



NATIONAL AUSTRALIA BANK SUBMISSION

National Housing Finance and
Investment Corporation Bill 2018

19th January 2018

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Mr David Crawford
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The Treasury
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NATIONAL HOUSING FINANCE AND INVESTMENT CORPORATION BILL 2018

Dear Mr Crawford

National Australia Bank ("NAB") welcomes consultation on the National Housing Finance and Investment Corporation ("NHFIC") Bill 2018.

Enhancing the development of the affordable housing sector in Australia is very important to NAB and we support the objective of the Bill to increase the supply of affordable housing by:

- "encouraging investment in housing, particularly in the social or affordable housing sector;
- providing finance, grants or investments that complement, leverage or support Commonwealth, State or Territory activities relating to housing; and
- contributing to the development of the scale, efficiency and effectiveness of the community housing sector in Australia".

The structure and governance frameworks for the NHFIC outlined in the Bill are comprehensive. NAB welcomes NHFIC's independence from Government; how loans and payments can be made directly to the Community Housing Providers ("CHP"); and how the Bill empowers NHFIC "to do all things necessary or convenient to be done for or in connection with the performance of its functions". This approach allows NHFIC the flexibility to embrace innovative funding solutions as they arise.

To safeguard against the Bill being misinterpreted, we suggest making clear:

- the Guarantee by Government (section 54 of the Exposure Draft) covers any debt issued before/on 1 July 2023 irrespective of its maturity;
- the arrangements the Government is making for the capital position and long term liquidity of NHFIC; and
- to explicitly provide wide-ranging options for the financial products NHFIC may use to execute its functions in the Bill.

We welcome the inclusion of the Government Guarantee in the Bill and recognise this will contribute to modestly increasing the supply of affordable housing. However, we encourage the Government to continue to explore subsidy options to grow the CHP sector and to close the yield gap, in turn making affordable housing a more attractive asset class to institutional investors.

We look forward to continuing the dialogue with the Government regarding the establishment of the NHFIC. Should you wish to discuss this submission further, please contact Vanessa Curtain, Manager, Government Affairs and Public Policy at Vanessa.L.Curtain@nab.com.au or 0400 697 625.

Yours sincerely,



Steve Lambert
Executive General Manager, Corporate Financing