

NRAS REFORMS & RED TAPE REDUCTION

ISSUE	STATUS	PROPOSED REFORM
Commonwealth & State payments	<p>Too complex. States payment date varies. Complex for investors. Complex for ATO. Complex for Approved Participants</p> <p>This reform would also address the NANE [Non-Assessable Non Exempt-state payment] issue, avoid complex legislative and tax considerations with Treasury and ATO. NANE is a potentially huge emerging issue both in term of NRAS policy intent and representations and in undermining investor confidence and in eroding actual State contributions.</p> <p>How State land or other contribution is dealt with may remain an issue?</p>	<p>A single annual Tax Offset Certificate for the full amount eligible.</p> <p>States to pay Commonwealth in single payment.</p> <p>Removes NANE as an issue</p>
NANE [if not addressed above]	See above. NANE is a major problem. If it is not resolved as above, it requires legislative reform, possibly to both the ITAA and the NRAS Act	Legislative Reform to return to NRAS intent re full Tax Free benefit
NRAS Rounds & Decisions	Rounds have been ad-hoc and decisions often very long	<p>Support for AHURI proposal of an annual allocation of between 5,000 and 7,000 per year on a rolling basis to provide certainty and appropriate lead-in times and to underpin institutional investor and major developer confidence.</p> <p>This represent around 4-5% of annual new build, which the industry can manage and the range of 5-7,000 allows the Commonwealth to adjust the program to take account of market conditions and Government policy</p>

		<p>Alongside this annual allocation, the Use it or Lose it policy could allow:</p> <ul style="list-style-type: none"> a) The recapture of non delivered nras applied to smaller 'off the shelf' shovel ready projects on a rolling program OR b) The recapture and rolling up of non used nras into the core annual allocation
Commonwealth & State 'rules'	Different States have different rules, including eligibility [qld asset test] and operational rules eg accessing tenants etc	One set of nationally consistent rules
Commonwealth & State Monitoring & Reporting	<p>Different States and the Commonwealth have different performance reporting arrangements.</p> <p>In addition, when under pressure to deal with delays and other issues, there is often an unrealistic expectation of AP reporting at short notice.</p>	<p>One set of Reporting, one standard reporting format and timetable.</p> <p>One 'on-line, inter-active' performance tracking system based on normal market risk indicators for development and a 'traffic-light' summary of risk status. OR</p> <p>One paper based system</p>
Derived NRAS Rents	<p>As expected, new financial products are coming to market that utilise nras and provide new funding, probably at this stage mostly in the NFP sector.</p> <p>The requirement for NRAS Incentive flows to follow NRAS Derived Rent is constraining this innovation.</p> <p>Where innovation is happening [Westpac / Macquarie /others] complex and bureaucratic structures have needed to be put in place to</p>	<p>Remove the requirement for Incentive Flow to follow NRAS Derived Rent and enable more flexible access to funding.</p> <p>As long as the normal NRAS delivery takes place, the 'dwelling ownership' link to NRAS investor is of little relevance to the outcome.</p> <p>Some large institutions may find NRAS more attractive to support via financial instruments that are underpinned by the NRAS return secured [for</p>

	<p>secure ATO Rulings re compliance with Derived Rent. These add to cost, risk and complexity</p>	<p>example] by financing the NFP</p>
<p>Managed Investment Scheme provisions & NFP relief</p>	<p>The inter-face between ASIC MIS and NRAS was never considered at the Schemes design, particularly for NFP.</p> <p>Whilst some Commercial NRAS entities operate under Financial Service Licences and must meet all those requirements, the idea that a NFP entity providing anything over 20 NRAS being brought within the Scheme is problematic.</p> <p>It is strongly argued by a number of legal experts that the provision of NRAS dwellings where each is a separate entitlement and there is no pooling or ranking is not an MIS. However there is no clarity on this matter.</p> <p>A number of NFP operate under MIS Relief Instruments, but these instruments seriously constrain innovation and flexible responses to changes in NRAS or the market. For example changing the disclosure of how the Commonwealth wants year 1,4,7 rent evaluations to operates requires ASIC MIS consent as a change in documents. 3 months and \$2,000 legals every time documents change</p> <p>Furthermore not all AP are aware of or operating under MIS or MIS relief and that could also become an issue.</p> <p>The role of third party managers is also a grey</p>	<p>Provide a standard MIS exemption for [NFP] NRAS delivery OR</p> <p>Provide a standard Relief Instrument for all NFP NRAS Delivery with a higher level threshold for Material Change where material change is deemed consistent with Relief unless notified</p>

	area in relation to MIS	
Charitable Supply	With Statutory protections limited to the start up round and Government assurances provided for Rounds 3 and 4 via Word Investment caselaw application, the position of Charities in not clear.	<ol style="list-style-type: none"> 1. Make the provision of affordable housing [including social housing and nras] a head of Charity OR 2. Extend the early legislative protection to all Charities providing NRAS through whatever Rounds.
FOFMS & Online forms & system interface & sign off large numbers of dwellings	The individual compliance check off and management counter sign off is very time consuming and seems to duplicate.	Is the IT solution that you are working on going to address this issue
Demographic Forms	Have changed from time to time which means going back and re-doing. Information from the tenant cannot be entered directly so we have duplication and inefficiency	Can the IT reforms enable tenant demographic info to be entered directly on line in a format that doesn't enable 'Finish' unless each required field is completed
Change Requests [see also use it or lose it]	<p>What requires a change request and 'Technical' Change requests</p> <p>Process and risk assessment & reasonableness</p> <p>Delays in decisions / timeframes – add to end RTL date?</p> <p>State / Commonwealth differences and process overlap or not-sequencing</p>	<p>We have previously raised the scope of acceptable changes BY the AP, and those requiring a CR. In addition we believe a quick CW OR STATE only process can be put in place for certain CR with only complex matters going up to Delegate</p> <p>Adopt a commercial risk assessment and use as benchmark for assessment. [See NAHC Traffic Light System]</p> <p>All decisions within 2 weeks from receipt of all info</p> <p>Can we define those CR Requiring State and CW or just one. If it has to remain both, how about</p>

	<p>Notification of intention to withdraw Allocation</p> <p>Changes linked to new staff approaches</p> <p>Contracting Risk</p>	<p>on-line joint state/cw assessment Formal and risk based approach with Amber light giving XYZ to rectify. If not then red light</p> <p>Consistency in approach</p> <p>Within risk assessment, certain triggers involve potential contracting risk, eg for investors in a late delivery. Care needed that new approach does not lead to loss of investor and developer[financier] confidence [eg Sunset clauses]</p>
<p>Approved Participants Fees [the trading concept]</p>	<p>Trading is not 'trading' but fee seeking – the problems with this are:</p> <ul style="list-style-type: none"> ➤ Public confidence ➤ Highest bidder not necessarily 'best outcome' ➤ Eroding Incentive value ➤ Fee to work ratio out of kilter ➤ Developer confidence undermined 	<p>Fee Disclosure and a Stat Dec by Applicants with each Project setting out AP fees.</p> <p>Reserved Allocations bound by agreed fee structure</p>