

Ethan Affordable Housing accused of rorting mum-and-dad investors

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AN ex-charity given \$15 million a year in taxpayer funds has been accused of rorting hundreds of investors.

The Department of Social Services gave Ethan Affordable Housing the money as tax offsets under the National Rental Affordability Scheme as an incentive to build and rent cheap housing. Ethan's role was to administer the Government money and pass it on to "mum and dad" investors who put their own cash in.

Ethan, whose charitable tax status was revoked was paid about \$15.5 million last year alone. A spokeswoman said they would finalise all their obligations but Parliament has been told Ethan has passed its obligations on to other companies.

The Government has confirmed they have no power to get the money back, because their deal was with Ethan, and not the investors.

Ethan hit headlines in South Australia after they tried to get Federal cash to build sports utility vehicles in Adelaide, promising hundreds of jobs that never eventuated.

The company is headed up by former Family First candidate Ashley Fenn, who declined to be interviewed.

Labor Senator Doug Cameron is trying to get answers from the Australian Taxation Office and other authorities after being contacted by constituents who have lost money.

He has written to the ATO saying Ethan has changed its name to Tebter, whose parent company is in the US. A Senate inquiry has been told that Ethan is transferring their NRAS allocation to another company, Quantum.



Ashley Fenn. Picture: File

These complicated arrangements could make it impossible for investors to recover the incentives due, he wrote. Senator Cameron told *The Advertiser* he has “significant concerns in relation to the conduct of Ethan and of Ashley Fenn”.

“My principle concern is to protect the integrity of the NRAS scheme to ensure investors are confident to enter the scheme without fear of deceptive, unconscionable behaviour,” he said.

“It is absolutely essential that if there are any fraudsters, people carrying out unconscionable attacks on investors, then I have a responsibility.

“I am concerned about phoenixing. I’m also concerned to ensure money doesn’t get sent offshore that has been paid. And I’m continuing to follow this up with the authorities.

“All in all, I’m perturbed, concerned and determined to make sure that honest Australians don’t get bumped by this company or by the principles.”

Phoenixing is when a company closes down only to effectively open under another name.

The Advertiser revealed earlier this year that Ethan Automotive was targeting the Federal Government’s Automotive Transformation Scheme, but failed to meet criteria.

At the time the State Government said there was no money for proposals with “a high level of risk, particularly with a company with no track record.”.

The Advertiser asked Ethan whether they intended to pay investors but a written response from the company did not answer those questions. They rejected previous claims they were planning to move NRAS funds offshore and said previous

“insinuations” made by Senator Cameron “have not been substantiated and are unfounded”.

THE NATIONAL RENTAL AFFORDABILITY SCHEME

- Developed to increase the supply of affordable housing by giving incentives to providers to deliver housing at 20 per cent below market rates.
- Providers include property developers, charities, and not-for-profit organisations.
- Individual “mum and dad” investors can participate by investing through one of the providers. Each property gets a certain amount per dwelling, to be passed on to investors by the provider.
- There are numerous complaints that providers have not passed on the incentives.
- An investigation will look at those complaints and report to the Department of Social Services.

Chaos, complaints force inquiry on cheap housing

PROVIDERS that rip off investors will be investigated following ongoing complaints about the affordable housing system.

The National Rental Affordability Scheme gives incentives for people to build then rent affordable housing.

The scheme has been plagued by accusations that the providers lure in investors, then fails to deliver on those investments. One of the biggest providers, Ethan Affordable Housing, has provided more than 2000 properties, but faces complaints that the so-called “mum and dad” investors have not received the money they were due.



Minister for Social Services Christian

Porter. Picture: Joel Carrett

Now an independent consultant will be appointed to audit the overall process. Social Services Minister Christian Porter said yesterday that the regulatory framework, developed under Labor, was poorly designed.

“This inquiry is in direct response to investors’ complaints against providers, including delays in passing on financial incentives to investors in the scheme,” he said.

“I want to ensure NRAS provides investors with much greater protection.”

Issues in the scheme include providers not passing on incentives, giving false or misleading information to an investor, or not allowing investors to choose their own property manager.

Mr Porter said the majority of providers were doing the right thing.

“But investors’ complaints about the behaviour of some organisations need to be addressed,” he said. He is urging investors with problems to get in touch with the department on nras@dss.gov.au.

Ethan head Ashley Fenn was not available for interview. In a statement, Ethan said it welcomed the inquiry and would co-operate completely. “We are confident that EAH has met all of its obligations under the NRAS,” the statement said.

“As part of (the) process of EAH exiting the NRAS sector, it is systematically reviewing every file and ensuring all obligations under the NRAS legislation have been met.”

Labor Senator Doug Cameron has been pursuing the matter in Parliament and says Labor supports improvements to NRAS.