.07 per cent applicable for Housing ACT staff administering the proposal;
- The inclusion of repairs and maintenance expense for solar panels on public housing; and
- The inclusion of the cost of capital financing.

**- Statistical Data Used:**

Housing ACT and Treasury estimates.



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Stuart Hocking PSM  
Under Treasurer  
17 October 2024

## 2024 Election Commitment – ACT Greens

<b>Name of Commitment:</b>	<b>A better deal for renters – Minimum standards for rentals</b>		
	<b>Reference Number: GRN005b</b>		
<b>Request Submitted by:</b>	Shane Rattenbury MLA, ACT Greens		
<b>Date Request Received:</b>	10-Oct-24		
<b>Additional Information Requested (details and date)</b>	N/A		
<b>Additional Information Received (details and date)</b>	N/A		

<b>Financial Implications</b>					
<b>Impact On:</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>TOTAL</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenues <sup>(a)</sup>	0.0	0.0	0.0	0.0	<b>0.0</b>
Expenses <sup>(a)(b)</sup>	-158.1	-427.4	-436.9	0.0	<b>-1,022.3</b>
- Employee Expenses	-158.1	-327.4	-336.9	0.0	<b>-822.3</b>
- Other Expenses	0.0	-100.0	-100.0	0.0	<b>-200.0</b>
- Cost of Financing	0.0	0.0	0.0	0.0	<b>0.0</b>
Depreciation	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Net Operating Balance</b>	<b>-158.1</b>	<b>-427.4</b>	<b>-436.9</b>	<b>0.0</b>	<b>-1,022.3</b>
<b>Capital Requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash Surplus/Deficit</b>	<b>-158.1</b>	<b>-427.4</b>	<b>-436.9</b>	<b>0.0</b>	<b>-1,022.3</b>
<small>(a) A negative number indicates a decrease in revenue or an increase in expenses.</small>					
<small>(b) Excludes depreciation</small>					

<b>Other Information</b>
<b>Costing Methodology Used:</b>
<b>- Costing Technique:</b>
Salary costs have been calculated using the 2024-25 Average Salary Costing Template. Funding for monitoring and evaluation is for a fixed level of \$200,000 over two years. As such, the scope of this work would need to be managed within this level of funding.
<b>- Proposal Parameters:</b>
<ul style="list-style-type: none"> <li>• This costing component (GRN005b) is to resource the regulation development, implementation, monitoring and evaluation of new minimum standards for rentals. The overall election commitment costing also includes components (GRN005a) and (GRN005c) which are presented separately.</li> <li>• The scope of regulatory measures that will be developed and implemented to ensure rental homes meet proposed legislative requirements will be determined by the capacity of the allocated resourcing in the costing request.</li> <li>• The costing assumes that policy development would be undertaken by the Environment, Planning and Sustainable Development Directorate and has used a workers compensation rate of 1.77 per cent.</li> <li>• Treasury considers that any change to legislation is within the usual business of the relevant agency and can be done within existing agency resources.</li> <li>• The costing assumes that funding for monitoring and evaluation would be spread evenly over 2025-26 and 2026-27.</li> </ul>

**Caveats or qualifications to the costing:**

- The resourcing costed to introduce new minimum standards for rentals could deliver some regulatory reform however, Treasury notes the full cost of this commitment and the required resourcing across government would be subject to the commitment's scope and extent of the regulation requirements.
- Treasury also notes that an existing program, Integrated Energy Plan, is similar to the program in the costing request which has been allocated over \$2.0 million for preliminary work and to progress only the highest priority and most urgent regulatory measures under this plan.

**Other Comments:**

- This costing only includes the regulation of new minimum standards for rentals component under the 'Stronger rights and healthier homes for renters' element of the ACT Greens election announcement – *A better deal for renters*.
- Treasury's costing differs from that submitted due to the Party's costing request omitting monitoring and evaluation funding of \$200,000 from the financial table.

**- Statistical Data Used:**

Treasury estimates.



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Stuart Hocking PSM  
Under Treasurer  
17 October 2024

**2024 Election Commitment – ACT Greens**

<b>Name of Commitment:</b>	<b>A Better Deal for Renters – Zero Interest Loans</b>	<b>Reference Number:</b> GRN005c
<b>Request Submitted by:</b>	Shane Rattenbury MLA, ACT Greens	
<b>Date Request Received:</b>	10-Oct-24	
<b>Additional Information Requested (details and date)</b>	N/A	
<b>Additional Information Received (details and date)</b>	N/A	

<b>Financial Implications</b>					
<b>Impact On:</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>TOTAL</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenues <sup>(a)</sup>	0.0	0.0	0.0	0.0	<b>0.0</b>
Expenses <sup>(a)(b)</sup>	0.0	0.0	-376.9	-2,461.0	<b>-2,837.9</b>
- Employee Expenses	0.0	0.0	-20.7	-129.9	<b>-150.6</b>
- Other Expenses	0.0	0.0	-247.7	-1,554.4	<b>-1,802.1</b>
- Cost of Financing	0.0	0.0	-108.5	-776.7	<b>-885.2</b>
Depreciation	0.0	0.0	0.0	0.0	<b>0.0</b>
Concessional Loan Impacts:	0.0	0.0	-475.9	-2,891.6	<b>-3,367.5</b>
- Concessional Loan Expense	0.0	0.0	-571.0	-3,574.8	<b>-4,145.8</b>
- Unwinding of Concessional Loan Expense (Revenue)	0.0	0.0	95.1	683.2	<b>778.3</b>
- Interest Revenue Received on Concessional Loan	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Net Operating Balance</b>	<b>0.0</b>	<b>0.0</b>	<b>-852.8</b>	<b>-5,352.6</b>	<b>-6,205.4</b>
Capital Outflows (Loan provided)	0.0	0.0	-2,065.9	-12,934.1	<b>-15,000.0</b>
Capital Inflows (Loan repayments)	0.0	0.0	206.6	1,500.0	<b>1,706.6</b>
<b>Capital Requirement</b>	<b>0.0</b>	<b>0.0</b>	<b>-1,859.3</b>	<b>-11,434.1</b>	<b>-13,293.4</b>
<b>Cash Surplus/Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>-2,236.2</b>	<b>-13,895.1</b>	<b>-16,131.3</b>

(a) A negative number indicates a decrease in revenue or an increase in expenses.  
(b) Excludes depreciation

<b>Other Information</b>
<b>Costing Methodology Used:</b>
<b>- Costing Technique:</b>
Total funding available under this proposal would be capped at \$40.0 million, which would be used to fund no interest loans to eligible landlords. Of this \$40.0 million, \$15.0 million has been included in the Financial Implications Table above, with the remaining \$25.0 million to be provided as loans beyond the 2027-28 financial year.
The concessional loan scheme has been costed based on continuation of the Sustainable Household Scheme.

**- Proposal Parameters:**

- This costing component (GRN005c) is for no interest loans to 3,000 eligible landlords. The election commitment costing also includes components (GRN005a) and (GRN005b) which are presented separately.
- The loan scheme would commence in 2026-27 with loans being provided over a two year period for the purpose of this costing.
- The costing assumes that all loans are provided at the beginning of each year and assumes a loan take up profile consistent with that of the Sustainable Household Scheme when it was first introduced.
- Each loan would be a ten year interest free loan with equal fortnightly repayments.
- Repayments received are calculated as equal instalments over the life of the loan. Financial impacts have been annualised for the purpose of this costing.
- A loan default (expected credit loss) rate of 1.67 per cent is assumed, consistent with similar schemes. This is not reflected in the Net Operating Balance above as this amount is recognised as other economic flows on initial recognition in the consolidated financial statements.
- It is assumed that the loans would be administered by an 'External Third Party Loan Administrator' who would provide loans directly to borrowers, recover principal repayment payments directly from borrowers and manage the loan scheme on a day-to-day basis. The loan management fee for the 'External Third Party Loan Administrator' has been calculated on the outstanding balance of loans at the beginning of the financial year. This loan management fee is consistent with a similar ACT Government concessional loan scheme where it is payable on new loans issued.
- The ACT Government's cost of financing is calculated at 5.25 per cent.
- The costing request assumes full take-up of the loan program.
- The proposed program is expected to provide an estimated 3,000 loans to landlords.

**Caveats or qualifications to the costing:**

Financial impacts associated with this Concessional Loan Scheme may vary based on actual take-up and actual Credit Loss rates.

In accordance with *AASB 9 Financial Instruments*, Treasury notes that there would be a non-cash impact on the Net Operating Balance reflecting the difference between the market borrowing interest rate and the zero interest rate it offers to borrowers. This would be reflected as an upfront expense (negative impact) to Government when the loan is provided, equal to the present value interest rate differential on the loan amount relative to the market rate at which the loan holder would otherwise have accessed financing (for the purposes of the costing assumed to be 6.36 per cent). Over the life of the loan, this expense would be unwound.

Treasury has included employee and other expenses based on 8 per cent, and indexed, of the loans to be provided in a given year to reflect the operational costs of administering this scheme.

If the scheme were to be administered outside of the Sustainable Household Scheme, Treasury expects the costs would be higher.

**Other Comments:**

Treasury's costing differs from that submitted due to:

- the inclusion of cost of financing;
- the inclusion of employee and other expenses, plus a loan administration fee; and
- the non-cash impact of the market borrowing interest rate and zero interest rate offered to borrowers.

**- Statistical Data Used:**

The interest rate used for the market rate at which the loan holder would otherwise have accessed financing was a personal lending rate which is residentially secured published by the Reserve Bank of Australia.



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Stuart Hocking PSM  
Under Treasurer  
17 October 2024