



Australian Government



**NHFIC**

National Housing Finance  
and Investment Corporation



National Housing Finance  
and Investment Corporation  
Corporate Plan 2022–23

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The corporate plan is a Commonwealth entity requirement under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

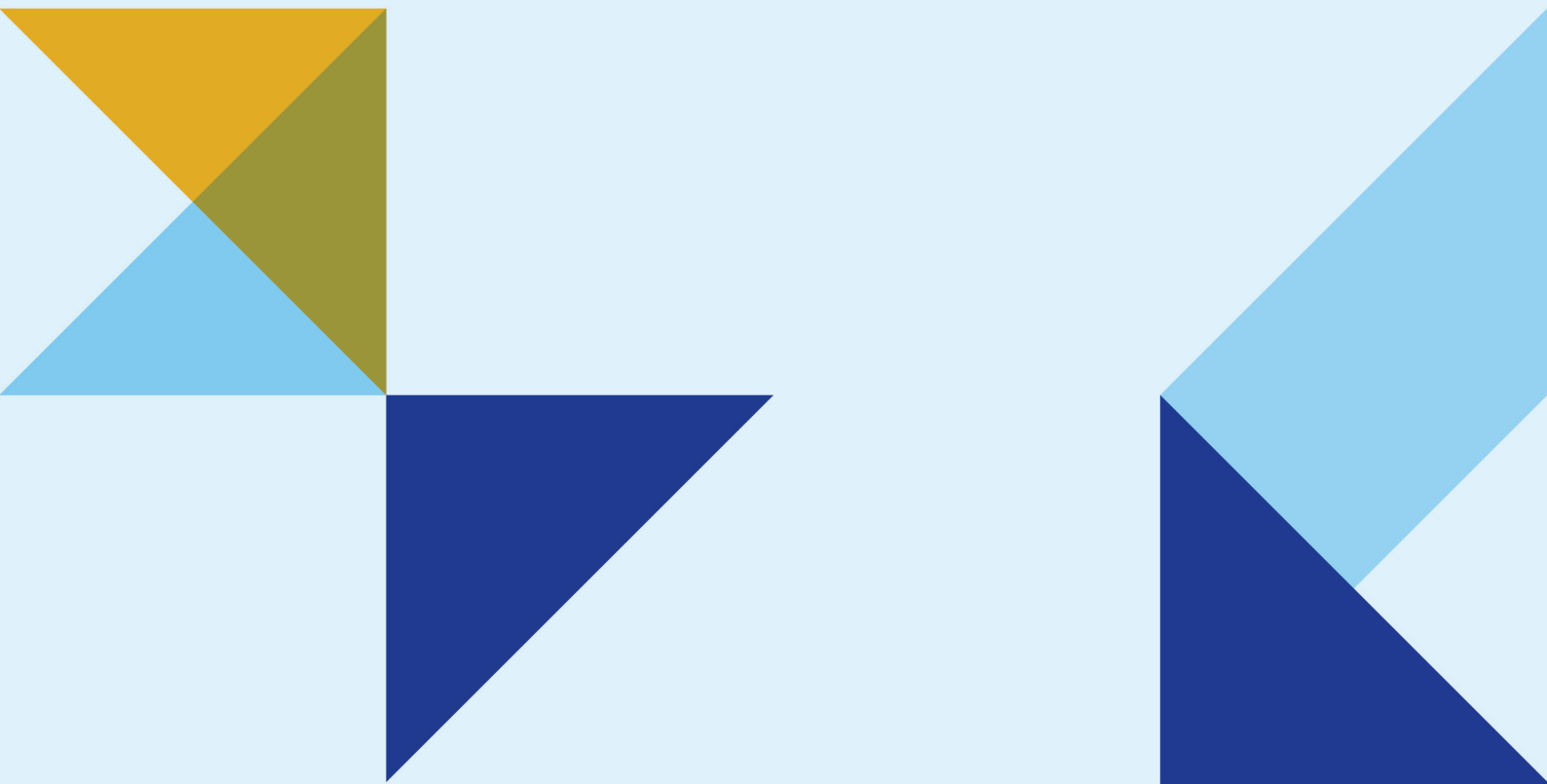
The Corporate Plan 2022–23 is prepared in accordance with PGPA Rule 2014 and will be acquitted in the annual performance statements published in the National Housing Finance and Investment Corporation Annual Report 2022–23.

The reporting periods covered by this corporate plan are 2022–23 to 2025–26.

An online version of this report is available on the NHFIC website: [nhfic.gov.au/about-us/report-and-publications](http://nhfic.gov.au/about-us/report-and-publications)

#### **Acknowledgement of Country**

NHFIC acknowledges the Traditional Owners of Country throughout Australia and recognises their continuing connection to land, waters, community and culture. We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.





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# Message from the Chair

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As Chair of the National Housing Finance and Investment Corporation (NHFIC), and on behalf of the Board as the accountable authority, I am pleased to present our Corporate Plan 2022–23 (Plan).

The Plan covers the four-year period from 2022–23 to 2025–26, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Government announced its intention during the 2022 Federal election campaign to expand the role and work of NHFIC and rename it Housing Australia. Housing Australia will be the home of the National Housing Supply and Affordability Council as well as key national housing programs including:

- Help to Buy
- Regional First Home Buyer Support Scheme
- Housing Australia Future Fund
- Existing housing programs currently run by NHFIC.

At the date of publishing this Plan, legislative changes to implement these commitments have not yet been made and accordingly this Plan has been prepared on a business-as-usual basis. We are working with the Government on the implementation of these changes and will amend the Plan if necessary.



**Adrian Harrington**  
Chair  
National Housing Finance and Investment Corporation

Our purpose  
is to improve  
housing outcomes  
for Australians

# Our purpose



**NHFIC is governed by the NHFIC Act and the Investment Mandate made by the responsible Minister**

NHFIC was established by the Australian Government 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, grants or investments 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 first home buyers and by single parents with dependants.

To achieve these outcomes, NHFIC is required to operate the Affordable Housing Bond Aggregator (AHBA), the National Housing Infrastructure Facility (NHIF) and the Home Guarantee Scheme (HGS or Scheme) – including the First Home Guarantee (FHBG) (previously the First Home Loan Deposit Scheme, FHLDS) and the Family Home Guarantee (FHG) – and conduct research into housing affordability in Australia. It also undertakes capacity building activities for registered community housing providers (CHPs).

In performing its functions, NHFIC is governed by the requirements and constraints of the *National Housing Finance and Investment Corporation Act 2018* (NHFIC Act) and the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018* (Investment Mandate). In addition, following the statutory review of the NHFIC Act, the previous Government also provided a Statement of Expectations (SOE) in December 2021 and NHFIC's Board responded with a Statement of Intent (SOI) in February 2022. As a corporate Commonwealth entity, NHFIC is also subject to the requirements of the PGPA Act.

NHFIC operates independently of the Government and applies commercial discipline in making financing decisions. Our Board is responsible for determining strategy, defining risk appetite and making financing decisions, and ensuring the proper, efficient and effective performance of NHFIC's functions. The Chief Executive Officer (CEO) reports to the Board and is responsible for the day-to-day administration of the organisation. NHFIC's corporate governance structure is shown in Appendix A.

NHFIC is part of the Treasury portfolio of agencies. Our responsible Minister is the Minister for Housing, Minister for Homelessness and Minister for Small Business, the Hon Julie Collins MP (Minister).



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OPERATION OF  
AFFORDABLE HOUSING  
BOND AGGREGATOR



.....  
OPERATION OF  
NATIONAL HOUSING  
INFRASTRUCTURE  
FACILITY



.....  
SUPPORT FOR  
HOME BUYERS

.....  
RESEARCH INTO  
HOUSING AFFORDABILITY  
IN AUSTRALIA



.....  
SUPPORT FOR  
CAPACITY BUILDING





# Our activities

**NHFIC's activities are intended to improve housing outcomes for Australians.**

NHFIC's Investment Mandate requires it to operate the AHBA, NHIF and HGS and conduct research into housing affordability in Australia. It also provides capacity building support for registered CHPs.

These activities are intended to improve housing outcomes for Australians.

## **Operation of Affordable Housing Bond Aggregator**

The AHBA provides loans to registered CHPs by aggregating their funding requirements and financing them primarily through the issuance of government guaranteed bonds in Australian domestic debt capital markets. This allows funding to be raised at 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 reduced borrowing costs and 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. NHFIC aims to provide loans at the lowest cost and most appropriate tenor possible, after recovering operational and financing costs and building capital reserves as required by the NHFIC Act.

Where appropriate, different loan products are offered to meet the varying needs of registered CHP applicants.

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 debts, or a combination of these purposes. NHFIC obtains security from registered CHPs for AHBA loans with appropriate terms and conditions approved by our Board.

To support the AHBA, the Australian Government has provided a \$1 billion line of credit that NHFIC may use to advance initial loans to registered CHPs prior to issuing bonds. The line of credit is also used to fund projects that progressively draw down ahead of issuing a bond such as construction finance. Loans financed by the line of credit are typically refinanced by NHFIC issuing a new bond or tapping an existing bond when a critical mass of such loans have been advanced.

Under the Investment Mandate, NHFIC cannot enter into a transaction which would result in its total guaranteed liabilities under the AHBA exceeding \$5.5 billion without the prior agreement of the Minister and the Minister for Finance (liability cap). The liability cap applies both to loans funded through NHFIC bonds or via the line of credit and imposes a limit on the scale of NHFIC's lending and bond issuance activities.

## Operation of 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. It does this by providing finance in the form of loans, grants and equity investments for eligible infrastructure projects that would not otherwise have proceeded, or that would only have proceeded at a much later date or with a lesser impact on new affordable housing.

The \$1 billion facility supports critical infrastructure projects linked to new housing supply, particularly affordable housing, whether on the site or connecting to or linking to infrastructure. Examples include new or upgraded infrastructure for services such as electricity, water, sewerage, telecommunications, stormwater and transport; and site remediation works including the removal of hazardous waste or contamination.

NHIF finance may be provided to:

- registered CHPs
- states or territories including government-owned development corporations or utility providers
- local government bodies or local government-owned investment corporations or utility providers
- special purpose vehicles that have at least one member that is an eligible recipient listed above (the underlying eligible member or members).

The terms of NHIF financing are flexible and can be tailored to suit the needs of project proponents. These may include concessions such as longer loan tenors and lower interest rates than offered by commercial financiers, extended periods of capitalised interest and repayment holidays.

NHFIC 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. NHFIC obtains security for NHIF loans with appropriate terms and conditions approved by our Board. State and territory applicants are not required to provide security.

NHFIC must ensure that the return on NHIF loans and investments over the medium to long term is sufficient to cover the NHIF's financing and operating costs, build capital reserves and cover the Government's borrowing costs (the benchmark rate of return).

## Support for home buyers

The HGS – including the FHBG and the FHG – supports earlier access to home ownership for cohorts that may otherwise struggle to gain a foothold in the market in the near term owing to high deposit requirements, particularly first home buyers and single parents with dependants.

The FHBG, which began on 1 January 2020, allows first home buyers to purchase a home with a deposit of as little as 5 per cent without having to pay lenders mortgage insurance. This is because the Commonwealth, through NHFIC, provides a guarantee to participating lenders of up to 15 per cent of the value of the property financed by an eligible first home buyer's home loan.

From 1 July 2022, up to 35,000 guarantees are available each financial year under the FHBG (previously 10,000 per year).

The FHG supports single parents with at least one dependent child to enter or re-enter the housing market. Under the FHG, eligible single parents can purchase a home with a deposit of as little as 2 per cent, regardless of whether they are a first home buyer or a previous homeowner (NHFIC provides a guarantee to participating lenders of up to 18 per cent of the value of the property).

From 1 July 2022, up to 5,000 guarantees under the FHG will be available for each of the next three years (previously 10,000 over the period 1 July 2021 to 30 June 2025).

The guarantee is a legal arrangement between NHFIC and participating lenders to pay up to a certain amount owed by the home buyer if they default on their home loan and the property has been sold. It is not a cash payment or deposit for the home loan.

The New Home Guarantee (NHG) was available in the 2020–21 and 2021–22 financial years, with 10,000 guarantees made available each year specifically for first home buyers purchasing a newly built dwelling or building a new home. Its purpose was to support jobs in the residential construction sector and promote home ownership. The NHG closed to new applications on 30 June 2022. Existing guarantees under the NHG will continue to be managed by NHFIC under the HGS.

Eligibility requirements apply to the FHBG and FHG schemes, including income and property price caps set by the Government.

NHFIC operates the HGS through a panel of 32 residential mortgage lenders across Australia made up of two major banks and 30 non-major bank lenders. This includes an additional five non-major bank lenders appointed to the panel from 1 July 2022 following a competitive procurement process.

### **Research into housing affordability in Australia**

NHFIC conducts comprehensive research into housing demand, supply and affordability in Australia. To complement this research, NHFIC has also strengthened its data analytics capabilities to further drive collaboration and engagement on housing data platforms. Through effective management of our data we can also better leverage our growing collection of proprietary data from the AHBA, NHIF and HGS.

NHFIC's flagship 'State of the Nation's Housing' report provides an annual snapshot of housing demand and supply across the country, with a view to identifying supply shortfalls that could over time exacerbate affordability problems. This work is complemented by NHFIC's core ongoing work program which aims to contribute applied and practically focused research and policy insights. These activities create a more connected conversation between government, industry and academia that helps to inform the public policy debate.

The research work also involves engaging with a broad range of stakeholders across the housing sector to identify problems with a view to undertaking practical and relevant research and elevating and popularising important policy issues that can help influence key decision makers on housing matters and deliver better housing outcomes.

NHFIC's research and policy insights work program is supported by the Research Board Reference Committee and an external expert panel of academics, industry and public policy professionals.

### **Support for capacity building**

NHFIC provides support for capacity building to assist registered CHPs to further develop their financial and management capabilities and undertake new developments. A cap of \$1.5 million applies to the amount that NHFIC can spend on capacity building activities. NHFIC's Investment Mandate envisages that NHFIC will enter into contracts to procure these services.

The Community Housing Industry Association (CHIA) currently administers the Capacity Building Program on NHFIC'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 a NHFIC finance application. Eligible representative peak bodies and groups of CHPs can also apply for grants of up to \$20,000 to support sector-wide capacity building projects.

# Our operating context

**NHFIC expects continued demand for finance over the period of this Plan.**

## Environment

The pace of economic recovery post the COVID-19 pandemic continues to influence the outlook for the housing market. House prices have declined recently and falls are expected to accelerate as rising interest rates impact the market. This is occurring against a backdrop of rising construction costs and building supply chain constraints. NHFIC's Corporate Plan reflects this uncertainty through the potential impact on our operating environment and our ability to achieve our purpose.

Key factors that influence the Plan include:

1. performance of the community housing sector
2. housing market dynamics
3. ability to effectively raise and access finance
4. regulatory and prudential settings.

### 1. Performance of the community housing sector

One of NHFIC's key activities is the provision of low-cost, long-term finance to the community housing sector through the AHBA, allowing registered CHPs to deliver more housing and services to Australians most in need. More than 300 registered CHPs are located across Australia. They vary significantly in size and structure.

The community housing sector receives significant support from all levels of government, and changes in government policy have a significant impact on the sector. The policies of state and territory governments in particular may have a significant impact on the growth and vitality of the community housing sector. This includes the amount of funding made available for social and affordable housing which impacts on the viability of projects and their ability to access NHFIC financing. In addition, tripartite agreements and security arrangements need to be developed and agreed which may be particularly complex for some transactions.

Limited rental supply and low vacancies and expected strong demand from the reopening of international borders is putting upward pressure on rents in both capital cities and regional areas. Upward pressure on private rents could spill over into more demand for social and affordable housing and add to already long waiting lists.

The capability and vitality of the community housing sector will contribute to NHFIC's ability to improve housing outcomes. NHFIC continually engages with the sector and is tailoring its lending products and practices to ensure our support is both innovative and cost effective.



## Housing is a complex sector, with many economic and social factors affecting demand and supply.

### 2. Housing market dynamics

Since the onset of the pandemic, the Australian housing market has been supported by historically low interest rates and broad-based fiscal stimulus, including the previous Government's Homebuilder program which supported construction for detached housing. This stimulus is now being unwound and there is downward pressure on house prices and the lead indicators of construction activity.

After increasing considerably during the COVID period on the back of record low interest rates, house prices have now come off their recent highs, particularly in Sydney and Melbourne. This trend is likely to continue as interest rates increase. Rents are growing strongly on the back of very low vacancy rates and solid demand, with advertised rents growing at 8-10 per cent over the past year. Rental affordability seems likely to deteriorate even further over the next 12 months.

The number of new loan commitments for construction of new dwellings and the purchase of newly erected dwellings has fallen by around 32 per cent over the past year, while the number of commitments for the purchase of existing dwellings has fallen by 6 per cent. Other lead indicators of construction such as building approvals suggest construction activity will slow considerably in the period ahead. Over the past year, approvals for private sector houses have fallen by 22 per cent and approvals for multi-density dwellings have fallen by 10 per cent.

Work in progress remains at high levels and will support construction activity throughout the remainder of 2022. Around 240,000 dwellings were under construction in the March quarter 2022, a record high.

Shortages of building materials and strong demand have created a difficult environment for the residential construction industry, particularly for those contractors operating on a fixed price contract basis. Wage pressures in the industry have been relatively contained to date, but the breadth and magnitude of material cost increases has also likely affected contractors operating in the CHP sector.

Market conditions over the next four years will affect the demand for NHFIC finance, including through the impact on CHP revenues and the valuations of properties taken as security. The overall financial position of CHPs remained resilient during the pandemic but the headwinds from material cost pressures and tighter monetary policy will be a challenge.

Similarly, despite the backdrop of COVID-19, the HGS has continued to see strong demand and helped underpin the strength of the first home buyer market over the past two years. However, after a period of significant house price growth and record low interest rates, it is likely demand will ease in the coming period with tighter monetary policy and lower lending volumes.

On the portfolio side (post funding loan book), we are likely to see an increase in the delinquency on HGS-backed loans due to higher interest rates and the impact on borrowers' ability to service loans. This has not yet eventuated given the general time frame required for it to flow through to lenders (sometimes it takes up to 12 months for a loan to go into a forced sale situation) and we are likely to see an upward trend in arrears and claims in the coming years. Further inflation in the construction sector will put increased pressure on borrowers who are building homes which may also contribute to this trend.

NHFIC expects continued demand for finance over the next few years and will continue to monitor market trends over the period of this Plan, identify opportunities and respond to challenges as appropriate. This includes providing recommendations to the Government on adjustments to the HGS property price caps as required by the NHFIC Investment Mandate.

### 3. Ability to effectively raise and access finance

Through the AHBA we make secured loans to registered CHPs sourced predominantly from funds raised in domestic debt capital markets. Economic and market conditions have a significant impact on the terms of our finance, including its price. The pricing and tenor of our finance is critical given the relatively low but stable revenues generated by the community housing sector and the long-term nature of its housing assets.

In addition, NHFIC's ability to effectively raise finance is influenced by factors specific to our bond program including secondary market liquidity, the amount of bonds outstanding, expectations of future issuance and environmental, social and governance (ESG) aspects. NHFIC's bond issuance program is aligned with UN Sustainable Development Goals and the International Capital Market Association's (ICMA) Social Bond Principles (SBPs), Green Bond Principles (GBPs) and Sustainability Bond Guidelines (SBGs).

NHFIC has developed a strong and active investor base through regular meetings with investors, an annual tour of CHP housing developments that have benefitted from NHFIC funding and working collaboratively with the Joint Lead Managers (JLMs) appointed on each bond issue.

NHFIC has built a core set of repeat investors across its bond issuances and continues to broaden its domestic and international investor base. We have now had over 60 unique institutional investors in our social and sustainable bonds. Investing in NHFIC bonds provides a unique opportunity to partner with the private sector to be part of the solution to the housing crisis faced by many Australians.

Long-term interest rates have increased sharply in the first half of 2022 as financial markets price in higher inflation, central bank tightening of monetary policy and geopolitical risk. Consequently, NHFIC's cost of borrowing has increased from the very low levels observed in previous years and this increase is also reflected in the interest rates we can offer to the community housing sector. Through the establishment of NHFIC's treasury function, we expect to be able to offer more flexible financing solutions to CHPs using a range of derivative products including interest rate swaps to address rising interest rates.

NHFIC's CHP transaction pipeline remains strong and we anticipate that the need for social and affordable housing will continue to increase.

### 4. Regulatory and prudential settings

Australian financial service providers are governed by the regulatory and prudential environment in which they operate. This in turn could affect their ability to deliver finance to the housing sector.

For example, regulatory guidelines and changes made by key regulatory agencies such as the Australian Securities and Investment Commission (ASIC) and the Australian Prudential Regulatory Authority (APRA) ultimately will have an influence on risk settings at a lender level including exposure to high loan to value ratio (LVR) home loans and impact the number of guarantees participating lenders take up under the HGS. Additionally, regulatory changes including banks meeting capital requirements set by APRA could impact on the ability of lenders to extend credit to borrowers and the amounts that home buyers are able to access.

Similarly, changes in regulations from ASIC, APRA or the Reserve Bank of Australia (RBA) could impact the demand for, and pricing of, NHFIC's bonds.



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

## Capability

2021–22 was a period of significant change for NHFIC. We implemented various enhancements from our own independent review of our operating model during 2021 as well as the outcomes of the statutory review commissioned by the former Minister.

We grew in size, complexity and function and recruited an additional 26 employees to facilitate more complex financial transactions, deliver the new FHG, and manage credit, enterprise and operational risks. As NHFIC grows, the reliance on Export Finance Australia (EFA) to provide services under the service level agreement (SLA) has reduced and we have brought a number of functions in-house and recruited our own staff. We also established a new treasury function, expanded our data analytics capabilities and recruited a team of technology architects and developers to expand our digital capability and footprint. In addition to hiring new employees, we were also able to retain staff in key positions despite a challenging labour market.

2022–23 will also see significant change following the Government's announcement that it intends to expand the role and work of NHFIC and rename it Housing Australia. We are working with the Government on the implementation of these changes and will amend this Plan if necessary once the necessary legislative changes have been made.

### Our people and culture

NHFIC is committed to operating as a high-performance organisation that empowers and supports its people. We value diverse experience, expertise and backgrounds to foster a strong organisation, deepen our problem-solving ability, innovation and success.

Our people are predominantly from finance, legal and public policy backgrounds and have extensive experience in both government and private sectors. We are highly motivated to deliver on our purpose and well positioned to respond to the challenges of the year ahead and beyond.

We refine and enhance our employee value proposition on a continual basis to ensure we attract, develop and retain the best people, which includes reviewing our remuneration arrangements and benefits annually. As our organisation takes on additional functions, we will expand our capabilities by developing our people and recruiting experienced talent consistent with our values and with the technical skills required to meet the needs of our current and future operating environment.

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. This will involve targeted recruitment, as well as ongoing development of our people, to fill capability and capacity gaps against an increasingly competitive market for the skills that NHFIC needs to meet our mandate.

We will also continue to develop the technical and leadership capabilities of our people through tailored learning and development opportunities to support their growth, maximise their effectiveness, and circumvent key person risk. We will actively develop and manage talent including establishing targeted training programs for our senior leaders and succession planning for business-critical roles.

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

### Our systems and processes

Our past investment in cloud-based technology has enabled us to pivot from remote working during the COVID-19 pandemic to a hybrid in-office and remote working model while continuing to deliver a high level of service and commitment to our stakeholders.

We continue to embrace innovation in technology, systems and processes to improve our service delivery, enhance the customer experience and support new ways of working and connecting for our people. This includes focusing on the optimisation of our processes and systems for loan establishment and loan management to ensure they remain fit for purpose and provide a seamless and customer-centric experience.

We are focused on maintaining resilient information security governance in an environment of increased cyber activity and remote working requirements, while improving our information technology alignment with business objectives to drive performance. We will continue to work with our service providers and the Australian Cyber Security Centre (ACSC) to align our processes and systems to best practice cyber security standards, including the Essential Eight, to protect our organisation and customers. We will also establish a cyber security posture based on our updated risk management framework and implement an enhanced set of measures based on this posture.

In the enterprise applications area, in 2021–22 NHFIC implemented a cloud-based customer relationship management system (Dynamics 365) and an enterprise data warehouse solution. These two solutions will play a pivotal role in shaping the continuous digitalisation of the NHFIC business. The solutions were initially rolled out to the HGS team and will be rolled out to the rest of the business in 2022–23 to enable greater collaboration across teams and provide enhanced data analysis and reporting capabilities. We will also look to expand the Dynamics platform to deliver enhanced capability to monitor the performance of the business through active portfolio management as the loan book grows.

We are continually improving our enterprise applications and have upgraded the experience of lenders using our HGS IT Portal through enhanced self-service functionality, delivering productivity gains for both lenders and the NHFIC team. We have enhanced our AHBA Portal to streamline the EOI/application process for CHPs and will integrate this with an end-to-end transaction management solution to provide a single system of records for all of NHFIC's transactions. We will continue to implement SharePoint across the business and also explore using the Microsoft Power platform to automate and improve the efficiency of processes where possible.

Our SLA with EFA for IT support will continue while we remain reliant on their corporate systems and we review a fit-for-purpose IT operating model to partner with the business as it grows.

## Risk management

We approach risk oversight and management in a way that helps us achieve our purpose and business goals. We have developed a risk management framework that defines our principles, culture, policies and processes for managing risk. We systematically identify and manage risk to increase the likelihood and impact of positive events while mitigating negative events.

### Oversight of risk management

To implement its Corporate Plan, NHFIC needs to engage with various risks that emerge through its operations. The appropriate engagement with risk is guided by the NHFIC Act, Investment Mandate, PGPA Act and consistent with the Risk Appetite Statement (RAS) set by the Board. NHFIC has built its risk management framework around ISO 31000: Risk Management – Guidelines and to align with the Commonwealth Risk Management Policy.

NHFIC's Board is responsible for managing NHFIC's affairs including defining its risk appetite and monitoring performance within this appetite. The Board is supported by an Audit and Risk Committee (ARC) in monitoring risk management processes and assisting in risk oversight. The Board has also established a Bond Issuance Due Diligence and Management Committee (BIDDMC) and a Research Board Reference Committee to assist in operational risk matters.





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

While all of the recommendations from the 2020–21 Australian National Audit Office (ANAO) review of NHFIC's operations were fully implemented by June 2021, we have continued to strengthen our risk management framework reflective of our commitment to continuous improvement across our governance activities. Our internal audit program conducted by McGrathNicol reviews all aspects of the risk management framework and reports to the ARC and Board. NHFIC also engages specialist risk management expertise to support the continued growth of the organisation.

In recognition of NHFIC's credit risk exposure, NHFIC has established a Credit Committee comprising independent members (non-Board) to assist with the oversight and management of credit risk including the creditworthiness of applicants, quality of security taken and impact of transactions on our portfolio credit exposure and NHFIC's credit risk appetite. An Executive Risk and Compliance Committee comprising senior NHFIC employees reviews operational risk and compliance exposures and the risk information provided to the ARC.

Our Executive team is responsible for implementing our Board-approved risk management framework. However, we also emphasise that risk management and reporting is everyone's responsibility.

Our risk culture and principles guide everyday behaviour in the organisation. We strive to:

- Maintain the highest professional and ethical standards focusing on embedding appropriate behaviours.
- Align employee remuneration and other benefits to encourage behaviour consistent with good governance and our risk appetite.
- Provide an environment where employees are empowered to the full extent of their abilities and that fosters innovation and learning within business practices.
- Monitor, stress test and re-evaluate risk ensuring management information systems and risk reporting accurately reflect the underlying risk.
- Maintain compliance standards reflecting zero tolerance of regulatory and compliance breaches.

### Risk Appetite Statement

This Plan expresses NHFIC's general appetite for risk; a more specific definition of our appetite for risk is articulated in our RAS which defines our risk tolerance and sets the boundaries for the risks we are willing to accept to achieve our objectives.

The RAS is supported by enterprise policies and procedures that regulate NHFIC business activities in line with the risk appetite.

### Our risk management framework

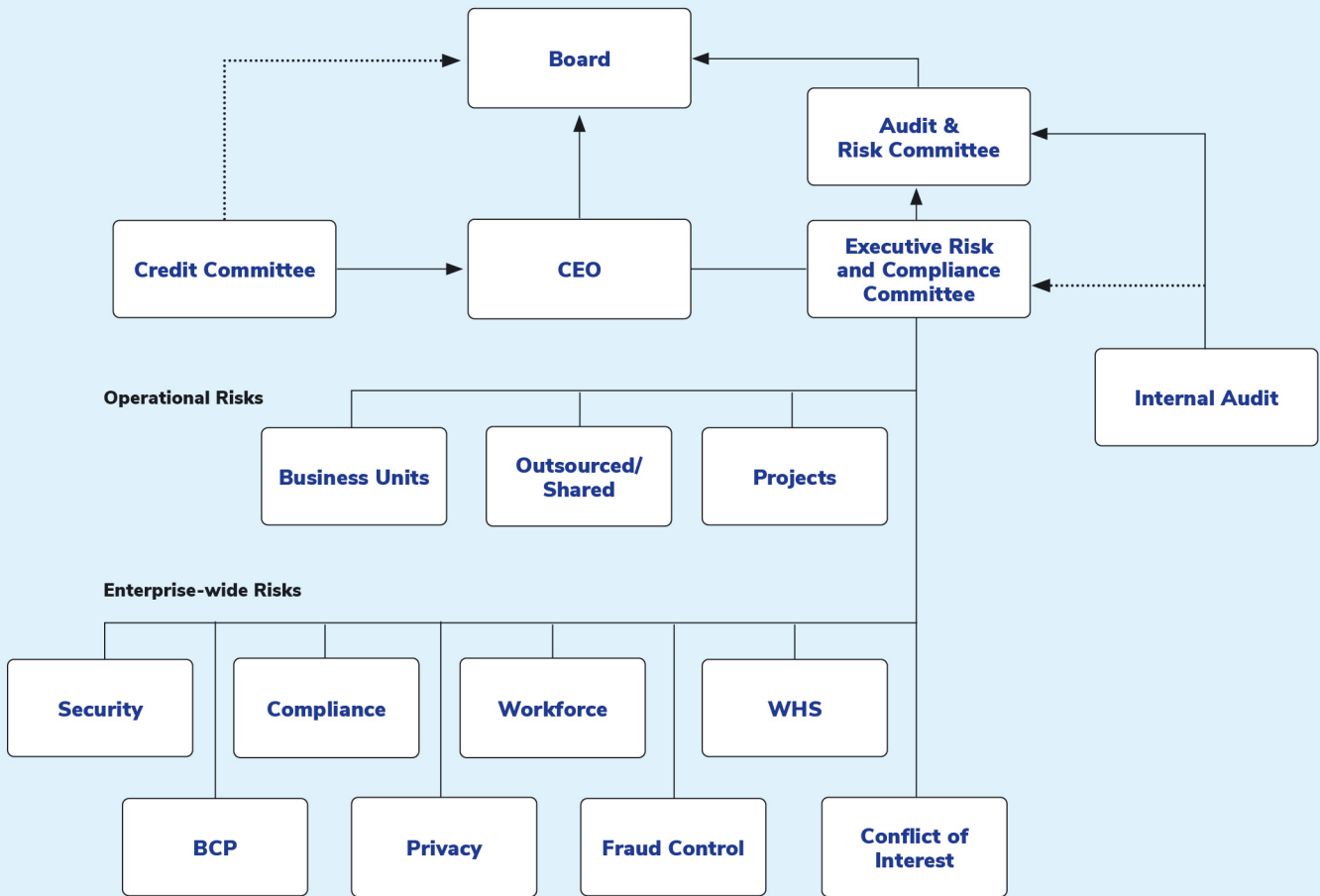
NHFIC's risk management framework aligns with the Commonwealth Risk Management Policy and ISO 31000. The framework recognises risks at an enterprise level and those risks facing each business activity. Business units are deeply involved in the recognition of risks associated with their operations to ensure an enhanced understanding and ownership of risk.

We operate a 'three lines of defence' model for managing risk:

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

Commensurate with NHFIC's business growth, additional resources have been added to our risk management function to support the development, implementation and maturity of the risk management framework.

**NHFIC risk reporting framework**



## Key business risks

The key risks potentially affecting the delivery of NHFIC's statutory obligations, outcomes and/or the achievement of strategic priorities are outlined in the following table:

Risk and impacts/consequences	Risk responses/controls
<b>BALANCE SHEET EXPOSURES</b>	
<p><b>On balance sheet:</b> NHFIC operates within a complex mix of financial arrangements (Commonwealth guarantee, liability cap and limited appropriation funding), issuing bonds, transacting interest rate derivatives and financing significant, long-term loans to CHPs to provide affordable housing. The increasing complexity of exposures across the lending book, transitioning from refinancing to construction finance and engaging in public-private partnerships potentially increases financial exposures into the future.</p>	<ul style="list-style-type: none"> <li>• Close monitoring and reporting of NHFIC's financial arrangements to the ARC, BIDDMC and Board.</li> <li>• Ongoing review of external financial environment, CHP solvency and housing market developments.</li> <li>• Regular review and updating of Board-approved policies including for expanding functions.</li> <li>• External review through the Credit Committee of lending arrangements, including quality of the security taken.</li> <li>• NHFIC obtains external expert advice prior to implementation of increasingly sophisticated financing arrangements.</li> <li>• Regular communication with the Government on liability cap and exposures.</li> </ul>
<p><b>Off balance sheet:</b> Undrawn commitments to provide financial facilities under the AHBA and NHIF arise when there is a contractual agreement. NHFIC manages the limits and future obligations for the outflow of resources.</p> <p>NHFIC also manages the liability associated with the HGS. The security of the Commonwealth guarantee is reliant upon the underlying quality of bank lending practices of the participating lenders over which NHFIC has no control.</p>	<ul style="list-style-type: none"> <li>• Close monitoring of contractual agreements included in pipeline and liability cap monitoring.</li> <li>• NHFIC obtains an annual independent review of bank lending practices to ensure compliance with Scheme Rules.</li> <li>• NHFIC liaises with banks to support lending practices that align with the policy objectives of using the Commonwealth guarantee to support housing outcomes.</li> </ul>
<b>FINANCIAL SUSTAINABILITY</b>	
<p>NHFIC may incur credit losses from lending activities that impact the development of a sustainable business model to fund ongoing operations and build adequate reserves for the future.</p>	<ul style="list-style-type: none"> <li>• Conduct comprehensive long-term business planning and financial modelling to stress test the portfolio and viability of the business model under different scenarios.</li> <li>• Monitoring and reporting of business outcomes and financial benchmarks to the Board.</li> <li>• Maintain a risk-weighted balance sheet to assess capital adequacy and target capital ratios.</li> </ul>

Risk and impacts/consequences	Risk responses/controls
<b>MACROECONOMIC ENVIRONMENT</b>	
<p>The pace and unpredictability of economic change (interest rates, employment, liquidity, prices, rental markets, migration) and international events (war, political instability) overtakes, or is at odds with government policy or the capacity of the market to respond to the change in stakeholder demand.</p>	<ul style="list-style-type: none"> <li>• Close liaison with Federal, state and territory governments and key stakeholders to understand and adjust to the impact of macroeconomic change.</li> <li>• Ongoing research and policy insights into underlying housing market conditions to focus NHFIC’s activities.</li> <li>• Regular stress testing of the credit portfolio under different scenarios.</li> <li>• Establishment of NHFIC’s treasury function to provide more flexible financing solutions.</li> </ul>
<b>RELATIONSHIP MANAGEMENT</b>	
<p>NHFIC operates within a complex and dynamic relationship environment dealing with various government entities, financial institutions, investors and key borrowers. There is the potential for the interests of these various groups/stakeholders to be in conflict or competition that may result in reputational damage to NHFIC.</p>	<ul style="list-style-type: none"> <li>• Regular dialogue through meetings, workshops and industry events to understand stakeholder interests and needs.</li> <li>• Regular engagement with the Minister and relevant Commonwealth departments including Treasury and the Departments of the Prime Minister and Cabinet and Social Services.</li> <li>• Provide research data, policy insights and thought leadership to stimulate dialogue and informed discussion to the market.</li> <li>• NHFIC partners with the private sector on innovation and collaboration opportunities to stimulate further support and/or investment in the CHP sector.</li> </ul>
<b>RESOURCE CONSTRAINTS</b>	
<p>NHFIC may not be able to deliver functions and services within set timeframes due to insufficient employees or a shortage of skilled resources from increased competition for expertise NHFIC relies upon.</p>	<ul style="list-style-type: none"> <li>• Offer a mix of competitive remuneration and other benefits to retain and attract the talent needed.</li> <li>• Focus on the promotion of a positive culture and a flexible work environment to motivate and develop employees.</li> <li>• Provide assistance with employee development through targeted training and upskilling.</li> </ul>

Risk and impacts/consequences	Risk responses/controls
<b>BUDGET CONSTRAINTS</b>	
<p>NHFIC may not have sufficient appropriation or clarity from Government to deliver key functions and manage the associated risks.</p>	<ul style="list-style-type: none"> <li>• Timely and effective engagement with Treasury and the Department of Finance as part of the budget process.</li> <li>• Regular financial reporting to the Board.</li> </ul>
<b>OPERATIONAL</b>	
<p>Eligibility criteria for particular policy initiatives may restrict NHFIC's capacity to address broad community housing needs due to unintended exclusion of groups in need of affordable housing.</p> <p>NHFIC finance may not complement, leverage or support other Commonwealth/state finance or activities.</p> <p>Countermeasures built into policy, program and system designed to mitigate fraud risk are ineffective.</p>	<ul style="list-style-type: none"> <li>• Leverage NHFIC research and policy insights to work closely with government policymakers on policy design and implementation to improve housing outcomes including the inclusion of housing vulnerable groups.</li> <li>• Close liaison with Federal, state and territory governments to complement and leverage their investments and strategies to support social and affordable housing.</li> <li>• NHFIC has the capacity to respond to policy driven business changes in an agile manner.</li> <li>• Management focus on the efficiency, effectiveness, design and implementation of operational process to achieve policy outcomes.</li> <li>• Work with partners to mitigate the risk that government schemes could be inappropriately accessed by misleading or fraudulent behaviour.</li> </ul>
<p>Cyber risk and potential fraud</p>	<ul style="list-style-type: none"> <li>• NHFIC has in place a broad range of policies and tools to mitigate cyber risks and comply with the Government's Essential Eight cyber security strategies.</li> <li>• Engage with an external security provider to undertake annual assessments of the strength of our online environment.</li> <li>• Regular fraud and cyber security awareness training for all employees.</li> </ul>

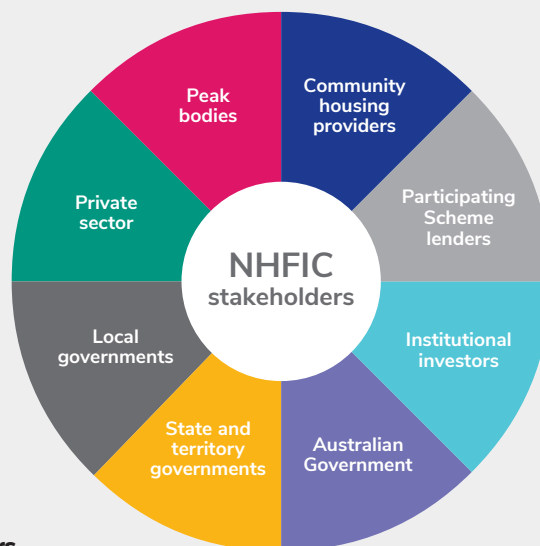
## Cooperation

NHFIC operates in a dynamic and complex environment. Maintaining strong and productive relationships with stakeholders – including governments at all levels, CHPs, participating Scheme lenders, institutional investors, regulatory authorities, industry associations and developers – is essential for us to achieve our purpose.

In 2022–23, we will continue to strengthen and expand our partnerships and relationships to help broaden our reach, build on our existing capabilities, and seek new opportunities to contribute to improved housing outcomes for Australians.

We will seek to further optimise our service, knowledge and responsiveness to the community housing sector, including engaging with Indigenous-based CHPs and CHPs that target specific cohorts such as vulnerable women and children, and specialist disability accommodation.

We are committed to engaging and working with housing stakeholders to leverage additional investment in the community housing sector across the cities and regions. We have developed a set of principles that frame and facilitate how we work with stakeholders. These principles focus on partnerships, utilising NHFIC’s comparative advantage, along with innovation and optimising NHFIC’s participation to deliver new housing supply. Research and data will be used to help drive change. We will also seek opportunities to bring stakeholders together for collaboration, including senior debt lenders, mezzanine, private developers and equity funders. These activities will introduce new financiers and other partners to CHPs.



**NHFIC stakeholders**

Independent market soundings confirm stakeholders perceive NHFIC as an essential market participant. There is currently no offering in the market comparable to NHFIC finance, and this is not expected to change in the short to medium term. We will continue to work with the private sector to grow their knowledge of the sector with the objective to leverage and facilitate greater investment in the community housing sector. This will be underpinned by NHFIC’s work on financial, risk and ESG metrics. Through these activities, NHFIC will continue to support market growth beyond the provision of finance.

We will continue to collaborate and cooperate with governments at all levels across Australia to identify common interests and coordinate our activities for greater outcomes from the assistance provided to the community housing sector. We will continue to provide briefings and have regular dialogue with the Government and relevant Commonwealth departments and develop strong bilateral relationships with state and territory housing authorities. We will provide regular reporting and insights and respond to any requests from the Government in a timely and proactive manner.

We will continue to work with relevant Commonwealth, state and territory departments to identify housing-related infrastructure projects that could be supported by NHIF finance and continue to promote umbrella

facility agreements for states and territories that are yet to enter into such agreements with NHFIC. We will engage regularly with local governments, larger CHPs, major property developers and faith-based organisations with large land holdings, and through other forums such as periodic workshops and roundtables.

NHFIC will engage extensively with the Government, participating lenders and industry stakeholders to ensure the HGS operates in a manner consistent with our mandate and helps eligible first home buyers and single parents with dependants access the housing market sooner.

We will actively contribute to industry discussion and debate on housing affordability, including through independent research, policy insights and data, and will seek to build strong relationships across the housing spectrum including by identifying areas for better research collaboration. We will continue to optimise reach and broaden engagement through exploring opportunities with data analytics firms, subject matter experts and other government agencies to produce credible, relevant, and timely housing research insights, identifying housing data gaps and bridging the gap between government and industry.

We will continue to partner with CHIA on the Capacity Building Program and leverage expertise and support from Export Finance Australia to support our operations.

# Our performance



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

After four years of successfully delivering on our purpose to improve housing outcomes for Australians, we are well positioned for continued success as the business adapts to the changing operating environment, and as the Government looks to further expand NHFIC's activities through the establishment of Housing Australia.

We will continue to enhance and expand our existing product offerings and improve the customer experience including through ongoing dialogue and feedback, and enhancements to our technology systems.

In 2021–22, we reviewed and strengthened our performance measures and again in 2022–23, we have further enhanced our performance metrics as reflected in the tables below. Our performance measures are aligned with our mandate and purpose and have been designed to provide holistic information on our achievement of outcomes through the delivery of our key activities. This includes measures relating to additionality<sup>1</sup> for which targets are not set. In these cases, we report outcomes in our annual performance statements to complement the other performance measures where it is reasonably practicable to set meaningful targets.

Our performance measures include a mix of types, bases and hierarchies (see Appendix B for further detail). We will use these to assess our performance over the next four years and to prepare our annual performance statements.

Detailed on the following pages are the key activities for each of the five programs administered by NHFIC being:

- Affordable Housing Bond Aggregator (AHBA)
- National Housing Infrastructure Facility (NHIF)
- Home Guarantee Scheme (HGS)
- Research
- Capacity Building.

From a financial reporting perspective, the activities of the AHBA are reported as a public financial corporation (PFC) whereas the activities of the NHIF, HGS, Research and Capacity Building are reported under the general government sector (GGS).

We outline performance risks in the previous section, which should be considered when assessing our planned outcomes in the tables below.

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

1. Additionality in this context refers to whether NHFIC's programs and activities result in 'improved housing outcomes' (that is, additional supply) over and above what would be delivered without NHFIC's contribution.

## Affordable Housing Bond Aggregator

The purpose of the AHBA is to provide loans to registered CHPs by aggregating their funding requirements and financing them primarily through the issuance of government guaranteed bonds in debt capital markets.

### Key activity 1: Operation of Affordable Housing Bond Aggregator – Loans

High level activities	Intended results
<ul style="list-style-type: none"> <li>Promote and expand the construction loan portfolio subject to the \$5.5 billion liability cap.</li> <li>Expand and innovate the current range of product offerings and structures.</li> <li>Deepen cooperation with external investors and superannuation funds to support co-financing opportunities with CHPs.</li> <li>Active management of existing portfolio of assets.</li> <li>Annual stress testing of loan portfolio for CHP resiliency.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the supply of social and affordable housing.</li> <li>Lower the cost of finance to CHPs and reduce refinance risk.</li> <li>Facilitate more private capital attracted into the community housing sector.</li> <li>Deep knowledge of portfolio and responsive and timely customer interaction.</li> <li>Reduced portfolio risk.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
AHBA loans approved by NHFIC Board not to exceed \$5.5 billion liability cap	\$300m–\$500m	\$300m–\$500m	\$300m–\$500m	\$300m–\$500m
<b>Methodology:</b> Analysis of agency records including reporting to the NHFIC Board.				
Minimum percentage of AHBA loans approved by NHFIC Board for supply of new housing	50%	50%	50%	50%
<b>Methodology:</b> Analysis of information provided in AHBA loan applications.				

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of dwellings supported by AHBA loans	Social and affordable dwellings by state for the year and cumulative			
<b>Methodology:</b> Analysis of information provided in AHBA loan applications.				
Interest savings to CHPs from the provision of concessional loans	Interest savings to CHPs for the year and cumulative			
<b>Methodology:</b> Analysis of information provided in AHBA loan applications.				



**Key activity 2: Operation of Affordable Housing Bond Aggregator – Bond Issuances**

High level activities	Intended results
<ul style="list-style-type: none"> <li>• Issue bonds to support AHBA loan facilities with a mix of tenors.</li> <li>• Establish interest rate hedging arrangements utilising derivative financial instruments.</li> <li>• Issue bonds that meet ESG requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce interest rate and repricing risk for CHPs as tenor of AHBA loans is more aligned with their assets.</li> <li>• Provide more flexible, cost-effective funding including floating rate loans and derivatives to hedge against rising interest rates.</li> <li>• Issued bonds align to ICMA’s SBPs, GBPs and SBGs.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of bond issuances (including taps to existing bonds)	1–2	1–2	1–2	1–2
<b>Methodology:</b> Independent verification by the ANAO from source records which reconcile to financial statements.				
Value of bonds issued (including taps to existing bonds)	\$200m– \$400m	\$200m– \$400m	\$200m– \$400m	\$200m– \$400m
<b>Methodology:</b> Independent verification by the ANAO from source records which reconcile to financial statements.				
Percentage of issued bonds certified as meeting NHFIC’s Sustainability Bond Framework	100%	100%	100%	100%
<b>Methodology:</b> External assurance on bonds issuances.				

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number and percentage of investors onshore and offshore	Diverse nature of the investor base for bonds			
<b>Methodology:</b> Independent verification by the JLMs of the bond issuance.				
Issuance spread to the comparable CGS and relevant state government yields	Interest rate differential between NHFIC bonds and a Commonwealth Government Security (CGS) of a similar tenor			
<b>Methodology:</b> Independent verification by the JLMs of the bond issuance.				

## National Housing Infrastructure Facility

The purpose of the NHIF is to provide finance in the form of loans, grants and equity investments for eligible infrastructure projects that would not otherwise have proceeded, or that would only have proceeded at a much later date or with a lesser impact on new affordable housing.

### Key activity 3: Operation of National Housing Infrastructure Facility

High level activities	Intended results
<ul style="list-style-type: none"> <li>Proactively engage with stakeholders to identify and prioritise infrastructure projects.</li> <li>Expand NHIF portfolio through eligible borrowers and active pipeline engagement and management.</li> <li>Manage NHIF loans to be consistent with the requirements of the Investment Mandate.</li> </ul>	<ul style="list-style-type: none"> <li>Increased financing support for infrastructure projects that typically have long lead times.</li> <li>New or upgraded infrastructure to unlock and increase the supply of housing, particularly affordable housing.</li> <li>NHIF loans are priced so that the value of the Permanent Fund is at/or above the minimum target value.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
New NHIF facilities (loans, grants and equity investments) approved by NHFIC Board	\$100m–\$300m	\$100m–\$300m	\$100m–\$300m	\$100m–\$300m
<b>Methodology:</b> Analysis of agency records including reporting to the NHFIC Board.				
Number of NHIF applications received	7	10	10	10
<b>Methodology:</b> Analysis of agency records including pipeline reports provided to the NHFIC Board.				
Turnaround time from receipt of NHIF application to NHFIC Board approval	60 days	60 days	60 days	60 days
<b>Methodology:</b> Analysis of average time taken to process application.				

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of dwellings supported by new NHIF facilities	New dwellings by state for the year and cumulative			
<b>Methodology:</b> Analysis of information provided in NHIF loan applications.				
Aggregate value of Permanent Fund	Annual update on aggregate value of deployed and not-deployed funds			
<b>Methodology:</b> Independent verification by the ANAO from source records which reconcile to financial statements.				

## Home Guarantee Scheme

The HGS – including the FHBG and FHG – supports earlier access to home ownership for first home buyers and single parents with dependants. Under the Scheme, first home buyers can purchase a home with a deposit of as little as 5 per cent and single parents with a deposit of as little as 2 per cent.

### Key activity 4: Operation of Home Guarantee Scheme

High level activities	Intended results
<ul style="list-style-type: none"> <li>Facilitate the release of guarantees to participating lenders each financial year from 1 July and any rolled over guarantees from the previous financial year as directed by the Minister.</li> <li>Work collaboratively with participating lenders to encourage the embedment of Scheme requirements into operational processes and customer interactions.</li> <li>Continue to develop data infrastructure and capability for enhanced portfolio management and reporting.</li> <li>Appoint one or two additional major bank/s to the panel of participating lenders in 2022–23 consistent with the Board approved strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate entry of first home buyers and single parents into the housing market.</li> <li>Scheme operates consistently across all participating lenders in accordance with section 29K of the NHFIC Investment Mandate and Scheme Rules.</li> <li>Improved operational capability and reduced risk.</li> <li>Increased panel of lenders to drive greater participation in FHBG and FHG.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Facilitate the release of guarantees to participating lenders:				
- FHBG	35,000	35,000	35,000	35,000
- FHG	5,000	5,000	5,000	-
<b>Methodology:</b> Analysis of data from the HGS IT Portal.				
Receipt of lender audit reviews and lender six-monthly reporting of material policy changes	100%	100%	100%	100%
<b>Methodology:</b> Analysis of agency records including lender reporting.				

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of homes purchased by first home buyers and single parents under the Scheme	Geographic distribution of settled properties by state and major city/regional area for the year			
<b>Methodology:</b> Analysis of data from the HGS IT Portal.				
Average purchase price relative to property price caps	Average value by major city/regional area for the year			
<b>Methodology:</b> Analysis of data from the HGS IT Portal.				
Number of panel lenders	Number of panel lenders and distribution by state			
<b>Methodology:</b> Analysis of agency records.				
Number of loans in arrears and amount of those arrears	Number and value of arrears by state			
<b>Methodology:</b> Analysis of agency records including portfolio management reports.				
Number and value of claims against the Commonwealth guarantee	Number and value of claims by state			
<b>Methodology:</b> Analysis of agency records including claims submitted to Treasury.				

## Research

The purpose of the Research function is to conduct comprehensive research into housing demand, supply and affordability in Australia, including highlighting current and potential gaps between supply and demand across housing sub-markets.

### Key activity 5: Research into housing affordability in Australia

High level activities	Intended results
<ul style="list-style-type: none"> <li>Produce at least four targeted research reports or analysis papers and the State of the Nation's Housing report.</li> <li>Seek feedback on research projects from housing stakeholders.</li> <li>Continue to explore and spearhead national data projects such as the Housing Data Analytics Platform.</li> </ul>	<ul style="list-style-type: none"> <li>Release high quality research papers.</li> <li>Influence the housing policy debate by producing relevant, quality and credible research and policy insights.</li> <li>Improve the housing data ecosystem.</li> <li>Create a more connected conversation between government, industry and academia that helps to deliver better housing outcomes.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Research delivered according to Board approved pipeline including scope and timeframe	100%	To be informed by future Board approved research projects <sup>2</sup>		
<b>Methodology:</b> Analysis of agency records including reporting to the NHFIC Board.				
Satisfaction with research output	Stakeholders satisfied	Maintained or increased compared to previous year <sup>2</sup>		
<b>Methodology:</b> Annual survey of housing stakeholders .				

2. Activities beyond 2022–23 are dependent on discussions with the Government about future funding.

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Other activities that encourage better housing policy outcomes, including working to improve the housing data ecosystem, participating in policy webinars, and engaging in and participating in industry and government roundtables	Other contributions by Research during the year <sup>2</sup>			
<b>Methodology:</b> Analysis of agency records including reporting to the NHFIC Board.				

2. Activities beyond 2022–23 are dependent on discussions with the Government about future funding.

## Capacity Building

The purpose of the capacity building program is to provide support for registered CHPs to further develop their financial and management capabilities and undertake new developments. A cap of \$1.5 million applies to the amount that NHFIC can spend on capacity building activities. NHFIC's Investment Mandate envisages that NHFIC will enter into contracts to procure these services.

### Key activity 6: Support for capacity building

High level activities	Intended results
<ul style="list-style-type: none"> <li>Consider the need for a capacity building grant in the review of all EOs for NHFIC finance.</li> <li>Actively promote the Capacity Building Program to CHPs and peak bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Better quality applications that could lead to better financing opportunities in the future.</li> <li>CHPs receive more support to improve their governance and financial skills.</li> <li>Increased awareness of Capacity Building Program.</li> </ul>

What will be measured and reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of individual CHP and sector-wide capacity grant applications approved	6–10	6–10	6–10 <sup>3</sup>	6–10 <sup>3</sup>
<b>Methodology:</b> Analysis of agency records including CHIA quarterly reports.				
Satisfaction with consulting project and outcomes of using capacity grant	CHPs satisfied	Maintained or increased compared to previous year <sup>3</sup>		
<b>Methodology:</b> Survey of CHPs with completed projects.				

3. Activities in 2024–25 and 2025–26 are dependent on take-up in previous years and availability under the \$1.5 million cap.

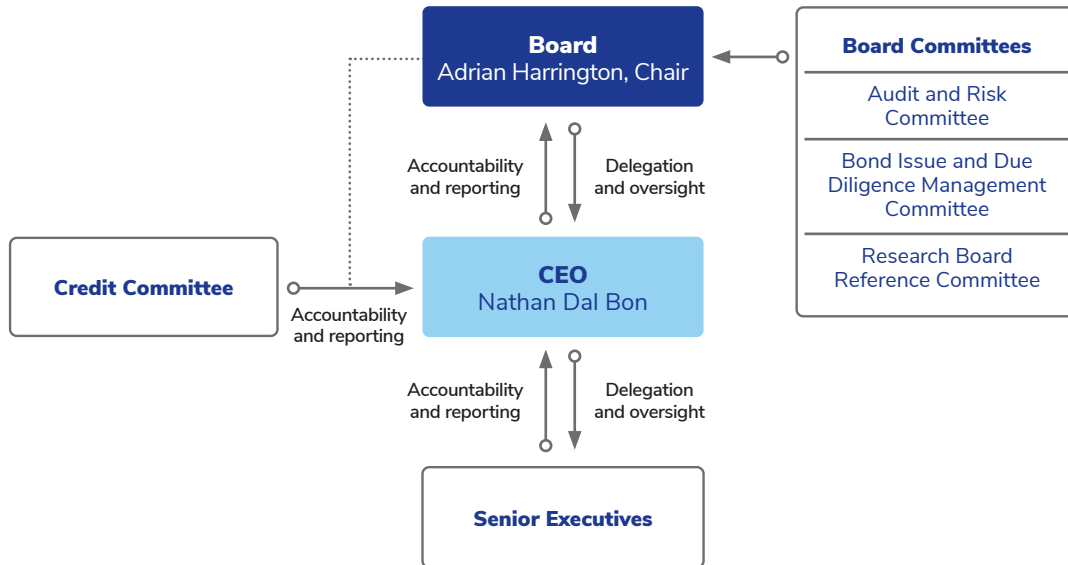
What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Number of individual CHP capacity grant applications approved	Approved applications by CHP tier for the year and cumulative <sup>3</sup>			
<b>Methodology:</b> Analysis of agency records including CHIA quarterly reports.				
Number of sector-wide capacity grant applications received	Received and approved applications for the year and cumulative <sup>3</sup>			
<b>Methodology:</b> Analysis of agency records including CHIA quarterly reports.				

3. Activities in 2024–25 and 2025–26 are dependent on take-up in previous years and availability under the \$1.5 million cap.

In addition to performance metrics for each of the five programs administered by NHFIC, we have also established metrics for how we engage with our stakeholders and how we operate as an organisation to meet our objectives.

What will be reported?	Year			
	2022–23	2023–24	2024–25	2025–26
Stakeholder engagement to raise NHFIC’s profile and enhance its reputation	Stakeholder engagement and communication activities			
<b>Methodology:</b> Analysis of agency records including reporting to the NHFIC Board.				
Highly experienced, skilled and diverse workforce to enable NHFIC to deliver its functions	Workforce capability and diversity			
<b>Methodology:</b> Analysis of agency records including workforce data.				
Employee engagement	70%	Maintained or increased compared to previous year		
<b>Methodology:</b> Annual survey of employees.				

# Appendix A: NHFIC corporate governance structure



# Appendix B:

## Performance reporting framework

The performance measures reported in this Corporate Plan include a mix of types (output, efficiency and effectiveness), bases (quantitative, qualitative or a combination) and hierarchy (accountability, strategic, tactical and management) to provide holistic information on the achievement of our key activities.

The tables below provide a summary of the attributes of our performance reporting framework based on the definitions in Resource Management Guide No. 131: Developing good performance information (RMG-131) developed by the Department of Finance.

Activity	Number of performance measures reported			Total
	Efficiency	Effectiveness	Output	
AHBA – loans	-	3	1	4
AHBA – bonds	1	-	4	5
NHIF	1	2	2	5
HGS	3	3	1	7
Research	-	1	2	3
Capacity building	-	4	-	4
Operations	2	1	-	3
<b>Total</b>	<b>7</b>	<b>14</b>	<b>10</b>	<b>31</b>

Activity	Number of performance measures reported			Total
	Qualitative	Quantitative	Both	
AHBA – loans	-	4	-	4
AHBA – bonds	-	5	-	5
NHIF	-	5	-	5
HGS	1	5	1	7
Research	1	-	2	3
Capacity building	-	3	1	4
Operations	2	1	-	3
<b>Total</b>	<b>4</b>	<b>23</b>	<b>4</b>	<b>31</b>

Activity	Number of performance measures reported				Total
	Accountability	Strategic	Tactical	Management	
AHBA – loans	2	2	-	-	4
AHBA – bonds	2	-	2	1	5
NHIF	2	1	1	1	5
HGS	3	4	-	-	7
Research	1	-	2	-	3
Capacity building	1	2	1	-	4
Operations	-	2	1	-	3
<b>Total</b>	<b>11</b>	<b>11</b>	<b>7</b>	<b>2</b>	<b>31</b>



# Appendix C:

## Compliance with PGPA Rule 2014

Topic	Matters to be included	Page
<b>Introduction</b>	The following: <ol style="list-style-type: none"> <li>a statement that the plan is prepared for paragraph 35(1)(b) of the Act;</li> <li>the reporting period for which the plan is prepared;</li> <li>the reporting periods covered by the plan.</li> </ol>	<b>3</b>
<b>Purposes</b>	The purposes of the entity.	<b>5</b>
<b>Key activities</b>	For the entire period covered by the plan, the key activities that the entity will undertake in order to achieve its purposes.	<b>7–9</b>
<b>Operating context</b>	For the entire period covered by the plan, the following: <ol style="list-style-type: none"> <li>the environment in which the entity will operate;</li> <li>the strategies and plans the entity will implement to have the capability it needs to undertake its key activities and achieve its purposes;</li> <li>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;</li> <li>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;</li> <li>how any subsidiary of the entity will contribute to achieving the entity's purposes.</li> </ol>	<b>10–20</b>
<b>Performance</b>	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: <ol style="list-style-type: none"> <li>specified performance measures for the entity that meet the requirements of section 16EA; and</li> <li>specified targets for each of those performance measures for which it is reasonably practicable to set a target.</li> </ol>	<b>21–28</b>

# Abbreviations and acronyms

Term	Description
AHBA	Affordable Housing Bond Aggregator
ACSC	Australian Cyber Security Centre
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulatory Authority
ARC	Audit and Risk Committee
ASIC	Australian Securities and Investment Commission
BIDDMC	Bond Issuance Due Diligence and Management Committee
CEO	Chief Executive Officer
CGS	Commonwealth Government Security
CHIA	Community Housing Industry Association
CHP	Community housing provider
EFA	Export Finance Australia
Effectiveness	The extent to which an activity makes the intended contribution to meeting a specific purpose
Efficiency	The unit cost (e.g. in terms of dollars spent or human resources committed) of an output generated by an activity
ESG	Environmental, social and governance
FHBG	First Home Guarantee
FHG	Family Home Guarantee
FHLDS	First Home Loan Deposit Scheme
GBPs	Green Bond Principles
GGS	General government sector
HGS	Home Guarantee Scheme
ICMA	International Capital Market Association
Investment Mandate	National Housing Finance and Investment Corporation Investment Mandate Direction 2018
JLMs	Joint Lead Managers
LVR	Loan to value ratio
Minister	Minister for Housing, Minister for Homelessness and Minister for Small Business
NHFIC	National Housing Finance and Investment Corporation
NHFIC Act	<i>National Housing Finance and Investment Corporation Act 2018</i>
NHG	New Home Guarantee
NHIF	National Housing Infrastructure Facility
Output	The tangible things (e.g. services) delivered by an activity
PFC	Public financial corporation
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
Plan	Corporate Plan 2022–23
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
Qualitative information	Information that emphasises narrative rather than numbers
Quantitative information	Information represented numerically, including as a number (count), score or proportion
SBGs	Sustainability Bond Guidelines
SBPs	Social Bond Principles
SLA	Service level agreement
SOE	Statement of Expectations
SOI	Statement of Intent
Statutory review	Review of the operations of the NHFIC Act and NHFIC's activities assisting first home buyers as required under sections 57 and 57A of the NHFIC Act



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