



National Rental Affordability Scheme Bill 2008

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Contents

Purpose	2
Background	2
The proposed NRAS	2
Commonwealth incentives	2
State and Territory contributions	3
CPI indexation	3
Subsidy to renters	4
Rental housing	4
A brief overview	4
Affordability	5
Basis of policy commitment	6
Stakeholder interest	8
Other parties	9
Committee consideration	9
Financial implications	9
Main provisions	10
Part 1 – Preliminary	10
Part 2 – The National Rental Affordability Scheme	11
Part 3 – Miscellaneous	13
Concluding comments	14

National Rental Affordability Scheme Bill 2008

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House: House of Representatives

Portfolio: Families, Housing, Community Services and Indigenous Affairs

Commencement: 1 July 2008

Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The purpose of the National Rental Affordability Scheme Bill 2008 (the Bill) is to establish—together with the National Rental Affordability (Consequential Amendments) Scheme Bill 2008—the National Rental Affordability Scheme (the NRAS), which seeks to assist low and moderate income households in rental accommodation by encouraging large scale investment in rental housing through conditional incentives to providers of new rental properties.¹

Background

The proposed NRAS

Commonwealth incentives

The Commonwealth would offer institutional investors and other eligible bodies an annual incentive, for up to 10 years, provided the investor complies with the proposed NRAS's conditions.² They include that the renter meets an as-yet-unspecified income test, and that the rent is at least 20 per cent below the market rate.³ The value of the incentive will initially be \$6 000 per dwelling annually.

The proposed NRAS would contain several types of incentives to investors:

1. Explanatory Memorandum, National Rental Affordability Scheme Bill 2008, 'Outline'.
2. The Explanatory Memorandum refers to the target investors as including financial institutions, banks, property trusts, superannuation funds, developers and not-for-profit organisations, p. 4.
3. The Bill does not define the '**market rate**' for rents but provides in Clause 6 that the NRAS may include the process for determining market value rent for a rental dwelling.

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- exemption of capital gains from tax
- a (Commonwealth) tax offset or payment to the investor, and
- the non-assessability for tax purposes of State or Territory contributions to the investor (see below).

The tax offset would apply where the investor is liable to pay tax, whereas a Commonwealth payment would apply where the investor is not eligible to pay tax, for example, a not-for-profit housing body.

Figures provided in the 2008-09 Budget indicate how much the payment and the tax offset are expected to cost the Government over the forward estimates. As the following table shows, the vast bulk of the incentive to investors will be in the form of a tax concession.

	2008-09	2009-10	2010-11	2011-12
Payment (\$m)	13.0	25.2	35.6	55.1
Tax offset (\$m)	10.5	47.0	134.5	301.7 ⁴

State and Territory contributions

State or Territory governments would, also for up to 10 years, contribute an annual amount by way of financial or in-kind support. Initially the State or Territory contribution would be \$2 000 per dwelling per year.⁵

CPI indexation

Both the Commonwealth and State contributions would be indexed to the rental component of the consumer price index.

4. Portfolio Budget Statements 2008–09, Families, Housing, Community Services and Indigenous Affairs Portfolio, p. 38 and Treasury Portfolio p. 159.

5. The Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, ‘Second reading: National Rental Affordability Scheme Bill 2008’, House of Representatives, *Debates*, 24 September 2008, p. 6.

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Subsidy to renters

Under the NRAS, occupants of homes which attract the incentive would, in effect, be receiving a rental subsidy in the form of rent at a rate at least 20 per cent below the market rate.

Rental housing

A brief overview⁶

While renting is often associated with low income, living in a rented home can also be seen as a cost-effective alternative to home ownership. The advantages of renting include greater flexibility of lifestyle and the opportunity to invest money elsewhere.

Nearly 30 per cent of Australian households are renters. The proportion of Australian households renting increased slightly from 26.9 per cent in 1995–96 to 28.5 per cent in 2005–06. During that period, the proportion of households renting from State/Territory housing authorities remained relatively stable, at close to 5 per cent of all households. Over the same period, the proportion of households renting privately increased from 19 per cent to 22 per cent.

In 2005–06, over 1.7 million households were renting from private landlords and 369,000 households rented from State/Territory housing authorities. A further 147,000 households (2 per cent of all households) were renting from other landlords such as employers (for example, the Defence Housing Authority).

Renters tend to be a younger group than owner-occupier households and the proportion of households renting decreases with age. There was little change in the proportions of households which were renters for most age groups over the ten years to 2005–06. The exception was the 35–44 years group. The proportion of these households which rented increased from 27 per cent in 1995–96 to 32 per cent in 2005–06.

Rental rates also differ according to household composition. Rates of renting are higher among unpartnered people.

In general, lower income is associated with higher rates of renting, and as income rises, the likelihood of renting falls. The general exception is for households where the occupants are aged 65 years and over. Although it is often the case that renting is associated with lower income, there are a considerable number of high income households which, by choice or circumstance, are renting. In 2005–06, there were 349,100 renter

6. This section draws heavily on the feature article 'Renter Households' in Australian Bureau of Statistics, *Australia Social Trends 2008* Catalogue 4102.0 at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Chapter9002008> accessed on 20 October 2008.

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households in the highest quintile (20 per cent) of equivalised disposable household income⁷ accounting for 15 per cent of all renters. High income renters tended to be younger and considerably wealthier than other renters.

Despite increases in housing costs over the last decade, the incomes of renters after paying housing costs have increased in real terms. In 2005–06, average housing costs for private renter households before deducting Commonwealth Rent Assistance (CRA) receipts were \$224 per week; this had increased in real terms from \$190 per week in 1995–96, an average annual rate of increase above inflation of 1.7 per cent. However, the average incomes of renters increased over the period at a faster average rate (2.2 per cent) than their housing costs. The net result was a real increase in the average income after housing costs of renters, from \$570 to \$720 per week (or 2.4 per cent per year).

Affordability

While not all households who are renting are suffering from so-called rental stress—some will become home buyers—others, especially those on low incomes, experience difficulty in paying rent. A range of schemes is available to help those falling into this category.

A [Senate Select Committee](#) recently examined housing affordability.⁸ With respect to rental schemes, the Committee found:

This inquiry emphasises that the current supply of rental housing is severely inadequate (chapter 10). Vacancy rates are at record lows. The committee acknowledges the federal government's National Rental Affordability Scheme and its notional target of an extra 100 000 affordable rental dwellings with 50 000 by 2012. The Scheme will provide annual tax incentives over 10 years for investors in affordable rental housing. In the absence of specific details as to how these incentives will be structured and targeted, the committee will watch growth of the scheme with interest.

The committee identifies other aspects of rental housing that require attention:

- various organisations argued that the Commonwealth Rent Assistance Scheme is inadequately funded and poorly targeted. There were suggestions to target rental assistance in line with regional rental prices and to broaden the payment to include home purchasers in temporary financial stress; and

7. In other words, income adjusted to take account of differing household size and composition.

8. Senate Select Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, Senate, Parliament House, Canberra, June 2008 at: http://www.aph.gov.au/SEnate/committee/hsaf_ctte/report/report.pdf, accessed on 15 October 2008.

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- public housing has been financially strained for more than a decade as its client base has shifted from couples with children (with many paying market rents) to people with mental health or other social problems. There is a need to increase the stock of public housing, facilitate the entry of a more diversified mix of income earners and restore pre-1996 funding levels.⁹

The Commonwealth has, over the years, provided financial assistance for rental housing mainly in the form of capital grants to the States and Territories. Of these programs, the largest grants have been Commonwealth–State Housing Agreement block assistance/base funding. State governments supply housing for about five per cent of households, mostly at below-market rents. The Commonwealth also provides rental subsidies to low income persons who account for about one quarter of private renters.¹⁰

With the commencement date of 1 July 2008, the Bill is retrospective.¹¹ In addition, regulations under the Bill would also commence retrospectively.¹² According to the Explanatory Memorandum, no rights will be adversely affected by the retrospective commencement.¹³

For additional information, see the [Bills Digest](#) for the National Rental Affordability Scheme (Consequential Amendments) Bill 2008¹⁴

Basis of policy commitment

On 13 August 2007, the Australian Labor Party (ALP) issued a [media statement](#), which outlined a proposed NRAS.¹⁵

The measure was announced in the 2008-09 Budget on 13 May 2008:

The Government will provide \$622.6 million over four years for the provision of 50,000 affordable rental properties across Australia for low and middle income

9. *ibid.* p. 5.

10. Peter Abelson and Roselyn Joyeux, 'Price and efficiency effects of taxes and subsidies for Australian housing', *Economic Papers*, vol. 26, no. 2, June 2007, p. 148 at: http://parlinfo.aph.gov.au/parlInfo/download/library/jrnart/N0ZQ6/upload_binary/n0zq60.pdf;fileType=application/pdf#search=%22library/jrnart/n0zq6%22, accessed 8 October 2008.

11. National Rental Affordability Scheme Bill 2008 **proposed section 2**.

12. *ibid.*, proposed subsection 12(2).

13. Explanatory Memorandum, pp. 1 and 10.

14. Richard Webb and Sharon Scully, 'National Rental Affordability Scheme (Consequential Amendments) Bill 2008', *Bills Digest no. 48, 2008–09*, Parliamentary Library.

15. Australian Labor Party, 'Federal Labor's National Rental Affordability Scheme', *media release*, 13 August 2007.

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earners. An annual incentive of \$6,000 per property for up to ten years will be paid by refundable tax offsets for complying institutional investors and by grants for not-for-profit housing organisations that are exempt from income tax.

State and Territory governments have agreed to provide annual support of at least \$2,000 per annum per property for up to 10 years. The state and territory contribution will take the form of cash grants, concessions on stamp duty or the provision of discounted land.

To access the Scheme, investors must rent properties to eligible tenants at 20 per cent below the market rate of rent for equivalent properties in the area.¹⁶

The Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA) would administer the NRAS.¹⁷

On 2 May 2008, the Minister for Housing released, for public consultation, a paper titled National Rental Affordability Scheme — technical discussion paper (the technical discussion paper), inviting submissions (see below).¹⁸ On 24 July 2008, the Treasurer and the Minister for Housing released a [prospectus](#),¹⁹ calling for expressions of interest in the NRAS.

The NRAS is one of a \$2.2 billion package of several schemes designed by the Commonwealth government to improve housing affordability.²⁰

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16. Australian Government, 'Budget Measures 2008-09', *Budget Paper No. 3*, Commonwealth of Australia, Canberra, 2008, p. 172.
 17. Department of Families, Housing, Community Services and Indigenous Affairs, 'National Rental Affordability Scheme', at: <http://www.facsia.gov.au/internet/facsinternet.nsf/housing/nras.htm>, accessed on 15 October 2008.
 18. The Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, [National Rental Affordability Scheme — technical discussion paper](#), Department of Families, Housing, Community Services and Indigenous Affairs, 2008 at: http://www.facsia.gov.au/housing/nras/NRAS-discussion_paper.PDF, accessed on 15 October 2008.
 19. The Hon. Wayne Swan, Treasurer and the Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, *National Rental Affordability Scheme Prospectus*, Treasury and Department of Families, Housing, Community Services and Indigenous Affairs, 2008 at: [http://www.fahcsia.gov.au/internet/facsinternet.nsf/via/housing/\\$file/nras_prospectus.pdf](http://www.fahcsia.gov.au/internet/facsinternet.nsf/via/housing/$file/nras_prospectus.pdf), accessed on 15 October 2008.
 20. The Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, 'Second reading: National Rental Affordability Scheme Bill 2008', op. cit., p. 6. Other such schemes include the Housing Affordability Fund and First Home Saver Accounts: see the

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Stakeholder interest

Various stakeholders lodged submissions in relation to the technical discussion paper,²¹ in which stakeholders generally support the principle of the NRAS.

However, some stakeholders expressed the following concerns that:

- the incentives would be insufficient to attract large investors, particularly in cities such as Sydney²²
- consequently, the NRAS would more likely be successful in fringe urban areas²³
- the State/Territory contribution is too low to be meaningful²⁴
- some households would not be able to afford to pay 80 per cent of the market value of rent,²⁵ and
- the eligibility factors of prospective tenants would have a negative impact on attracting key workers—such as teachers, nurses and police—to certain areas.²⁶

Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, *Progress on Housing Affordability Programs*, 16 September 2008.

21. See, for example, Aged and Community Services of Australia, *Comments on Technical Discussion Paper*, May 2008; Anglicare Australia, *Submission*, 30 May 2008; Australian Institute of Superannuation Trustees, *Submission*, 30 May 2008; Community Housing Federation of Victoria, *Submission*, May 2008; Homelessness Australia, *Submission*, May 2008; National Association of Tenant Organisations, *Submission*, May 2008; Planning Institute of Australia, *Submission*, 30 May 2008; Property Council, *Submission*, 31 May 2008. While it is noted that the technical discussion paper contains details not in the Bill itself, stakeholder comments are useful in reflecting concerns about aspects of the NRAS.
22. See, for example, Mark Phillips, 'Cheap rental scheme lurches', *Australian Financial Review*, 13 June 2008, p. 67; Shane Nicholls, 'Rental scheme and affordability fund house fundamental flaws', *Australian Financial Review*, 3 September 2008, p. 6. See also Planning Institute of Australia, *op. cit.*, pp. 4–5; Property Council of Australia, *op. cit.*, pp. 6–8.
23. See, for example, Anglicare Australia, *op. cit.*, p. 1; Australian Institute of Superannuation Trustees, *op. cit.*, pp. 1–2; Property Council of Australia, *op. cit.*, pp. 6–8.
24. See, for example, Planning Institute of Australia, *op. cit.*; Property Council of Australia, *op. cit.*, p. 9.
25. See, for example, Anglicare Australia, *op. cit.*, p. 3; Community Housing Federation of Victoria, *op. cit.*, p. 5; Homelessness Australia, *op. cit.*, pp. 2–3; Planning Institute of Australia, *op. cit.*, p. 5.
26. See, for example, Anglicare Australia, *op. cit.*, p. 2; Community Housing Federation of Victoria, *op. cit.*, pp. 3–4; Homelessness Australia, *op. cit.*, pp. 4–6; National Association of Tenant Organisations, *op. cit.*, pp. 2–5; Property Council of Australia, *op. cit.*, pp. 12–16.

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Notably, most of the comments relate to details of the NRAS, about which the Bill is silent, as most of the actual detail of the NRAS is to be prescribed in regulations to be made under the regulation making powers proposed by the Bill.

Other parties

Although the Opposition has stated that it does not oppose the Bill, it has said that it believes that there are significant issues relating to the design of the NRAS.²⁷ These issues include the following:²⁸

- the proposed NRAS does not address major under supply issues in the housing market
- proposed incentives are insufficient and do not make investment from institutional and commercial investors viable
- proposed penalties are some of the risks that render the proposed NRAS less viable for investors, and
- tenant eligibility criteria are too restrictive and ignore key workers.

Committee consideration

The Bill—and the associated National Rental Affordability Scheme (Consequential Amendments) Bill 2008—have been referred to the Senate Community Affairs Committee for inquiry and report by 20 November 2008.

Details of the inquiry are at the Committee's [webpage](#).

Financial implications

According to the Explanatory Memorandum, the cost to the Budget (the fiscal cost) is estimated at \$622.6 million over four years as follows:

2008-09	2009-10	2010-11	2011-12
\$23.5m	\$72.2m	\$170.1m	\$356.8m

27. See Mr Morrison MP, 'Second reading: National Rental Affordability Scheme Bill 2008', House of Representatives, *Debates*, 15 October 2008, p. 7.

28. *ibid.*, pp. 7–9.

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However it should be noted that the Bill provides that if there is an acquisition of property from a person otherwise than on just terms, the Commonwealth is liable to pay a reasonable amount of compensation.

Main provisions

Part 1 – Preliminary

Clause 3 of the Bill sets out the objects of the Bill, that is, to encourage large-scale investment in housing by offering an incentive to participants in the NRAS so as to:

- increase the supply of affordable rental dwellings, and
- reduce rental costs for low and moderate income households.

Clause 4 contains various definitions, including the following :

- **‘allocation’**: in essence, an allocation entitles an approved investor (participant) to receive in an incentive period—a 10 year period starting on or after 1 July 2008—an incentive for an approved rental dwelling if the participant adheres to the conditions related to the dwelling.
- **‘incentive’**: a Commonwealth government incentive can take two forms, namely, either a National Rental Affordability Scheme Tax Offset or an amount payable for an NRAS year (this definition is particularly relevant to **clause 9** which deals with eligibility for receiving incentives).
- **‘rental dwelling’**: a dwelling for which rent is payable, and includes:
 - a part of a dwelling or building that is capable of being lived in as a separate residence, and
 - a unit that is a dwelling, and
 - any dwelling prescribed by the regulations to be a rental dwelling for the purposes of this definition.

However, the proposed definition excludes what might be called ‘mobile’ dwellings such as caravans and mobile homes. In other words, the intention is that the dwelling must be in a fixed location and incapable of being moved.

- **‘unit’** in the definition of a rental dwelling: a unit held under a strata title system (or similar system), established under State or Territory law, together with:
 - any accompanying common property, and
 - any permanent improvement (for example, a garage or storeroom) associated with the unit.

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Part 2 – The National Rental Affordability Scheme

The Minister, in her second reading speech, stated that regulations to support the NRAS are being prepared.²⁹

Clause 5 specifies that the regulations must prescribe a Scheme about the following matters:

- the approval of participants by the Secretary:³⁰ **proposed paragraph 5(a)**
- the approval of rental dwellings by the Secretary: **proposed paragraph 5(b)**
- providing incentives to an approved participant if certain conditions are satisfied: **proposed paragraph 5(c)**
- a matter required or permitted by this Act to be included in the Scheme: **proposed paragraph 5(d)**, and
- ancillary or incidental matters: **proposed paragraph 5(e)**.

Clause 6 deals with matters that may be included in the NRAS such as:

- the application process for an allocation: **proposed paragraph 6(a)**
- the assessment criteria for an allocation (which may vary): **proposed paragraph 6(b)**
- the amount of an incentive: **proposed paragraph 6(c)**, and
- how the market value rent for an NRAS year is to be determined: **proposed paragraph 6(d)**.

These discretionary matters have been prescribed by the Draft Regulations.³¹

Clause 7 deals with making allocations of entitlements to receive an incentive, based on the following specific conditions that must be met:

- either the rental dwelling:³²

29. The Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, op. cit., p. 7. In fact, the *National Rental Affordability Scheme Regulations 2008* (the Draft Regulations) have been drafted and the Exposure Draft of the Draft Regulations is available at: http://www.fahcsia.gov.au/housing/nras_regulations_2008/default.htm, accessed on 21 October 2008.

30. A reference to the Secretary in this Bill is a reference to the Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs.

31. Department of Families, Housing, Community Services and Indigenous Affairs, *National Rental Affordability Scheme Regulations 2008: Exposure Draft*, at http://www.fahcsia.gov.au/housing/nras_regulations_2008/default.htm, accessed on 21 October 2008.

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- has not been lived in as a residence at any time before the first day of the incentive period:³³ **proposed sub paragraph 7(2)(a)(i)**, or
- had been unfit to live in, and since the day when it was made fit for living in, the rental dwelling has not been lived in as a residence between that day and the first day of the incentive period: **proposed subparagraph 7(2)(a)(ii)**, and
- to the extent that the rental dwelling is rented during an NRAS year³⁴ that falls within the incentive period:
 - the rental dwelling must be rented to an eligible tenant(s) as prescribed by the regulations: **proposed subparagraph 7(2)(b)(i)** and
 - the rent that is charged must be at least 20 per cent less than the market value rent: **proposed sub paragraph 7(2)(b)(ii)**, and
- to the extent that the rental dwelling is not rented during an NRAS year that falls within the incentive period, the dwelling is not vacant for a period greater than:
 - that prescribed by the regulations: **proposed paragraph 7(2)(c)**, and
 - the continuous period prescribed by the regulations beginning in the previous NRAS year and ending in the first-mentioned NRAS year.

While the ALP's media statement of 13 August 2007 referred to the Commonwealth tax incentive to 'build new homes or units'—this obviously covers completely new construction—**proposed paragraph 7(2)(a)** provides for the conversion of existing buildings that were not previously rented as dwellings to fall within the scope of the NRAS. According to the Explanatory Memorandum it is intended that, in order for a rental dwelling to be eligible under the NRAS, the rental dwelling must be 'new' and increase the overall supply of rental dwellings.³⁵ **Subclause 7(3)** provides that, for the avoidance of doubt, where a dwelling or building has been converted to create additional residences, then the part of the dwelling or building that is the separate residence must not have been lived in as a separate residence before the first day of the incentive period.

Clause 8 provides that the NRAS may provide for the variation, transfers and revocation of an allocation.

The Explanatory Memorandum discusses the circumstances under which these changes to allocations are envisaged.³⁶ However the Bill itself is silent on these details.

32. 'Rental dwelling' is defined in **proposed section 4** of the Bill.

33. 'Incentive period' is defined in **proposed section 4** of the Bill.

34. 'NRAS year' is defined in **proposed section 4** of the Bill.

35. Explanatory Memorandum, p. 6.

36. *ibid.*, p. 7.

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Proposed paragraph 9(a) provides that the NRAS must grant the power to the Secretary to do the following:

- issue a certificate to an approved participant that states the amount of the tax offset claimable in relation to an NRAS year: **proposed paragraph 9(a)**, and
- make a payment to an approved participant, of a kind provided for by the NRAS, for an NRAS year: **proposed paragraph 9(b)**.

Part 3 – Miscellaneous

Subclause 10(1) provides that, if the Commonwealth government acquires property from a person under the Act, other than on just terms, the Commonwealth government must pay that person a reasonable amount of compensation.

The constitutionality of such a provision – particularly the use of term ‘reasonable amount of compensation’ rather than ‘compensation on just terms’ – is indeterminate. It is designed to be an ‘insurance’ provision to cover possible breaches of section 51(xxxi) of the Constitution (acquisition of property by the Commonwealth must be on just terms). The wording is a form of what used to be called a ‘Historic Shipwrecks clause’³⁷ and a clause using similar wording is currently under challenge before the High Court.³⁸

The Government has said it has legal advice that a provision to pay a reasonable amount of compensation gives effect to the requirement for the payment of just terms compensation under the Constitution.³⁹

Subclause 10(2) provides that in the event of a dispute as to the amount of compensation, the person may commence proceedings in the Federal Court of Australia to recover compensation.

Clauses 11 and 12 provide for the Minister’s delegation and regulation making powers respectively.

37. The clause arises from the *Historic Shipwrecks Act 1976*.

38. See *Wurridjal & Ors v Commonwealth of Australia & Anor* [2008] HCATrans 348 (2 October 2008); *Wurridjal v Commonwealth of Australia* [2008] HCATrans 349 (3 October 2008)

39. See the Hon. Tanya Plibersek, Minister for Housing and Minister for the Status of Women, House of Representatives, *Debates*, 21 February 2008, p. 1091. This statement was made in the Minister’s second reading speech for the Families, Housing, Community Services and Indigenous Affairs and other Legislation Amendment (Emergency Response Consolidation) Bill 2008,

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Concluding comments

The Bill contains only the bare outline of the NRAS. There are significant details about the NRAS that are not contained in the Bill, but have been included in the Draft Regulations. For example, how the ‘market value rent’ for a particular dwelling would be determined and how the income test for potential renters would be applied. Therefore, it is the Draft Regulations that contain the details of the proposed NRAS.

In addition, in the second reading speech, the Hon. Tanya Plibersek MP referred to ‘institutional investors and other eligible bodies’ as being eligible for the incentives. The intent seems to be to exclude other private investors and thus create a new (additional) category of investor. However, the Bill is silent on who the eligible investors might be.

The Minister also stated that the NRAS would create 50 000 new (that is, additional) rental properties at a cost of \$623 million in the first four years. As previously noted, ‘new’ in this context seems to encompass both the construction of completely new dwellings and the conversion to rental housing of properties that were not previously rented as housing. The NRAS thus could, for example, include properties that were previously owner-occupied but which are subsequently converted to multi-occupancy tenancies. It is not clear how, or indeed if, the Government intends to evaluate the effectiveness of the NRAS in terms of determining the increase in the number of new rental properties above that which would have happened in the absence of the scheme.

The Government may need to take note of those previously flagged stakeholder concerns that:

- the incentives provided for in the Bill and in the National Rental Affordability (Consequential Amendments) Scheme Bill 2008 are insufficient and would not attract large investors, and
- many low income households would not be able to afford to pay 80 per cent of the market value in rent.

Failure to address those concerns may result in the NRAS failing to meet its objectives.

Finally, it is noted that FaHCSIA Portfolio Budget Statement for 2008-09 identifies the NRAS as an Administered Item funded by Appropriation Bill No. 1.⁴⁰ The question arises as to whether NRAS constitutes an activity that can be considered to be an ordinary annual service of the government. In the normal course of events a new program such as this must be funded either by special appropriation or under Appropriation Bill No. 2, that is, other than ordinary annual services.

40. Portfolio Budget Statements 2008–09, Families, Housing, Community Services and Indigenous Affairs Portfolio, p. 98.

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