



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: B381

Date Referred: 5/02/2019

Date Published: 18/03/2019

Proposal Title: Commissioner for Strata and Community Schemes

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)	-	5,500	4,450	4,561	14,511
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	5,500	4,450	4,561	14,511
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 sets up a Commissioner for Strata and Community Schemes from July 2019, with total additional funding for the Commissioner and associated office of \$4 million per year, adjusted for movements in the consumer price index.

Under the policy, the office would be fully funded by applying an annual levy on strata and community schemes from 2019-20. There are currently 80,000 strata schemes in NSW.

The total cost of the policy is \$14.5 million over the forward estimates, including the cost of implementing and administering the levy.

The PBO estimates levying a small annual charge on each scheme, in the range of \$50 to \$70 per year on average, would cost approximately \$1.5 million to implement in Year 1, with ongoing costs of approximately \$350,000 per year. Ongoing administration costs would be sensitive to the level of compliance monitoring of the levy payments.

The estimate of administration and implementation costs are, in part, based on information from Revenue NSW and the Department of Finance that implementation costs for the Fire and Emergency Services Levy were \$5 million, with expected ongoing costs of \$1.25 million per year. This strata levy should be simpler to administer as it is only recovered from strata and community schemes.

Notes and costing assumptions continued:

Based on information received from Land and Registry Services, as at 9 January 2019, there are 884,432 strata lots and 42,494 community lots.

We estimate the levy would be approximately \$5.87 per lot in Year 1 to fund the \$5.5 m costs of the Commissioner's office and implementing the levy. The levy would decrease to about \$4.66 per lot in Year 2.

Forward year levies will vary depending on the number of new lots. Based on historical information, on average between 1200-1500 strata plans are being registered annually.