

NT Government Employee Housing Agency Billing

Policy Determination 1.1

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1.0	1/07/2022	CFO	First version
1.1	31/01/2023	CFO	Amendment to clarify no returns of administration fees

Acronyms	Full form
CEOH	Chief Executive Officer Housing
NTGEHO	Northern Territory Government Employee Office
Department	The Department of Territory Families, Housing and Communities
Agencies	Plural for client agencies utilising government employee housing or private head lease
PHL	Private head leases
GEH	Government employee housing
NT	Northern Territory

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1. Policy Purpose

The purpose of this policy determination is to set the rates and frequency of billing for government employee housing managed by the NT Government Employee Housing Office (NTGEHO).

This policy applies from the 1 July 2022 and aligns with decisions of Government related to the centralised management of government employee housing to Territory Families, Housing and Communities (the Department).

2. Authority/responsibility

The Chief Executive Officer Housing (CEOH), through the NTGEHO, is responsible for ensuring that this policy is implemented and for approving any subsequent changes.

3. Roles and responsibilities

The NTGEHO are responsible for all aspects of administration related to government employee housing managed by the Department. This includes CEOH owned properties and private head leases.

The NTGEHO are not responsible for government employee housing that is not managed by the Department i.e. where a client agency owns a housing asset or where the client agency has entered a head lease directly with a landlord.

Information about government employee housing utilisation and associated costs will be maintained by the NTGEHO in the Tenancy Management System (TMS) and this information will be available to client agencies in a report format which will be provided with invoices in order for the client agency to determine the correctness of the charges.

The Chief Financial Officer is responsible for billing client agencies in line with information maintained by the NTGEHO in TMS and in accordance with the rates and frequencies set out in this policy.

Client agencies are responsible for paying invoices in a timely manner. Disputes must be raised with the NTGEHO within 10 working days of receipt of an invoice and must be limited to discrepancies with this policy i.e. invoicing that aligns with this policy will be deemed due and payable.

4. Background

Agencies have previously paid for government employee housing, however changes to rates and payment frequency will be implemented. Previous billing arrangements are as follows:

Rental costs and administration

Private head lease costs were recovered from agencies through monthly ledger transfers for most agencies, including an administration fee of \$38.96 per month¹.

¹ Department of Health and Department of Education transferred appropriation to TFHC to cover most private head lease expenses in 2019. An annual reconciliation is performed in June each year and an invoice is raised for any amounts of actual costs that are additional to the appropriation transfer amount.

CEO Housing (CEOH) owned properties were billed at the market dwelling rent rate on a monthly basis for most agencies². Agencies have not previously paid an administrative fee for CEOH owned properties.

Tenant damage

Tenants have always been responsible for the costs of property damage. Agencies were previously responsible for managing tenants in properties and also for the financial implications of tenant damage if the tenant did not pay. This occurred in the follow ways:

1. the employee paid for the repair of damage directly to contractors before vacating; or
2. agencies paid if repairs are not completed by the time the employee has vacated;
 - a) agencies paid for the repairs directly to contractors, later recovering costs from the employee; or
 - b) TFHC engaged contractors (through DIPL trade panel contracts) to repair the damage and bill the responsible agency, who later recovered costs from the employee.

Recovery of costs from an employee is managed by agencies with their employees through payroll recovery or by issuing them an invoice when the employee no longer works for the NTG.

5. New Billing Arrangements

The billing arrangements commence on 1 July 2022 as follows:

1. administration fees will be billed in full for the year in July based on the number of CEOH owned stock allocated and the number of private head leases;
2. private head lease charges will be billed in full for the year in July. Where leases commence after July, they will be billed for the remainder of the year in the quarter the lease was signed;
3. rent charges for CEOH owned properties will be billed quarterly at the end of the period (September, December, March and June);
4. properties relinquish by an agency by the 15th day of the month (2 weeks notice) will not be billing in the following month. However properties relinquished after the 15th will be billing for the following month (6 weeks notice);
5. tenant damages will be the responsibility of the tenant to repair in the first instance, and if not completed on vacate, will be paid directly by the employing agency who will have the responsibility to recover from the employee; and
6. CEOH rental charge and administration fee rates are subject to annual review based on real costs for the prior year.

² Department of Health and Department of Education are not billed currently for CEOH owned properties. They had transferred appropriation in 2008 in line with the transfer of their housing assets to Department of Housing. This historical appropriation falls short of current utilisation expenses. This is fundamentally why the user pays model is financially impacting these agencies the most.

Change comparison table

Billing item	Change?	Change
Administration fees	✓	New administration fee of \$2,150 per dwelling to commence from 1 July 2022. Currently only private head leases are charge an administration fee at a lower rate.
Private head lease rental fee	✓	Timing for billing will now be annually up front. Costs remain the same.
CEOH owned property rent	✓	Existing agencies receiving monthly bills will now be billed quarterly. Billing will commence for Department of Education and Department of Health.
Property relinquishment timeframes	✓	Hard deadlines now apply to relinquish properties.
Tenant damage	✗	Employees remain responsible for tenant damage. Agencies will continue to cover the costs of tenant damage if the tenant has not completed repairs by the vacate date.
Other costs – excess water charges, furniture and waste removal and excess cleaning costs.	✗	Employee remains responsible for tenant damage. Agency will continue to cover the costs of tenant damage if the tenant has not paid by the vacate date and repairs are organised by NTGEHO.
Annual rate review	✓	A rate review will occur in June each year and administration fees and CEOH owned property rental fees will be adjust according to real costs.

6. Rates

Rental charges

CEOH owned housing assets will be charged at a rate of \$77 per week for each bedroom of the property allocated to the client agency. For example, a three bedroom property will cost \$231 per week.

Private head leases will be charged at the full rate shown on the lease agreement and charged by the property owner, inclusive of all additional fees and charges pertaining to that lease.

Administration fee

An annual administration fee of \$2,150 per dwelling will be charged for both CEOH owned properties and private head leased properties. There will be no refund to agencies should the property be handed back or transferred throughout the year.

7. Further information

Further detailed information about how rates apply can be found at Appendix 1.

NTGEHO Agency Billing Rate Details

NTGEHO rental charge

Government has agreed to a per bedroom charge of \$77 per week for CEOH owned properties and for the full on-charging of private head lease costs. A per bedroom charge has been implemented to CEOH owned properties as a price trigger to reduce over utilisation.

Rates have been based on real costs in 2020-21 and may fluctuate annually based on real costs, including repairs and maintenance, utilities and administration. Government has agreed to an annual price review to account for changes in the cost of service deliver year-on-year.

How much an agency will be charged for CEOH owned properties will be derived from information in TMS regarding the agencies allocation period and the number of bedrooms of the allocated property.

The billing rate is not related to whether the property was tenanted by an employee for the full period. For example, if an agency has a house allocated for the full quarter, however there is a one month vacancy period due to staff turn-over, the full three months will be billed to the agency.

Private Head Lease rental charge

Private head leased rental charges are determined by the landlord and agreed by NGEHO and the requesting agency prior to CEOH signing a lease.

The full annual lease amount will be charged to the allocated agency in the quarter the lease is signed. If the lease was signed in a prior year, billing will occur in July.

Should a private head lease be transferred between agencies by mutual agreement, subsequent years will be billed to the new agency. Where this occurs, no refunds will be administered by the NTGEHO for the current year paid, however this does not prevent agencies reaching agreements between themselves to offset costs incurred.

Notice to relinquish an allocated property

Agencies must provide notice to relinquish a property back to the NTGEHO by the 15th of the month to avoid being billed in the following month. For example:

Scenario one: DoE have a house allocated at July 2022 and then provide notice to relinquish on 15 August 2022 - then only July and August 2022 will be billed in the quarterly bill issued in September 2022.

Scenario two: DoE have a house allocated at July 2022 then provide notice on 23 August 2022 to relinquish - then all three months of July, August and September will be billed in the quarter. However the next quarter commencing October 2022 would not be billed.

This would in effect mean that an agency that gives notice by the 15th would be providing a two week notice period. Whereas, if in agency gave notice on the 16th of the month, the agency would be providing a 6 week notice period.

Note: this would also apply where NTGEHO gives notice to an agency of reallocation where the vacancy period exceeds 3 months.

Administration fees

Given, the demand for GEH properties, it is not envisaged that there would be a significant change in the number of properties held overall by an agency year-on-year. As such administration costs will be billed upfront annually, based on the total number of CEOH owned properties and private head leased properties allocated to an agency on 1 July each year. No refunds will be administered by NTGEHO for the current year paid, however this does not prevent agencies reaching agreements between themselves to offset costs incurred if a property transfers to another agency.

As new properties are built and allocated to an agency, or private head leases are signed, a pro-rata administration fee will be billed. For example:

10 new GEH properties are built in Yuendumu and allocated to DoE in October 2022. Therefore in the December bill, three quarters of the administration fee being \$1,612.50 per property (\$2,150/4 quarters x 3 quarters) will be billed.

Administrative charges will not be billed for part quarters i.e. if the properties were allocated in September 2022, then no charge would be applied for this month and fees would apply from October (quarter two) only.

Property damage costs

The importance of cost recovery of property damage charges relates to NTGEHO's responsibilities to pay DIPL on a quarterly basis for repairs and maintenance costs under the new model. This is a change from current arrangements where DIPL are appropriated for GEH repairs and maintenance.

Tenants will continue to be held responsible for repairing property damage that is deemed unreasonable wear and tear in accordance with the *Residential Tenancies Act*³. The preferred approach is that a tenant organises repairs themselves prior to vacating a property. The tenant's options include:

1. organise and pay for repairs directly to a contractor of their choosing; or
2. arrange with the NTGEHO to commission quotes from DIPL contractors and pay the quoted amount to NTGEHO prior to vacating through an upfront one-off payroll deduction, or through a cash payment at a Receiver of Territory Money location.

Where the tenant has not paid for the repairs by the vacate date, NTGEHO will bill the employing agency. Under the *Financial Management Act*, Accountable Officers are required to recover losses of Territory monies. Where this applies to employees current options include:

- recover up to 10 per cent of each pay, or when ceasing employment the balance from their final entitlements; or
- by invoice, with recovery of payments administered by the Department of Corporate and Digital Development Accounts Receivable team.

This would result in the employing agency recording the debt and managing the risk of recovery, rather than Territory Families, Housing and Communities experiencing the increased debtor responsibilities and incurred losses when an employee does not pay.

³ NTGEHO will set policy that aligns with the RTA regarding reasonable wear and tear and chargeable tenant damage.

NTGEHO are working with the Office of the Commissioner for Public Employment and the Department of Corporate and Digital Development to develop options for future arrangements that improve the efficiency of the recover process. Should new arrangements be approved, this policy will be updated.

Other charges

Tenants are responsible for the removal of all personal furniture and items by the vacate date and to ensure the property is in a clean state. Tenants will also be billed directly on a quarterly basis for excess water usage. Where the tenant has remaining unpaid amounts to NTGEHO at the vacate date, they will be billed to the employing agency for recovery from the employee, per the same arrangements set out under Property Damage Costs section above.

Quarterly billing cycle

Agencies will be billed in July for annual administration and private head lease fees.

Agencies will be billed quarterly (September, December, March and June) in arrears for CEOH owned property rental charges (\$77 per bedroom per week), tenant damage and other unpaid tenant costs including excess water, waste and furniture removal remaining at the property on the vacate date.

Billing will occur via Ledger Transfer (LTF) and an itemised list of items billed will be provided with the LTF.

Questions of concerns about agency billing can be directed to TFHC.GEHPHLFINANCE@nt.gov.au