

Improving housing outcomes for Australians





Contents

Introduction	1
About Housing Australia	2
Operating context	7
Environment	7
Capability	9
Risk management	10
Cooperation	13
Key activities	14
Performance	19
Appendix A: Summary of changes to performance measures	26
Appendix B: PGPA Act requirements	27
Abbreviations and acronyms	28

An online version of this report is available on the Housing Australia website:
[housingaustralia.gov.au/reports and publications](https://housingaustralia.gov.au/reports-and-publications)

Cover image: Lidcombe Rise - By Evolve Housing and Billbergia Group

Acknowledgement of Country and Traditional Custodians

Housing Australia acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and communities.

We pay our respects to them and their cultures and to Elders past and present.

Introduction

As Chair of Housing Australia and on behalf of the Board, as the accountable authority, I am pleased to present our 2024–25 Corporate Plan (Corporate Plan) for the period 2024–25 to 2027–28, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

As at 1 August 2024, legislation to implement the Help to Buy shared equity scheme has not passed the Parliament. Further, Housing Australia’s Investment Mandate has not been updated to support the additional \$1 billion announced by the Government to be invested in the National Housing Infrastructure Facility. Accordingly, these proposed changes have not been incorporated into this Corporate Plan.



Carol Austin
Chair
Housing Australia

About Housing Australia

Our purpose is to improve housing outcomes by helping more Australians to access affordable, safe and secure housing.

As the national housing authority, Housing Australia is responsible for supporting the delivery of key programs that form part of the Federal Government's housing agenda, including increasing the supply of social and affordable housing and helping Australians realise home ownership sooner.

Housing Australia's purpose, as set out in section 3 of the *Housing Australia Act 2018* (Housing Australia Act), is to improve housing outcomes for Australians by:

Strengthening

efforts to increase the supply of housing

Encouraging

investment in housing (particularly in the social or affordable housing sector)

Providing

finance or grants that complement, leverage or support Commonwealth, state or territory activities relating to housing

Contributing

to the development of the scale, efficiency and effectiveness of the community housing sector in Australia

Assisting

earlier access to the housing market by eligible home buyers.

Housing Australia delivers on its purpose in accordance with the Housing Australia Act, under which it has three specific functions:

Financing function: to make loans and/or grants to constitutional corporations (including registered community housing providers (CHPs)), states and territories, and other eligible entities.

Guarantee function: to provide guarantees to constitutional corporations (including eligible lenders).

Capacity building function: to provide business advisory services and other assistance in capacity building to registered CHPs.

Housing Australia performs its functions in accordance with directions given by the Minister to the Board under the *Housing Australia Investment Mandate Direction 2018* (Investment Mandate).

As at 1 July 2024, the Investment Mandate provides for the establishment and operation of six key activities, namely:

Affordable Housing Bond Aggregator (AHBA)

Housing Australia makes loans to registered CHPs using money borrowed from the Commonwealth and by raising finance by the issue of bonds on the commercial market. This allows money to be raised on a larger scale and on more favourable terms to those that would be possible for individual CHPs.

National Housing Infrastructure Facility (NHIF)

Housing Australia provides loans and grants for eligible infrastructure and housing projects that would not have otherwise proceeded, or that would only have proceeded at a much later date or with a lesser impact on new social or affordable housing.

Housing Australia Future Fund Facility (HAFFF)

Housing Australia provides loans and grants for projects that increase the supply of social and affordable housing and that address acute housing needs across Australia, including in regional, rural and remote areas.

National Housing Accord Facility (NHAF)

Housing Australia provides loans and grants for projects that increase the supply of affordable housing across Australia, including in regional, rural and remote areas.

Capacity building

Housing Australia provides capacity building support to registered CHPs to further develop their financial and management capabilities.

Home Guarantee Scheme (HGS)

The HGS allows Housing Australia to issue up to a specified number of guarantees in each financial year to eligible lenders in respect of eligible loans to home buyers who satisfy the applicable eligibility criteria.

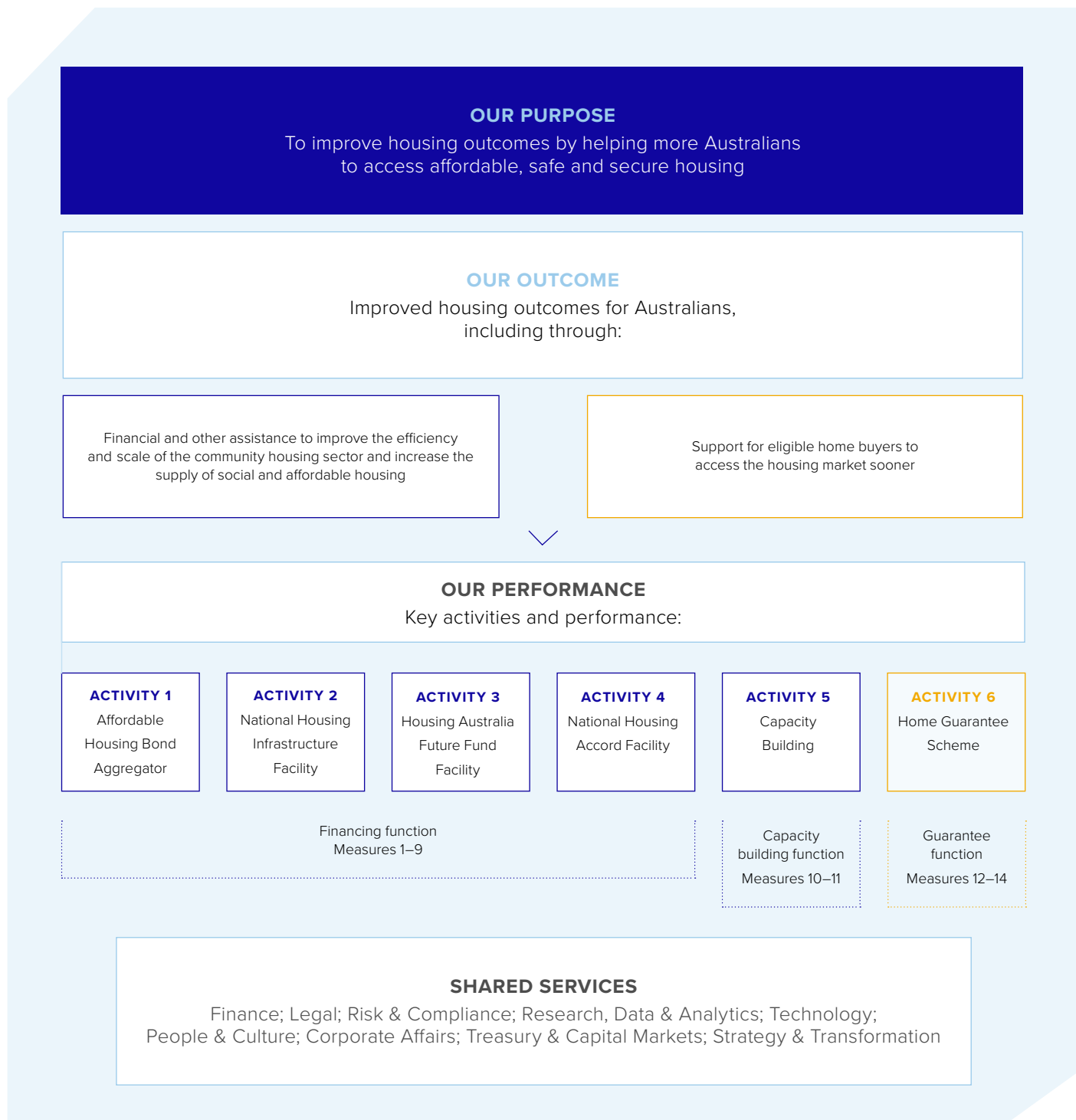
In performing these functions, Housing Australia must act in a proper, efficient, and effective manner. In this context, as a Commonwealth entity, Housing Australia is also subject to the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The relationship between Housing Australia's purpose¹, outcome, key activities and performance measures are shown at Figure 1.

1. Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Housing Australia's outcome is articulated in Commonwealth Budget documentation (2024–25 Portfolio Budget Statement: Treasury Portfolio).

About Housing Australia *continued*

Figure 1: Housing Australia’s purpose



Housing Australia is a corporate Commonwealth entity with an independent Board of non-executive members as its accountable authority (see Figure 2). This reflects the Government’s intention that Housing Australia operates independently from Government in performing its functions and adopts a corporate model of governance.

Housing Australia is part of the Treasury portfolio of agencies, with our responsible Minister being the Minister for Housing and Minister for Homelessness, the Hon Clare O’Neil MP.

Figure 2: Housing Australia’s governance structure



Housing Australia is classified as a ‘specialist investment vehicle’ (SIV) in the Commonwealth financial framework. SIVs are Commonwealth entities that invest public funds across diverse sectors such as energy and climate, agriculture and housing. The Department of Finance (Finance) is currently working to enhance the accountability and effectiveness of the Government’s use of SIVs by establishing a central oversight and governance function within Finance. This is intended to ensure that effective governance frameworks are in place and provide active oversight of performance and collective risk exposure to the Government’s balance sheet. This is in addition to oversight provided by the Department of Treasury (the Treasury) as the portfolio department.

In March 2024, the former Minister² issued a revised Statement of Expectations for Housing Australia. This outlines the Government’s key priorities and objectives for the organisation and sets out the Minister’s expectations, including:

- working with the Treasury and other Commonwealth agencies, particularly on the operational implications of Government policy during development, implementation and over time, as well as providing timely information to the Minister and the Treasury of Housing Australia’s significant activities and advising of events or issues that may materially impact its operations
 - working with the private sector (including institutional investors), CHPs and all levels of government, including contributing to the development of the community housing sector through our financing and capacity building functions
 - implementing Government policy priorities, including ensuring that we are sufficiently skilled to administer our programs, agile and capable of structuring finance in a way that attracts private sector capital, making reasonable efforts to ensure equitable support across Australia (including in regional, rural and remote areas) and administering home ownership programs in a manner that ensures ongoing integrity, equity and transparency
 - embedding and sustaining a culture of accountability and integrity, and operating with transparency, appropriate governance and accountability, and in accordance with the PGPA Act and Housing Australia Act
 - collaborating and cooperating with other Commonwealth entities to enhance synergies and pursue common objectives aligned to our legislative framework.
- In response, Housing Australia issued a Statement of Intent³ in June 2024, setting out how it will achieve these priorities.

2. On 28 July 2024, the Hon Clare O’Neil MP replaced the Hon Julie Collins MP as Minister for Housing and Minister for Homelessness.

3. Copies of the Statement of Expectations and Statement of Intent are available on Housing Australia’s website at www.housingaustralia.gov.au/governance.

About Housing Australia continued

How we fund our key activities

When established, Housing Australia's key activities were limited to the operation of the AHBA and NHIF and capacity building for the CHP sector. As result of a series of Government decisions, Housing Australia's role in administering a range of Commonwealth housing-related programs has expanded, namely the HGS, HAFFF and NHAFF. This has necessitated changes to Housing Australia's organisational structure including our funding arrangements as outlined below (see Figure 3).

- The Treasury receive administered and departmental appropriations to provide funding to Housing Australia to support a portion of our operations relating to the NHIF, HAFFF, NHAFF and HGS.
- The Housing Australia Special Account (Special Account) is used to fund grants and loans for the purposes of acute housing needs, social housing and affordable housing. The Special Account is administered by the Treasury. A special appropriation from the Special Account is also used to fund the AHBA Line of Credit. The Line of Credit facility provides funding to registered CHPs using money borrowed from the Australian Government.

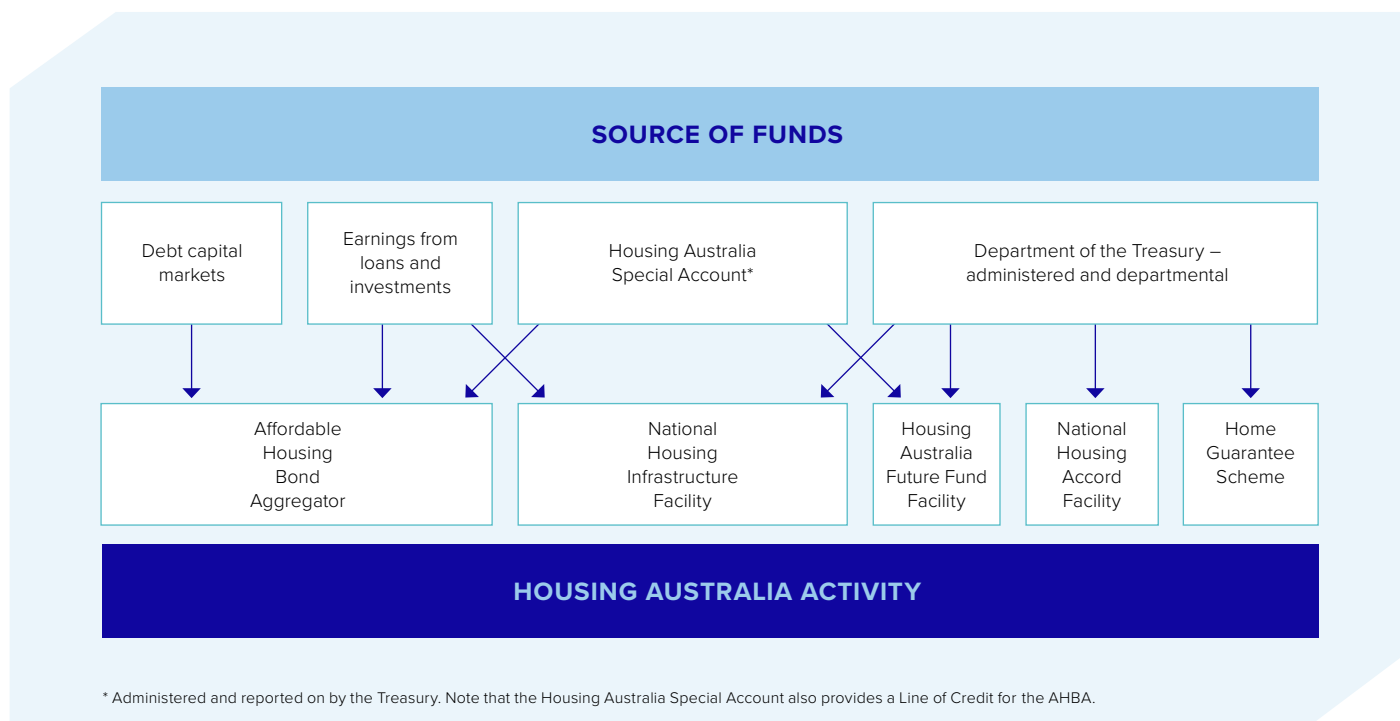
- A special appropriation under the Housing Australia Act provides Housing Australia with funds to meet any guaranteed liabilities associated with the HGS.

The AHBA is self-funding, with interest from loans to CHPs covering coupon payments to bond holders. Our earnings from loans to CHPs also cover our operating costs and assist in building capital reserves.

More broadly, under Division 2 of the Housing Australia Act, the Board is required to maintain adequate capital and reserves and consider, at the end of each financial year, whether a dividend may be paid to the Commonwealth. To date, no dividends have been paid by Housing Australia, as we are currently increasing our retained earnings to meet the minimum capital adequacy ratio set by the Board.

For the purposes of Commonwealth reporting under the Government Finance Statistics⁴, the AHBA is treated as a public finance corporation (PFC) whilst Housing Australia's other activities are considered to be in the general government sector (GGS).

Figure 3: Funding of Housing Australia's key activities



Details of how each of these key activities use their funding to achieve Housing Australia's purpose is outlined in Section 4.

4. This sector classification enables the collection of financial information on the performance of Commonwealth entities and companies in the Commonwealth public sector, and is classified by institutional sector, as defined and required by Australian equivalents of international standards – known as Government Finance Statistics. The sector classifications are GGS, PFC and public non-financial corporation sector (PNFC).

Operating context

Environment

This section sets out the nature of Housing Australia's anticipated operating environment over the four-year period of this Corporate Plan. It outlines how factors and changes in the environment may affect and influence the focus of Housing Australia's key activities. Understanding, adapting and responding to changes in our operating environment is critical to delivering on our purpose.

Housing Australia's operating environment over the next four years will be significantly impacted by three key external factors:

- new Commonwealth legislation and policy expanding and/or changing our role
- the capacity of the community housing sector to drive increased supply
- macroeconomic factors influencing demand for Housing Australia's programs and affecting our ability to increase housing supply, including most notably challenges in the construction sector.

Other factors which may affect our key activities over the period of the Corporate Plan include changes to prudential regulation, access to capital markets and the cost of funding.

Impact of new legislation and Budget funding on Housing Australia's operating environment

As a result of legislative changes, in 2023–24 Housing Australia grew significantly in both responsibilities and size. As well as putting in place the resourcing, technology infrastructure, and legal and financial arrangements necessary to undertake the activities associated with these new responsibilities, the changes have also required updates to existing policies and procedures.

Housing Australia is anticipating further increases in responsibilities in relation to Commonwealth housing policy subject to the passage of legislation, namely in relation to the Help to Buy shared equity scheme (which as at 1 August 2024 is currently before the Senate), as well as our role in the changes being made to the purpose of the NHIF announced in the most recent Federal Budget.

If the Help to Buy scheme does proceed, Housing Australia will need to manage the additional delivery risks associated with this program. This is an innovative program type, which will be delivered for the first time at a Commonwealth level. Housing Australia will seek to draw on the experience of states that have implemented similar types of programs.

The 2024–25 Federal Budget also confirmed substantial additional funding under the NHIF for the provision of new social housing directed towards crisis and transitional accommodation for women and children fleeing domestic violence, and youth. This will require the establishment of new funding documentation and processes to effectively deliver the program. We will build on our relationship with the Commonwealth Department of Social Services and other relevant stakeholders to ensure that our operations reflect best practice in this area.

Capacity of community housing sector

The community housing sector in Australia is still reasonably small, although it has been growing rapidly over recent decades. The ability of the sector to continue to grow in terms of both capacity and capability will be critical for the delivery of Housing Australia's suite of financing programs over the coming years.

Following gradual growth in the 1980s and 1990s, a range of Commonwealth and state/territory government policies significantly increased the size of the community housing sector in Australia over the 2000s and 2010s. Community housing sector-owned dwellings grew from approximately 30,000 dwellings in 2005 (8% of all social housing dwellings) to nearly 113,000 in 2022 (26% of all social housing dwellings).⁵ It is estimated that approximately one-third of dwellings under CHP management are owned and managed (rather than solely managed) by CHPs.⁶

Given the increased use of CHPs to deliver affordable housing at both a state/territory and Commonwealth level, there will be challenges in the capacity and capability of the sector to absorb funding and effectively deliver supply, notwithstanding its demonstrated capacity to grow over recent decades. The ability of the sector to meet this demand depends not only on government financial support but also state and local government planning and development policies. Streamlining land development and land acquisition processes for CHPs in the delivery of social and affordable housing will greatly assist Housing Australia's program delivery.

Housing Australia will continue to work closely with the community housing sector (including through the Capacity Building Program) to help develop its financial and management capacity, particularly given the concentration within the sector, with the majority of dwellings owned and managed by Tier 1 and Tier 2 CHPs.⁷ We will also monitor for any signs of stress in the sector, including through our interactions with regulators.

Macroeconomic factors

Macroeconomic factors are likely to influence Housing Australia's key activities over the next four years, both directly (in terms of demand for the HGS and constraints in the construction industry potentially impeding supply) and indirectly (in terms of increasing demand for social and affordable housing).

Challenges in the construction industry

The cost of construction has increased significantly, in terms of both the costs of building materials and labour. Supply chain disruptions during the COVID-19 period and competition for resources from other types of construction have pushed up prices significantly, by nearly 40% since late 2019⁸. These factors have combined to put downward pressure on the margins of building contractors, particularly those that supply new dwellings to the multi-density sector, which supplies most rental properties.

5. Australian Institute of Health and Welfare, Housing Assistance in Australia, 2023.

6. Community Housing Industry Association, Australia's Community Housing Industry in Profile, 2022.

7. Community Housing Industry Association, Australia's Community Housing Industry in Profile, 2022.

Operating context continued

Higher costs and lower margins have resulted in higher-than average rates of insolvencies in the construction industry, and eroded equity buffers for some developers and builders.⁹ Higher interest rates are also adding to the cost of construction finance for builders and developers.

Going forward, these factors will continue to adversely impact on the ability of Housing Australia to assist in delivering increased housing supply, including through the HAFFF/NHAF.

House prices and rents

Rising interest rates have impacted on house prices in Australia, although prices have not declined as expected. The Reserve Bank of Australia (RBA) began tightening monetary policy in response to rising inflationary pressures in May 2022. As at 1 July 2024, the target cash rate had been at 4.35% since November 2023, but since then housing prices have risen in most jurisdictions, including in the smaller capital cities of Brisbane, Adelaide and Perth, but also in Sydney.

The resilience of capital city markets to high interest rates has been due to several factors:

- Strong net overseas migration: Net overseas migration affects the rental market more than the owner-occupier market because most new migrants rent before they buy. However, it also means less supply shifts from the rental market to the owner-occupier market and that lack of new supply puts upward pressure on dwelling prices.
- Tight rental market: The supply of rental properties is extremely tight because high interest rates and construction costs make many projects uneconomic to deliver to market. Rental growth is also stronger than inflation in most capital cities.
- Decreased household size: The average household size decreased during the COVID-19 pandemic as many households sought housing that better accommodated work from home arrangements. This shift in household size puts upward pressure on prices, although in the longer term it is difficult to determine how sustainable this trend will be.

If there is continued upward pressure on house prices supported by strong demand, it could make it even more difficult for first home buyers to enter the housing market and encourage further uptake of HGS places.

High rental costs and tight rental markets are likely to further increase existing strong demand for social and affordable housing.

Serviceability and home loan arrears

The level of home loan arrears in Australia is significant to the operating risks of the HGS, given that Housing Australia provides a guarantee to pay back a portion of the loan to lenders in the case of default. To date, there has been only a minor increase in arrears on home loans across the country, primarily due to unemployment remaining low. The RBA, Treasury and other forecasters expect unemployment to rise modestly over the next year and in this context, there could be some claims on guarantees over the coming 12 months. However, the current HGS portfolio performance remains strong with arrears at very low levels and below broader market norms.

Access to capital markets and the cost of funding

The cost of accessing global capital markets has fallen since the recent high in November 2023, as global bond yields have fallen in response to easing global inflationary pressures and the expectation of lower monetary policy rates. Housing Australia's cost of capital has decreased as well but remains above pre-pandemic levels.

Housing Australia's ability to raise capital in debt capital markets depends on market liquidity, investor demand and the volume of expected issuance in the high-grade issuer sector. Higher bond yields have generally provided a backdrop of good liquidity, with investors such as fund managers, pension funds and insurers showing good appetite for Housing Australia debt. We continue to develop relationships with investors by actively meeting with new and potential investors.

There are over 70 institutional investors in Housing Australia's social and sustainability bonds and our treasury function is constantly evolving to provide more flexible financing solutions to CHPs, including solutions to help manage interest rate risk and longer-tenor AHBA loans. We expect we will need to increasingly diversify our investor base and attract new domestic and international investors to support a larger funding task for the HAFFF and NHAF programs.

Investors in our social and sustainability bonds continue to have a strong interest in how bond proceeds are being used to drive improved social and environmental outcomes in the social and affordable housing sector. We will need to continue to monitor and improve our understanding of the impact of our funding, including in relation to carbon emissions from housing development and on the social and economic outcomes for tenants living in dwellings supported by the agency.

Prudential regulation of the financial system

Authorised deposit-taking institutions such as banks, building societies and credit unions are regulated directly by the Australian Prudential Regulatory Authority (APRA). Any changes to retail lending practices, including changes driven by APRA regulation, can affect the demand for guarantees under the HGS. For example, demand for guarantees may reduce if increased serviceability buffers reduce the borrowing capacity of potential homeowners or their ability to obtain a mortgage.

8. RBA, Housing Market Cycles and Fundamentals, May 2024.

9. National Housing Supply and Affordability Council, State of the Housing System 2024.

We rely on our people and culture, supported by our systems and processes, to deliver on our purpose.

Capability

While growth and change has been a constant factor for Housing Australia, in 2023–24 our growth accelerated with the number of employees increasing by 75%, from 79 to 138 staff at 30 June 2024.

In view of the short time from legislative approvals and availability of funding, a rapid implementation of the HAFFF/NHAF programs was necessary. This involved using a larger-than-usual number of contractors and consultants for around six months in 2023–24. These personnel provided specialist expertise to manage risk in program establishment, as well as contributing to the design of and supporting the evaluation approval processes for the first HAFFF/NHAF funding round. For future funding rounds, it is anticipated that we will place less reliance on contractors and consultants to undertake this activity, in line with our workforce plan and knowledge transfer from the contractors and consultants. A smaller number of contractors will be used where appropriate, to ensure access to specialist expertise and appropriate risk allocation as well as provide additional capacity during peak periods.

In addition to the HAFFF/NHAF programs, in 2023–24 we saw overall growth across our lending activities. We employed a number of additional staff in these areas, including to manage more complex financial transactions and greater credit, enterprise and operational risks. Our support functions (including the Legal, Risk and Compliance, Technology and Finance teams) also experienced growth as a result of the expansion in our key activities.

In view of our level of maturity and size, some of our recruitment led to a reduction in the level of back-office support provided by Export Finance Australia¹⁰, especially in technology, which enabled additional cost savings to fund necessary roles.

During 2023–24, we established a satellite office in Melbourne and are in the process of setting up offices in certain other capital cities in line with our plans to expand our national footprint. In July 2024, we also moved to new corporate headquarters in the Sydney CBD to accommodate our ongoing growth.

Overall, our workforce planning indicates that as we replace consultants and contractors with permanent and fixed-term staff over the period 2024–25 to 2027–28, we expect to grow to about 200 staff by early 2025 and stabilise at around 220 staff. This is in line with the Government's expectations around ensuring that key functions of agencies are delivered by internal resources.

We continue to review our operating model to incorporate our new and expanded functions, as well as address opportunities to increase efficiencies across the organisation. This has been particularly relevant for our Origination, Credit, Treasury and Finance teams in view of the growth of our lending, credit and portfolio management activities, and will also be a focus should the Government's proposed Help to Buy shared equity scheme become operational.

Our people and culture

Housing Australia is committed to operating as a high-performance organisation that empowers and supports its people. We have a unique and vibrant corporate culture with strong purpose and values, and high levels of communication and transparency.

Our people are from banking, finance, legal and public policy backgrounds and have extensive experience in both government and private sectors. We value diverse experience, expertise and backgrounds to foster a strong organisation, and deepen our problem-solving ability, innovation and success.

We continually refine and enhance our employee value proposition to ensure we attract, develop and retain the best people, which includes reviewing our remuneration arrangements and benefits regularly.

We continue to identify learning and development opportunities and needs at all levels – organisation, team and individual – and implement appropriate training, as well as maintain an ongoing program of compulsory risk and compliance training for the whole organisation. We focus on maintaining the key elements of our culture and values through engagement surveys and staff feedback, as well as regular town hall sessions and quarterly staff updates, and will also continue our wellness activities to enable our staff to perform at a high level and manage ongoing change.

As well as expanding our capabilities by developing our people, we will continue to recruit experienced talent consistent with our values, and with the technical skills required to meet the needs of our current and future operating environment.

To support our ongoing recruitment and current team, we have implemented a new human resource information system which includes payroll, performance management, succession and learning management modules.

As our business grows, we will ensure we remain agile in anticipating and responding to changes in government policy and market conditions, while meeting the needs of our customers and stakeholders. We are highly motivated to deliver on our purpose and well positioned to respond to the challenges of our ongoing growth, as well as our expanded role and new responsibilities.

We are committed to building collaborative teams, creating solutions together to drive optimal results and manage risk. Our values and culture inform our recruitment and engagement processes, and the development of our policies.

10. Housing Australia leverages expertise and support from Export Finance Australia for certain corporate services and administrative functions under a service level agreement.

Our systems and processes

Housing Australia continues to build strong technology capability with all IT functions now supported by our own internal team instead of through the service level agreement with Export Finance Australia. To ensure success, we have a continued focus on strengthening governance practices for operations, development and project management to ensure successful outcomes for IT initiatives.

Over the past year, Housing Australia has made substantial progress in harnessing technology to advance our purpose and key activities. We have successfully integrated new cloud platforms that have significantly improved operational efficiency, productivity, staff engagement and customer satisfaction. As we look to the future, we remain committed to embracing innovation and leveraging technology to further streamline our operations and support our growth. We will continue to prioritise the implementation of secure, scalable solutions, ensuring we are well-equipped to meet the evolving needs of our business and stakeholders.

As our organisation has grown and, as a result, our technology footprint and data sets have expanded, it is important that our data governance and management practices are robust. We will continue to strengthen our data governance framework, ensuring our practices are comprehensive and scalable to meet the increasing complexity and volume of our data sets. This includes implementing advanced data management tools, conducting regular audits and providing ongoing training to our staff to maintain the highest standards of data integrity and security.

We remain vigilant against cyber security threats with a robust cyber security roadmap that aligns with Australian Cyber Security Centre (ACSC) advice and guidelines and other industry standards. We have a program of continuous improvement in our security posture with a constantly increasing threat environment. We regularly collaborate and share learnings with peer agencies and have a regular schedule of controls testing through independent third-party audits.

In the coming year, we will continue to enhance our customer-facing systems to provide additional capabilities and improvements that support our business. Building on the successes of the past year, we are committed to further improving the customer experience by integrating advanced features and functionalities. These enhancements will not only elevate the customer journey but also streamline internal processes, reducing the workload for our support teams through the creation of a fully digitised end-to-end process. Our focus remains on leveraging technology to drive efficiency and deliver exceptional value to our customers and stakeholders.

Risk management is a critical part of how we achieve our business goals.

Risk management

As the organisation has grown, our approach to risk management has evolved and we continue to strengthen our risk management framework reflective of our commitment to continuous improvement across our governance activities.

Effective risk management requires a holistic approach capturing systems (or tools), people capability, risk reporting, risk management procedures, processes and controls and the regular review of the effectiveness of these areas. Housing Australia's Risk Management Framework encompasses this holistic approach and is designed to ensure that as the organisation grows, the Risk Management Framework remains fit for purpose to manage the risks of this growth.

Oversight of risk management

Housing Australia's Risk Management Framework aligns to the Commonwealth Risk Management Policy and ISO31000. Underlying risk is managed in accordance with the relevant obligations contained in Commonwealth legislation (including the Housing Australia Act, Investment Mandate and PGPA Act), relevant state/territory legislation and consistent with the Risk Appetite Statement approved by the Board as Housing Australia's accountable authority.

While the Board is responsible for defining our risk appetite, approving the Corporate Plan, and establishing an appropriate Risk Management Framework, it relies on Housing Australia's Executive to make decisions in respect to the operations of Housing Australia that are consistent with the risk appetite, and to report on and monitor performance as appropriate to the Board's Audit and Risk Committee (ARC) and/or Board.

Housing Australia’s approach to risk is:

- **Dynamic.** The Housing Australia Board will review and approve the Risk Appetite Statement on a regular basis in conjunction with the Corporate Plan and relevant Government policy (such as the Investment Mandate).
- **Defined.** Requires Housing Australia to operate within defined tolerances and governance procedures.
- **Encompassing.** Provides a roadmap that guides our internal risk culture and sets boundaries defined by principles and metrics (both quantitative and qualitative) which are considered collectively.
- **Judgement based.** Recognises that articulating risk appetite is a complex process balancing many different views, but ultimately is a question of judgement.

We operate a ‘three lines of defence’ model for managing risk (Table 1):

1. Business functions take responsibility for risks within their own operations.
2. Internal but independent risk and compliance functions review policies, frameworks and procedures as well as advising on risk and controls.
3. Audits and reviews by internal auditors and other specialists provide detailed reports on improving risk management approach.

Table 1: Three lines of defence model

ACCOUNTABLE AUTHORITY		
Accountable for oversight of risk management for Housing Australia as well as promoting positive risk culture. The accountable authority determines the risk appetite.		
FIRST LINE OF DEFENCE (1LOD)	SECOND LINE OF DEFENCE (2LOD)	THIRD LINE OF DEFENCE (3LOD)
BUSINESS UNIT MANAGERS <ul style="list-style-type: none"> • Operating management • Decision making • Risk & control owner 	RISK AND COMPLIANCE <ul style="list-style-type: none"> • Limited independence from operations • Design & implement risk management framework • Assist and challenge management of risk 	INTERNAL AND EXTERNAL AUDIT <ul style="list-style-type: none"> • Internal audit – greater independence from operations • External audit – full independence from operations • Report to governing body • Review of risk management framework

Risk Appetite Statement

The risk appetite is the risk that Housing Australia is willing to accept in order to achieve its objectives. Risk appetite is defined in detail in the types and degree of risk that we are willing to accept in our strategic and business activities.

Housing Australia has an enterprise Risk Taxonomy which characterises the different types of risk within the organisation. The taxonomy defines risk categories and key terms to describe risks which attach to key business processes and articulates risk rating scales and the controls that are linked to the risks.

The Risk Appetite Statement sets the boundaries for the risks based on the Risk Taxonomy that Housing Australia may accept to achieve our objectives within risk policies, risk tolerances and operational limits set (or to be set) by the Housing Australia Act, Investment Mandate, PGPA Act and the Board.

Operating context continued

Table 2: Housing Australia key risks and mitigations

Key risks and definition	Risk mitigation
Compliance risk (including anti-money laundering & counter-terrorism financing, conflicts of interest and probity): The risk of legal or regulatory sanction, or financial loss arising from failure to meet obligations.	<ul style="list-style-type: none"> Risk Management Framework including policies, procedures, tools and systems are in place to manage the risks for Housing Australia. These are reviewed regularly to ensure they remain fit for purpose.
Credit risk: The risk of financial loss where a customer fails to meet their financial obligations.	<ul style="list-style-type: none"> Lending practices and processes are designed to comply with the Investment Mandate. Ongoing review of external financial environment, CHP solvency and housing market developments to ensure lending practices remain appropriate for any changes. Independent review through the Credit Committee of individual lending proposals, including quality of the security taken. Regular liaison with banks to support lending practices that align with the policy objectives of using the Commonwealth guarantee to support individual housing outcomes.
Financial risk: The risk of financial loss or potential for financial loss due to volatility in market conditions and economic factors impacting funding and liquidity.	<ul style="list-style-type: none"> Operation of a mix of financial arrangements (Commonwealth guarantee, liability cap and limited appropriation funding), issuing bonds, transacting interest rate derivatives to manage funding and liquidity risk. Establishment of an Asset and Liability Committee to oversee the management of Housing Australia's financial risks and controls. Treasury policies and limits set out the framework for managing market risks, supported by procedural documents.
Market risk: The risk of an adverse impact on earnings resulting from changes or potential changes in interest rates or quality of counterparties used to manage risk.	<ul style="list-style-type: none"> Programs are funded using a matched funding approach issuing debt in our own name in Australian dollars. The market risk of this approach is managed to an acceptable level through a framework of quantitative controls. Treasury policies and limits set out the framework for managing market risks, supported by procedural documents.
Operational risk: The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events such as fraud or cybersecurity threats.	<ul style="list-style-type: none"> Operational risk covers a range of risks across our organisation. Operational risk is only acceptable at levels determined by the Board and documented in the Risk Appetite Statement. Risk Management Framework including policies, procedures, tools and systems are in place to manage these risks within the approved appetite.
Strategic risk: The risk of threats or uncertainty in the environment (internal and external) that can affect Housing Australia's ability to meet our purpose and objectives.	<ul style="list-style-type: none"> Housing Australia has developed an approach leveraging both internal and external resources to deliver programs in an agile manner. Management focuses on the efficiency, effectiveness, design and implementation of operational process to achieve policy outcomes. Close liaison with Federal, state and territory governments to complement and leverage their investments and strategies to support the delivery of social and affordable housing.

The management of risk within the Risk Appetite Statement is underpinned by:

- **Risk tolerances:** Risk tolerance statements operationalise the Risk Appetite Statement by breaking down the high-level qualitative principles for each risk category into specific measures. Tolerances define specific limits for risk taking against each risk category and allow the Board to see in aggregate the quantum of risk and whether decisions are made in line with its risk appetite. Risk tolerances ensure appropriate reporting and monitoring systems are in place to manage the risks.
- **Risk policies:** Housing Australia has established policies that are used to develop strategies to mitigate, transfer or accept risks. These policies provide the framework for decision-making, establish accountability and ensure consistency in risk management practices. Where appropriate, these policies are supported by operational procedures. Policies are managed within a formal governance framework.

Co-operation

Our partnerships

Housing Australia collaborates with a range of partners in order to deliver upon our purpose to improve housing outcomes for Australians (Figure 4).

As an organisation, our engagement and cooperation with our partners focuses on promoting awareness and improving the effectiveness of participation in our program of work, as well as aiming to build the capacity of our stakeholders.

Who are our partners?

In order to improve the efficiency and scale of the community housing sector and increase the supply of social and affordable housing our primary partner is the community housing sector, including peak industry associations. This is because CHPs are predominantly the project proponents for social and affordable housing support from Housing Australia.

Other partners in achieving this objective include:

- state, territory and local governments
- financiers
- investors
- developers
- representatives of identified target groups.

In order to support eligible home buyers to access the housing market sooner our primary partners are a panel of lenders. This is because the HGS is delivered through partnerships with these panel lenders who offer loans to the market consistent with the eligibility criteria set out in the Investment Mandate.

Other partners in achieving this objective include:

- mortgage brokers
- APRA
- industry associations
- the real estate industry.

As a corporate Commonwealth entity, we also maintain strong relationships with a range of government partners. These include the Treasury as our portfolio department, Finance, the Department of Social Services, SIVs and the Net Zero Agency, as well as state/territory jurisdictions.

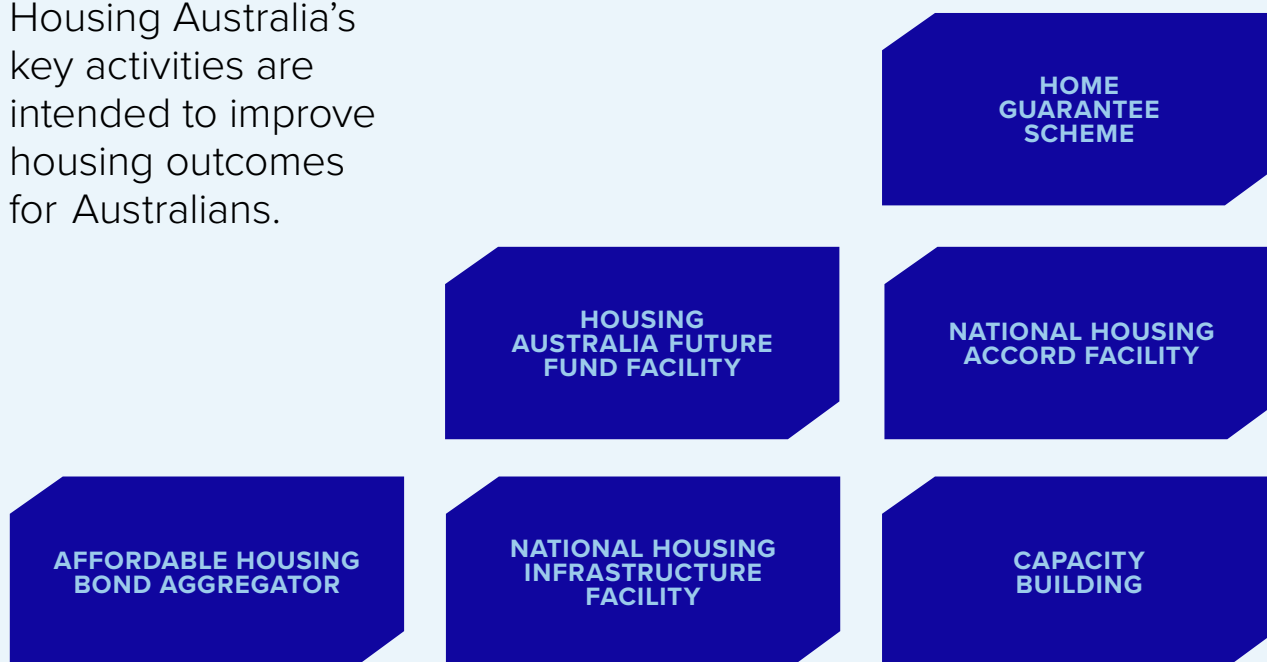
We take pride in cooperating with our partners to share our knowledge and experience and help to inform the public debate around housing policy. This includes sharing data and insights that inform the public discourse and working with the private sector to improve their understanding of the community housing sector.

Figure 4: Housing Australia’s partners



Key activities

Housing Australia's key activities are intended to improve housing outcomes for Australians.



Affordable Housing Bond Aggregator

Housing Australia (then the National Housing Finance and Investment Corporation) was originally established to administer a 'bond aggregator' for the community housing sector. There are three components to the AHBA – the provision of loans to registered CHPs, the issuance of bonds to institutional investors and the Line of Credit facility (see Figure 5).

Loans

The AHBA provides loans to registered CHPs by aggregating their funding requirements and financing them primarily through the issuance of long-term bonds on the wholesale debt capital market. This allows funding to be raised on a larger scale and on more favourable terms than could be achieved by individual CHPs. The issuance of bonds also facilitates greater private and institutional investment in the community housing sector.

The AHBA uses a 'pass through' model to provide greater funding certainty and more affordable long-term finance to registered CHPs. The savings are passed on to CHPs in the form of lower interest loans and reduced refinancing risks, enabling them to expand their operations and the supply of social and affordable housing.

AHBA loans can only be provided to registered CHPs that are regulated under a relevant state or territory law or scheme. The Investment Mandate sets out the criteria to be considered by Housing Australia when making lending decisions. This is supplemented by Housing Australia's Credit Policy.

As set out in Housing Australia's Credit Policy, AHBA loans may be used to acquire or construct new housing stock, maintain existing housing stock, assist with working capital or general corporate requirements, refinance existing debt, or a combination of these purposes. Housing Australia obtains security from registered CHPs for AHBA loans with appropriate terms and conditions having regard to the risk to Housing Australia and the Commonwealth.

Bonds

Bonds issued by Housing Australia are issued as either social or sustainability bonds and sold on the wholesale debt capital market.

- Social bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance in part or in full for new and/or existing eligible social projects and which are aligned with the Social Bond Principles.¹¹
- Sustainability bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance a combination of both green and social projects.¹² We issue sustainability bonds where we are financing a combination of eligible social projects and energy efficient, green buildings.

Housing Australia bonds are backed by an Australian Government guarantee (contained in the Housing Australia Act) and have a AAA (stable) credit rating from S&P. This guarantee enables us to pay less interest to our bond holders, and hence to provide finance at a cheaper rate than would be available commercially.

11. ICMA, Social Bond Principles, 2023.

12. ICMA, Sustainability Bond Guidelines, 2021.

Figure 5: Operation of the Affordable Housing Bond Aggregator



As an issuer of social and sustainability bonds, Housing Australia meets the global guidance recommended by the International Capital Market Association (ICMA) around social and sustainability bonds. Housing Australia’s bond issuance is independently assured in accordance with our Sustainability Bond Framework. We are currently developing a Sustainability Strategy to articulate our sustainability vision and approach, including the social and environmental benefits we intend to deliver through our activities for investors and other stakeholders.

Line of Credit facility

In addition to funding from issuing bonds, Housing Australia also provides funding to registered CHPs through a Line of Credit facility using money borrowed from the Australian Government. Following the 2024–25 Federal Budget, this now has a limit of \$4 billion. It is primarily used for construction finance or for funding of AHBA loans in advance of a bond issuance (the ‘warehousing facility’.)

The Investment Mandate establishes a cap on our liabilities, comprising total guaranteed liabilities of Housing Australia and the Line of Credit. The 2024–25 Federal Budget added an extra \$2.5 billion to the liability cap, increasing it to \$10 billion.

The AHBA contributes to Housing Australia achieving its purpose of improved housing outcomes by increasing the scale and efficiency of the community housing sector. In particular, as outlined in the Explanatory Memorandum to the Housing Australia Act, the AHBA was intended to improve housing outcomes by providing registered CHPs with a more efficient source of funds, reduced refinancing risk faced by CHPs and reduced borrowing costs.

National Housing Infrastructure Facility

The purpose of the NHIF is to overcome impediments to the provision of housing that are due to the lack of necessary infrastructure; and to increase the availability of social and affordable housing.

The NHIF was established as part of the then National Housing Finance and Investment Corporation’s original functions, to increase the stock of dwellings through the provision of finance for critical infrastructure. The Government provided \$1 billion in funding for grants, concessional loans and equity investments¹³ for the facility over 5 years.

As part of the 2022–23 Federal Budget, the Government broadened the remit of the NHIF with up to \$575 million made available to directly support new social and affordable housing.

As part of the 2023–24 Mid-Year Economic and Fiscal Outlook, the Government announced it would provide an additional \$1 billion for the NHIF to enable it to provide grants and concessional loans to support additional social housing dwellings. In the 2024–25 Federal Budget, the Government indicated that this funding would be targeted towards crisis and transitional accommodation for women and children fleeing domestic violence, and youth. As of 1 August 2024, the amendment to the Investment Mandate to effect this policy has not yet been issued.

13. The *Treasury Laws Amendment (Housing Measures No. 1) Bill 2023* streamlined Housing Australia’s functions including removing the separate function for making investments.

Key activities continued

The NHIF currently supports:

- critical infrastructure projects to support new housing, including new or upgraded infrastructure for services such as water, sewerage, electricity, telecommunications or transportation; and site remediation including the removal of hazardous waste or contamination relating to new housing
- projects that provide new social or affordable housing, including construction of new housing stock, acquisition and conversion of housing stock to social and affordable housing, and mixed tenure developments subject to lending criteria.

A range of proponents are eligible for finance under the NHIF, including states/territories, local governments, and registered CHPs. Funding can be provided through a grant, loan, or a combination of the two. The terms of NHIF financing are flexible and can be tailored to suit the needs of project proponents.

The Investment Mandate provides that funding under the NHIF must only be provided for projects that would be unlikely to proceed or would be likely to proceed only at a much later date, or with a lesser impact on new social or affordable housing without finance under the facility.

Housing Australia limits concessions provided under the NHIF to the minimum that it considers necessary for an eligible project to proceed or be completed in the proposed timeframe.

The NHIF contributes to Housing Australia achieving its purpose by providing funds for:

- new social and affordable dwellings in projects that would be unlikely to proceed or not proceed in a timely manner in the absence of the funding, thereby increasing the availability of social and affordable housing in Australia
- housing-enabling infrastructure which will facilitate the construction of future dwellings, including increasing the availability of social and affordable housing in Australia.

Housing Australia Future Fund Facility

As noted in the March 2024 Corporate Plan Update, Housing Australia's key activities substantially expanded as a result of the passage of the *Housing Australia Future Fund Bill 2023*, the *National Housing Supply and Affordability Council Bill 2023* and *Treasury Laws Amendment (Housing Measures No. 1) Bill 2023* through Parliament in September 2023. Following amendment of the Investment Mandate in December 2023, Housing Australia now has responsibility for supporting the delivery of the Government's policies around increasing the supply of social and affordable housing through the implementation of the HAFFF.

The Housing Australia Future Fund is one aspect of the Government's commitment to improving housing supply and affordability. The Government has provided \$10 billion for the fund – which is managed by the Future Fund – from which disbursements are to be made to increase the supply of social and affordable housing, and to fund certain other acute housing needs. Under the *Housing Australia Future Fund Act 2023*, no less than \$500 million (indexed from 2029–30) is to be disbursed from the Housing Australia Future Fund Special Account from 2024–25 onwards to three separate funds (see Figure 6).

The Investment Mandate established the HAFFF, which provides the administrative framework by which payments from the Housing Australia Future Fund Special Account are distributed to project proponents by Housing Australia. The Government has tasked Housing Australia with supporting the delivery of at least 20,000 social and 10,000 affordable dwellings over 5 years.

The Government has indicated that of the 20,000 social homes the HAFFF is to support, 4,000 are to be allocated to women and children leaving or experiencing domestic and family violence and older women on low incomes who are at risk of homelessness.

The HAFFF contributes to Housing Australia achieving its purpose as it provides loans and grants¹⁴ to entities for projects that:

- increase the supply of social and affordable housing, thereby increasing the availability of social and affordable housing for Australians

- address acute housing needs across Australia, assisting Australians to access this type of housing more easily.

The Investment Mandate requires Housing Australia to consider whether its financing decisions under the HAFFF are providing housing outcomes on an equitable and as-needs basis across Australia (including rural, regional and remote areas), which will ensure Australians across all areas of the country are assisted in obtaining affordable and secure housing.

National Housing Accord Facility

The Australian Government has agreed to a National Housing Accord (Accord) with states and territories, local government, institutional investors and the construction sector.

The Accord includes an initial aspirational target agreed by all parties to build one million new well-located homes over 5 years from mid-2024. The Commonwealth and states and territories agreed to increase this target at National Cabinet in August 2023 to 1.2 million new well-located homes over 5 years from mid-2024. As part of the Accord, the Commonwealth has committed \$350 million over 5 years from 2024–25 to deliver 10,000 affordable homes.

The Investment Mandate established the NHAF and provides the administrative framework for Housing Australia to support the delivery of the Commonwealth's affordable homes commitment.

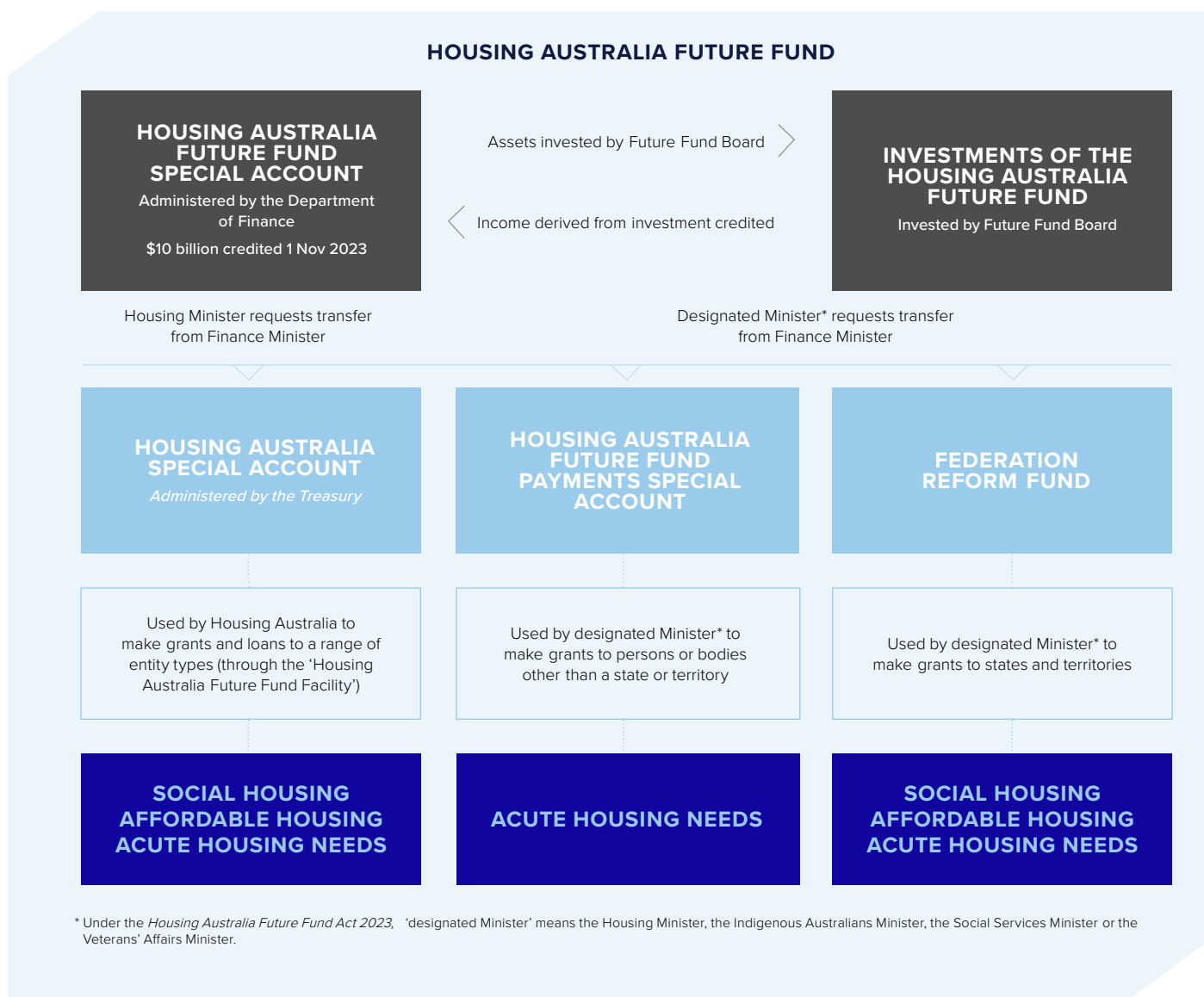
The NHAF contributes to Housing Australia achieving its purpose as it provides loans and grants to entities for projects that increase the supply of affordable housing, thereby increasing the availability of affordable housing for Australians.

The Investment Mandate requires Housing Australia to consider whether its financing decisions under the NHAF are providing housing outcomes on an equitable and as-needs basis across Australia (including rural, regional and remote areas), which will ensure Australians across all areas of the country are assisted in obtaining affordable and secure housing.

More broadly, across all of its financing functions (including the AHBA, NHIF, HAFFF and NHAF), Housing Australia must take all reasonable steps, during a period of 5 years, to achieve the outcome of making available a minimum of 1,200 applicable

14. The financing products available to support projects under the HAFFF and NHAF are availability payments (grants), concessional loans and upfront capital grants.

Figure 6: Operation of the Housing Australia Future Fund and Housing Australia Special Account



dwellings in each state and territory (including dwellings funded through grants made under the Housing Australia Future Fund Payments Special Account and Federation Reform Fund).

Capacity Building

Housing Australia provides capacity building support to registered CHPs to further develop their financial and management capabilities. The purpose of this is to allow the community housing sector to increase its ability to access finance, including by leveraging institutional investment.

The Community Housing Industry Association (CHIA) currently administers the Capacity Building Program on Housing Australia's behalf.

Under the program, registered CHPs can access grants of up to \$20,000 for professional advisory services in the areas of finance, business planning, property development and risk management to support an application for Housing Australia finance.

Following amendments to Housing Australia's Investment Mandate following the 2024–25 Federal Budget, this was increased from \$1.5 million to \$3 million.

Capacity building in the community housing sector assists Housing Australia to improve housing outcomes by facilitating CHP access to finance and increasing the number of social and affordable homes available, as well as indirectly by increasing the capabilities of the sector and increasing its scale and efficiency.

Key activities continued

Home Guarantee Scheme

The purpose of the HGS is to assist eligible home buyers to access the housing market sooner. Under the scheme, part of an eligible home buyer's home loan from a participating lender is guaranteed by the Commonwealth through Housing Australia. This enables an eligible home buyer to purchase a home with a deposit of between 2 to 5% of the property purchase price (depending on which guarantee they obtain) without having to pay for lenders mortgage insurance.

The HGS comprises four different guarantee types, as outlined in Table 3.

Table 3: Guarantees administered by Housing Australia

Scheme	Eligible home buyers	No. of guarantees annually	Deposit requirements
First Home Buyer Guarantee	First home buyers and previous homeowners who have not owned a property in Australia in the last 10 years	35,000 from 2022–23	5 to 20% of property value
Family Home Guarantee	Single parents or single legal guardians with dependants, including those who are not first home buyers	5,000 for 2022–23, 2023–24 and 2024–25	2 to 20% of property value
Regional First Home Buyer Guarantee	First home buyers and previous homeowners who have not owned a property in Australia in the last 10 years, living in a regional area	10,000 for 2022–23, 2023–24 and 2024–25	5 to 20% of property value
New Home Guarantee	Closed to new applications but existing guarantees continue to be managed by Housing Australia		

The guarantee is a contractual arrangement between Housing Australia and participating lenders to pay up to a maximum amount owed by the home buyer if they default on their home loan and the property has been sold with the proceeds being insufficient to repay the full amount of the home loan. It is not a cash payment or deposit for the home loan.

The Investment Mandate sets out the eligibility criteria to be applied by Housing Australia in relation to the HGS for lenders, loans and home buyers. It also establishes property price caps and income limits for home buyers.

Housing Australia operates the HGS through a panel of residential lenders across Australia, comprising both major banks and non-major lenders. The Investment Mandate provides for the making of rules and policies for the HGS, known as the 'Scheme Rules.'

The role of Housing Australia in the HGS is to provide the administrative framework for lenders and eligible home buyers to access the HGS, which involves:

- facilitating the release of guarantees to the market each year based on the volume and guarantee types specified in the Investment Mandate
- ensuring potential homeowners are aware of and can easily access the HGS, through the establishment of a diverse and well-informed lender panel (which is periodically refreshed) to offer guarantees to eligible homeowners
- ensuring access to the HGS is straightforward for lenders, through the development and management of a well-designed and maintained IT portal and appropriate communication and training for lender personnel

- monitoring lender compliance with the requirements of the Investment Mandate and Scheme Rules through periodic lender audits and spot checks, and reporting instances of non-compliance to the Board and if appropriate, the Minister
- actively managing the allocation of Scheme places, using a principles-based approach which balances supporting competition and maximising the opportunity for all places to be taken up by end of the financial year period.

By enabling access to the HGS for eligible lenders and assisting eligible home buyers to become homeowners or to become homeowners earlier than would otherwise be possible, the operation of the HGS assists Housing Australia achieve its purpose of improving housing outcomes.

Performance

Our strategy aims to ensure we deliver on our purpose of improving housing outcomes by remaining responsive and adaptable as Housing Australia's operations continue to grow in complexity and size.

The Corporate Plan is Housing Australia's principal planning document. The performance measures provide information on what we expect to achieve over the four-year period covered by this Corporate Plan from 2024–25 to 2027–28.

Housing Australia's performance measurement framework is based on measuring:

- what we did (outputs)
- how well we did it (quality and/or efficiency)
- what the benefits were (effectiveness and impact).

The output measures primarily relate to Housing Australia's provision of loans or grants to (primarily) registered CHPs to increase the supply of social and affordable housing in Australia, as well as our support for eligible home buyers through a government guarantee which enables them to purchase a home without paying for lenders mortgage insurance.

The quality and efficiency measures are intended to demonstrate that these outputs were provided in an effective manner to maximise the benefits to funding recipients and achieve value for money for the Commonwealth.

The effectiveness and impact measures relate to the extent to which our key activities deliver on our purpose and outcome – namely increasing the scale and efficiency of the community housing sector, increasing supply of social and affordable housing, and supporting eligible home buyers to access the market sooner, to improve housing outcomes for Australians.

Housing Australia is continuing to refine its methodologies for reporting on outcomes including to demonstrate: the impact of our key activities on the community housing sector more broadly in terms of its scale and efficiency; how funds allocated represent value for money for the Commonwealth; and how Housing Australia operates in conjunction with commercial lenders and state and territory governments to ensure that its financing is additional to that otherwise available.

Housing Australia's annual report contains our annual performance statements, which assess our performance against the performance measures and provide commentary and analysis of the results.

Since the publication of last year's corporate plan, we have rationalised the number of performance measures from 35 to 14, including due to:

- discontinuing measures without targets
- discontinuing measures of a primarily operational nature.

Due to new activities resulting from legislative change, there are also new measures relating to the HAFFF and NHAF programs. We have also included additional information relating to the measures' rationale and data sources.

A summary of the changes made and how they relate to previous measures is included at Appendix A.

The key activities that contribute to achieving Housing Australia's purpose are as follows:

- Activity 1: Affordable Housing Bond Aggregator
- Activity 2: National Housing Infrastructure Facility
- Activity 3: Housing Australia Future Fund Facility
- Activity 4: National Housing Accord Facility
- Activity 5: Capacity Building
- Activity 6: Home Guarantee Scheme.

In measuring our performance in delivering these key activities and their impact on housing outcomes for Australians, it is assumed that building more social and affordable housing, and housing that addresses an acute housing need, will improve availability of this type of housing in Australia. However, there are a range of factors outside of Housing Australia's control which may impact supply (such as if there is a reduction in other types of social and affordable housing through a reduction in public housing properties).

More broadly, a range of factors outside of Housing Australia's control can impact on the achievement of many of our performance measures, including for example, macroeconomic factors that affect the feasibility of housing delivery or demand for loans by first home buyers. In addition, Housing Australia's appropriations are determined by Government.

As in previous Corporate Plans, our targets for later years are dependent on achieving planned outcomes in the preceding years.

Activity 1: Affordable Housing Bond Aggregator

Given its primary purpose is to increase the scale and efficiency of the community housing sector, unlike for other Housing Australia key activities, the measures and targets for this activity do not focus on the number of social and affordable dwellings supported through this finance.

The HAFFF and NHAF both allow applicants to nominate to apply for senior debt from the AHBA, in combination with the HAFFF and NHAF financing products. The use of this senior debt is not mandatory under these programs – it is open to applicants to seek senior debt finance from other sources. The targets below incorporate loans associated with these two programs.

Measure 1		Housing Australia increases the availability of finance for CHPs through lower interest rates and longer term loans using the AHBA			
TYPE	Quantitative/Efficiency				
METHOD	Information will be derived from the application form for the AHBA, which asks applicants to describe the terms of any private sector finance sought. <u>Data source:</u> Analysis of data submitted on the Housing Australia Portal.				
WHY DO WE MEASURE THIS?	Access to cheaper and longer-term finance provides the primary method by which Housing Australia assists registered CHPs to become more efficient, which forms part of the Government's intended outcome for Housing Australia.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Interest paid on loan lower than available through private sector and/or tenor of debt longer than available in private sector over the life of the loans to the CHP (% of all AHBA loans) is >90%	Yes	Yes	Yes	Yes	

Measure 2		Housing Australia provides loans through AHBA to community housing providers to increase their scale and efficiency			
TYPE	Quantitative/Output				
METHOD	Value of total loans approved by the Housing Australia Board through the AHBA. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	The AHBA was established to provide loans to CHPs (in order to provide a more efficient source of funds, reduce refinancing risk faced by CHPs and reduce borrowing costs). This demonstrates the extent to which Housing Australia is delivering on this purpose.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Value of AHBA loans approved	\$500m–\$800m	\$1.5bn–\$2.0bn	\$2.0bn–\$3.0bn	\$2.0bn–\$3.0bn	

Measure 3		Housing Australia provides AHBA loans to increase supply of new housing			
TYPE	Quantitative/Output				
METHOD	Proportion of loans approved by the Housing Australia Board that relate to new housing. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	The AHBA was established to provide loans to CHPs in order to improve the scale and efficiency of the sector. New housing supply improves the scale of the sector.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Minimum percentage of AHBA loans approved by Housing Australia for supply of new housing	60%	60%	60%	60%	

Activity 2: National Housing Infrastructure Facility

As of 30 June 2024, all funds associated with housing-enabling infrastructure have been committed. As such, no targets have been included for this component of the NHIF.

Measure 4		The National Housing Infrastructure Facility increases the supply of social and affordable dwellings in Australia			
TYPE	Quantitative/Effectiveness				
METHOD	This will be measured using data from the NHIF application form which indicates whether the applicant is seeking finance for new housing supply that otherwise would not have been delivered. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	Increasing the number of social and affordable housing in Australia forms part of the Government's intended outcome for Housing Australia.				
TARGET	2024-25	2025-26	2026-27	2027-28	
NHIF facilities have increased new housing supply*	Yes	–	–	–	

Measure 5		The National Housing Infrastructure Facility provides loans and grants for new social and affordable dwellings			
TYPE	Quantitative/Output				
METHOD	Value of total loans and grants approved by the Housing Australia Board through the NHIF. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	Providing loans and grants is the means by which Housing Australia increases the supply of social and affordable dwellings in Australia.				
TARGET	2024-25	2025-26	2026-27	2027-28	
Value of new NHIF facilities approved*	\$400m	–	–	–	

* Pending the additional \$1 billion funding being available, Housing Australia expects the existing facility will be fully utilised during 2024-25.

Activity 3: Housing Australia Future Fund Facility

Activity 4: National Housing Accord Facility

The measures for the HAFFF and NHAF have been presented together as they share a common purpose (although the targets are presented separately).

Future funding rounds are subject to further direction from Government and decision of the Housing Australia Board.

Measure 6		The Housing Australia Future Fund Facility and National Housing Accord Facility increase the supply of social and affordable dwellings in Australia, in line with Government targets			
TYPE	Quantitative/Effectiveness				
METHOD	Number of new social and affordable dwellings for which funding commitments are made, by dwelling type, in line with 5-year targets set by the Government and annual targets by the Housing Australia Board subject to Government decisions on funding envelopes. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	Increasing the number of social and affordable dwellings in Australia forms part of the Government's intended outcome for Housing Australia. The Government has provided targets for dwellings funded (30,000 dwellings – 20,000 social and 10,000 affordable – over 5 years for HAFFF and 10,000 affordable dwellings over 5 years for NHAF). There may be some variation between the amount of affordable and social dwellings that are supported in each year.				
TARGET	2024–25	2025–26	2026–27	2027–28	
HAFFF Social*	4,000	4,000	4,000	4,000	
HAFFF Affordable*	2,000	2,000	2,000	2,000	
NHAF Affordable*	2,000	2,000	2,000	2,000	

* The targets specified in each year should be considered in the context of delivering on the Government's program objectives of supporting the delivery of 40,000 (cumulative) social and affordable dwellings across both the HAFFF and NHAF. If higher targets are achieved in earlier years, later year targets will be adjusted accordingly. The Government has also committed to supporting a total of 4,000 dwellings over five years for women and children leaving or experiencing domestic and family violence and older women on low incomes who are at risk of homelessness, which forms part of the social dwelling delivery objective.

Measure 7		Housing Australia supports the equitable distribution of dwellings across Australia for the Housing Australia Future Fund Facility and National Housing Accord Facility			
TYPE	Quantitative/Effectiveness				
METHOD	Proportion of dwellings approved in states/territories and outside of major cities to achieve overall equitable distribution within acceptable range approved by the Housing Australia Board. <u>Data source:</u> Analysis of agency records including Evaluation Panel documentation and reporting to the Board.				
WHY DO WE MEASURE THIS?	The Government has indicated through the Investment Mandate and Statement of Expectations a desire for funding to be distributed on an equitable and as needs basis, including on a geographic basis. The Investment Mandate sets out a minimum of 1,200 dwellings to be made available in each state/territory through its financing function, including through these facilities.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Proportion of dwellings approved in states/territories to achieve overall equitable distribution within range approved by Board	Yes	Yes	Yes	Yes	
Proportion of dwellings approved outside of major cities to achieve overall equitable distribution within range approved by Board	Yes	Yes	Yes	Yes	

Measure 8		Housing Australia allocates funds from the Housing Australia Future Fund Facility and National Housing Accord Facility based on a value for money assessment			
TYPE	Quantitative/Efficiency				
METHOD	Dwellings funded are assessed against a range of value for money criteria, including whether they are in line with cost benchmarks, based on location, dwelling type and bedroom number (at time of assessment), in order to be considered for further assessment in evaluation process. <u>Data source:</u> Analysis of agency records including Evaluation Panel documentation and reporting to the Board.				
WHY DO WE MEASURE THIS?	To optimise the amount of social and affordable housing funded through the HAFFF and NHAF, Housing Australia must efficiently allocate its funding consistent with Government objectives. Economical represents one important aspect of a value for money assessment. ¹⁵				
TARGET	2024–25	2025–26	2026–27	2027–28	
All projects meet pre-determined cost benchmarks to be evaluated	Yes	Yes	Yes	Yes	

Measure 9		Housing Australia identifies and establishes best practice processes to evaluate and measure outcomes of its funding, and evaluation undertaken following each funding round			
TYPE	Qualitative/Efficiency				
METHOD	Evaluation framework developed to measure outcomes and impacts, and evaluation report prepared. <u>Data source:</u> Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	Conducting an evaluation of its funding helps Housing Australia to understand, drive and demonstrate the performance of its activities, and confirm that expected results are being achieved and risks managed.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Framework established to evaluate and measure outcomes for each funding round	Yes	Yes	Yes	Yes	
Evaluation undertaken for each funding round completed	Yes	Yes	Yes	Yes	

15. Section 15 of the PGPA Act provides that an accountable authority must govern the affairs of the entity in a way that promotes proper use and management of public resources for which the accountable authority is responsible. When used in relation to the use or management of public resources 'proper' means efficient, effective, economical and ethical.

Activity 5: Capacity Building

Measure 10		Number of capacity grant applications approved			
TYPE	Quantitative/Output				
METHOD	Number of individual CHP capacity grant applications approved. <u>Data source:</u> Analysis of agency records including CHIA quarterly reports.				
WHY DO WE MEASURE THIS?	The provision of capacity building support by Housing Australia enables registered CHPs to improve their management and financial skills which can facilitate them to access finance thereby increasing the scale and capacity of the community housing sector.				
TARGET	2024-25	2025-26	2026-27	2027-28	
No. of individual CHP capacity grant applications approved	2-6	2-6	2-6	2-6	

Measure 11		Housing Australia assists and engages with community housing providers to improve their capacity to access finance (including Housing Australia funds)			
TYPE	Quantitative/Effectiveness				
METHOD	Housing Australia will survey registered CHPs that engage with its capacity building program and through additional seminars and training to determine whether they have improved their capacity to access finance as a result. <u>Data source:</u> Analysis of agency records including CHP survey results.				
WHY DO WE MEASURE THIS?	Improving CHP capacity to access finance can increase the scale and capacity of the community housing sector.				
TARGET	2024-25	2025-26	2026-27	2027-28	
Proportion of CHPs that consider their skills have increased as a result of Housing Australia engagement	90%	90%	90%	90%	

Activity 6: Home Guarantee Scheme

Measure 12		Housing Australia monitors lender compliance with the Investment Mandate and Scheme Rules to maintain integrity of the Scheme through effective oversight of compliance audits			
TYPE	Qualitative/Efficiency				
METHOD	<ul style="list-style-type: none"> Proportion of panel lenders which have conducted an internal compliance audit (which tests compliance with the Investment Mandate and Scheme Rules) and provided it to Housing Australia. The findings from all lender internal audits and material instances of non-compliance (identified through other means) are provided to the Housing Australia ARC and/or the Board. To achieve success in this measure, both components of the measure will need to be met. <u>Data source:</u> Analysis of agency records including lender audits and reporting to the ARC/Board.				
WHY DO WE MEASURE THIS?	The Government has indicated through the Investment Mandate that maintaining the integrity of the Scheme should be a core principle underlying Housing Australia's administration. Lender non-compliance with the requirements of the Investment Mandate (including in relation to eligible loans, eligible home buyers, income tests and price caps) and Scheme Rules could undermine the integrity of the Scheme. Reporting findings from lender internal compliance audits, and instances of material non-compliance identified through other means, to the ARC and/or the Board ensures that these issues can be appropriately addressed.				
TARGET	2024-25	2025-26	2026-27	2027-28	
Proportion of panel lenders providing internal compliance audit to Housing Australia	100%	100%	100%	100%	
Findings from lender internal audits and material instances of non-compliance identified through other means provided to ARC and/or Board	Yes	Yes	Yes	Yes	

Measure 13		Proportion of available home guarantees taken up by home buyers in the financial year			
TYPE	Quantitative/Output				
METHOD	Proportion of available home guarantees taken up by home buyers in the financial year (total) as a proportion of all home guarantee scheme places (total). The take up of individual home guarantee types (e.g. the First Home Buyer Guarantee) will be assessed on an aggregate basis. <u>Data source:</u> Analysis of data from the HGS IT Portal.				
WHY DO WE MEASURE THIS?	The Government has indicated that Housing Australia should improve housing outcomes through support for eligible home buyers to access the housing market sooner. This measure demonstrates the extent to which this has occurred.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Proportion of available home guarantees taken up by home buyers in the financial year	70%	70%	70%	70%	

Measure 14		Housing Australia facilitates access to the Home Guarantee Scheme for potential home buyers and lenders participating in the Scheme through diverse lender panel and appropriate communication with lenders			
TYPE	Qualitative/Efficiency				
METHOD	Housing Australia uses several mechanisms to demonstrate how the Scheme maximises accessibility for home buyers and lenders: <ul style="list-style-type: none"> - Establishment of a diverse lender panel comprising major banks and non-major lenders, with broad geographical coverage, including in regional areas. - Training, communication and provision of information about the Scheme for new lenders, and for all lenders when substantial changes are made to the operation of the Scheme. To achieve success in this measure, both components of the measure will need to be met. Data source: Analysis of agency records including reporting to the Board.				
WHY DO WE MEASURE THIS?	Facilitating access to the HGS for home buyers and lenders maximises the number of Australians assisted to become homeowners.				
TARGET	2024–25	2025–26	2026–27	2027–28	
Lender panel is composed of major banks and non-major lenders, including lenders operating in regional areas	Yes	Yes	Yes	Yes	
Training, communication and provision of information about the HGS for new lenders, and for all lenders when substantial changes are made to the operation of the HGS.	Yes	Yes	Yes	Yes	

Appendix A: Summary of changes to performance measures

Current Performance Measures	Alignment to Measures in 2023–24 Corporate Plan
1. Housing Australia increases the availability of finance for CHPs through lower interest rates and longer-term loans using the AHBA	Interest savings to CHPs from the provision of concessional loans (no target)
2. Housing Australia provides loans through AHBA to community housing providers to increase their scale and efficiency	AHBA loans approved by NHFIC Board not to exceed \$7.5 billion liability cap (with annual targets)
3. Housing Australia provides AHBA loans to increase supply of new housing	Minimum percentage of AHBA loans approved by NHFIC Board for supply of new housing (with annual targets)
4. The National Housing Infrastructure Facility increases the supply of social and affordable dwellings in Australia	Number of dwellings supported by new NHIF facilities (no target)
5. The National Housing Infrastructure Facility provides loans and grants for new social and affordable dwellings	New NHIF facilities (CI and SAH) approved by NHFIC Board not to exceed \$1 billion limit (with annual targets)
6. The Housing Australia Future Fund Facility and National Housing Accord Facility increase the supply of social and affordable dwellings in Australia, in line with Government targets	Number of dwellings supported by HAFFF approved by Housing Australia Board (no target) Number of dwellings supported by NHAFF approved by Housing Australia Board (no target)
7. Housing Australia supports the equitable distribution of dwellings across Australia for the Housing Australia Future Fund Facility and National Housing Accord Facility	N/A
8. Housing Australia allocates funds from the Housing Australia Future Fund Facility and National Housing Accord Facility based on a value for money assessment	N/A
9. Housing Australia identifies and establishes best practice processes to evaluate and measure outcomes of its funding, and evaluation undertaken following each funding round	N/A
10. Number of capacity grant applications approved	Number of individual CHP and sector-wide capacity grant applications approved (with annual targets)
11. Housing Australia assists and engages with community housing providers to improve their capacity to access finance (including Housing Australia funds)	Satisfaction with consulting project and outcomes of using capacity grant (with annual targets)
12. Housing Australia monitors lender compliance with the Investment Mandate and Scheme Rules to maintain integrity of the Scheme through effective oversight of compliance audits	Receipt of annual lender audits (with annual targets)
13. Proportion of available home guarantees taken up by home buyers in the financial year	Number of homes purchased under the Scheme (no target)
14. Housing Australia facilitates access to the Home Guarantee Scheme for potential home buyers and lenders participating in the Scheme through diverse lender panel and appropriate communication with lenders	N/A

Appendix B: PGPA Act requirements

Topic	Matters to be included	Page
INTRODUCTION	The following: a. a statement that the plan is prepared for paragraph 35(1)(b) of the Act; b. the reporting period for which the plan is prepared; and c. the reporting periods covered by the plan.	1
PURPOSES	The purposes of the entity.	2–6
KEY ACTIVITIES	For the entire period covered by the plan, the key activities that the entity will undertake to achieve its purposes.	14–18
OPERATING CONTEXT	For the entire period covered by the plan, the following: a. the environment in which the entity will operate; b. the strategies and plans the entity will implement to have the capability it needs to undertake its key activities and achieve its purposes; c. a summary of the risk oversight and management systems of the entity and the key risks that the entity will manage and how those risks will be managed; d. details of any organisation or body that will make a significant contribution towards achieving the entity's purposes through cooperation with the entity, including how that cooperation will help achieve those purposes; and e. how any subsidiary of the entity will contribute to achieving the entity's purposes.	7–8 9–10 10–12 13 N/A
PERFORMANCE	For each reporting period covered by the plan, details of how the entity's performance in achieving the entity's purposes will be measured and assessed through: a. specified performance measures for the entity that meet the requirements of section 16EA; and b. specified targets for each of those performance measures for which it is reasonably practicable to set a target.	19–25

Abbreviations and acronyms

Term	Description
Accord	National Housing Accord
AHBA	Affordable Housing Bond Aggregator
ACSC	Australian Cyber Security Centre
APRA	Australian Prudential Regulatory Authority
ARC	Audit and Risk Committee
ASIC	Australian Securities and Investment Commission
CEO	Chief Executive Officer
CHIA	Community Housing Industry Association
CHP	Community housing provider
Corporate Plan	2024–25 Corporate Plan
Finance	Department of Finance
GGS	General government sector
HAFFF	Housing Australia Future Fund Facility
HGS	Home Guarantee Scheme
Housing Australia Act	<i>Housing Australia 2018</i>
ICMA	International Capital Market Association
Investment Mandate	Housing Australia Investment Mandate Direction 2018
Minister	Minister for Housing and Minister for Homelessness
NHAF	National Housing Accord Facility
NHFIC	National Housing Finance and Investment Corporation
NHIF	National Housing Infrastructure Facility
PFC	Public financial corporation
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
RBA	Reserve Bank of Australia
SIV	Specialist investment vehicle
Special Account	Housing Australia Special Account
Treasury	Department of the Treasury