



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**NATIONAL RENTAL
AFFORDABILITY SCHEME BILL 2008**

Second Reading

SPEECH

Wednesday, 24 September 2008

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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| Date | Wednesday, 24 September 2008 | Source | House |
| Page | 8360 | Proof No | |
| Questioner | | Responder | |
| Speaker | Plibersek, Tanya, MP | Question No. | |

Ms PLIBERSEK (Sydney—Minister for Housing and Minister for the Status of Women) (9.24 am)—I move:

That this bill be now read a second time.

This bill establishes the Australian government's National Rental Affordability Scheme.

The National Rental Affordability Scheme is a key part of the government's \$2.2 billion affordable housing package, which will increase the supply of affordable rental homes, help people save for their first home, lower housing infrastructure costs and build new homes for homeless Australians.

With this bill, the government is delivering on one of its key 2007 election commitments—to increase the supply of affordable rental housing for Australians and their families.

There are now 1.1 million Australian households in housing stress.

Almost 700,000 of these households are renters.

Many of these renters are low- and moderate-income earners.

These are people who are either moving house or cutting back on essentials to keep a roof over their heads.

They are renting in a private rental market where rent rises are outstripping wages growth and inflation.

This is having an enormous impact on families, key workers, young people and pensioners.

The rental affordability pressures are driven by a poor supply of affordable rental properties.

The National Rental Affordability Scheme is a major supply-side initiative to make rental properties more affordable by encouraging large-scale investment in rental housing for low- and moderate-income earners.

The National Rental Affordability Scheme will create up to 50,000 new rental properties across Australia at a cost of \$623 million in the first four years.

The scheme will offer institutional investors and other eligible bodies annual rental incentives every year for 10 years, provided the conditions of the scheme continue to be met.

The incentive is made up of a Commonwealth contribution of \$6,000 per dwelling per year and a state or territory contribution in the form of direct financial support or in kind contribution to the value of \$2,000 per dwelling per year.

Incentives will be indexed to the rental component of the consumer price index.

The scheme is deliberately targeted at low- and moderate-income households.

Incentives are only available to providers on condition that dwellings are rented to low- and moderate-income households at 20 per cent below the market rate.

More than 1.5 million households will be eligible for tenancies under the scheme, including key workers: entry level police officers and teachers, carers, apprentices, cleaners, hospitality staff and childcare workers, for example.

The scheme provides a new opportunity for all levels of government, the business sector and the not-for-profit organisations to work together to increase the supply of rental housing.

The government expects the scheme will facilitate new and creative partnerships between institutional investors, developers and community housing providers. Involvement of both investors and the not-for-profit charitable sector is crucial to its success.

The scheme also presents a new investment opportunity for investors, creating a new asset class of investment in residential property.

If market demand remains strong, another 50,000 incentives will be made available over five years from July 2012.

The government acknowledges the efforts of the National Summit on Housing Affordability group which, over the last four years, has helped develop the idea on which the scheme is based.

The summit group is a coalition of the Housing Industry Association, the Australian Council of Trade Unions, the Australian Council of Social Services, National Shelter and the Community Housing Federation of Australia. The group, particularly Professor Julian Disney, Adrian Pisarski, Dr Ron Silberberg and Grant Bellchamber, as well as Carol Croce and Carrie Hamilton, have generously offered their time and expertise to assist the government to implement the scheme.

This bill provides for the making of the National Rental Affordability Scheme by regulations.

The regulations will further the object of the bill, which is to provide incentives to encourage large-scale investment in affordable housing. This will increase the supply of affordable rental dwellings and reduce rental costs for low- and moderate-income households.

It is desirable for most of the administrative detail of the scheme to be in the regulations rather than in the bill.

This provides the government with the necessary flexibility to address changing circumstances, including the process for determining market rent, tenant eligibility criteria and acceptable periods of vacancy, as well as the reporting requirements for the scheme.

The bill provides for the regulations to prescribe a scheme that deals with the approval of participants, the approval of rental dwellings, and provides incentives to an approved participant if certain conditions are satisfied.

Importantly, the bill and the regulations will allow for eligibility under the scheme to be recognised from as early as 1 July 2008.

The regulations are currently being drafted by the Office of Legislative Drafting and Publishing and an exposure draft will be made available as soon as it is prepared to assist with understanding the scope and operation of the scheme.

Further, the bill provides for the scheme to include an allocation process. Under this process, the secretary may make an allocation for a 10-year incentive period in respect of a rental dwelling on certain conditions.

Some of these conditions (the mandatory requirements) are set out in whole or in part in the bill itself. These mandatory requirements cover the conditions relating to eligible rental dwellings, eligible tenants and the maximum rent that can be charged, as well as the permitted vacancy rates.

To preserve the integrity of the scheme, an incentive may be offset or recouped in the circumstances provided for by the scheme. The bill also provides that the scheme may provide for variations, transfers and revocations of allocations.

In relation to receiving incentives, the bill provides for the secretary either to issue a certificate in relation to a refundable tax offset or make a payment. Unless a participant is an endorsed charitable institution, the incentive is to be made available in the form of the refundable tax offset.

The National Rental Affordability Scheme is totally new in the Australian context. It is an innovative approach to reducing the number of Australians living in rental stress.

The government will review the scheme in the early years of its implementation to ensure it is adequately focused on those Australians in rental stress. We will also test whether or not there is scope for simplifying

the scheme or reducing the administrative burden on providers, and whether there are evolving issues of noncompliance that need to be addressed.

We may need to make improvements to the scheme before it is expanded.

With this bill, the Australian government is delivering on one of its most ambitious housing reforms—to establish a National Rental Affordability Scheme. The scheme will increase the supply of rental dwellings and reduce the costs of renting in the private market for low- and moderate-income Australians and their families.

Debate (on motion by **Mr Lindsay**) adjourned.