



## Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
Date Referred: 12/03/2019

Proposal No: B415  
Date Published: 18/03/2019

Proposal Title: Making Homes Affordable

Cluster: Planning and Environment

### General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	640	1,311	1,344	3,295
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(640)</b>	<b>(1,311)</b>	<b>(1,344)</b>	<b>(3,295)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	<b>(640)</b>	<b>(1,311)</b>	<b>(1,344)</b>	<b>(3,295)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(640)</b>	<b>(1,311)</b>	<b>(1,344)</b>	<b>(3,295)</b>
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### Notes and costing assumptions

The policy proposes to start a strategy to promote housing affordability from 1 January 2020. In particular, the strategy would:

- Conduct an audit of government-owned land and create the Affordable Housing Land Register. The audit will identify land holdings that could be developed for affordable housing.
- Work with stakeholders to establish a 25% affordable housing mandate on land owned by the Government that is fast-tracked for development, and a 15% affordable housing mandate on privately developed land.
- Define and scope the affordable housing model, including measures to offset any potential costs and ensure financial sustainability.

The policy states that the affordable housing mandates would be introduced in January 2023, following the above process and after a further decision by NSW Government. The policy also specifies that:

- eight additional staff within the Department of Planning and Environment would support the delivery of this policy
- the average remuneration for each of the staff would be \$130,000, before on-costs.

The PBO estimates that the cost of this policy is \$3.3 million over the forward estimates (see table overleaf). As the policy relates to establishing a strategy to inform affordable housing decisions, the PBO has not estimated the budget impacts from the 15% and 25% affordable housing mandates. These mandates are subject to consultation with stakeholders and further government decisions, as specified by the policy.

**Notes and costing assumptions continued:**

(\$000s)	2018-19	2019-20	2020-21	2021-22	Total
Employee costs (incl. on-costs)	-	640	1,311	1,344	3,295

The estimated cost is based on:

- the PBO's assumption that the eight staff are full-time equivalents and that the policy's cost assumption of \$130,000 per staff is the 2018-19 cost rate
- the PBO's assumption for a 20% allowance for employee on-costs e.g. superannuation, long service leave and payroll tax etc.
- the PBO's escalation rate of 2.5% per year, consistent with the Public Sector Wages Policy.

As the policy's start date is January 2020 (i.e. half way in 2019-20), the PBO has reduced the full-year cost for 2019-20 by 50% to be consistent with this date.