

NATIONAL RENTAL AFFORDABILITY SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2008

SECOND READING SPEECH

The National Rental Affordability Scheme is designed to encourage large-scale investment in affordable housing.

The Scheme offers tax and cash incentives to providers of new dwellings on the condition that they are rented to low and moderate income households at 20 per cent below market rates.

The incentive comprises a Commonwealth contribution in the form of a refundable tax offset or payment to the value of \$6,000 per dwelling per year, and a state or territory contribution in the form of direct financial support or an in-kind contribution to the value of at least \$2,000 per dwelling per year.

The incentive will be provided for a period of 10 years to complying participants, and will be indexed in line with the rental component of the Consumer Price Index.

The National Rental Affordability Scheme Bill 2008 establishes the National Rental Affordability Scheme. The explanatory memorandum to that Bill provides further information on the Scheme.

The National Rental Affordability Scheme (Consequential Amendments) Bill 2008 amends the *Income Tax Assessment Act 1997* to enable entities participating in the National Rental Affordability Scheme to claim a refundable tax offset in their annual tax return. These entities include companies, superannuation funds and unit trusts.

The Bill also amends the *Income Tax Assessment Act 1997* to ensure that state and territory contributions to entities participating in the Scheme, whether in cash or in-kind, are non-assessable and non-exempt income for taxation purposes. In addition, the Bill ensures that there are no capital gains tax consequences from the receipt of incentives under the scheme.

The Bills implementing the National Rental Affordability Scheme fulfils one of the Government's important election commitments.

The Scheme aims to assist institutional investors, developers and not-for-profit groups to deliver 50,000 rental dwellings over the next four financial years by creating a new residential property asset class for property investors.

If market demand remains strong, the Government will make available another 50,000 incentives for a further 50,000 affordable rental dwellings over five years from July 2012.

The Government is strongly supportive of the work of the not-for-profit sector. Where the National Rental Affordability Scheme is consistent with the objectives of a not-for-profit body, the Government welcomes their participation.

The sector's involvement is important to the successful implementation of the Scheme. Under the right circumstances, not-for-profit groups could be tenancy managers, developers or owners of NRAS dwellings, as well as being members of consortiums. To ensure their participation, the Government is making its contribution available as a cash payment for endorsed charities.

If problems arise as a result of the genuine involvement of the not-for-profit sector in the National Rental Affordability Scheme, the Government will consider what steps are required to better assist them to participate in this Scheme.

The National Rental Affordability Scheme is one of a number of measures the Government is implementing to improve the affordability of housing for families and individuals with low to moderate income levels.

Other measures include establishing the Housing Affordability Fund. This Fund will be used to streamline development approval processes, and reduce infrastructure charges and regulatory costs.

Another measure is the audit of Commonwealth land to facilitate improved housing supply through the identification of surplus Australian, State and Territory land for possible release for housing development.

The Government is also establishing the National Housing Supply Council to provide research, forecast and advice to the Australian Government and the Council of Australian Governments on issues relating to the adequacy of housing and land supply to meet future housing needs.

Finally, the Government's program called A Place to Call Home will deliver 600 new dwellings for homeless people.

Full details of the measure in the National Rental Affordability Scheme (Consequential Amendments) Bill 2008 are contained in the explanatory memorandum.