



Ms Lucy Wicks MP
Chair
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

17 December 2021

Dear Chair

Public Hearing 3 December 2021, Joint Committee of Public Accounts and Audit: Inquiry into Auditor-General Reports Nos. 14, 26, 28 and 47 (2020-21) - National Housing Finance and Investment Corporation (NHFIC) - Proof Committee Hansard, Page 7

I wish to provide two clarifications in regard to evidence provided at the above Public Accounts and Audit Committee hearing.

I provided the following evidence:

***Chair:** To NHFIC—this is moving to a slightly different area: I understand the National Housing Infrastructure Facility aims to overcome impediments to the provision of housing due to the lack of necessary infrastructure, and that there was \$400 million in funding provided by the Australian government for the National Housing Infrastructure Facility to June 2020 and that, of that \$400 million, \$70 million was provided for loans, investments and grants and \$330 million was provided for loans and equity investments, or concessional loans. As of June 2020 the NHFIC board has approved one grant application for \$3.6 million and loans for two projects with a total value of \$13.2 million. What is your view of the effectiveness of the National Housing Infrastructure Facility to date?*

***Mr Neilson:** I think it's fair to say that there was a slow take-up on the NHIF. It is a demand-driven scheme, and there are eligibility requirements under the scheme to qualify for NHIF funding. I don't have the numbers in front of me at the moment for the NHIF loans, but there are NHIF moneys that are allocated over five years, and the moneys that you referred to are a gradual appropriation that comes in. Today, I think, there's about \$380 million worth of approved loans under the NHIF facility, which is a significant increase from the loans that were approved, potentially, at the time of the audit. Certainly, there's been a lot more momentum in the NHIF. There have been a lot more loans that have been approved by the board and cash that's gone out the door.*

To clarify the value of approved loans under the National Housing Infrastructure Facility (NHIF), \$320 million of NHIF transactions have been approved by the NHFIC Board as at 3 December 2021.

Secondly, I provided the following evidence:

***Ms BELL:** Thank you. So I'd ask NHFIC to expand on what your umbrella agreements with the states and territories look like to try to address that.*

***Mr Neilson:** I'll take that question, and then Mr Saville may want to add some more details. Umbrella agreements are not necessarily preapproval, but they set aside NHIF funds for particular projects that may need to be developed in conjunction with the states. So it effectively earmarks the money. For example, there was a \$100 million umbrella agreement signed with New South Wales LAHC. That facility then gets drawn down as various projects come before the board.*



The individual projects still need to be approved by the board in the normal credit approval process. It's just that there's an umbrella agreement where there are some common terms and conditions that have been agreed.

The idea is that, when projects do come forward, they have a much quicker approval process because some of the terms and conditions have been agreed under the umbrella agreement.

The first umbrella agreement, as I said, was with New South Wales. Since then, we've actually established umbrella agreements with a number of the other states as well. That has proven to be an effective way of encouraging project proponents to take up the NHIF, and it actually also helps streamline some of the processes. Mr Saville would have been involved in some of that.

Please note the following response, in red text, to clarify the reference I made in regard to umbrella agreements as not necessarily a preapproval, as relevant to the credit assessment process.

Mr Neilson: *I'll take that question, and then Mr Saville may want to add some more details. Umbrella agreements are not necessarily preapproval **for credit**, but they set aside NHIF funds for particular projects that may need to be developed in conjunction with the states.....*

Yours sincerely



Stuart Neilson
Chief Financial Officer and Chief Operating Officer
National Housing Finance and Investment Corporation