



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 21/11/2018

Proposal No: A132
Date Published: 18/03/2019

Proposal Title: Retirement Housing Ombudsman

Cluster: Finance, Services and Innovation

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	1,000	1,023	1,048	3,071
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	1,000	1,023	1,048	3,071
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions

The policy proposes establishing a Retirement Housing Ombudsman from 1 July 2019. The new Ombudsman would be funded with a budget allocation of \$1 million per annum, which would be fully offset by a levy on NSW retirement village and residential park operators.

This levy is set annually so its total annual revenue is equivalent to the \$1 million funding required for the Ombudsman to operate (adjusted for inflation). Any additional costs are to be reallocated from the Office of Fair Trading.

Cost of Ombudsman

The Statutory and Other Officers Remuneration Tribunal's 2018 Annual Determination for Public Service Senior Executives provides salary ranges for four senior executive bands. Salaries for comparative agencies suggests that the Retirement Housing Ombudsman would be classified as a Band 2 senior executive, with an annual salary ranging between \$268,001 and \$337,100 (a median salary of approximately \$303,000).

Notes and costing assumptions continued:

Estimated cost of levy for park/village operators

The PBO has assumed that the value of the levy will escalate according to the Sydney consumer price index forecasts/projections in the Pre-Election Budget Update (2.25% in 2020-21 and 2.5% in 2021-22).

The levy will be proportionate to the total number of residents at a particular retirement village or residential park. Levy collection is assumed to be conducted by Revenue NSW, with costs absorbed within existing agency resources.

Office of Fair Trading statistics indicate that there are around 1,135 residential parks and retirement villages in NSW with a total of 88,900 residents. Table A1 shows the estimated average cost per operator to raise appropriate levy funds, and average cost per person if the levy is to be scaled depending on the resident population.

Table A1 - Average cost of park/village operator levy per annum

	2018-19	2019-20	2020-21	2021-22
Average operator cost (\$)	-	881	901	923
Levy per person (\$)	-	11	12	12