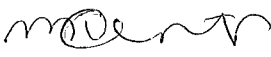


## Request for Costing an Election Commitment

<b>Name of election commitment:</b>	Public housing
Person and party requesting costing:	Meredith Hunter, ACT Greens Parliamentary Leader
Date of public release of election commitment, including source:	17 <sup>th</sup> September 2012 <a href="http://act.greens.org.au/content/social-housing-and-homelessness-0">http://act.greens.org.au/content/social-housing-and-homelessness-0</a>
Summary of election commitment:	An increase in public housing.
Intention of election commitment:	To provide secure and affordable housing to people who cannot obtain it in the private market.
Signature of person requesting costing:	
Date of request for costing:	5/10/12

### What are the key assumptions that have been made in the election commitment?

**Note:** that where the request to cost an election commitment differs from the public announcement, the costing will be on the basis of information provided in the costing request.  
**Note:** it will be up to the professional judgment of the Director-General as to whether these assumptions are adopted in the costing of the election commitment.

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

The funding is a capped amount.

### Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?

No.

### Will funding/the cost require indexation?

Recurrent funding is indexed at CPI of 2.5% per annum.

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

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue <sup>(a)</sup>						
Expenses <sup>(a)</sup>		-425	-1094	-1,788	-2,076	-5,383
Capital		-10,000	-10,000	-10,000		-30,000

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

### What is the likely take up?

N/A

### Any other assumptions?

- The funding will provide 75 dwellings at an average capital cost of \$400,000.
- \$5,042 per annum per dwelling for maintenance, repairs and additional property

managers, indexed to increase at 2.5% per annum.

- These costings are based on data provided in the media release by ACT Government of 21 June 2011, '\$1.4 billion price tag on Greens public housing policy'
- The \$30 million in capital funding includes the Shared Services Procurement costs of 4%.
- The cost of capital and depreciation over 100 years have been included as expenses.
- The recurrent costs of \$5,042 per annum for a dwelling's maintenance, repairs and additional property managers commence in the year after the capital costs for that dwellings have been appropriated. Thus, the recurrent costs of 25 dwellings are provided for in 2014-15, 50 dwellings in 2015-16, and 75 dwellings in 2016-17.
- Revenue for the dwellings has not been calculated due to difficulties in predicting level of rent tenants may pay, however any revenue received from rent would decrease cost of initiative.

A breakdown of recurrent expenses is as follows:

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation			-100	-200	-300	-600
Cost of Capital		-425	-868	-1330	-1379	-4002
Maintenance			-126	-258	-397	-781
<b>Total</b>		-425	-1,094	-1,788	-2,076	-5,383

#### **Administration of the election commitment**

##### **How will the election commitment be administered?**

The initiative is additional to the current housing ACT program and expected to be administered in the same way.

##### **Who will administer the election commitment?**

Housing ACT.

##### **Has an allowance been made for expenses necessary to support the implementation of this election commitment?**

– If no, will the government agency be expected to absorb expenses associated with this election commitment?

– If yes, please specify the key assumptions.

Yes – see above assumptions.

##### **What is the intended implementation date of the election commitment?**

The first \$10m instalment for capital would ideally be made through a 2<sup>nd</sup> Appropriation Bill for 2012-13, however given it is unclear if such a Bill will be introduced costings have been undertaken to reflect the first \$10m instalment being made through the 2013-14 Budget.

##### **Are there transitional arrangements associated with election commitment implementation?**

No.

##### **Are there any other assumptions that need to be considered?**

No.

**When is the election commitment expected to be fully operational?**

*Please provide further details i.e. start and end dates, the level of commitment during each period etc?*

\$10m capital instalments will be made in 2013-14, 2014-15 and 2015-16.

**Will the election commitment cease and if so when?**

Construction and purchase of dwellings will cease by June 2016, however associated recurrent costs for dwellings will not cease.

