



Submission Template

Improving the National Rental Affordability Scheme – Consultation Paper

Please upload completed submissions by **5pm AEST, 21 December 2016** to engage.dss.gov.au

Instructions for completing the Submission Template

- Download and save a copy of the template to your computer.
- You **do not** need to respond to all of the questions.
- Please keep your answers concise and relevant to the topic being addressed.

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Stakeholder Category: Approved Participant

State/Territory: South Australia

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Possible areas of improvement

Refer to section 4 of the Consultation Paper for further background information in relation to the questions below.

General reforms to the NRAS process

Discussion Question 1) What provisions in the NRAS Regulations could be changed/simplified in order to provide further clarity, reduce red tape and improve the overall efficiency of the Scheme?

Dealing with Vacancies.

Currently the NRAS regulations have two conditions in relation to reducing incentive payments when dealing with vacancies. The first is to reduce the incentive payment by a pro-rated amount when a vacancy extends beyond 91 days but is less than 182 days. The second is where a vacancy is more than 182 days in which case no incentive is payable for the entire NRAS year. Where a vacancy extends across two NRAS years the same conditions apply.

We would like to question the reasoning behind the second condition and what purpose it is trying to achieve by reducing the entire incentive payment to \$0 when the vacancy extends beyond 182 days

There also appears to be a small percentage of situations where both of these conditions can be applied which would result in two full years of incentive payments being reduced to \$0. This is when a vacancy extends beyond 182 days and across two NRAS years and 182 days of the vacancy falls within the first NRAS year.

We feel that it is reasonable that the incentive is only paid for the days that the dwelling is tenanted regardless of the length of number of vacancies throughout the NRAS year.

Substitution Requests

Currently when requesting a substitution, the delegate will only assess the application once the new dwelling has been completed and a valuation has been conducted. This makes it difficult to market the new property for sale as there no certainty that the delegate will approve the application so the developer is unable to market the property for sale as an NRAS property. This may result in the property taking longer to sell or may result in the property being sold but unable to be tenanted until the application has been assessed by the Delegate.

We would recommend that approved participants should be able to make an application to substitute a dwelling without the new property being fully completed, provided they can provide sufficient evidence that the dwelling is under construction and scheduled to be completed within a reasonable timeframe.



Strengthening documentary requirements

Discussion Question 2) What documentation should approved participants be required to provide to the Department to support the information obtained in relation to:

- an allocation (such as market rent valuations); and
- lodgement of the annual Statement of Compliance (such as rents charged, household income and occupancy records)?

The level of documentation that is currently requested by the Department and entered into the FOFMS portal is sufficient, however I feel that this should not be required on all dwellings. A risk based approach should be adopted by the Department were a percentage of claims are audited/reviewed in full. Provided these are acceptable all dwellings should be paid.

There appears to be some issues when the Department do find an issue or non-compliance. We have many situations where they identify one issue/error and then send it back to the participant to rectify, which is done, only for the Department to then identify a second issue/error. When reviewing documentation and information entered by the Participant the Department should review this thoroughly and list all issues/errors with the claim to avoid going back and forth between the Department and the Participant on multiple occasions.

Introducing discretion to correct errors

Discussion Question 3) Are there circumstances under which the Department should consider allocating a dwelling even when the applicant has not met all of the conditions of reservation?

Yes, the Department needs to understand that we manage approx. 1700 NRAS allocation and each of these have multiple documents and information assigned to them. In total, we would process approx. 30,000 source documents and or pieces of information across all our dwellings so there are bound to issues/errors that come up from time to time.

We feel that it would be in the best interest for the Department, Participants, Investors, tenants and the NRAS scheme that the Delegate has the discretion to approve an incentive payment for an allocation where any issue/error has been identified and rectified. An example of this would be rent being charged more than 80% any time throughout the year. If the property manager/owner/investor has rectified the error and refunded any over payment to the tenant, they should still be eligible for the full incentive payment.



Discussion Question 4) Under which circumstances should the Department consider issuing an incentive even when the approved participant has not met all of the conditions of allocation but issuing an incentive is still in the best interests of the Scheme?

If the Delegate had discretion to make payment when errors have been corrected then this may not be an issue, however if the rent was overcharged by a small amount, say \$1 per week, the Delegate should still be able to issue the incentive. Reason being is that the dwelling is still fulfilling the intent of the scheme by providing an affordable housing option for tenants, however an over payment of \$1.00 per week (\$52.00 per year) is trifle and may not be able to be refunded to a tenant if they have vacated the property.

Improved transparency for investors

Discussion Question 5) While there is no legal relationship between the Department and NRAS investors, how might the Department keep investors informed of the status of their dwelling and related incentive?

This was only an issue when the 13/14 and 14/15 NRAS incentive payments were delayed by a considerable amount of time, other than this we never really had many investors seeking to speak with the Department. If this was to occur again the FOFMS System could easily be updated with a field to record the investors details so that if they were to call the Department they could be identified.

The Investors first point of contact should always be to their Participant.

Major non-compliance

Discussion Question 6) Under what circumstances should the Secretary consider revoking an NRAS allocation?

Only where serious miss-conduct or fraud has been proven.

Discussion Question 7) Under what circumstances should the Secretary consider offering withdrawn/revoked allocations to other existing approved participants?

Where serious miss-conduct or fraud has been proven, when an NRAS participant has gone insolvent



or out of business.

Role of substituted dwellings

Discussion Question 8) What are the issues the Department should consider when determining if one dwelling can be substituted for another?

Please refer to our answer to question 1

Other comments

General comments or feedback on other issues

The FOFMS portal needs to be updated to make it quicker and easier to enter TDA's and claims. I see no reason why a TDA must be end dated at the end of each NRAS year and then started again from the 1st May.

The FOFMS Portal should be updated to better capture errors and non-compliance in real time when Participants are entering in TDA's to give them an opportunity to view the errors and rectify them at the same time.

If the Department cannot take a risk based audit approach to the claims review process, they should be reviewing the TDA's and Claims as they are submitted throughout the year. This would reduce their work load after the end of each NRAS year and would significantly decrease the time to issue the refundable tax offset certificates.