



22 January 2018

Attn: Manager, Housing Unit
Social Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: HousingConsultation@treasury.gov.au

Dear Sir/Madam

LGAQ Submission – National Housing Finance and Investment Corporation Draft Legislation

The LGAQ welcomes the opportunity to review and provide comments on the *National Housing Finance and Investment Corporation Bill 2018* (the Bill), following our submission on the National Housing Finance and Investment Corporation Consultation Paper in October 2017.

The LGAQ is however, disappointed in the short timeframe of 6 business days that has been provided for public comment on the Bill and subsequently local government feedback is limited.

The LGAQ supports the objectives of the Bill to “*establish the National Housing Finance and Investment Corporation to contribute to efforts to increase the supply of housing by:*

- (a) encouraging investment in housing (particularly in the social or affordable housing sector);*
- (b) providing finance, grants or investments that complement, leverage or support Commonwealth, State or Territory activities relating to housing; and*
- (c) contributing to the development of the scale, efficiency and effectiveness of the community housing sector in Australia” (Part 1, section 3).*

It is noted that the key elements of the Bill are primarily administrative and procedural in nature and are unlikely to have a significant impact on local government. However, the LGAQ would like to offer the following comments and recommendations, noting that the Investment Mandate which is expected to be released for public consultation in the coming weeks, will likely have greater relevance and implications for local government.

Objects of the Bill

Firstly, the LGAQ welcomes reference in the object of the Bill, to the NHFIC ‘providing finance, grants or investments that complement, leverage or support Commonwealth, State or Territory activities relating to housing’. This objective recognises the importance and relevance of complementary infrastructure funding in Queensland, where local governments currently have access to long term loan funding for capital works through Queensland Treasury Corporation (QTC) under the ‘Local Government Borrowing Program’.

As per the LGAQ’s recommendation in its submission dated 20 October 2017 on the NHFIC Consultation Paper, it is important that the lending component of the National Housing Infrastructure Facility (NHIF) be consistent with the financing arrangements offered to local government through QTC, or otherwise leverage off this and provide a more attractive financing option to encourage uptake.



The LGAQ understands that further detail regarding the financing arrangements of the NHIF will be provided in the Investment Mandate due to be released for public consultation in the coming weeks, and looks forward to the opportunity to provide further feedback at that time.

The LGAQ also supports the objects of the Bill including references to '*encouraging investment in housing (particularly in the social or affordable housing sector)*' and '*contributing to the development of... the community housing sector*'. However, the LGAQ remains concerned with the potential lack of clarity and consistency in relation to the terms 'social housing', 'affordable housing' and 'community housing' which are not currently defined in the Bill.

It is unclear whether these terms will be defined in the Investment Mandate, however there is a need to ensure consistency in terminology across jurisdictions if for example, affordable or social housing is to be considered as part of the eligibility criteria for NHIF finance, investments and grants.

Recommendation 1: The LGAQ recommends that greater clarity and consistency regarding the terms 'social housing', 'affordable housing' and 'community housing' and any related housing affordability objectives/targets, should be included in the Investment Mandate, and made available for public consultation and comment.

NHFIC Board Membership

The LGAQ welcomes the specific reference to 'local government', and 'infrastructure planning and financing' in the Bill as appropriate qualifications, skills or experience for appointment as an NHFIC Board member (Part 3, Division 2, section 18).

As outlined in the LGAQ submission on the NHFIC Consultation Paper dated 20 October 2017, local government expertise on the NHFIC Board will be particularly important to guide and ensure investment decisions respond to the various challenges that may be faced by local governments in building infrastructure to support and unlock new housing supply.

In Queensland, the current infrastructure planning and charging framework is complex and often results in a revenue insufficiency of at least 30% for many councils. Notwithstanding, these financial constraints will differ from jurisdiction to jurisdiction. To ensure that these aspects are well understood and considered in the investment decisions of the Board, a local government representative would ideally be considered for appointment to the Board.

Recommendation 2: The LGAQ recommends a suitably qualified local government representative be included on the NHFIC Board, to ensure the unique circumstances and financial constraints on local governments are adequately understood and represented.

Decision making and reporting requirements

The reporting obligations of the NHFIC Board are set out in Part 3, Division 4 of the Bill. These requirements generally relate to the preparation of annual reports and/or specified matters or information relating to the Board's performance of its functions, at the discretion of the Minister. The Board is also required to keep a record of decisions made at Board meetings (Part 3, Division 3, section 34(4)), but there is no requirement to publish the reasons for the granting or refusal of investment decisions.

To ensure transparency in decision making it is suggested that an additional reporting requirement be placed on the NHFIC Board to provide a written statement of reasons for each investment decision to either grant or refuse infrastructure financing. This is similar to the existing requirements in Queensland for a written statement of reasons for a development decision under the *Planning Act 2016*.



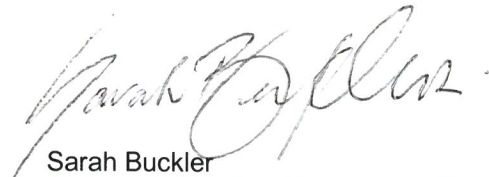
Recommendation 3: The LGAQ recommends that each investment decision of the NHFIC Board be supported by a written Statement of Reasons or similar, outlining the rationale for the Board's decision to either grant or refuse financial assistance for a particular project.

The LGAQ looks forward to the ongoing opportunity to engage with the Treasury as the design features, scope and eligibility criteria for NHIF finance, investments and grants is further detailed in the Investment Mandate.

The Investment Mandate will likely have greater relevance, interest and implications for the local government sector and the LGAQ respectfully requests that the public consultation period for the Investment Mandate be made longer than the 6 business days provided for consultation on the Bill.

If you have any questions in relation to the feedback contained in this letter, please feel free to contact Ms. Crystal Baker, Principal Advisor – Planning and Development directly via crystal_baker@lgaq.asn.au or 0459 864 315.

Yours sincerely



Sarah Buckler
GENERAL MANAGER - ADVOCACY