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Auditor-General Report No.3 2026–27
Performance Audit

Department of the Treasury’s Design and Delivery of the Housing Australia Future Fund and the National Housing Accord Facility

Department of the Treasury

Australian National Audit Office

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Canberra ACT

21 July 2026

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of the Treasury. The report is titled *Department of the Treasury's Design and Delivery of the Housing Australia Future Fund and the National Housing Accord Facility.* Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — http://www.anao.gov.au.

Yours sincerely

Dr Caralee McLiesh PSM
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Auditor-General Report No.3 2026–27

Department of the Treasury's Design and Delivery of the Housing Australia Future Fund and the National Housing Accord Facility

Why did we do this audit?

- The Housing Australia Future Fund (HAFF) and the National Housing Accord Facility (NHAF) are government programs to provide 40,000 new social and affordable homes.
- The Department of the Treasury (the Treasury) is responsible for the overall delivery of the HAFF and the NHAF.
- The audit provides independent assurance to the Parliament on the effectiveness of Treasury's design and delivery of the HAFF and the NHAF.

What did we find?

- Treasury's design was largely effective and delivery arrangements are partly effective.
- Treasury's advice on program design and subsequent funding rounds was largely sound.
- Core delivery oversight arrangements (governance, risk, evaluation and assurance) were established late.
- Monitoring and reporting arrangements are maturing. They do not yet provide a clear, transparent picture of performance and impact.

Key facts

- The HAFF was initially credited with $10 billion. HAFF returns are disbursed (minimum $500 million each year) with the aim of supporting the delivery of 30,000 social and affordable homes by 30 June 2029.
- The NHAF provides further funding to build an additional 10,000 homes by 30 June 2029 in conjunction with states and territories.

What did we recommend?

- There were five recommendations to Treasury related to governance, risk management, and performance measurement and reporting.
- All recommendations were agreed by Treasury.

1,432	30 June 2028	$770,387
Homes completed, as of May 2026.	April 2026 forecast of when 20,000 homes (half of the target of 40,000) will be completed.	Treasury's estimate of the average government support in nominal terms provided over 25 years for a single dwelling under the HAFF and the NHAF.

Summary and recommendations

Background

1. The Australian Government (the government) announced in 2022 that it would support the building of 40,000 new social and affordable homes over five years. These homes are being delivered under the Housing Australia Future Fund (30,000 homes), and the National Housing Accord Facility (10,000 homes).[1] Once built, homes are subsidised by the government for 25 years to provide non-market rents through availability payments.[2]

2. Funded projects must involve community housing providers[3], charities, or state or territory governments.

- Community housing providers or charities may receive funding to build new dwellings in their own name or as part of a partnership with other organisations (for example private finance). The management of dwellings[4] requires the ongoing involvement of a community housing provider.
- State and territory governments may directly build and manage new dwellings or partner with community housing providers to do so.

3. The Housing Australia Future Fund (HAFF) was established in November 2023 as a dedicated investment vehicle credited with a $10 billion allocation, from which a minimum $500 million, indexed from 2029–30, is to be dispersed annually to build social and affordable homes. The National Housing Accord Facility (NHAF) is a program to deliver the Commonwealth's commitment of new affordable homes under the National Housing Accord over five years from 2024. The HAFF and the NHAF use many of the same processes for delivery.[5] Three rounds of funding have been announced, the latest of which was announced in January 2026.

4. The Department of the Treasury (Treasury) is the policy owner for the HAFF and is responsible for advising government on matters related to housing and affordability, and the achievement of housing policy outcomes. Under the HAFF, the delivery of social and affordable

1 While originally created as two separate programs, the government determined in December 2025 to consolidate and rebrand both programs under the banner of HAFF – Social and Affordable (HAFF-SA). This was part of a broader rebrand of all programs overseen by Housing Australia.

2 Availability payments provide eligible funding recipients an ongoing, government-backed income source to help close the gap between the commercial cost of developing, supplying and maintaining social and affordable housing and the rent they receive from tenants.

3 Community housing providers are not for profit organisations that are registered under the National Regulatory System for Community Housing. Registration is required to ensure that community housing providers are well governed, well managed, financially viable and able to meet the needs of community housing tenants.

4 For simplicity, this report generally uses the terms house/houses/housing and dwelling/dwellings interchangeably. Treasury also generally uses the terms interchangeably, such as in the *Home for Australia: A National Plan* document.

Department of the Treasury, *Homes For Australia: A National Plan*, Treasury, Canberra, 2026, p. 11 (chart title 'Chart 1: Earnings and dwelling prices since 1981' under heading 'Earnings have not kept pace with rising house prices over the last 40 years), available from https://treasury.gov.au/sites/default/files/2026-06/p2026-773858.pdf [accessed 8 July 2026].

5 For simplicity, this report generally uses the term HAFF to incorporate both the HAFF and the NHAF programs unless it is needed to discuss the programs separately.

homes is the responsibility of Housing Australia, and the delivery of acute housing is the responsibility of Treasury, the National Indigenous Australians Agency, and the Department of Veterans' Affairs.

Rationale for undertaking the audit

5. The HAFF is a significant government investment that is intended to provide additional funding to support and increase social and affordable housing, as well as other 'acute housing'[6] needs. Its funding, legislative and delivery arrangements are complex, with multiple entities involved. Delivering housing outcomes that meet the policy intent requires good planning, risk management, coordination, reporting and monitoring.

6. Given the scale of public investment and the key challenge of housing in Australia at present, this audit was conducted to provide assurance to the Parliament on the effectiveness of Treasury's design and delivery of the HAFF.

Audit objective and criteria

7. The objective of the audit was to assess the effectiveness of the Department of the Treasury's design and delivery of the Housing Australia Future Fund.

8. To form a conclusion against the objective, the ANAO adopted the following two audit criteria.

- Did Treasury effectively design the Housing Australia Future Fund?
- Has Treasury established effective delivery arrangements?

Conclusion

9. Treasury's design of the HAFF has been largely effective, and its delivery arrangements are partly effective. Treasury's advice on the design of the HAFF has contributed to improvements in the HAFF's design and delivery. Some of this advice has resulted in significant additional funding being provided above what was expected. The government provided additional funding in December 2025 which included $2.6 billion for concessional loans and $3.1 billion over 15 years from 2037–38 to meet the ongoing costs of availability payments. Partly effective delivery arrangements, including program management, risk management and performance management, increase the risk that the program is not governed and managed to a standard sufficient to deliver the desired policy outcomes. There has been insufficient transparency on program delivery, costs and impact.

- Program delivery — As of April 2026, 1,432 homes of the 40,000 target have been built. Of these, 762 were new homes constructed by housing providers and 670 were newly constructed homes developed by private industry and purchased by a housing provider before, during or immediately after development. As of 30 April 2026, it is forecast that 20,000 homes (half of the target) will be delivered by 30 June 2028. The remaining

6 Acute housing largely refers to crisis and transitional accommodation. Such housing serves those who are homeless, or at a high risk of experiencing homelessness.

20,000 homes are forecast to be delivered by June 2029. Given that round three is underway, there is considerable uncertainty about this forecast as of June 2026.

- Program costs — Government contributions under the HAFF can include concessional loans, upfront capital grants and availability payments.[7] The average level of government support, in nominal value terms, is estimated by Treasury to be $770,387 per dwelling over 25 years for rounds one and two ($392,518 in net present value terms).[8] The nominal value of support for social homes is $825,225 on average and for affordable homes is $715,124 on average. Availability payments are the primary component of the overall cost.
- Program impact — The program includes a range of short to long term outcomes, such as improved access to housing for tenants and increased private sector investment in community housing. Reporting against these outcomes is currently not available.

10. Treasury was largely effective in designing the HAFF. Advice provided by Treasury was clear regarding policy intent, outputs, and risks; and the advice aligned with the government's election commitment. Treasury provided advice on delivery options within the model proposed at the election. Treasury consulted with stakeholders, though without an overall plan to guide these activities and it did not consult with end-users. Treasury has continued to provide implementation and design advice as the HAFF programs are delivered, including on legal compliance requirements, accelerating delivery, and revisions to how the market was approached for each funding round. Treasury used lessons from each funding round to inform the design of subsequent funding rounds and associated government advice. This included advising government on the emerging requirement for additional funding to deliver the original policy intent due to actual costs of delivery being greater than planned. Evaluation arrangements were not developed until later in the delivery process.

11. Treasury has established partly effective delivery arrangements for the HAFF. There has been ongoing risk to meeting target timeframes throughout delivery, and associated program costs are greater than expected. The risk that expected program outcomes would not be achieved was identified early in delivery and has been rated as outside Treasury's risk tolerance for most of delivery. This has required escalation to the First Assistant Secretary of the Housing Access and Delivery Division and the Director-General of Housing Group. Following additional funding being provided in December 2025, Treasury revised the rating for this risk to 'medium' in May 2026.

12. Treasury has not assumed clear responsibility for the overall delivery of the program. The delayed finalisation of most governance and oversight arrangements has limited the ability of Treasury to systematically monitor and manage program risks and performance over time. Once finalised, Treasury has not always implemented governance and oversight arrangements as intended, with sometimes out of date and inconsistent arrangements. Risk management arrangements are insufficient, including for shared risks. Treasury did not have finalised

7 In addition to government contributions, dwellings can be funded from non-government sources including: market-based borrowing; and any other contributions made by project proponents (for example already existing land).

8 Treasury calculated the estimated support by government of the program, in both nominal value and net present value terms, in response to requests from the ANAO as part of this audit. See paragraphs 3.100 to 3.104 for further discussion on costs per dwelling.

arrangements for assuring Housing Australia’s delivery until May 2026. Treasury’s approach to monitoring and evaluation was finalised 17 months following program commencement. The monitoring and evaluation approach does not adequately address program impact, particularly expected long-term impacts on social and affordable housing and the efficiency of delivery. Public reporting of program performance is limited in providing transparency on whether the program is efficiently delivering the intended outcomes.

Supporting findings

Design

13. Treasury prepared and provided advice based on the incoming government’s election commitment, with clear policy intent in the advice on policy development, outcomes, and supporting program outputs. Initial advice on the approach to implementation of the HAFF was provided in August 2022 by the Department of Social Services, with Treasury taking responsibility for the policy design in October 2022. Treasury’s advice led to improvements in the design and implementation arrangements for the policy. During design, expert recommendations to revise the program assumptions were not fully accepted by Treasury. Treasury advised government on the implementation of the National Housing Accord Facility alongside the HAFF, noting delivery risks. Treasury did not consider how comparable programs from international jurisdictions may have provided insights into the design and delivery of HAFF. (See paragraphs 2.3 to 2.68)

14. Treasury undertook public consultation in designing the HAFF which included consultation with participants across industry and governments (Australian Government and states and territories). It collected stakeholder feedback, and used this feedback to inform its understanding of risks and to design the policy, including in relation to Housing Australia’s investment mandate and the *Housing Australia Future Fund Act 2023*. It reported on stakeholder engagement in advice to government. Matters escalated and acted on included: providing a definition of affordable housing; specifying investment focusses on non-urban areas; and undertaking measures to ensure consideration of factors specific to Indigenous housing concerns. Treasury did not develop an overall stakeholder consultation plan and did not consult directly with end-users and potential tenants. (See paragraphs 2.69 to 2.88)

15. Treasury considered some aspects of evaluation during design, but did not establish evaluation arrangements until later into delivery. Treasury has used lessons from funding rounds one and two of the HAFF to advise government on the design of future rounds. In December 2025, following advice from Treasury, government provided additional funding to enable the HAFF housing targets to be met. (See paragraphs 2.90 to 2.105)

Delivery

16. As the policy owner, Treasury has not assumed clear responsibility for the overall delivery of the program. It did not finalise most governance and oversight arrangements for the HAFF until more than a year after the program commenced. Arrangements have now been established, however, there have been gaps in relation to creating Memoranda of Understanding with all acute program entities, and delays in finalising program assurance. Governance arrangements have not always been kept up to date and reviewed, as planned. There are inconsistencies

between documented governance bodies terms of reference and their operating practices. (See paragraphs 3.1 to 3.45)

17. Treasury documented its approach to risk management more than a year after the program was established. It has not regularly reviewed and updated its program risks and has not assessed the effectiveness of controls for each of the risks in a structured manner. A key risk related to the delivery target of the 40,000 homes has been rated 'high' for most of the delivery period. There is a shared risk register with documented controls, but Treasury has not been proactive in seeking assurance from delivery partners in managing shared risks. Treasury's ongoing monitoring of risk for the program is not sufficient and lacks monitoring of long-term risks to program outcomes. (See paragraphs 3.46 to 3.79)

18. Treasury finalised its approach to monitoring and evaluation in February 2025, 17 months after program commencement. Its approach lacks clarity in terms of the relationship between program outputs, outcomes and performance measures. The approach also does not clearly link to program impact. There is insufficient focus on measuring program efficiency. A planned process evaluation is not proceeding. Reporting on program performance has been provided to government and relevant ministers, as well as within Treasury. Internal reporting discussed key program risks including insufficient funding, and divisional resourcing and capability. Public reporting lacks transparency. (See paragraphs 3.80 to 3.129)

Recommendations

Recommendation no. 1
Paragraph 3.45

Treasury implement policies and procedures to ensure that its governance and information management arrangements are fit for purpose, particularly in relation to:

(a) demonstrating the discussion of substantive matters in relevant governance forums, and that decisions and actions have been recorded and followed to completion; and

(b) recording the review of governance arrangements.

Department of the Treasury response: *Agreed*

Recommendation no. 2
Paragraph 3.65

Treasury regularly assess program risks and the effectiveness of controls, and appropriately document and address risks identified. As part of its review of program risks, Treasury should consider risks to the program's long-term intended outcomes.

Department of the Treasury response: *Agreed*

Recommendation no. 3
Paragraph 3.79

Treasury ensures that:

- roles and responsibilities for managing shared risks are clearly defined;
- risks and related controls are regularly reviewed and discussed at relevant governance committees;
- there is a shared understanding of risk tolerances;
- identified risks are acted upon through appropriate controls or treatments; and
- it has sufficient assurance arrangements in place relating to the management of shared risks.

Department of the Treasury response: *Agreed*

Recommendation no. 4
Paragraph 3.94

Treasury establishes performance measures of efficiency of program delivery. These could include measures related to: Treasury and other entities' administrative costs of delivering the program; unit cost of program deliverables (for example individual dwellings) compared to forecast cost; and timeliness of actual versus planned delivery milestones. This should inform ongoing implementation, public reporting, future policy development, and program risk.

Department of the Treasury response: *Agreed*

Recommendation no. 5
Paragraph 3.130

Treasury publicly and clearly reports on program performance, including the performance of sub-activities and programs, as well as the overall program. Performance reporting should incorporate program outcomes beyond those directly necessary to support annual performance statements reporting obligations. Public reporting could use results against selected performance measures from Treasury's HAFF monitoring and evaluation framework.

Examples of measures potentially suitable for public reporting include:

- dwellings delivered versus forecast deliveries;
- similar information to the quarterly reporting provided to the Minister for Housing on the average of social and affordable houses produced through the HAFF and the NHAF;
- funding (loans, availability payments, grants) provided within current and prior reporting periods for both acute and non-acute components of the HAFF and the NHAF, across states and territories; and
- ongoing trends in applications for HAFF and NHAF funding and the diversity of organisations making applications. This could incorporate information on trends in the contribution of private funding sources to project cost within the social and affordable housing market.

Department of the Treasury response: *Agreed*

Summary of entity response

19. The proposed final report was provided to Treasury. The summary response is provided below with a full response at Appendix 1.

Department of the Treasury

> Treasury welcomes the report and appreciates the ANAO's recognition that Treasury's design of the Housing Australia Future Fund (HAFF) is largely effective and its delivery arrangements are partly effective. Treasury is committed to continuous improvement and agrees with the five recommendations for the department. Actions to implement each recommendation are in place or underway as part of strengthening Treasury's governance, risk assessment and public reporting arrangements. This work will be undertaken in collaboration with program delivery partners including Housing Australia, the Department of Veterans' Affairs and the National Indigenous Australians Agency.

Key messages from this audit for all Australian Government entities

20. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Governance and risk management

- Delivery through multiple entities brings a need to focus on the identification and management of shared risks. Regular review of these risks enables shifts in focus to priority areas in an orderly and thoughtful way where risk mitigation is not successful.
- Program governance, including policies, procedures and risks, should be subject to regular review to ensure ongoing appropriateness, accuracy and currency. It is important that records of reviews are kept even if no change is deemed necessary. This supports assurance and oversight of the ongoing appropriateness, accuracy and currency of these arrangements.

Performance and impact measurement

- For long-term programs, evaluation should be considered along the way with a longer-term evaluation in mind. This can help with data collection for evaluation of outcomes, including outcomes which cannot be measured directly. Giving early thought to ways to measure and design data collection will assist with making evaluation more meaningful.
- Entities should ensure transparency in program costs, delivery and impact to enable an assessment of value for money and to assist with the adaptation of programs over time. This is particularly important for large and complex programs that include multiple providers and sources of funding. Providing this type of information in a transparent manner will support the Australian Parliament and taxpayers to have trust that programs are being delivered efficiently to achieve outcomes.

Audit findings

1. Background

Introduction

1.1 The International Covenant on Economic, Social and Cultural Rights includes 'the right of everyone to an adequate standard of living for himself and his family, including adequate housing'. Australia ratified this in 1975. An adequate standard of living and housing has flow on impacts on personal and societal factors. For example, those experiencing poor levels of housing affordability are also likely to report lower financial and psychological wellbeing.

1.2 Current demand for social housing is greater than available supply, with the number of households waiting for social housing growing from 155,000 to 169,000 in the 10 years to June 2024. The Department of the Treasury (Treasury) has stated that:

> Australia has an undersupply of social and affordable homes. The proportion of social housing as a share of the housing stock has fallen from around 5.5 per cent in 1991 to less than 4 per cent in 2021. This has left many vulnerable and low-income earners either paying unaffordable rents in the private rental market, living in unsafe housing, or experiencing or being at risk of homelessness.[9]

Government housing assistance

1.3 Historically, the Australian Government (the government) and state and territory governments have supported the supply of social and affordable homes. In the period from the 1940s to the 1980s, government built large volumes of new public housing. Following this period, government policy shifted from direct provision of dwellings to providing rent assistance within the private rental market, with a limited level of direct social housing provided which focused on supporting those in the greatest need.

1.4 The government provides a range of non-market housing and housing assistance, including social housing, affordable housing and 'acute' housing.

- Social housing — provides secure rentals to households which rely on government income support, have very low incomes, or face difficulty in accessing private rentals for non-income reasons. Social housing is provided in two forms, public housing by government, and community housing by community housing providers. While social housing stock increased gradually between 2014 and 2024, it has fallen over time as a share of total housing.
- Affordable housing — is less well defined, but is housing provided at below-market rates to households that face affordability challenges but are not as vulnerable as cohorts serviced by social housing.[10] There is limited data on affordable housing availability in Australia.

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9 Department of the Treasury, *Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord*, Treasury, Canberra, 8 July 2024, p. 6, available from https://oia.pmc.gov.au/published-impact-analyses-and-reports/supporting-social-and-affordable-housing-under-housing [accessed 21 October 2025].

10 Housing Australia defines affordable housing as where rent charged is 74.9 per cent or less of the market rent.

- Acute or crisis and transitional housing[11] — serves those who are homeless, or at a high risk of experiencing, homelessness. Crisis and transitional housing is usually temporary in nature and in response to acute need.[12]

Housing Australia Future Fund and the National Housing Accord Facility

1.5 The Housing Australia Future Fund (HAFF) and the National Housing Accord Facility (NHAF) aim to provide ongoing support for social and affordable housing.

1.6 The HAFF is a $10 billion dedicated investment vehicle and was established on 1 November 2023 by the *Housing Australia Future Fund Act 2023* (the HAFF Act).[13] The object of the HAFF Act is twofold, to provide a funding mechanism to:

- address acute housing needs for identified cohorts (Indigenous persons, women, children and veterans); and
- enable support to be provided to increase the availability of social and affordable housing.

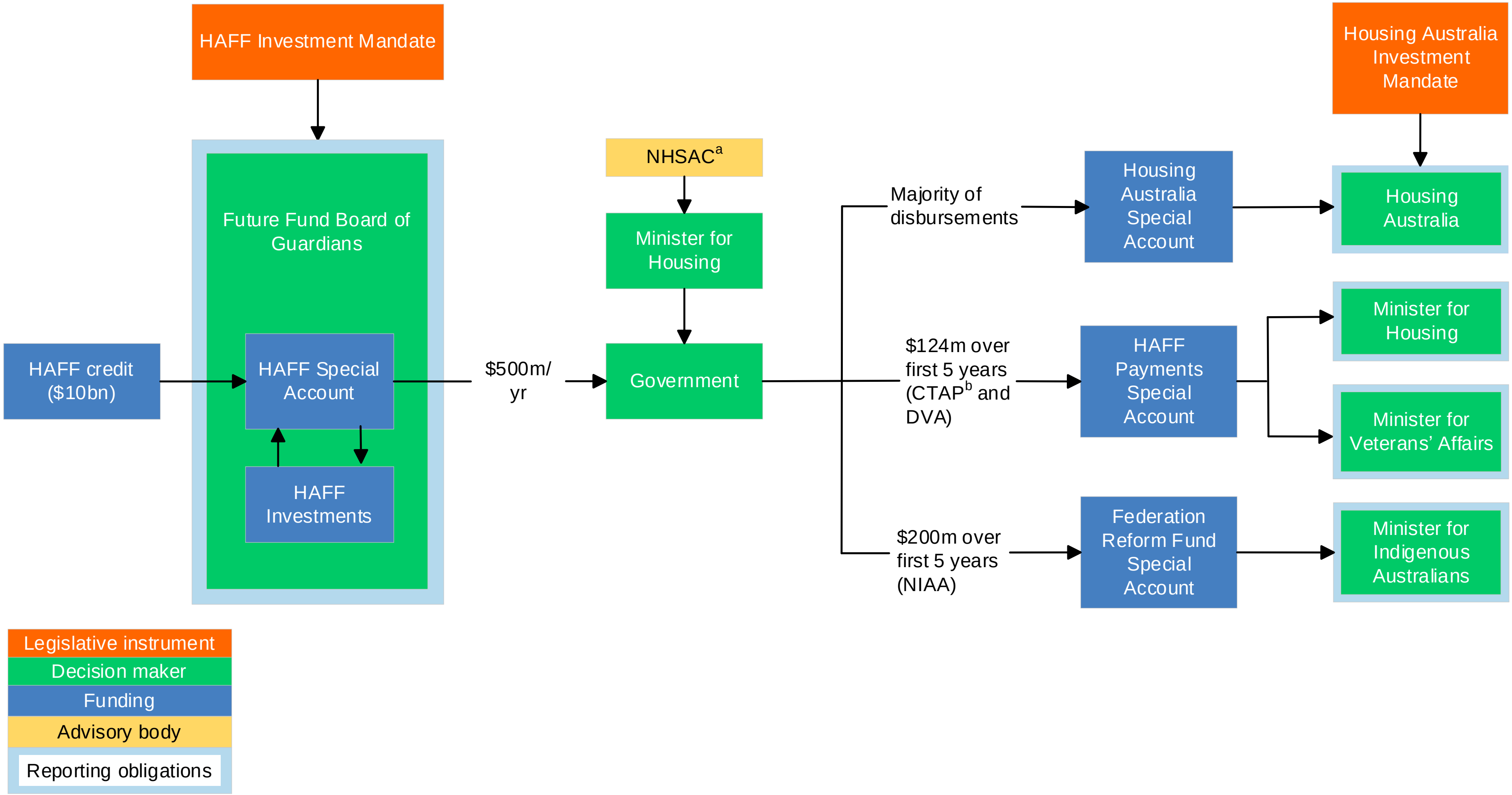
1.7 The HAFF administrative structure is depicted in Figure 1.1. Appendix 3 provides a timeline over the development of the HAFF.

11 This audit report uses ‘acute housing’ and ‘crisis and transitional housing’ interchangeably.

12 The number of people experiencing persistent homelessness rose by 25 per cent between 2019 and 2024.

13 The Future Fund Board of Guardians is responsible for investing HAFF funds.

Figure 1.1: HAFF administrative structure



Note a: The National Housing Supply and Advisory Council (NHSAC) is an independent expert body created to provide evidence-based advice to the Minister for Housing on matters affecting housing supply and affordability.

Note b: The Crisis and Transitional Accommodation Program (CTAP) is delivered by Treasury. See Table 1.1.

Source: ANAO derived from Treasury original.

1.8 The HAFF Act provides that a minimum of $500 million is to be disbursed annually from the fund, indexed from 2029–30.[14] Funding can be disbursed to the four housing programs outlined in Table 1.1 — to Housing Australia for social and affordable housing; or to the Treasury, the Department of Veterans' Affairs (DVA) or the National Indigenous Australians Agency (NIAA) for the three acute housing programs.

Table 1.1: HAFF programs

HAFF program	Purpose	Delivered by	Funding provision[a]
HAFF Facility[b] and NHAF	Provides loans and grants for projects to increase the supply of social and affordable housing, and address acute housing needs.	Housing Australia	HAFF disbursements and annual appropriations. Funding is discussed further at paragraph 1.13.
Crisis and Transitional Accommodation Program (CTAP)	Provides capital grants to fund building, remodelling, expanding or purchasing new accommodation to provide crisis and transitional housing for women and children experiencing family and domestic violence, and older women at risk of homelessness.	Treasury[c]	$100 million of grants over the period of 2024–25 to 2028–29.
Veterans' Acute Housing Program	Aims to improve housing outcomes for veterans and their families via grant funding for capital works and specialist support services.	DVA	$24 million of capital works grants over the period of 2024–25 to 2028–29.
HAFF — Acute Housing Measure (intergovernmental agreement)	Aims to support repairs, maintenance and improvements of housing in remote Indigenous communities.	NIAA	$200 million of grants over the period of 2024–25 to 2028–29.

Note a: Funding provisions as of April 2026.

Note b: The HAFF Facility refers to the 30,000 social and affordable homes delivered by Housing Australia from HAFF funding.

Note c: This program was delivered by the Department of Social Services (DSS) until May 2025 when its delivery responsibility transferred to Treasury.

Source: ANAO analysis.

1.9 Under the four HAFF programs, funding can be provided to recipients across the following five categories.

- 'A state or territory government, or state or territory owned corporation.
- A local government, or local government owned corporation.
- A registered community housing provider which is an incorporated charity.
- A charity whose primary purpose is to improve housing outcomes for Aboriginal and Torres Strait Islander people or for members or ex-members of the Australian Defence Force.

14 *Housing Australia Future Fund Act 2023* Clause 33B(b).

- A HAFF Special Purpose Vehicle[15] whose purpose is undertaking social, affordable or acute housing projects.

HAFF Facility and the National Housing Accord Facility (Housing Australia)

1.10 Housing Australia's program, consisting of the HAFF Facility and the NHAF, is the largest of the four HAFF programs. Together, these two components aim to deliver 40,000 social and affordable homes by June 2029.[16]

- The HAFF Facility aims to deliver 30,000 homes comprising 20,000 new social homes and 10,000 new affordable homes over the five-year period from 2024 to 30 June 2029.
- The NHAF implements the Australian Government's commitment to build 10,000 affordable homes under the National Housing Accord.[17] The government agreed to provide $350 million, through the NHAF, over five years from 2024 to support building 10,000 new affordable homes, with states and territories agreeing to build a matching 10,000 new affordable homes nationally. Following the five-year commitment, the NHAF provides ongoing support through budget funded availability payments. As of December 2025, NHAF availability payments are expected to cost $281.1 million between 2024–25 and 2028–29 (see Table 1.3) and $2.7 billion between 2024–25 and 2039–40 (see Appendix 6).

1.11 The NHAF operates to expand the number of social and affordable homes and shares a common approach and expected outcomes with the HAFF Facility. As a consequence of these similarities, Housing Australia has used a single application process for both programs. If a project proponent is eligible for both programs, it will be considered for funding under both, but an individual project can only receive funding under one program, not both.

Funding rounds

1.12 There have been three rounds of funding under the HAFF Facility and the NHAF (see Table 1.2). Round three is currently open and is expected to be the final funding round to deliver the 40,000 homes.

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15 A Special Purpose Vehicle is a legal entity whose activities are restricted to the acquisition and financing of specific assets.

16 The three acute housing programs do not have targets that feed into the delivery of the 40,000 target.

17 The National Housing Accord was publicly announced by the government on 25 October 2022. The National Housing Accord is an agreement between the Australian Government and state and territory governments to increase housing across Australia — 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'.

Department of the Treasury, *Delivery in the National Housing Accord*, Treasury, Canberra, available from https://treasury.gov.au/policy-topics/housing/accord [accessed 3 February 2026].

Table 1.2: Overview of HAFF Facility and NHAF funding rounds, as at 30 April 2026

Round	Description	Number of homes (contracted or target)
1	Applications for round one of funding opened on 15 January 2024 and closed on 22 March 2024. This round was open nationwide to community housing providers, not-for-profit organisations, and other eligible proponents, in collaboration with developers and financiers. There are 177 projects with signed contracts as part of round one.	4,234 social homes 9,164 affordable homes
2	Applications for round two of funding opened on 16 December 2024 and closed on 31 January 2025. This round invited state and territory housing authorities in collaboration with community housing providers to propose projects that could quickly delivery additional social homes. This approach recognised that state governments had shovel-ready projects or land holdings that, with additional funding, could be expedited.	5,001 social homes
3	Round three opened for applications on 30 January 2026 and is underway. The round is being delivered in four streams. • First Nations — to improve housing for First Nations people by supporting projects that are run by, or delivered with, First Nations organisations. • Housing diversity — aiming to deliver more homes across regional, rural and remote Australia and improve housing outcomes across diverse cohorts. • State and territory — aiming for expanded co-investment opportunities for state and territory governments. • Partnerships at scale — aimed at encouraging new partnerships with industry led by community housing providers to enable efficient delivery at scale.	Target: 21,601 social and affordable homes[a,b]
Total		**40,000**

Note a: The distribution of the 21,601 homes across social or affordable dwellings varies based on funding stream. The First Nations stream is not required to meet a specific distribution but is expected to deliver 100 per cent social homes. The housing diversity stream is expected to deliver a 50/50 split between social and affordable housing. The state and territory stream is 90 per cent social and 10 per cent affordable. The partnerships at scale stream is 90 per cent affordable and 10 per cent social.

Note b: Housing Australia's round three market information stated that 21,350 homes were to be built as part of the round. Treasury has internally revised its estimation of the number of homes to be built as part of round three to 21,601 to account for homes no longer being provided as part of rounds one or two due to projects no longer proceeding.

Source: Treasury and Housing Australia documentation.

Funding provided to recipients

1.13 There are three types of government funding provided to recipients applying for support through the HAFF.

- Availability payments — funding to offset the difference between the agreed rent charged by the social or affordable housing provider, and the actual annual operating costs incurred in providing the home.

- Loans for capital costs — the funding necessary to purchase or otherwise provide land on which to build, and for the construction of a building suitable for residential use. This can include concessional loans (see paragraph 2.39), senior debt[18] and other funding.[19] Concessional loans are for 25 years from the completion of the build, with no repayments and no interest over the 25-year period.
- A grant may be made under exceptional circumstances where a proposed housing outcome meets a high need, but the project is very financially challenging.

Funding to Housing Australia

1.14 Funding to Housing Australia for the HAFF and the NHAF comes from two sources:

- annual appropriations through the Federal Budget for concessional loans, HAFF availability payment supplementation from 2037–38, and NHAF availability payments; and
- disbursements from the HAFF used for HAFF Facility availability payments and grants and is a minimum of $500 million per year[20] minus the disbursements for acute housing programs.[21]

1.15 Table 1.3 provides a breakdown of expected expenditure by funding source between 2024–25 and 2028–29 under the HAFF Facility and the NHAF, as of December 2025. The information was provided by the Department of Finance based on available program cost information and assumptions of future market conditions.[22]

Table 1.3: HAFF Facility and NHAF estimated expenditure, as of December 2025

Component and *funding source*	2024–25 $m (actual)	2025–26 $m	2026–27 $m	2027–28 $m	2028–29 $m	Total $m
HAFF Facility concessional loans[a] — *annual appropriation*	33.1	649.7	1,819.1	658	181.1	**3,341**
NHAF concessional loans[a] — *annual appropriation*	1.4	150	994	–	–	**1,145.4**
HAFF Facility grants and availability payments — *HAFF disbursements*[b]	0.1	84.7	149.8	294.7	597.6	**1,126.9**

18 A first mortgage potentially sourced from a variety of providers (including government) which offer finance for a specified duration and at an agreed interest rate. Where the mortgage is provided by government, the funding is sourced from outside of the HAFF.

19 This includes a range of financing sources including cash reserves and in-kind contributions (for example developable land).

20 This is indexed by the consumer price index from 2029–30.

21 This funding is transferred into the Housing Australia Special Account. This account is managed by Treasury. In 2024–25, $276.6 million was transferred to this account. In 2025–26, it was $500 million and in 2026–27, it is expected to be $400 million. From 2027–28 onwards, the full HAFF disbursement is forecast to be transferred into the account.

22 Treasury advised the ANAO in June 2026 that the 'estimate was based on Round 1 prices and a CPI of 2.5%. Actual expenditure will depend on the final agreed availability payments and concessional loans (noting Round 3 is currently opened for applications) as well as the actual CPI each year'.

Component and *funding source*	2024–25 $m (actual)	2025–26 $m	2026–27 $m	2027–28 $m	2028–29 $m	Total $m
NHAF availability payments — *annual appropriation*	0.1	3.8	19.4	85.5	172.3	**281.1**
Total	**34.7**	**888.2**	**2,982.3**	**1,038.2**	**951**	**5,894.4**

Note a: The ANAO's estimates of the long-term cost to government of the concessional loans is discussed at paragraph 2.44.

Note b: This component is supplemented by annual appropriations from 2037–2038.

Source: Department of Finance.

1.16 Once homes are built, funding will continue to be provided for availability payments over the subsequent 25 years. As can be seen in Table 1.3, availability payments are either paid from HAFF disbursements or from annual appropriations.

- The $500 million annual disbursement from the HAFF (minus allocations for the acute housing programs) is used to pay for availability payments for the 30,000 homes delivered under the HAFF Facility. Housing Australia is estimated to spend less than the annual $500 million of disbursements until 2028–29. Until this time, funds not required for availability payments are invested by Housing Australia, with returns to be used for future availability payments. In the Mid-Year Fiscal and Economic Outlook 2025–26, an additional $3.1 billion over 15 years was allocated for the period from 2037–38 to meet the cost of availability payments, beyond what the HAFF disbursement is expected to be able to cover. This funding will be provided through annual appropriations.
- Availability payments for the 10,000 NHAF homes are funded as part of annual budget appropriations.

1.17 Estimates of the funds available to support availability payments over the long term (16 years) are provided at Appendix 6. Between 2024–25 and 2039–40, it is expected (as of December 2025) that availability payments will cost $12.2 billion to government: $8.9 billion from HAFF disbursements or interest earned on those disbursements; and $3.24 billion from annual appropriations.

Roles and responsibilities

Department of the Treasury (policy owner)

1.18 Treasury is responsible for social and affordable housing policy, including advising government on housing related issues that impact housing supply and affordability in Australia. This includes: increasing housing supply; social and affordable housing; home ownership support; and renter support.

1.19 Treasury's housing policy responsibilities have grown since 2022. This includes that in May 2025 responsibility for housing, rental and homelessness policy transferred to Treasury from the Department of Social Services. Land, planning, city and urban policy was transferred from the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts. Construction industry policy and regulation was transferred from the Department of Industry, Science and Resources. A new Director-General of Housing within Treasury was announced on 2 September 2025.

1.20 Treasury also became responsible for delivery of the Crisis and Transitional Accommodation Program (CTAP) in May 2025. The CTAP is one of the three acute housing programs under the HAFF.

1.21 The HAFF is an important component of Treasury's social and affordable housing responsibility. Treasury was the primary advisor of government in the development of both the HAFF and the NHAF, with the Department of Finance and the Department of the Prime Minister and Cabinet supporting the policy development work.

1.22 Following the commencement of the HAFF, Treasury has been responsible for the ongoing advice to government on program performance and the achievement of policy outcomes.

Delivery entities

1.23 There are four entities responsible for delivery of the four HAFF programs, as shown in Table 1.1: Housing Australia; Treasury; DVA; and NIAA.

1.24 Housing Australia is the government's independent housing delivery agency. It supports the delivery of government programs to improve the supply of sustainable, long-term social and affordable housing, and support home ownership for more Australians.

Previous audits and reviews

1.25 Auditor-General Report No. 28 2020–21 *Administration of the National Housing Finance and Investment Corporation* concluded that the administration of the National Housing Finance and Investment Corporation (NHFIC) was partly effective.[23] While NHFIC had established administrative arrangements for five programs which align to the *National Housing Finance and Investment Corporation Act 2018* and the Investment Mandate, its implementation and reporting did not clearly demonstrate that it was achieving its purpose to 'improve housing outcomes'.

Rationale for undertaking the audit

1.26 The HAFF is a significant government investment that is intended to provide additional funding to support and increase social and affordable housing, as well as other acute housing needs. Its funding, legislative and delivery arrangements are complex, with multiple entities involved. Delivering housing outcomes that meet the policy intent requires good planning, risk management, coordination, reporting and monitoring.

1.27 Given the scale of public investment and the key challenge of housing in Australia at present, this audit was conducted to provide assurance to the Parliament on the effectiveness of Treasury's design and delivery of the HAFF.

23 At the time, Housing Australia was named the National Housing Finance and Investment Corporation.

Audit approach

Audit objective, criteria and scope

1.28 The objective of the audit was to assess the effectiveness of the Department of the Treasury's design and delivery of the Housing Australia Future Fund.

1.29 To form a conclusion against the objective, the ANAO adopted the following two audit criteria.

- Did Treasury effectively design the Housing Australia Future Fund?
- Has Treasury established effective delivery arrangements?

1.30 While the audit scope includes an examination of Treasury's design and delivery with respect to all HAFF programs, it has more of a focus on the HAFF Facility and the NHAF given the larger amount of expenditure and the longer timeframes for these programs.

1.31 The audit did not examine:

- the role of the Department of Social Services in design;
- the awarding of funds by delivery agencies, including Treasury's management of the grants for the CTAP; and
- the Future Fund Board of Guardians' investment of funds in accordance with its investment mandate.

Audit methodology

1.32 The methodology involved:

- examination and analysis of Treasury documentation;
- meetings with relevant Treasury staff and staff of delivery agencies; and
- consideration of submissions from stakeholders.

1.33 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately $408,481.

1.34 The team members for this audit were Kai Clark, Megan Cook, Ewan McPherson and Nathan Callaway.

2. Design

Areas examined

This chapter examines whether the Department of the Treasury (Treasury) effectively designed the Housing Australia Future Fund (HAFF).

Conclusion

Treasury was largely effective in designing the HAFF. Advice provided by Treasury was clear regarding policy intent, outputs, and risks; and the advice aligned with the government's election commitment. Treasury provided advice on delivery options within the model proposed at the election. Treasury consulted with stakeholders, though without an overall plan to guide these activities and did not consult with end-users. Treasury has continued to provide implementation and design advice as the HAFF programs are delivered, including on legal compliance requirements, accelerating delivery, and revisions to how the market was approached for each funding round. Treasury used lessons from each funding round to inform the design of subsequent funding rounds and associated government advice. This included advising government on the emerging requirement for additional funding to deliver the original policy intent due to actual costs of delivery being greater than planned. Evaluation arrangements were not developed until later in the delivery process.

Areas for improvement

The ANAO identified one opportunity for improvement for Treasury to engage with end users to understand their needs and perspectives and how they may be affected by a program or policy.

2.1 The Australian Public Service Commission's (APSC) Delivering Great Policy Model[24] outlines four key elements to developing great policy advice:

- ensuring that policy and program design is informed by a robust evidence-base, sound analysis, and clear links to the achievement of policy objectives;
- involving key stakeholders within and outside the Australian Public Service to ensure that government initiatives are reflective of diverse views and have broad support[25];
- identifying and considering the key risks to design and implementation at early stages of policy development to support informed decision-making as initiatives are established and implemented[26]; and

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24 Australian Public Service Commission, *Delivering Great Policy*, APSC, Canberra, 20 December 2024 available from https://www.apsacademy.gov.au/aps-craft/strategy-policy-evaluation/delivering-great-policy [accessed 11 February 2026].

25 Australian Public Service Commission, *Getting stakeholder engagement right*, APSC, Canberra, 27 February 2024, available from https://www.apsc.gov.au/initiatives-and-programs/aps-mobility-framework/taskforce-toolkit/stakeholder-engagement/getting-stakeholder-engagement-right [accessed 11 February 2026].

26 Department of Finance, *Commonwealth Risk Management Policy*, Finance, Canberra, 29 November 2022, available from https://www.finance.gov.au/government/comcover/risk-services/management/commonwealth-risk-management-policy [accessed 11 February 2026].

- implementation plans should identify deliverables and milestones and embed evaluation at the outset.

2.2 As the policy owner, Treasury has primary responsibility for the design of the HAFF.

Was the design of the fund supported by sound policy advice?

> Treasury prepared and provided advice based on the incoming government's election commitment, with clear policy intent in the advice on policy development, outcomes, and supporting program outputs. Initial advice on the approach to implementation of the HAFF was provided in August 2022 by the Department of Social Services, with Treasury taking responsibility for the policy design in October 2022. Treasury's advice led to improvements in the design and implementation arrangements for the policy. During design, expert recommendations to revise the program assumptions were not fully accepted by Treasury. Treasury advised government on the implementation of the National Housing Accord Facility alongside the HAFF, noting delivery risks. Treasury did not consider how comparable programs from international jurisdictions may have provided insights into the design and delivery of HAFF.

Policy intent and objectives

2.3 Policy advice can be understood as advice provided to 'decision makers to enable them to deliver better outcomes for all Australians'. This advice, and the subsequent policy actions, are to be used in support of government's strategic objectives. APSC guidance defines the first step in delivering great policy as being 'clear on intent', which incorporates:

- [Providing] 'A clearly defined problem' and 'Understanding the real reasons for the policy, not just those stated up front';
- 'Being able to articulate why government intervention is needed';
- 'Being clear on the intended outcomes and how they'll be measured'; and
- 'Having clarity on scope and timeframes'.[27]

Clearly defined problem and reasons for policy

2.4 The Australian Labor Party (ALP), prior to the May 2022 election, provided an election commitment to create a $10 billion fund for '30,000 new social and affordable housing properties'. This commitment included delivery of '20,000 social housing properties' — of which 4,000 would be 'allocated for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness' — and '10,000 affordable homes for the frontline workers like police, nurses and cleaners'.[28]

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27 Australian Public Service Commission, *Policy & Evaluation*, APSC, Canberra, 21 January 2025, available from https://www.apsacademy.gov.au/aps-craft/strategy-policy-evaluation/delivering-great-policy/clear-intent [accessed 6 February 2026].

28 Australian Labor Party, *Safer and More Affordable Housing: Labor's Housing Australia Future Fund*, ALP, Canberra, 20 April 2022, available from https://webarchive.nla.gov.au/awa/20220420041600/https://www.alp.org.au/policies/safer-and-more-affordable-housing [accessed 11 February 2026].

2.5 In addition, the election commitment explicitly defined the following spending goals to be funded and addressed through the HAFF:

> $200 million for the repair, maintenance and improvements of housing in remote Indigenous communities, where some of the worst housing standards in the world are endured by our First Nations people.
>
> $100 million for crisis and transitional housing options for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness.
>
> $30 million to build more housing and fund specialist services for veterans who are experiencing homelessness or at-risk homelessness.[29]

2.6 Treasury's policy development advice included the key policy intentions of addressing a range of structural factors which have contributed to: rising housing costs; the disproportionate impact of affordability on vulnerable groups; and the compounding effect that housing insecurity has on other social and economic issues, particularly for vulnerable groups such as First Nations Australians, women and children experiencing family and domestic violence, and women at risk of homelessness.

Need for government intervention

2.7 The National Housing Accord, finalised in October 2022, outlines the goal of 'bring[ing] together all levels of government, investors, and the residential building sector to unlock quality, affordable housing supply over the medium term' to address Australia's housing supply challenges.[30]

2.8 The Department of Social Services (DSS) held initial responsibility for development of the HAFF policy. Treasury took over this responsibility in October 2022. Both DSS and Treasury undertook analysis throughout the design of the HAFF which confirmed and supported the ALP's election commitment.

2.9 The primary reason for the government's action was summarised within the impact analysis as 'the private housing market has an insufficient quantity of affordable dwellings to meet the needs of low-income earners', and through the economic linkages attached to housing:

> Safe and affordable housing relieves the pressure of high housing cost and provides stability to low-income households. Providing relief to household budgets and providing a stable home can reduce poverty, improve the functioning of the labour market, and improve equality of opportunity and social inclusion of low-income tenants.[31]

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29 Australian Labor Party, *Safer and More Affordable Housing: Labor's Housing Australia Future Fund*.

30 Department of the Treasury, *National Housing Accord*, Treasury, Canberra, p. 2, available from https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2022-10/national-housing-accord-2022.pdf [accessed 2 November 2025].

31 Department of the Treasury*, Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord*, Treasury, Canberra, 24 February 2026, available from https://oia.pmc.gov.au/published-impact-analyses-and-reports/supporting-social-and-affordable-housing-under-housing.

Intended outcomes and measurement

2.10 Advice provided to the Minister for Housing (the Minister) and the Prime Minister in December 2022 identified the following as key planned outcomes for the HAFF:

- construction under the HAFF of '20,000 new social homes and 10,000 affordable homes' and 'another 10,000 affordable homes under the Accord' within the first five years;
- encouragement of 'increased institutional investment in social and affordable housing';
- creation of a 'perpetual revenue stream to fund increases in the supply of social and affordable housing over the long term'; and
- support for 'the development of the sector as an investable asset class'.

Scope and timeframes

2.11 Treasury identified and advised government on risks related to the achievement of the policy intent and objectives. Treasury advice in December 2022 noted that even with the implementation of the HAFF and continuous positive returns on the fund's investment, there were delivery risks related to construction-sector capacity constraints, insufficient private and state and territory investment, variability in construction costs and timeframes, and non-integrated construction planning systems across the states and territories. This advice was based on analysis conducted throughout 2022.

2.12 Treasury advised the government in March and June 2023 that the delivery targets under the HAFF were unlikely to be met. Similar advice was provided in September 2023, and throughout 2024 and 2025. Advice in September 2023 proposed that Housing Australia should begin to seek and assess applications, without entering into contracts, and before the finalisation of costings were agreed by government. The market information provided by this approach would support government in approving final costings for the program.

Design of the proposed delivery model

HAFF

Initial design — October 2022

2.13 As outlined in paragraph 2.4, the ALP committed to creating a $10 billion fund (the HAFF) with investment returns transferred to Housing Australia[32] to pay for social and affordable housing projects.[33] The commitment explicitly defined the use of investment returns from the fund to provide money for the improvement and production of social and affordable homes, with emphases on vulnerable groups such as those in Indigenous communities, women and children experiencing family and domestic violence, older women at risk of homelessness and veterans. The specific disbursement mechanisms or funding eligibilities were not outlined.

2.14 In advice to government in October 2022, DSS outlined three potential funding disbursement models. These are set out in Table 2.1. The government selected option one whereby

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32 At the time, Housing Australia was named the National Housing Finance and Investment Corporation.

33 The Parliamentary Budget Office provided a costing of the election commitment.
Parliamentary Budget Office, *Housing Australia Future Fund (ECR165),* PBO, Canberra, available from https://www.pbo.gov.au/elections/2022-general-election/2022-election-commitment-costings/housing-australia-future-fund-ecr165 [accessed 29 January 2026].

$10 billion in government debt would be invested and the returns used to fund availability payments. This option reflected the model defined in the election commitment.[34]

Table 2.1: Potential funding disbursement models

Component	Option one	Option two	Option three
Borrowing for investment in future fund	$10bn in year 1	$10bn in year 1	Three tranches of $3.33bn over three years for a total of $10bn
Support mechanism for dwelling delivery	• $350m per annum to Housing Australia in the first 5 years before, increasing to $500m annually in subsequent years • Only availability payments • $330m provided for acute housing over 5 years	• Fixed $180m per annum to Housing Australia for social and affordable homes via availability payments • Variable disbursement of $120m per annum for acute housing and other housing programs with $330m provided for acute housing over 5 years	• Upfront capital grants only • $330m acute housing funding may be provided
Dwellings delivered	25,325 social and affordable homes (2:1 ratio) delivered by Housing Australia Between 3,200 and 4,650 social dwellings delivered by DSS	13,000 social and affordable homes (2:1 ratio)	Unable to estimate number to be delivered due to uncertainty in annual investment distribution
Debt interest	Federal Budget	Offset over forward estimates against fund investment returns, with consequential reduction in fund distributions	Offset over forward estimates against fund investment returns, with consequential reduction in fund distributions

Source: Department of Social Services policy proposal.

2.15 The October 2022 policy advice included a recommendation that a guaranteed provision of between $350 and $415 million per year be made to Housing Australia, with Treasury managing the disbursement policy and related accounts. The advice was in response to consultation with private sector stakeholders, who expressed concern at the potential volatility of fund returns and therefore uncertainty in the funds Housing Australia would have available each year, which would cause projects to have this uncertainty priced in.

2.16 Option one, providing Housing Australia with a guaranteed sum of $350 million per year, was modelled to return 25,325 homes, with a further 3,200 to 4,650 to be delivered by DSS. The impacts of investment return volatility and the overall risks of non-delivery of the target number of homes was later reiterated by Housing Australia in its submission on the proposed enabling legislation in January 2023 (see paragraph 2.73).

34 Australian Labor Party, *Safer and More Affordable Housing: Labor's Housing Australia Future Fund*.

Design — after October 2022

2.17 After taking over design of the HAFF from DSS in October 2022, Treasury through advice on the financing mechanisms and risk assessment activities (see paragraphs 2.31 to 2.42 and 2.45 to 2.62, respectively) developed the HAFF into its current form. This is described as a 'dedicated investment vehicle' where returns are used to provide funding to 'support and increase social and affordable housing' through availability payments, 'up-front grants funded through HAFF disbursements', and concessional loans.[35]

2.18 While the Housing Australia Future Fund Bill 2023 (HAFF bill) underwent passage through the Parliament, Treasury undertook a range of consultation activities (see paragraphs 2.79 to 2.87), and advised government on the implementation of the NHAF (see paragraph 2.27). It also continued to advise government on HAFF implementation matters such as the investment mandate and funding mechanisms.

2.19 The HAFF bill was passed by the Parliament in September 2023, with Royal Assent taking place on 23 September 2023. In the Parliament, the bill was amended to: bring forward the statutorily-required review of the program from December 2028 to December 2026; specify the total amount to be debited to Housing Australia in a financial year for its use in HAFF programs; and defined matters relating to the amounts to be credited in a given financial year, and how these credits are to be managed. The HAFF was established on 1 November 2023.[36]

2.20 Subsequent to its establishment and the development of the overall HAFF funding model and mechanisms, advice from Treasury to the government focussed on the development of advice for round one of the HAFF program which was to be delivered by Housing Australia.

Alternative policy options

2.21 In developing policy, the *Australian Government Guide to Policy Impact Analysis* states that entities must 'identify a range of genuine and viable alternative policy options' and 'give the decision maker confidence' that all available options available to a given entity 'or any other portfolio of government' have been considered. The exception to this is election commitments. For election commitments, entities are not required to consider alterative policy options.[37]

2.22 While neither DSS or Treasury conducted analysis or advised government on alternate delivery models in the early design stages of the HAFF, both provided advice on a variety of funding disbursement models as shown in Table 2.1.

2.23 In the impact analysis, Treasury stated that it 'notes that because the HAFF is a Government election commitment, [the] Impact Analysis only compares the policy against the status quo. This approach is consistent with Office of Impact Analysis guidance'.

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35 Department of Finance, *Housing Australia Future Fund*, Finance, Canberra, 19 December 2025, available from https://www.finance.gov.au/government/australian-government-investment-funds/housing-australia-future-fund [accessed 7 January 2026].

36 Future Fund, *Our Funds*, 'Housing Australia Future Fund', available from https://www.futurefund.gov.au/about-us/our-funds#collapse_586bd761-14a6-4e2e-86a6-cf9ffd3b612d [accessed 13 January 2026].

37 Office of Impact Assessment, *Australian Government Guide to Policy Impact Analysis*, Department of the Prime Minister and Cabinet, Canberra, March 2023, p. 20, available from https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf [accessed 11 February 2026].

2.24 There are other examples of Treasury providing advice on alternative mechanisms, as potential treatments for HAFF delivery and timeframe risks.

- In October 2023, Treasury presented alternative options to deliver on the HAFF commitment within the defined policy parameters to mitigate risks of the delivery targets not being met. Government agreed that Housing Australia be given flexibility to support a wider range of project types including the proposed options. These included: repurposing of non-residential assets, such as offices and retail spaces for residential use; renovations of uninhabitable buildings to make them inhabitable; spot-purchases of new or almost completed dwellings; and funding of the states and territories through the Council of Australian Governments Reform Fund to independently develop dwellings. While these options were agreed by government, Treasury advised the ANAO in June 2026 that Housing Australia has chosen to only support the acquisition of newly constructed homes as part of the HAFF.
- In October 2024, consultation with the Victorian government was undertaken on the 'Vic Big Housing Build' program with a focus on Indigenous-focussed programs, and case studies on NSW and Victorian government actions to promote and enable further housing (public and private) development were researched.

2.25 Treasury did not examine comparable models from international jurisdictions to support consideration of delivery risks and alternate financial arrangements of the program. Such examinations may have identified treatments and mitigations for delivery risks, and have presented alternate policy design options. Comparable models include:

- the United Kingdom's Private Finance Initiative where special purpose vehicles are established to borrow funds for asset developments with tax receipts covering repayments over the contract term[38];
- the United Kingdom's Home Building Fund, where public loans are provided to small and medium enterprises to develop housing stock[39]; and
- the United Kingdom's Housing Infrastructure Fund, where grants are issued to local authorities to assist in developing infrastructure to support housing developments.[40]

2.26 The Australian Government partners with the Australian Housing and Urban Research Institute (AHURI).[41] AHURI's research focusses on 'reform priorities for national housing, homelessness and urban policy'[42], and its research output on housing relevant to the HAFF could

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38 United Kingdom National Audit Office, *PFI and PF2*, NAO, London, 18 January 2018, paragraph 2, p. 6, available from https://www.nao.org.uk/reports/pfi-and-pf2/ [accessed 24 March 2026].

39 Homes England, *Guidance: Home Building Fund — development finance*, Government of the United Kingdom, London, 2 February 2022 (updated 28 May 2025), available from https://www.gov.uk/guidance/levelling-up-home-building-fund-development-finance [accessed 24 March 2026].

40 Department for Communities and Local Government, *An Introduction to the Housing Infrastructure Fund*, Government of the United Kingdom, London, 4 July 2017, available from https://www.gov.uk/government/publications/housing-infrastructure-fund [accessed 24 March 2026].

41 Australian Housing and Urban Research Institute, *Strategic Plan 2022–27*, AHURI, Melbourne, available from https://www.ahuri.edu.au/sites/default/files/documents/2023-01/Strategic%20Plan%202022-2027_FA-lores%20singles_0.pdf [accessed 2 April 2026], p. 6.

42 Australian Housing and Urban Research Institute, *Research*, AHURI, Melbourne, available from https://www.ahuri.edu.au/research [accessed 2 April 2026].

have provided insight into appropriate and risk-mitigating policy design which targeted the overall policy objectives. Treasury did not consult with AHURI during the development of the HAFF.

National Housing Accord Facility

2.27 Separate to the HAFF, the government agreed the National Housing Accord (the Accord) with state and territory governments on 25 October 2022.

2.28 The Accord outlines the commitments for different stakeholders[43] involved in delivering on the government's general housing commitments made during the May 2022 election.[44] Included in the Accord commitments for the government were 'support for an additional 10,000 affordable dwellings over 5 years through an availability payment model' and the provision of 'availability payments and other innovative financing techniques through the Housing Australia Future Fund'.[45]

2.29 Treasury provided advice to the government in June 2023 proposing various funding models for delivering the additional 10,000 dwellings. The option agreed was that $350 million be pooled with remaining funds in the National Housing Infrastructure Facility Permanent Fund[46] and be used to fund housing across the first five years of the Accord agreement. This was to enable progress on the additional 10,000 Accord dwellings without being dependent on the progress of the HAFF.

2.30 Further advice in August 2023 — informed by market testing and consultation undertaken by Treasury and Housing Australia — proposed that Housing Australia support delivery of the additional 10,000 Accord dwellings through a mixture of ongoing availability payments and concessional loans. This approach was intended to attract further institutional investment to the sector, one of the key intended outcomes of the government's housing program (see paragraph 2.10).

Financing streams

HAFF financing model advice

2.31 In October 2022, DSS provided advice on potential financial arrangements for the HAFF investment and disbursement models. This advice to government noted the preferred model was to use a $10 billion credit from government debt for the investment fund, with the returns of up to $500 million per year used primarily for availability payments.[47] This approach was preferred as it

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43 'The Accord brings together all levels of government, investors, and the residential development, building and construction sector to unlock quality, affordable housing supply over the medium term'.
Treasury, *National Housing Accord*.

44 Parliament of Australia, *Budget Review Article, October 2022–23: Housing measures*, Australian Government, Canberra, 2 November 2022, available from https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/Research/Budget_Review/October_2022-23/HousingMeasures [accessed 13 January 2026].

45 Treasury, *National Housing Accord*, p. 2.

46 The National Housing Infrastructure Facility Permanent Fund was an initiative 'administered by Housing Australia that provides loans and grants to support the delivery of more social and affordable homes' on behalf of the government.
Housing Australia, *National Housing Infrastructure Facility (NHIF),* Housing Australia, Sydney, available from https://www.housingaustralia.gov.au/national-housing-infrastructure-facility-nhif-1 [accessed 9 February 2026].

47 As part of the measure, the government agreed to guarantee disbursements to Housing Australia, ensuring that in years where returns are lower, the difference would be covered by the government.

was seen as the best option to draw in private investment in housing by providing financial assuredness to private investment partners on the sustainability of HAFF funding.

2.32 Treasury engaged Paxon Group to develop a HAFF financing model in March 2023. This model was to predict housing outputs based on a variety of factors under different models of the HAFF. The model was further discussed, and its input parameters varied, throughout the development of the HAFF.

Peer review

2.33 Treasury commissioned a peer review of the March 2023 HAFF financing model. The peer review was to provide advice on the assumptions, financial costs, economic returns and delivery options included in the initial model. The peer review was produced by AECOM Australia Pty Ltd (AECOM), also in March 2023. The review found that 'the structure and inclusions of the model appear appropriate'.

2.34 AECOM's findings noted that the HAFF is a complex program being delivered nationally across different jurisdictions and markets, and as such modelling relies upon national averages. It was noted that construction and housing markets differ across and within state and territories. This reliance on national averages was stated as a significant risk of not taking into account potential constraints and barriers which may impact the deliverability of the HAFF. AECOM stated a number of the core modelling assumptions may not accurately reflect current market conditions, and may provide an overly optimistic view on expected financial costs and economic returns. AECOM's report stated that 'Despite these optimistic assumptions, the scenarios included in the model suggest the number of social and affordable houses to be delivered under the HAFF may not meet [or] exceed 30,000'.

2.35 AECOM identified five 'high priority issues' which could have 'the largest potential impact[s] on the outcome of the HAFF'. The issues identified by AECOM were as follows.

- Development period[48] — the development period initially provided in the model of two years was not enough to 'ensure there is sufficient time to finalise arrangements and construct dwellings', and should be extended to three years.
- Construction tranches — the tranches for construction over the lifetime of the program needed to be updated to better reflect program maturity as it develops, with AECOM recommending that further analysis is undertaken to 'test the suitability of the construction tranches and the ability of the market to construct 30,000 social and affordable houses by 2028–29'.
- Construction cost escalation — construction cost calculations needed to be updated to reflect market conditions, with AECOM recommending that the model 'increase the construction cost escalation to 4 per cent from 2023–24 and 2024–25, reducing to 3 per cent from 2025–26'.
- Maintenance cost escalation — the maintenance cost calculations should be updated to better reflect market conditions and likely maintenance costs, with AECOM recommending that the model 'adopt a more conservative escalation rate of 5 per cent per annum, as the average long term price increase representing these services'.

48 The development period is the time take to construct a new dwelling from planning approval to completion.

- Maintenance expenditure and lifecycle costs — maintenance expenditure and lifecycle costs needed to be updated, with the maintenance period to be reduced and a 'mid-life refurbishment period added to the model to meet current standards and market conditions'.

2.36 Updates to the model parameters related to the construction and maintenance costs were made. Treasury advised the ANAO in March 2026 that the two recommendations on development periods and construction tranches were not incorporated due to their conflict with the required government outcomes for the delivery of social and affordable housing. That is, updating these assumptions would not have allowed the delivery of the target homes within the required timeframe.

Key assumptions

2.37 Key assumptions included in the model are outlined in Table 2.2.

Table 2.2: Financing model assumptions

Model factor	Assumption
Development costs	
Land acquisition cost per dwelling	$175,000
Construction cost per dwelling[a]	$350,000
Development period	2 years
Construction cost escalation	2.5% per annum
Operating costs	
Average market rent	$550 per week
Rent escalation	3% per annum
Affordable rent[b] (74.99% of market rent)	$412 per week
Social rent[b]	$230 per week

Note a: Construction estimate based on a two bedroom, 1.5 bathroom unit in a multi-dwelling development.

Note b: The amount of rent charged to a tenant living in an affordable or social dwelling.

Source: AECOM report.

Model as it was implemented

2.38 The investment mandate defines the mechanisms by which financing can be provided by Housing Australia to recipients of HAFF funding. It states that projects may be financed by loans and grants as single or multiple loans or grants, or combinations of these.[49]

2.39 The key difference between the initial preferred financing option, as discussed in paragraph 2.31, and the investment mandate is the inclusion of loans (see paragraphs 2.73 and 2.78). As part of its ability to provide loans, Housing Australia can provide concessional loans with one or a combination of the following attributes:

- longer loan tenures than those offered by commercial financiers;

49 Housing Australia Investment Mandate Direction 2018, section 28H.

- lower interest rates (including no interest) than offered by commercial financiers;
- extended periods of capitalisation of interest beyond project completion;
- deferral of loan repayments or other types of tailored loan repayment schedules; and
- lower or different fee structures than those offered by commercial financiers.[50]

2.40 Advice provided by Treasury to the Minister recommended the primary use of 'interest-free subordinated loans' (i.e., concessional loans) for delivery of the HAFF housing targets. This recommendation was based on advice from Housing Australia which it had developed through analysis of stakeholder feedback and modelling, and noted that this model would best help to:

- 'encourage increased institutional investment in social and affordable housing';
- 'provide a perpetual revenue stream to fund increases in the supply of social and affordable housing over the long term'; and
- 'support the development of the sector as an investable asset class'.

2.41 The inclusion of a concessional loan capacity within the HAFF Facility was approved by the Prime Minister on 3 February 2023, and was proposed in response to Housing Australia's consultation on the draft legislation (see paragraph 2.73) whereby Housing Australia put forward the view that allowing it to provide HAFF funding through 'loans (as well as grants) would provide them with needed flexibility to better [oversee] and enforce the ongoing provision of social and affordable housing'. There was a concern that availability payments alone would not sufficiently support the development and ongoing management of social and affordable housing.

2.42 In the same way as for HAFF projects, under the investment mandate, Housing Australia can use loans, grants, or a combination of these to provide funding to NHAF projects.[51] See Table 1.3 for the expenditure estimates through concessional loans under the HAFF and NHAF programs.

2.43 As part of the HAFF, Housing Australia is providing interest free loans to participants, with full repayments at the end of the 25-year term. The loans are funded through an annual appropriation to Treasury for the purposes of loaning the funds to Housing Australia on the same terms — that is, interest free and repayments only being required where payments are received from the underlying borrower.

2.44 The loans represent a significant cost to the government in interest due to higher borrowings over the life of the HAFF. The ANAO estimates that the cost to government of HAFF concessional loans will be around $221 million per annum (based on an interest rate of 4.926 per cent[52]) representing the borrowing costs for the budgeted loans of $4.491 billion under the program.

50 Housing Australia Investment Mandate Direction 2018, section 28H(3).

51 ibid., s28V.

52 The Australian Government 10-year bond rate as at 7 April 2026.

Considerations of risks as part of advice to government

2.45 Treasury provided advice to the Minister in December 2022 which identified risks to the delivery of the announced commitments under the HAFF. These risks related to:

- the possibility of the fund to experience negative investment returns in the early years compounding to deplete the fund's capital balance as disbursements are drawn and impact its ability to support the delivery of targets; and
- structural limitations on increasing housing stock stemming from construction industry capacity.

2.46 The advice proposed that disbursements of $300 million commence in 2024–25 — making this the first year for disbursements, rather than 2023–24 — which would allow any further returns to be used as compounding capital for investment, thus reducing longer term impacts of negative returns in early years. The advice emphasised that the 'sustainability of the HAFF's initial capital will need to be balanced against the Government's ambitious commitments'. No mitigants to the noted risk on construction industry delivery capabilities were discussed.

2.47 Treasury also provided advice on other risks as discussed in the following paragraphs.

Delivery and outcomes risk

2.48 Advice provided to the Minister throughout 2023 noted risks related to achieving the HAFF Facility target. For example, in June 2023 the following advice was provided:

> the 30,000 dwellings commitment may not be reached … updated modelling reinforces that the HAFF delivery model agreed by Government to date … is unlikely to achieve the target of 30,000 dwellings in 5 years.

Stakeholder consultation period

2.49 Advice provided in December 2022 ahead of consultation on the proposed enabling legislation for the HAFF noted that the short public consultation period may:

- limit the ability of stakeholders to provide feedback;
- limit options to modify legislation based on stakeholder feedback, raising the risk that the consultation process could be 'viewed as disingenuous'; and
- put pressure on the timeframes for introducing legislation to the Parliament, depending on the changes required based on stakeholder feedback.

Legal risks

2.50 Treasury advised government on potential legal risks to the HAFF.

- DSS sought legal advice from the Australian Government Solicitor (AGS) in August 2022.
- Treasury considered this advice as it worked on the HAFF's design from November 2022 to January 2023. Treasury reiterated the potential legal sensitivities, as noted in the original advice provided to DSS, in submissions to government in October, November, and December 2022.
- After seeking further advice from AGS on the risks in December 2022, Treasury provided reporting of this advice to government in January 2023.

2.51 There was a legal risk related to specific aspects of the election commitment. In the design of the HAFF, this risk has been mitigated in line with legal advice.

2.52 As outlined in paragraph 2.4, the election commitment included that 4,000 homes would be 'allocated for women and children fleeing domestic and family violence and older women on low incomes who are at risk of homelessness' and '10,000 affordable homes for the frontline workers like police, nurses and cleaners'.[53]

2.53 Treasury advised government in October 2023 on the risks associated with the election commitment, including legal issues identified in the AGS advice in relation to the targeting of particular demographics.

2.54 Treasury recommended that to avoid legal challenges on these targets, that the investment mandate only require Housing Australia to have regard to delivery of the 30,000 homes target, and that these be 'well-located'. It also recommended that the sub-targets of providing 4,000 homes for women and children impacted by family and domestic violence, and that of providing 10,000 affordable homes for essential workers are 'articulated generally in the Explanatory Statement accompanying the amendments to the Investment Mandate'.

2.55 Following this advice, the explanatory memorandum stated that the government 'intends to use disbursements to build' dwellings for these target groups.[54] The investment mandate makes no specific references to targets for these cohorts.

Temporal and planning risks

2.56 Treasury advice from June 2023 noted that the then-current HAFF design meant 'that around 25,000 dwellings could be supported'. The advice proposed options to provide further upfront financing to community housing providers to reduce the gap between funding requirements and financing being provided by institutional investors. Further advice provided in the same month, which referenced a Treasury-commissioned review, noted similar risks to delivery capabilities — notably that complex and inefficient planning systems across different Australian jurisdictions created friction to any funded programs, planning approvals moving beyond required timeframes, and resistance to high-density developments in many areas.

2.57 Treasury highlighted a significant timeline risk to government, due to the time taken for the legislation to pass the Parliament and become law. In response to the temporal risks to delivery arising from the legislation's consideration by the Senate, Treasury sought permission from the Prime Minister in July 2023 to amend the Housing Australia's investment mandate to allow it to prepare for HAFF activities prior to legislative passage.

2.58 Following the Prime Minister's approval, Treasury prepared amendments to the mandate, which was provided to government in September 2023 and allowed Housing Australia to 'solicit

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53 Anthony Albanese, *Housing Australia Future Fund*, Australian Government, Canberra, 13 May 2021, available from https://webarchive.nla.gov.au/awa/20221025083616/https://anthonyalbanese.com.au/housing-australia-future-fund [accessed 24 March 2026].

54 The Parliament of the Commonwealth of Australia, Housing Australia Future Fund Bill 2023; National Housing Supply and Affordability Council Bill 2023; Treasury Laws Amendment (Housing Measures No. 1) Bill 2023, explanatory memorandum, p. 18 and paragraph 7.6, p. 93, available from https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r7061_ems_f5ea28e7-2d21-456a-94ae-c4d73c22ff7d/upload_pdf/JC010507.pdf;fileType=application%2Fpdf [accessed 11 February 2026].

applications for HAFF financing' without permitting it 'to actually make offers or enter into contracts to provide the HAFF financing' until the legislation was passed.

Builder accreditation

2.59 The *Federal Safety Commissioner Act 2022* (FSC Act) requires the Commonwealth to:

> only enter into contracts to directly or indirectly fund new construction where the builder is accredited under the Work Health and Safety Accreditation Scheme (Scheme), with some exemptions for projects below certain monetary thresholds or composed of single dwellings only.[55]

2.60 In December 2023, Treasury began to consult with the Office of the Federal Safety Commissioner (OFSC) to discuss the applicability of the FSC Act and the accreditation of builders who would potentially operate under the HAFF. Treasury expressed concern to the OFSC 'around the number of WHS accredited FSC Act Scheme builders in remote and regional areas to deliver HAFF and NHAF building targets in the ideal timeframes', given the requirement for these builders to be accredited under the FSC Act Scheme. Treasury advised government in March 2024 of this risk.

2.61 Concurrently, Treasury worked with the Department of Employment and Workplace Relations, subsequently recommending government increase support for the OFSC to ensure builders meet Commonwealth safety standards, including by providing:

> prioritised wrap around support to residential builders tendering for funding under the HAFF and Accord, establish a new outreach function, and expand the OFSC to cater for the increased workload.

2.62 This advice was provided with a caveat that there would still likely be delays to program rollout, as there would still be lengthy periods before builders became accredited therefore affecting the commercial attractiveness of scheme participation. Treasury has continued to meet with the OFSC to discuss and monitor builder accreditation, with meetings occurring 12 times in 2024 and six times in 2025. The primary risk discussed between the OFSC and Treasury related to the ineligibility of builders for HAFF funding where they have not been accredited by the OFSC, and how this may impact the ability of the HAFF to provide adequate housing in regional areas.[56]

2.63 As at March 2026, the OFSC advised the ANAO that 41 builders have gained accreditation through its fast-tracking of HAFF-builder accreditation applications — 13 in 2024, 25 in 2025, and three in 2026. A further 31 builders were having their applications processed through this accelerated process. The HAFF has caused the number of applications processed by the OFSC to increase by 79 per cent from 2023–24 to 2024–25, from 34 to 61 applications completed in each financial year.

Impact analysis

2.64 An impact analysis is an assessment undertaken by a government entity when a program or policy it is developing and/or implementing may have 'more than a minor change in behaviour or

55 *Federal Safety Commissioner Act 2022*, section 43.

56 Office of the Federal Safety Commissioner, *Scheme Accreditation*, FSC, Canberra, available from https://www.fsc.gov.au/scheme-accreditation [accessed 6 January 2026].

impact for people, businesses or community organisations'.[57] The analysis incorporates a standardised set of questions to understand the potential impacts of a given policy or program.[58]

2.65 After the completion of the first round of the HAFF, Treasury submitted a finalised version of its impact analysis, titled *Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord*. The submission to Office of Impact Analysis occurred on 8 July 2024.[59] The final version was reviewed by the Office of Impact Analysis and determined to meet the minimum requirements of the *Australian Government Guide to Policy Impact Analysis.*[60] The submission was noted as having the opportunity to have been improved through more quantification of benefits.

2.66 This impact analysis had initially been drafted for government ahead of the 2022 October Federal Budget to support the development of the measure, with updates provided during the development process 'to incorporate new findings and data from external sources along with the feedback and outcomes of the multiple public and targeted consultation processes'. It underwent multiple drafts as Treasury worked with the Office of Impact Analysis and other government entities to finalise the analysis.

2.67 The impact analysis provided the following as likely net benefits of the policy.

- Mixed funding mechanisms through availability payments and concessional loans will maximise the value and availability of HAFF funding for affordable and social housing development.
- The delivery of social and affordable housing will reduce direct and indirect costs to taxpayers through linkages to outcomes such as health quality.
- The community housing sector will be strengthened, and be able to continue to increase community housing stock and quality beyond that funded directly through the HAFF and the NHAF.
- Private capital will be attracted to social and affordable housing, meaning development can occur at an accelerated rate compared to when funding is only provided by governments.
- The construction industry can be better utilised to address an underserviced sector of housing production.

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57 Office of Impact Analysis, *User Guide to the Australian Government Guide to Policy Impact Analysis*, Department of the Prime Minister and Cabinet, Canberra, August 2025, p. 5, available from https://oia.pmc.gov.au/resources/guidance-impact-analysis/user-guide-australian-government-guide-policy-impact-analysis [accessed 11 February 2026].

58 Office of Impact Analysis, *The 7 Impact Analysis questions*, Department of the Prime Minister and Cabinet, Canberra, 10 July 2023, available from https://oia.pmc.gov.au/resources/guidance-impact-analysis/7-impact-analysis-questions [accessed 11 February 2026].

59 Department of the Treasury, *Supporting social and affordable housing under the Housing Australia Future Fund and the National Housing Accord*, Treasury, Canberra, 8 July 2024, available from https://oia.pmc.gov.au/published-impact-analyses-and-reports/supporting-social-and-affordable-housing-under-housing [accessed 21 October 2025].

60 Office of Impact Assessment, *Australian Government Guide to Policy Impact Analysis*, Department of the Prime Minister and Cabinet, Canberra, March 2023, available from https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf.

2.68 The impact analysis estimated that disbursements from the HAFF would support availability payments of $15,000 per year for 30,000 social and affordable homes. As shown in Appendix 5, the impact analysis underestimated the cost of availability payments.

Was appropriate stakeholder consultation undertaken?

Treasury undertook public consultation in designing the HAFF which included consultation with participants across industry and governments (Australian Government and states and territories). It collected stakeholder feedback, and used this feedback to inform its understanding of risks and to design the policy, including in relation to Housing Australia's investment mandate and the *Housing Australia Future Fund Act 2023*. It reported on stakeholder engagement in advice to government. Matters escalated and acted on included: providing a definition of affordable housing; specifying investment focusses on non-urban areas; and undertaking measures to ensure consideration of factors specific to Indigenous housing concerns. Treasury did not develop an overall stakeholder consultation plan and did not consult directly with end-users and potential tenants.

2.69 The Delivering Great Policy Model requires that policy developers are 'well informed' in their development activities. This includes the following components related to stakeholder consultation:

- that quantitative and qualitative evidence is gathered as appropriate to inform decisions;
- policies are developed in conjunction with those affected by the policy itself; and
- stakeholders within and outside the Australian Public Service are involved in design and consultation.[61]

2.70 Treasury did not produce a stakeholder engagement plan to support its overall design of the HAFF and the NHAF, however a plan was developed specifically for consultation with stakeholders on the investment mandate. Treasury undertook a range of stakeholder consultation activities in development of the HAFF more generally, including:

- public consultation on the draft HAFF-enabling legislation (December 2022 to March 2023); and
- consultation with industry bodies and representative groups on the design of the program and the investment mandate (March to December 2024).

Legislation consultation period, December 2022 to March 2023

2.71 The legislation to enable the establishment and operation of the HAFF was introduced to the House of Representatives (the House) on 9 February 2023; it was passed by the House six days later and introduced to the Senate on 6 March. After the legislation was passed through the Parliament and received Royal Assent in September 2023, Housing Australia was enabled to use the returns generated from the HAFF.

61 Australian Public Service Commission, *Well informed*, APSC, Canberra, 14 July 2025, available from https://www.apsacademy.gov.au/aps-craft/strategy-policy-evaluation/delivering-great-policy/well-informed [accessed 12 February 2026].

2.72 Treasury opened the HAFF bill to public consultation in December 2022, with 24 days from 19 December 2022 to 11 January 2023 to provide a response, of which 15 were business days not otherwise a public holiday.[62] Of 45 submissions provided in response to the Housing Legislative Package, 44 have been made public.

2.73 Housing Australia's submission was not made public. Its submission noted that the target delivery of 30,000 dwellings in five years was only likely if HAFF revenues were reinvested in the fund 'in the early years' so as to increase later returns. Housing Australia's modelling also showed that without external funding through government appropriations, the nominal cap on disbursed investment returns of $500 million per year was unlikely to produce the required housing deliverables.

2.74 Housing Australia also noted in its submission that, since the October 2022 Federal Budget announcement of the fund and policy intent, it had been undertaking stakeholder consultation with entities such as community housing providers, major banks and investment institutions, developers, builders, and state and territory governments. This was used to inform Housing Australia's assessment that 'the 30,000 dwellings in 5 years commitment cannot be achieved using a grants or direct availability payments to CHPs [community housing providers] approach', and that mechanisms to 'leverage private investment into the CHP sector using the perpetual HAFF income stream' would be needed. Housing Australia stated that the exposure draft and explanatory material for the legislation (as it was then written) did not 'provide sufficient confidence to institutional investors that the Commonwealth will underwrite the ongoing contractual obligations' for the financing of 30,000 homes over 25 years'.

2.75 The publicly available submissions contained the following themes.

- There was little time to consult on the proposed legislation — multiple submissions suggested that stakeholders would have preferred more time to examine the proposed legislation.
- There were ambiguities in defining outcomes, roles, responsibilities in discussions of program risks and delivery.
- Indigenous populations and other marginalised groups were not as carefully and deliberately considered for direct resourcing given their status as over-represented groups.
- There were calls for embedded and defined stakeholder consultation commitments from non-governmental organisations and state/territory organisations, given their ongoing roles in delivering and monitoring housing/community support services.
- There were concerns raised that the program design did not appropriately target initiatives and developments to address geographic- and demographic-specific areas and factors of housing stress.

62 Department of the Treasury, Housing Legislative Package – Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and Amendment Bill, Treasury, Canberra, n.d, available from https://treasury.gov.au/consultation/c2022-343652 [accessed 3 November 2025].

- There was concern from sector participants, both private for-profit development entities and non-profit community groups, that ambiguities in initial drafting of legislation did not provide long-term certainty for their participation.

2.76 Treasury provided a summary of stakeholder feedback to government in January 2023. The advice noted that there was general approval of the policy intent by stakeholders consulted. The advice highlighted the following feedback:

- The legislation should allow Housing Australia to use loans in addition to availability payments.
- Greater certainty should be given on Housing Australia's ability to meet long-term payment obligations.
- Terms should be defined in legislation (social housing, affordable housing, acute housing);
- References to specific cohort groups should be removed.
- There should be an independent assessment to provide confidence that allocations are based on evidence.
- There should be regular reporting on outcomes and other metrics.

2.77 Treasury provided a list of proposed amendments to the proposed legislation to the Treasurer, Minister for Finance, and Minister for Housing. These amendments were agreed to, and included:

- expanding the Housing Australia board to reflect the increased functions required of the board and the breadth of skills needed to address its functions;
- recommending that the Housing Australia board include at least two members who have experience with social and affordable housing, and include members of Aboriginal or Torres Strait Islander heritage to increase cultural awareness capabilities;
- replace and/or qualify specific terminology to better reflect the operations of the housing sector both within and outside of its interactions with Housing Australia; and
- rewording of certain passages to take emphasis away from urban planning specifically and reworking to a general focus on dwellings regardless of setting.

2.78 Within this advice to government, Treasury also recommended that Housing Australia be permitted to provide HAFF funding through loans as well as grants (availability payments). The Prime Minister approved via letter to the Minister the inclusion of loans in the HAFF Act.

Consultation with stakeholders on design, March to December 2023

2.79 Treasury met with PowerHousing[63] and KPMG[64] in March 2023 to discuss different financing models (availability payments, concessional loans and grants) for the program and government budget impacts. Two further stakeholder meetings occurred in the final quarter of 2022–23, with Treasury meeting with Housing Australia in April 2023 to discuss initial policy design and

63 PowerHousing and the Community Housing Industry Association (CHIA) merged in 2025. PowerHousing then, and CHIA now, work as national peak bodies for the community housing sectors.

64 KPMG was contracted by PowerHousing to advise it on possible financing models in support of PowerHousing advocacy with government.

private-sector interactions; and with Community Housing Industry Australia, PowerHousing, Lighthouse, and the National Aboriginal and Torres Strait Islander Housing Association to discuss private-sector attractiveness and balancing of financing opportunities.

2.80 Treasury undertook a range of stakeholder consultation activities in support of its design of the HAFF and the NHAF. Between March and December 2023, Treasury held 25 meetings with stakeholders, including: state and territory government entities; investment management firms; legal services firms; Commonwealth entities; regulatory bodies; First Nations peak bodies; and community housing groups.

2.81 Areas covered in these meetings included: operational matters for the delivery of funding (for example application of needs based assessment rather than solely value for money); clarification of program specifics such as technical definitions and government targets; focus on Aboriginal and Torres Strait Islander peoples; and coordination of the program outcomes with state/territory and private sector capacities. Treasury iteratively reported to government on matters raised during consultation, with incorporation of feedback occurring across program development such as adoption of definitions of a definition for affordable housing (see paragraph 2.84), and a greater focus on Indigenous housing providers in HAFF round three (see paragraph 2.105).

Investment mandate — November 2023

2.82 Treasury undertook targeted stakeholder engagement on the draft investment mandate. This included engagement with 13 entities in November 2023, including all states and territories, PowerHousing, the Community Housing Industry Association, Lighthouse Infrastructure, and the Australian Building Codes Board.

2.83 There was a two-week public consultation on the draft investment mandate[65] which concluded on 8 November. Treasury received 40 written submissions, and held roundtable and bilateral meetings with key stakeholders. Major themes of this feedback included: providing an explicit definition of affordable housing; flexibility with regards to the National Construction Code 2022; energy efficiency and design requirements; and the inclusion of a specific objective to develop the community housing sector. This feedback was considered and provided in advice to government, along with recommended actions to amend the investment mandate.

2.84 Following this consultation, Treasury proposed a definition of affordable housing to government, whereby the rental rate must not exceed 74.9 per cent of otherwise obtainable market rate and that this is capped at 30 per cent of median household income. This definition of affordable housing was drawn from 'established market interpretation'[66] of legislated definitions, such as in the *A New Tax System (Goods and Services Tax) Act 1999*, where the supply of accommodation at less than 75 per cent of costs to the supplier renders that supply GST-free.[67] This definition was not

65 The Housing Australia Investment Mandate Amendment (Social Housing, Affordable Housing and Acute Housing Need) Direction 2023.

66 This establishment of a market definition has also been noted by the AHURI.
Australian Housing and Urban Research Institute, *Developing sustainable affordable housing: a project level analysis*, *AHURI Final Report No. 183*, AHURI, Melbourne, February 2012, section 5.7 'Rent Setting', p. 88, available from https://www.ahuri.edu.au/research/final-reports/183 [accessed 8 April 2026].

67 *A New Tax System (Goods and Services Tax) Act 1999*, subdivision 38-G, s(2).

included in the investment mandate, though is the definition adopted by Housing Australia for the purpose of the HAFF and the NHAF.[68]

2.85 Treasury also recommended to government that a transitional period for National Construction Code (NCC) compliance be established for development applications submitted under the HAFF or the NHAF after 1 October 2023. It also recommended that energy efficiency requirements (and relevant design standards) be phased in along with NCC compliance, and that efficiency requirements could be averaged across multi-dwelling projects. These recommendations were agreed to by government and incorporated into the investment mandate.[69] A recommendation to government for the inclusion of an explicit provision in the investment mandate regarding the growth and development of the community housing provider sector was not agreed to.

2.86 Other investment mandate change recommendations made based on stakeholder feedback included: changing special purpose vehicle establishment timing requirements to coincide with the beginning of Housing Australia financing; the inclusion of a value for money requirement that considers social need as well as cost and yield; explicit consideration of rural, regional, and remote areas; the alignment of Housing Australia's board's advice with social need as well as housing delivery; and the expansion of the Australian Housing Bond Aggregator to fund social housing as well as affordable housing.

2.87 In November 2023, an amendment to the National Housing Finance and Investment Corporation Investment Mandate Direction 2018 (now the Housing Australia Investment Mandate 2018) allowed for Housing Australia to 'undertake preparatory work for the delivery of the Australian Government's commitment', including entering 'into contracts for loans, investments, grants or guarantees relating to the provision of housing' and commencing 'a process for selecting a particular recipient of a loan, investment, grant or guarantee relating to the provision of housing'.[70] This was to occur prior to the first round of the HAFF beginning in January 2024, with the information obtained from these initial applications directed towards 'consideration of the final financing model' for the HAFF and the NHAF and to inform 'any further enhancements' required for the investment mandate.

Consultation with end-users

2.88 While Treasury undertook appropriate consultation with industry and sector stakeholders, there was no direct consultation with the intended beneficiaries of the HAFF. When engaging stakeholders in the design of a program, a sample or representative group of those for whom the program is designed to benefit directly can be used to better inform design consideration. Such

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68 Housing Australia, *Housing Australia Future Fund Facility and National Housing Accord Facility Program Fact Sheet*, Housing Australia, Sydney, January 2024, available from https://www.housingaustralia.gov.au/sites/default/files/2024-01/hafff_nhaf_fact_sheet_-_general.pdf [accessed 8 April 2026].

69 National Housing Finance and Investment Corporation Investment Mandate 2018, s28E(b)ii)), s28E(5(b)), s28S(4(a(i))).

70 National Housing Finance and Investment Corporation Investment Mandate Amendment (National Housing Accord—Preparatory Work) Direction 2023, Schedule 1 - Amendments section 1 inserted subsections 8C(1) to 8C(3) into the Investment Mandate.

consultation may have provided insight into the priorities of intended beneficiaries and informed design, given the specified targeting of tenant outcomes under the HAFF (see paragraph 2.9).

Opportunity for improvement

2.89 In designing programs and policies, Treasury could actively and directly engage with end-users to understand their needs and perspectives, and how they may be affected by said program or policy.

Did Treasury establish effective evaluation arrangements and use these to inform the design of subsequent funding rounds?

Treasury considered some aspects of evaluation during design, but did not establish evaluation arrangements until later into delivery. Treasury has used lessons from funding rounds one and two of the HAFF to advise government on the design of future rounds. In December 2025, following advice from Treasury, government provided additional funding to enable the HAFF housing targets to be met.

2.90 The Delivering Great Policy Model outlines the following components related to considering practical implementation and policy evaluation:

- lessons from the past are incorporated into thinking and design; and
- the wider context which the policy will exist in moving into the future is considered.[71]

2.91 These requirements necessitate the ongoing evaluation and monitoring of programs so as to inform entities on their operations in a timely and accurate manner.

Consideration of monitoring and evaluation arrangements during design

2.92 Treasury advised the government on its monitoring arrangements for the HAFF and the NHAF in 2023. Advice noted that reporting on NHAF-funded dwellings was to be provided to the Minister every six months, and outlined the targets for different housing. Treasury has also continued to advise government on risks associated with the operation of the HAFF, and where relevant on design matters for HAFF rounds (see paragraph 2.96 onwards).

2.93 There was a recognised need for long-term review and monitoring mechanisms in advice provided to the Minister in October 2022 (when the program was being developed by the Department of Finance and DSS — see paragraphs 2.7 and 2.8). Reporting to government has occurred at least annually on proposed allocations of HAFF disbursements through a variety of HAFF-related submissions to government.

2.94 Treasury created an initial Monitoring and Evaluation Framework for the HAFF and the NHAF in August 2024 as part of the HAFF governance framework (see paragraph 3.81). A finalised separate Monitoring and Evaluation Framework, including a program logic, was finalised in

71 Australian Public Service Commission, *Well informed*, APSC, Canberra, 14 July 2025, available from https://www.apsacademy.gov.au/aps-craft/strategy-policy-evaluation/delivering-great-policy/well-informed [accessed 12 February 2026].

February 2025 (see paragraph 3.84). Both frameworks were created following the commencement of the HAFF.

2.95 Under the HAFF Act, the Minister 'must cause reviews of the operation of this Act [the HAFF Act] to be conducted', with the first review due by 31 December 2026 (see paragraph 3.110).[72]

Advice to government on the design of rounds two and three

Round two

2.96 After the completion of round one of Housing Australia's HAFF program, Treasury provided advice to government to inform the design and implementation of round two based on the lessons from round one. Lessons included the following information and feedback.

- Round one saw 13,742 dwellings (9,522 affordable and 4,220 social dwellings) agreed to.[73]
- In round one, there were some difficulties with state- and territory-level interactions. Feedback indicated that the round one processes were inflexible and difficult to pair with existing housing programs.
- A limited number of First Nations housing providers were recommended for funding, meaning that a disadvantaged group was not effectively represented.
- Feedback from community housing providers noted the interactions between private finance and HAFF funding created complexities and deterred participation.

2.97 Based on this feedback, Treasury proposed changes to the investment mandate and how round two would operate compared to round one. These amendments were agreed to in December 2024 and included:

- providing project proponents more flexibility in sourcing finance — private finance was to be encouraged but not elevated above other funding sources, unlike in round one — the experience of round one suggested that higher than expected availability payments were associated with high external funding costs;
- requiring Housing Australia to consult with the states and territories on social housing priorities, and other strategic directions for housing;
- requiring Housing Australia to engage with First Nations providers and to promote the HAFF and the NHAF to these providers;
- improving ministerial oversight of the HAFF and the NHAF by expanding quarterly reporting to include information on the average cost of social and affordable houses produced through the HAFF Facility and the NHAF; and
- Treasury to work with Housing Australia to develop social housing targets for upcoming rounds.

2.98 Further advice and design work by Treasury in December 2024 shifted the focus of round two to targeting social housing needs across states and territories, as informed by the relevant jurisdictions, and signalled confirmation of round three's timing to provide certainty to the

72 *Housing Australia Future Fund Act 2023*, section 65.

73 Under the finalised contracts as of 30 April 2026, 13,398 dwellings are contracted to be delivered.

market. Housing Australia's announcement for round two directly referenced its desire for state and territory government to apply for funding.[74]

2.99 In October 2024, Treasury advised government on HAFF funding, and recommended increasing the capital investment for the HAFF to enable additional annual disbursements due to higher-than-expected disbursement costs in meeting the 30,000 home HAFF target. Government agreed to the recommendation as a decision taken but not yet announced. A revised proposal for increasing capital investment in the HAFF was proposed for inclusion in the 2025–26 Federal Budget but it was not agreed.

Round three

Mid-Year Economic and Fiscal Outlook 2025–26

2.100 After round two closed, advice to government from Treasury and Housing Australia on the design of round three noted that the HAFF was not expected to meet its targets, with 9,300 homes less than the target of 40,000 able to be provided under the status quo. The advice provided in October 2025 and stated that extra funding was required from 2037–38 to address a budget shortfall if the initial target of 40,000 total homes was to be achieved. The advice provided two options: one to increase funding and therefore meet the HAFF and the NHAF targets; and an alternative where new funding was not provided and targets were not met. This followed advice provided in March 2025, which also recommended further capital injections and appropriations for Housing Australia to deliver HAFF projects.

2.101 In the Mid-Year Economic and Fiscal Outlook 2025–26, the government committed to providing an additional $2.6 billion for concessional loans, and $3.1 billion over 15 years from 2037–38 to meet the ongoing costs of availability payments.[75] Further, the government increased its guarantee of Housing Australia's liabilities by $18 billion (to $44 billion) so as to support all projects as round three progressed.[76]

2.102 As of May 2026, Treasury estimates[77] suggested that 40,000 dwellings could be delivered (18,399 through rounds one and two, and 21,601 through round three) — see Table 2.3.

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74 Housing Australia, *Housing Australia Future Fund Facility opens Funding Round Two*, Housing Australia, Sydney, 16 December 2024, available from https://www.housingaustralia.gov.au/media/housing-australia-future-fund-facility-opens-funding-round-two [accessed 29 January 2026].

75 Australian Government, *Mid-Year Economic and Fiscal Outlook 2025–26*, Commonwealth of Australia, Canberra, 17 December 2025, p. 287, available from https://budget.gov.au/content/myefo/index.htm [accessed 13 February 2026].

76 ibid., pp. 126 and 287.

77 Treasury has defined the total estimated dwellings as to 'include homes in planning, in construction and forecasts for homes that will be supported as the housing program continues to be implemented'.

Table 2.3: Completed and homes estimated for future delivery as at April 2026

		HAFF, NHAF rounds one and two	HAFF, NHAF round three
Completed		1,432	0
Estimated future delivery	2025–26	145	N/A[a]
	2026–27	2,590	N/A[a]
	2027–28	7,238	N/A[a]
	2028–29	6,994	N/A[a]
Total estimated for future delivery		**16,967**	**21,601**
Total completed and estimated		**18,399**	**21,601[b]**

Note a: Not available. These numbers are not presented in this table as round three was open at the time. Housing Australia raised concerns with publishing this data while the round was open.

Note b: As of April 2026, Treasury has estimated that 21,601 homes will be delivered under round three. This is 251 more than the number of homes announced by Housing Australia as being funded as part of round three.

Source: Adaption of Treasury tracking of completed and estimated HAFF and NHAF dwellings.

Lessons learned from previous rounds

2.103 Treasury's estimate of the number of homes to be delivered under rounds one and two decreased by 251 from 18,650 in December 2025 to 18,399 in April 2026. To meet the announced 40,000 homes to be delivered by the program, Treasury has included a compensating additional 251 homes in its estimates of homes to be delivered under round three.

2.104 Treasury advised government in October 2024 of means by which the overall HAFF goal could be achieved in rounds two and three. For round three, this included: encouraging greater private sector participation by promoting a variety of financing sources; streamlining the application process; embedding stronger additionality[78] requirements for states and territories; improving First Nations providers participation; and increasing ministerial oversight.

2.105 In response to stakeholder feedback, Treasury advised government in October 2025 of the following changes that could be made to implement round three.

- Enable applicants to submit applications on demand, rather than in a given window of time so as to reduce deadline pressures on community housing providers (particularly those operating in regional and Indigenous communities). Round three was subsequently implemented as an ongoing and on-demand funding model.
- Introduce an expression of interest process so providers can get feedback on proposed projects quickly without first needing to engage with a costly and complex application process. Round three implemented this expression of interest process.

78 Additionality in this context was described as: a material change to the project's scope (increase in dwellings); bringing forward supply; or demonstrating that the project would otherwise not be viable.

- Incentivise housing providers to partner with First Nations organisations who may not otherwise have access to private sources of capital due to low equity or who may not have the capacity or operational capabilities to deliver dwellings. Round three implementation included a specific call-out for funding to ‘Community Housing Providers, state and territory governments, First Nations housing organisations, developers, builders, financiers and investors’ in an effort to ‘deliver tenant centric housing outcomes’. Implementation also included the development of a ‘First Nations Concierge service to support First Nations housing organisations through the application process’ and funding packages specific to community housing provider-led development partnerships.[79]

79 Housing Australia, *Housing Australia launches Round three to fund 21,350 new social and affordable homes*, Housing Australia, Sydney, 23 November 2025, available from https://www.housingaustralia.gov.au/media/housing-australia-launches-round-3-fund-21350-new-social-and-affordable-homes [accessed 29 January 2026].

3. Delivery

Areas examined

This chapter examines whether the Department of the Treasury (Treasury) has established effective delivery arrangements for the Housing Australia Future Fund (HAFF).

Conclusion

Treasury has established partly effective delivery arrangements for the HAFF. There has been ongoing risk to meeting target timeframes throughout delivery, and associated program costs are greater than expected. The risk that expected program outcomes would not be achieved was identified early in delivery and has been rated as outside Treasury's risk tolerance for most of delivery. This has required escalation to the First Assistant Secretary of the Housing Access and Delivery Division and the Director-General of Housing Group. Following additional funding being provided in December 2025, Treasury revised the rating for this risk to 'medium' in May 2026.

Treasury has not assumed clear responsibility for the overall delivery of the program. The delayed finalisation of most governance and oversight arrangements has limited the ability of Treasury to systematically monitor and manage program risks and performance over time. Once finalised, Treasury has not always implemented governance and oversight arrangements as intended, with sometimes out of date and inconsistent arrangements. Risk management arrangements are insufficient, including for shared risks. Treasury did not have finalised arrangements for assuring Housing Australia's delivery until May 2026. Treasury's approach to monitoring and evaluation was finalised 17 months following program commencement. The monitoring and evaluation approach does not adequately address program impact, particularly expected long-term impacts on social and affordable housing and the efficiency of delivery. Public reporting of program performance is limited in providing transparency on whether the program is efficiently delivering the intended outcomes.

Areas for improvement

The ANAO made five recommendations to Treasury aimed at: ensuring governance arrangements are fit for purpose; the management of program risks, including shared risks; and the program performance measurement and reporting. The ANAO suggested that Treasury could ensure that delivery roles and responsibilities are clear.

Are appropriate governance arrangements in place?

As the policy owner, Treasury has not assumed clear responsibility for the overall delivery of the program. It did not finalise most governance and oversight arrangements for the HAFF until more than a year after the program commenced. Arrangements have now been established, however, there have been gaps in relation to creating Memoranda of Understanding with all acute program entities, and delays in finalising program assurance. Governance arrangements have not always been kept up to date and reviewed, as planned. There are inconsistencies between documented governance bodies terms of reference and their operating practices.

3.1 Governance and oversight arrangements are essential for promoting the proper use and management of public resources and achievement of purposes. Good governance includes identifying roles and responsibilities and clear lines of authority to enable issues to be escalated and resolved, and to allow senior-decision makers to guide program direction.

Initial governance arrangements for the HAFF

3.2 Following the commencement of the HAFF in September 2023, Treasury was slow to establish governance arrangements for the program. Governance arrangements for the acute housing programs were developed in January 2024. Arrangements with Housing Australia were initially documented via an exchange of letters commencing in December 2024 (see paragraph 3.8), before being formalised in a Memorandum of Understanding (MOU) signed in March 2025 (see paragraph 3.12). Initial governance arrangements for the HAFF were focused on financial administrative arrangements (processes required to allow payments by Treasury to recipients).

3.3 Treasury created the HAFF Acute Housing Sub-Commitments Governance Document in January 2024. This document outlines the processes and procedures surrounding the disbursement of funds from the HAFF to support social, affordable and acute housing needs (see Figure 1.1). The annual disbursement allocation and transfer process for HAFF funds, includes:

- providing submissions to the Expenditure Review Committee;
- requesting from the Minister for Finance transfers of funds from the HAFF Special Account;
- transfers of funds from the HAFF Special Account; and
- transfers of funds to relevant administering authorities.

3.4 The Housing Australia Future Fund (HAFF) Governance Framework was developed in August 2024. The framework, excerpted in Table 3.1, identifies high level roles and responsibilities for Treasury and Housing Australia.

Table 3.1: Roles and responsibilities

Treasury's role includes:	Housing Australia's role includes:
• providing recommendations to the Treasurer and Minister for Housing for approval; • establishing program governance architecture; • establishing monitoring and reporting mechanisms; • developing and maintaining program strategies, objectives and plans; • identifying, assessing and managing program level risks and issues; • engaging with stakeholders; and • establishing an assurance framework to ensure that the HAFF program is implemented effectively.	• developing plans and strategies aligned to HAFF objectives, regulatory requirements and best practices; • managing relationships with funding recipients; • administering contracts and monitoring contract performance; • identifying, assessing and mitigating risks; and • establishing monitoring and reporting mechanisms.

Source: HAFF Governance Framework.

3.5 The roles and responsibilities outlined were high-level in nature and did not adequately document how various parties would support program delivery at a process level. The involvement of the acute housing agencies was briefly discussed in the framework.

3.6 In October 2024, Treasury completed an internal audit of the HAFF program. The objective of the audit was to 'assess design activities undertaken by the Treasury in the early phases of implementation for the Housing Australia Future Fund'. The overall conclusion was:

> The design and early implementation of the HAFF Program … has not yet included the development and implementation of key transactional controls and has not yet finalised the establishment of core program management disciplines. As such, key artefacts and processes, that would normally be developed and finalised during the planning phase of a program, were still under development during the conduct of this audit. These ongoing development and implementation activities have been conducted in parallel with a number of key program delivery activities, including the administration of the first round of funding from the HAFF.

3.7 The internal audit made a number of findings to which Treasury undertook a range of actions (see Table 3.2).

Table 3.2: HAFF internal audit findings and Treasury response

Finding	Treasury action
There have been no detailed program objectives designed to establish parameters for measuring the success of program delivery.	Treasury developed a program logic and monitoring and evaluation framework.
Roles and responsibilities for day-to-day program delivery are not currently documented across key stakeholder groups.	Treasury clarified roles and responsibilities of Treasury and external stakeholders through the program management plan.
The Risk Management Plan is currently limited in the extent to which it provides practical guidance on assessing risks and managing shared risk.	Treasury updated the risk management plan to include risk escalation processes and practical processes. Treasury established a shared risk report with Housing Australia. Shared risk with acute agencies included in the HAFF Acute Housing Sub-Commitments Governance Document.
A planned approach to measuring and monitoring the ongoing performance of the HAFF Program is yet to be established.	Monitoring and evaluation plan established.
Appropriate oversight arrangements have yet to be established to support the delivery of the HAFF.	Treasury established the Program Board and Steering Committee to provide oversight of the HAFF. Treasury established decisions register to record key program decisions.

Source: HAFF internal audit and ANAO analysis.

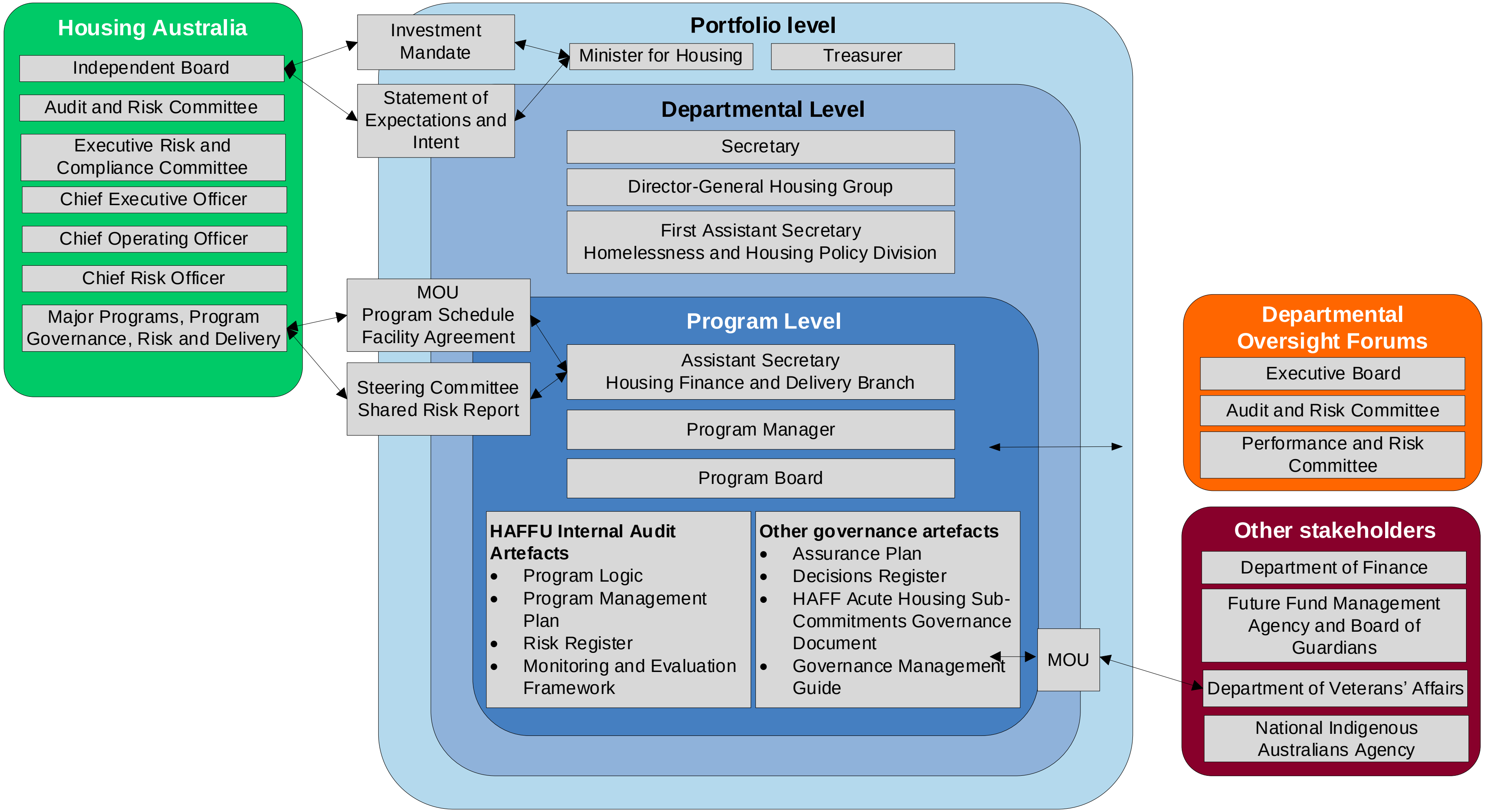
3.8 Through letters between Treasury and Housing Australia, a series of interim arrangements were established in the absence of ongoing governance arrangements. These interim arrangements were to support concessional loan funding arrangements and for payments to the Housing Australia Special Account. These arrangements were in place from 20 December 2024 to 30 September 2025 and have since been replaced with ongoing arrangements.

Ongoing governance arrangements for the HAFF

Roles and responsibilities for the HAFF

3.9 The governance structure for the HAFF is illustrated in Figure 3.1.

Figure 3.1: Governance structure of the HAFF



Source: ANAO derived from Treasury original.

3.10 Roles and responsibilities for the HAFF are established through the program's key governance artefacts: MOU; the HAFF Program Management Plan; the HAFF Risk Management Plan (discussed in paragraphs 3.52 to 3.57); and the HAFF Monitoring and Evaluation Framework (discussed in paragraphs 3.81 to 3.115).

3.11 These documents are supported by other governance artefacts, including the: Assurance Plan; Decisions Register; Acute Housing Sub-Commitments Governance Paper; and Governance Management Guide. The Governance Management Guide was replaced in May 2025 with a governance intranet site.

Memoranda of Understanding

3.12 Treasury has established MOUs with Housing Australia and the Department of Veterans' Affairs (DVA), but not with the National Indigenous Australians Agency (NIAA). It did not have an MOU with the Department of Social Services (DSS) while it was the delivery partner for an acute housing program. The development of an MOU with DSS was halted following the transfer of responsibility for the Crisis and Transitional Accommodation Program (CTAP) acute housing program to Treasury.

- The MOU between Treasury and Housing Australia was signed on 28 March 2025. The MOU outlines the roles and responsibilities of Treasury and Housing Australia, the governance structure, procedures for escalating matters and resolving disputes, and establishes arrangements for risk management and monitoring, evaluation and reporting. The program schedule for HAFF within the MOU was signed on 18 September 2025.
- The MOU between Treasury and the DVA sets out the roles and responsibilities between the two entities in relation to the drawdown by DVA of amounts from the HAFF Payments Special Account. The MOU does not include information in relation to how DVA and Treasury will manage non-financial responsibilities, including sharing of information in relation to program performance. The MOU was executed on 13 October 2025.
- An MOU with NIAA was deemed unnecessary as all funding was provided through the Federation Reform Fund Special Account which is underpinned by Federation Funding Agreements.

HAFF Program Management Plan

3.13 The HAFF Program Management Plan is the 'capstone document summarising key elements of the Housing Australia Future Fund (HAFF) program'. The plan was endorsed on 24 February 2025 and updated on 28 April 2025. It outlines Treasury's internal program management approach and agreed approaches for collaboration with Housing Australia and the acute housing agencies.

3.14 Treasury's roles and responsibilities are outlined in the Program Management Plan, and include: policy settings; financial transfers; and program governance. Additionally, the plan outlines the responsibilities of key internal Treasury roles, including the Senior Responsible Officer (SRO), the Program Manager, and the HAFF Unit.

3.15 Responsibilities for Treasury and other agencies are outlined in a RACI[80] table (Table 3.3). The RACI table indicates that Treasury is to be 'informed' about program delivery and 'consulted' about the monitoring of delivery. This does not properly reflect Treasury's overall accountability. The SRO is a Treasury official with 'overall and ongoing accountability for the successful delivery of the outcome of the program'. An entity with 'responsibility' for program delivery has not been identified, unlike alike all other responsibilities in the table where at least one entity holds 'responsibility' for that activity (relevant row highlighted in blue).

Table 3.3: Program management RACI table

Responsibility	Treasury	Housing Australia	Acute agencies	Department of Finance
Policy settings	R	C	C	C
Acute policy settings	C	I	A	C
Program delivery	I	A	A	I
Monitoring of delivery	C	R	R	I
Reporting	C	R	R	C
Financial transfers	R	R	R	A
Governance	R	R	R	R

Key: R = Responsible; A = Accountable; C = Consulted; I = Informed.

Source: ANAO derived from Treasury documentation.

Opportunity for improvement

3.16 Treasury could ensure its responsibilities for the success of the overall HAFF program are clearly defined, and that program delivery responsibilities are clear. The RACI table could be revised to clarify accountabilities and responsibilities for program delivery.

3.17 The acute housing agencies responsibilities outlined in the Program Management Plan include opening funding rounds, managing individual contracts with program components, negotiating Federation Funding Agreements with the states and territories, and securing approval from the relevant ministers.

3.18 The roles and responsibilities of additional key stakeholders are defined in the Program Management Plan.

- Department of Finance (Finance) is responsible for managing financial transfers consistent with the Minister for Finance's responsibilities under the *Housing Australia Future Fund Act 2023* (HAFF Act) and for engaging with Treasury on policy and costings.
- Future Fund Management Agency is responsible for providing costings and forecasts on the Future Fund related to new policy proposals and settings.

80 A RACI is a tool to identify key stakeholders and what their roles will be throughout a process. It stands for: Responsible (does the work), Accountable (signs off, one person), Consulted (provides input), and Informed (updated on progress).

- Future Fund Board of Guardians is responsible for the management and investment of the HAFF.

3.19 The approaches outlined in the Program Management Plan are aligned with the Treasury–Housing Australia MOU, acute entity MOUs and other governance artefacts. Roles and responsibilities for risk management and monitoring and evaluation are respectively specified in the program's risk management plan (see paragraphs 3.49 to 3.52) and monitoring and evaluation framework (see paragraphs 3.81 to 3.115).

Assurance

3.20 Treasury finalised an assurance plan for the HAFF programs being delivered by Housing Australia in May 2026. The plan was initially drafted in August 2024 with updates to the draft made in December 2025. The finalised plan states that Treasury's assurance will focus on:

- performance optimisation — described as '[enhancing] the efficiency, effectiveness, and quality of tender outcomes through continuous monitoring, evaluation and improvement of tender-related practices and procedures';
- compliance assurance — described as relating to compliance with tender policies, legislation and contractual agreements to maintain program integrity and transparency; and
- risk mitigation.

3.21 The finalised plan outlines that Housing Australia will provide Treasury with an annual attestation from its internal auditor on the accuracy of the reporting data provided to Treasury. The first attestation is due in September 2026. The assurance plan states:

> The annual attestation from Housing Australia allows Treasury to verify the strength of their controls, policies, and systems, ensuring they are robust and promote the efficient and effective use of Government funds. This attestation will show how risks, especially those related to fraud and misuse of funds, are managed and reported. It also reflects Housing Australia's commitment to best practice. The attestation will be integral towards achieving Whole of Australian Government integrity standards and meeting community expectations.

Decisions register

3.22 The HAFF internal audit found that Treasury did not have a mechanism for capturing a record of key HAFF decisions. The internal audit identified that Treasury should 'establish a decision register to support appropriate record-keeping for the making of key program decisions'.

3.23 Treasury developed an initial decision register in December 2024 which retroactively recorded prior decisions made within the program. The register was last updated on 29 January 2025. The most recent decision recorded is dated 13 December 2024. The standalone register has been superseded by the HAFF/Accord policy authority log.

3.24 As at 30 April 2026, there are 49 entries in the policy authority log, with the most recent being March 2026. The log is maintained as a page on the Treasury intranet and records the date of decisions, the document recording the decision and provides a link to the relevant documents. The contents of the policy authority log are predominantly decisions made by the Minister for Housing (Minister) or government and does not incorporate the broader category of key program decisions identified as lacking by the internal audit.

Maintenance of governance artefacts

3.25 Treasury established a Governance Management Guide which outlines planned review periods for governance artefacts and the arrangements to support ongoing governance oversight and maintenance. The ANAO identified inconsistencies between the stipulated review periods in the Governance Management Guide, and those stipulated in governance artefacts themselves. The Governance Management Guide was replaced in May 2025 with a governance intranet site.

3.26 There have also been delays to the anticipated review periods of several governance artefacts, including the Program Management Plan, HAFF Program Risk Register, HAFF Shared Risk Report, and the decisions register.

Operational governance for the HAFF

3.27 Treasury has two key operational governance forums for the HAFF:

- the HAFF Working Group; and
- the Treasury–Housing Australia weekly meeting.

HAFF Working Group

3.28 The HAFF Working Group (the Working Group) was established in April 2025. The terms of reference were endorsed in May 2025 at the group's first meeting. The Working Group was established to support information sharing between agencies involved in the delivery and administration of the HAFF. The Working Group includes representatives from Treasury, Finance, DVA, NIAA, and Housing Australia. The Working Group meets on a six-to-eight-week basis.

3.29 The Working Group receives verbal updates from agencies on the progress of their respective housing programs, including progress on the disbursement of funds and finalisation of contractual obligations, and progress on key governance documentation and policy design, and the coordination of activities between agencies.

3.30 While risk is included as a standing agenda item, the discussion of risk is not clearly recorded in the minutes or other records of Working Group meetings.

Treasury–Housing Australia weekly meeting

3.31 Treasury and Housing Australia meet weekly to discuss the housing programs managed by Housing Australia. During these meetings, Treasury and Housing Australia provide regular updates and collaborate on various matters relating to the operation of the HAFF, including:

- planning for funding rounds;
- progress on prior funding rounds including evaluation processes, contracting, communication plans and timeframes;
- advice and requests from government and the Minister;
- updates on ministerial activities; and
- progress on the establishment of governance artefacts.

3.32 There are no meeting records for 26 out of 72 weekly meetings (36 per cent) held between 14 May 2024 and 11 November 2025. There have been three periods where no meeting was held for five or more weeks (mid-July to mid-August 2024, late February to late April 2025, and July to early August 2025). Treasury advised the ANAO on 12 December 2025 that meetings are scheduled weekly but are sometimes cancelled due to public holidays, staff availability or other operational reasons, and were not scheduled during the 2025 caretaker period.

Oversight arrangements for the HAFF

3.33 Treasury has two key forums to support the oversight of the HAFF:

- the Housing Australia Steering Committee (Steering Committee); and
- the Housing Finance Program Board (Program Board).

Steering Committee

3.34 The Steering Committee met for the first time on 1 November 2024. The purposes of the Steering Committee according to its terms of reference include:

- supporting governance of housing financing programs delivered by Housing Australia[81];
- ensuring that Treasury and Housing Australia have a shared understanding of program performance; and
- supporting the independent roles and accountabilities of Treasury and Housing Australia's accountable authorities.

3.35 The Treasury–Housing Australia MOU states that:

> The Steering Committee will be a forum for information-sharing and decision-making in connection with:
>
> - Shared risks under this MOU;
> - Relevant policy outcomes for Treasury;
> - Program delivery; and
> - Resolution of escalated matters.

3.36 Minutes from the initial Steering Committee meeting on 1 November 2024 state that 'Participants agreed that the SteerCo itself is not necessarily a decision-making forum, noting the role of elected officials and the role of the Housing Australia Board'. This is partially inconsistent with the purpose of the Steering Committee under the MOU which states that the committee will be both a forum for information-sharing and decision-making.

3.37 The Treasury–Housing MOU states that the Steering Committee will be composed of at least six members, three of which will be appointed by Treasury and three of which will be appointed by Housing Australia. The Steering Committee terms of reference state that membership of the Steering Committee consists of two Treasury officers, two Housing Australia officers, and one Finance officer. Additional officers from Treasury and Housing Australia, and officers from the NIAA, DSS and DVA may be invited as observers as needed.

81 This includes all programs managed by Housing Australia, and not just the HAFF Facility and the NHAF.

3.38 The membership of the Steering Committee as expressed in the terms of reference is inconsistent with the membership requirements outlined in the Treasury–Housing MOU. From 1 November 2024 to 25 September 2025, there have been at least three Treasury officers and three Housing Australia officers in attendance at each meeting.

3.39 The Steering Committee receives regular verbal reporting from Treasury and Housing Australia on:

- program delivery status, including outcomes of rounds and progress on contracting;
- design of future funding rounds; and
- progress developing governance artefacts and arrangements.

3.40 The Steering Committee terms of reference state that it will be reviewed annually or as agreed by members. The Steering Committee has not documented a review of its terms of reference in the period since the committee commenced operation in 2024.

Housing Finance Program Board

3.41 The Program Board was established in October 2024. Its terms of reference was endorsed in October 2024 and updated in February 2025. The purpose of the Program Board is to support Treasury's SRO and provide advice on matters across all Housing Australia programs. Its membership includes a range of Treasury officials, with the board being chaired by the Assistant Secretary of the Housing Finance and Delivery Branch.

3.42 The Program Board receives regular reporting from Treasury's Housing Division on the status of the HAFF and on overarching governance arrangements for Housing Australia programs, including recent and upcoming milestones, issues for escalation or discussion and key risks and controls.

3.43 A briefing paper is produced for each meeting of the Program Board. Minutes were not produced for the Program Board in the period reviewed by the ANAO from October 2024 to July 2025. The absence of minutes or a functional decisions register (see paragraph 3.24) means it is not apparent that the board has acted upon reporting received.

Effectiveness of governance

3.44 Under the HAFF Monitoring and Evaluation Framework, Treasury has a performance indicator that relates to the effectiveness of governance arrangements for HAFF. The performance indicator has a narrow focus. It is predominately articulated as the establishment and formalisation of governance bodies, processes and governance artefacts. The simple existence of governance bodies, processes and artefacts does not itself demonstrate that governance is operating successfully, particularly if arrangements are not effectively implemented.

Recommendation no. 1

3.45 Treasury implement policies and procedures to ensure that its governance and information management arrangements are fit for purpose, particularly in relation to:

(a) demonstrating the discussion of substantive matters in relevant governance forums, and that decisions and actions have been recorded and followed to completion; and

(b) recording the review of governance arrangements.

Department of the Treasury response: *Agreed*

Is delivery supported by effective risk management arrangements?

Treasury documented its approach to risk management more than a year after the program was established. It has not regularly reviewed and updated its program risks and has not assessed the effectiveness of controls for each of the risks in a structured manner. A key risk related to the delivery target of the 40,000 homes has been rated 'high' for most of the delivery period. There is a shared risk register with documented controls, but Treasury has not been proactive in seeking assurance from delivery partners in managing shared risks. Treasury's ongoing monitoring of risk for the program is not sufficient and lacks monitoring of long-term risks to program outcomes.

3.46 The Commonwealth Risk Management Policy states that entities should embed risk management into decision-making, document their approach to risk management, define the responsibilities of officials and review their risk management approach and controls periodically.[82]

3.47 The implementation of policy carries with it risk that outcomes are not achieved, or that the achievement of the outcomes requires greater cost or effort. Managing the risks of policy implementation contributes to mitigating the possibility that outcomes are not achieved or are achieved outside of the expected cost or planned resourcing.

Risk management

3.48 Treasury's risk management policy and framework outline the department's overarching expectations and requirements for risk management as well as its structure and approach to risk management. HAFF program risks are reflected in the Housing Group's[83] risk register and further summarised in Treasury's central risk register. The central risk register is reviewed by Treasury's Executive Board twice yearly.

3.49 The HAFF Act came into force on 1 November 2023. The first and second funding rounds for the HAFF program opened on 15 January 2024 and 16 December 2024 respectively.

82 Department of Finance, *Commonwealth Risk Management Policy*, Finance, Canberra, 2022, available from https://www.finance.gov.au/government/comcover/risk-services/management/commonwealth-risk-management-policy [accessed 27 January 2026].

83 Housing Group is a business line within Treasury.

3.50 Treasury commissioned advice from KPMG on 15 April 2024[84] for governance and risk arrangements for the program with a report provided on 4 July 2024. The report recommended that Treasury: define a risk manager role; establish appropriate program risk categories; and establish a risk management plan and align it to enterprise level risks. Treasury accepted 11 of the 14 recommendations. The three recommendations not accepted related to expanding governance beyond just core HAFF program activity and participants to include other housing programs.

3.51 The October 2024 internal audit of the program identified that while the risk management plan created in response to the KPMG advice documented the 'majority of principles required to support program-level risk management, there are currently limitations in the design of the Plan'. Three recommendations related to risk management were made within the internal audit report. They were to improve the definition of roles and responsibilities within the program's risk management plan, document the management of shared risks within MOUs with other entities, and update the risk register to explicitly reference shared aspects of risk management, including roles and responsibilities for risk controls. These recommendations were considered finalised by Treasury's Audit and Risk Committee as of 30 May 2025.

3.52 Treasury approved the HAFF program risk management plan on 24 February 2025, more than a year after the program was established. The plan identifies: roles and responsibilities; processes for the management of program risks, including risk tolerances and risk escalation; and expectations for risk to be reviewed on a regular basis by the different levels of governance. Low or very low risks may be accepted, but medium, high and severe risks must be escalated before being accepted. For the HAFF program risks, medium risks may be accepted by the First Assistant Secretary of the Housing Access and Delivery Division, while high risks require acceptance by the Director-General of the Housing Group. Treasury updated the plan on 31 January 2026.

3.53 Treasury maintains a risk register. The register has seven risks to the delivery of the program, and associated treatments and controls (see Table 3.4). The risk register includes dates for review of risks and controls. Prior to May 2026, the risk register had not been updated for more than a year (last update was 19 February 2025).

Table 3.4: Program risk register extract

Risk	Residual risk rating prior to May 2026	Residual risk rating from May 2026
The HAFF fails to deliver on program objectives to deliver 30,000 new social and affordable rental homes in five years	■	▲
Treasury fails to provide effective policy advice and/or oversight of the delivery of the HAFF program in a manner that supports the achievement of the program objectives and outcomes	▲	◆
HAFF capital is insufficient to support annual disbursements or depletes over time	◆	◆

84 AusTender, Contract Notice — CN4048439.

Risk	Residual risk rating prior to May 2026	Residual risk rating from May 2026
Treasury and/or Housing Australia are unable to attract and retain key staff, and corporate knowledge is not transferred in the event of staff exit	▲	◆
Implementation of the scheme is not in line with HAFF policy intent and/or legislation	◆	◆
External factors impact HAFF	▲	▲
Governance arrangements and communication between the Treasury, Housing Australia and other agencies are ineffective	◆	◆

Key: ◆ Low risk ▲ Medium risk ■ High risk

Source: ANAO analysis of Treasury's program risk register.

3.54 The risk register, prior to May 2026, contained one risk with a residual rating of high — that the 'HAFF fails to deliver program on program objectives to deliver 30,000 new social and affordable rental homes in five years'. The sources identified for this risk do not include consideration that Treasury modelling has not sufficiently identified timeframes and costs to deliver outcomes. Program value for money considerations are included only to the extent that 'program objectives are impacted through inefficient or delayed delivery'. Program complexity contributing to delays in funding is identified as a source of risk. Identified treatments for this risk include informing the Minister of the likelihood of targets not being met, implementing the Monitoring and Evaluation Framework, finalising the MOU with Housing Australia, and development of a HAFF stakeholder communication and engagement plan.

3.55 The May 2026 version of the risk register has revised the rating for this risk from high to medium following the provision of additional funding for the HAFF in December 2025. The associated treatments for the risk have been revised.

Risk reviews and monitoring

3.56 Treasury's Risk Management Policy expects staff to regularly monitor, measure, report and assess risk through formal reporting mechanisms, cycles of risk review and mechanisms to identify emerging risks that have not been formally identified. Treasury's Risk Management Framework states that should a risk eventuate that is anticipated to be outside of Treasury's risk tolerance, the risk should be escalated to a responsible authority.

3.57 The program's risk management plan notes that the program manager will be responsible for collating program risk information and for escalating risks to relevant delegates as required. The plan notes circumstances that warrant risk identification and escalation, and identifies regular workshops to collect feedback and information regarding existing and emerging risks.

3.58 Treasury has not had a structured and documented approach to the review of program risks and controls. As of May 2026, Treasury expects the next review of all seven risks to occur by 1 August 2026. The current risk plan contains a recently added version control panel to record reviews and approvals.

3.59 Regular reviews of risks and controls are necessary to ensure that risks are current and that controls are working as intended to manage risks within risk tolerances. Timely reviews allow for effective monitoring of emerging risks that may require escalation if they are realised.

3.60 Quarterly reporting to the Program Board provides monitoring of high-level risks and controls. The role of the Program Board is to support the SRO and provide advice on matters relating to strategic risk management and risk prioritisation decisions across programs within the Housing Finance and Delivery branch (see paragraphs 3.41 to 3.43).

3.61 Reporting to Treasury's internal governance bodies is discussed in paragraphs 3.20 to 3.26 and includes discussion on the reporting of HAFF-related risks.

Long-term risk monitoring

3.62 In February 2025, Treasury finalised a program logic that identified long-term (25+ years) outcomes for the program as:

- stable and consistent stream of social and affordable housing funding;
- improved socio-economic wellbeing of tenants; and
- increased private sector investment in community housing.

3.63 Treasury has not sufficiently considered long-term risks to the achievement of program outcomes. The risk management plan and risk register largely consider short- and medium-term sources of risk to the delivery of the program's five-year housing target. Risks associated with failing to deliver program outcomes beyond this five-year horizon are limited. Possible sources of future risk are concerned with failures to capital disbursements, and changes in government and to the economic environment rather than the sources of risk that could impact the 25-year outcomes outlined above.

3.64 Treasury's Monitoring and Evaluation Framework notes two performance measures tied to measuring tenancy wellbeing data and socio-economic data but the failure to achieve tenancy or socio-economic outcomes is not reflected as a risk. These measures are focused on measuring achievement against the three acute housing programs and progress towards the National Agreement on Closing the Gap. The delivery risk included in the risk register refers only to a failure to deliver 30,00 homes in five years, and not long-term objectives.

Recommendation no. 2

3.65 Treasury regularly assess program risks and the effectiveness of controls, and appropriately document and address risks identified. As part of its review of program risks, Treasury should consider risks to the program's long-term intended outcomes.

Department of the Treasury response: *Agreed*

Shared risks

3.66 The Commonwealth Risk Management Policy defines a shared risk as 'risks extending beyond a single entity which require a collaborative effort of shared oversight and management'. Accountability and responsibility for the management of shared risks should be identified and accepted by those best positioned to manage them.

3.67 Treasury's Risk Management Framework notes that staff should 'consider how you consult with shared risk partners (internal and external) when assessing these risks and developing risk strategies'.

3.68 While Treasury is responsible for the program's policy success, the program arrangements require cooperation amongst Treasury, Housing Australia and the acute housing agencies. The program's risk management plan identifies the shared risks inherent in these arrangements, as well as the need for these risks to be managed separately to entity-only risks.

3.69 The July 2024 report on governance and risk arrangements (see paragraph 3.50) recommended that Treasury consider establishing a working group to bring together risk and control owners to manage shared risks.

3.70 The October 2024 internal audit report identified that the initial risk management plan was unclear on how 'the identification and assessment of shared risk will be undertaken'. The report noted that at the time several risk controls were 'entirely owned by Housing Australia' and that the risk management plan did not state how these controls would be identified, documented or discussed. Recommendations to improve these deficiencies were accepted and considered as addressed on 30 May 2025 (see paragraphs 3.6 to 3.7 and Table 3.2).

3.71 The MOU between Treasury and Housing Australia defines roles and responsibilities, risk management frameworks and procedures for escalating and resolving disputes. The MOU notes that:

> where a risk is identified as having a high or very high assessment by either or both parties, specific actions will be documented and responsibility for implementing those actions allocated between the parties and regularly reported upon.

3.72 Treasury developed a shared risk register with Housing Australia that includes documented controls. The register contains five risks shared between Treasury and Housing Australia (see Table 3.5), which overlap with risks identified in Treasury's risk register (see Table 3.4). As of March 2026, the register was last updated in April 2025.

3.73 The MOU between Treasury and Housing Australia states that risks with 'high' risk ratings will have specific actions documented, with specific responsibilities for implementing the actions and regular reporting. This has not occurred for the two risks rated as 'high' risk.

3.74 The shared risk register was intended to be reviewed quarterly at the Treasury–Housing Australia Steering Committee. This has not happened.

Table 3.5: Treasury–Housing Australia program shared risk register extract, March 2026

Risk	Risk rating	Overlap with risk register?
The HAFF fails to deliver on program objectives to deliver 30,000 new social and affordable rental homes in five years	■	✓
Treasury fails to provide effective policy advice and/or oversight of the delivery of the HAFF program in a manner that supports the achievement of the program objectives and outcomes	▲	✓
Governance arrangements and communication between the Treasury, Housing Australia and other agencies are ineffective	◆	✓
Project objectives cannot be delivered within the nominated funding envelope and project specifications	▲	✗
External factors impact the HAFF program	■	✓

Key: ◆ Low risk ▲ Medium risk ■ High risk ✓ Overlap ✗ No overlap

Source: ANAO analysis of Treasury's shared risks and overlap with Treasury's program risk register.

3.75 To manage shared risks with Finance, DVA and NIAA, Treasury expects shared risks to be managed by each entity separately and that 'each organisation will proactively engage and socialise changes and developments regarding shared risks, which are expected to be largely limited to HAFF disbursements'. Discussion of shared risks is primarily to occur as part of the HAFF Working Group (see paragraph 3.69).

3.76 The shared risk register includes: risks; source or cause; consequence or impacts; key control; control owner; likelihood; consequence; and risk rating. Risk tolerances and review dates have not been agreed for the specific risks identified.

3.77 As outlined in paragraphs 3.20 to 3.21, Treasury finalised its assurance plan in May 2026. The plan outlines Treasury's assurance arrangements with Housing Australia to 'cover whether and how the policy intent is being delivered'. Treasury has not documented activities undertaken in line with its assurance plan. On 5 February 2026, Treasury advised that its risk-based assurance activities include its adherence to its risk management plan and monitoring of its risk register, and reviewing the sufficiency of these activities through regular governance meetings'.

3.78 The Steering Committee is to provide shared oversight and monitoring of risks. The HAFF Risk Management Plan states that there will be standing agenda items related to risk for the committee. Prior to March 2026, risk was not included in agendas as a standing item, and discussion of risk is not clearly documented in the minutes. From March 2026, a revised meeting agenda was developed which included a separate risk management item.

Recommendation no. 3

3.79 Treasury ensures that:

- roles and responsibilities for managing shared risks are clearly defined;
- risks and related controls are regularly reviewed and discussed at relevant governance committees;
- there is a shared understanding of risk tolerances;
- identified risks are acted upon through appropriate controls or treatments; and
- it has sufficient assurance arrangements in place relating to the management of shared risks.

Department of the Treasury response: *Agreed*

Is delivery supported by effective monitoring, evaluation and reporting arrangements?

Treasury finalised its approach to monitoring and evaluation in February 2025, 17 months after program commencement. Its approach lacks clarity in terms of the relationship between program outputs, outcomes and performance measures. The approach also does not clearly link to program impact. There is insufficient focus on measuring program efficiency. A planned process evaluation is not proceeding. Reporting on program performance has been provided to government and relevant ministers, as well as within Treasury. Internal reporting discussed key program risks including insufficient funding, and divisional resourcing and capability. Public reporting lacks transparency.

3.80 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 set out performance measurement requirements for Australian Government entities. The Commonwealth Evaluation Policy applies to all entities subject to the PGPA Act, and 'aims to embed a culture of evaluation and learning to underpin evidence-based policy and delivery'.

Monitoring and evaluation framework

3.81 An initial monitoring and evaluation approach for the HAFF was contained in the August 2024 Housing Australia Future Fund (HAFF) Governance Framework (see paragraphs 3.4 to 3.8). The governance framework provided a high-level overview of what the monitoring and evaluation should consider, including the following key evaluation questions.

- To what extent has Treasury's intended outcome been met of delivering 30,000 new social and affordable rental homes in the fund's first five years?
- How was the HAFF implemented and delivered?
- How, and to what extent, did the HAFF contribute to achieving its stated outcomes?
- What lessons can inform future policy and programs?

3.82 The monitoring and evaluation approach outlined in the Housing Australia Future Fund (HAFF) Governance Framework did not:

- identify planned evaluation activities beyond a statement that it may include an annual evaluation, including evaluation of tender rounds;
- define how data would be sourced to inform evaluation activities, including from stakeholder agencies; and
- identify indicators or outputs to suitable to inform the assessment of performance.

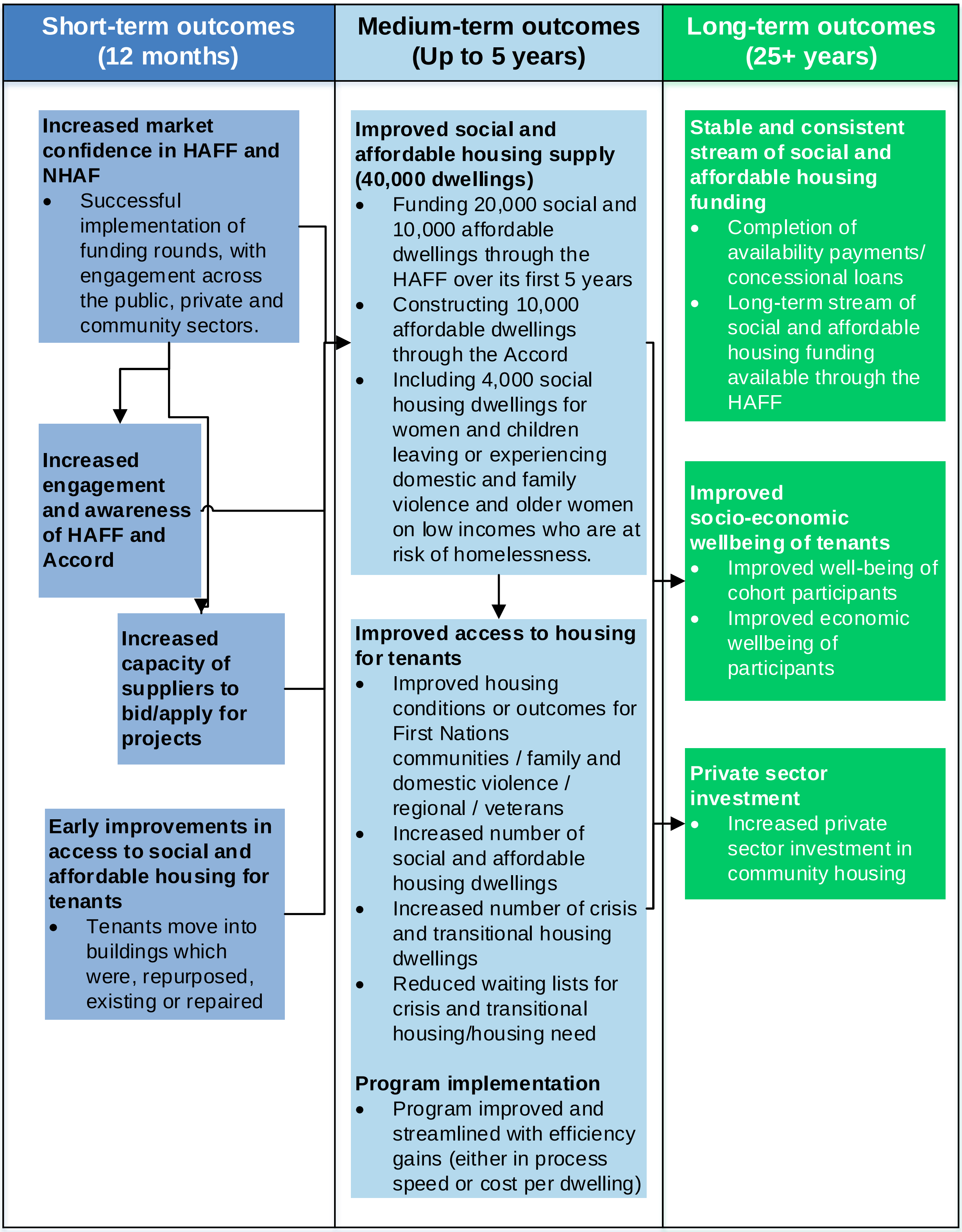
3.83 The October 2024 HAFF internal audit found that Treasury had not defined an approach for measuring and monitoring the performance of the HAFF program, and that delivery was being undertaken without a documented approach of how activities would support the achievement of program objectives, or defined metrics to report on the effectiveness of program delivery (see paragraphs 3.6 to 3.7). Additionally, the internal audit found that Treasury had not articulated program objectives or created a logical process linking program activities with the program's purpose. To address these findings, Treasury developed the HAFF Monitoring and Evaluation Framework.

3.84 The HAFF Monitoring and Evaluation Framework was established on 12 February 2025, and updated in May 2026, and outlines the monitoring and evaluation activity for the HAFF over 2024–2030. The framework includes a data strategy, which 'outlines the data and monitoring approaches across stakeholder agencies' and a program logic.

Program logic

3.85 The HAFF program logic is a visual representation of 'how the chosen intervention(s) will lead to the desired outcomes' (see Figure A.3, Appendix 4). The program objective is defined as to 'improve social and affordable housing supply and fund a range of acute housing needed'. As shown in Figure 3.2, program outcomes are defined as short, medium and long term.

Figure 3.2: Short, medium and long-term outcomes



Source: ANAO from Treasury documentation.

3.86 There are six measures of success for the program:

- Increased social and affordable housing supply (40,000 social and affordable homes)
- Community sector has improved capacity to undertake social and affordable housing construction projects
- Increased uptake of the HAFF and NHAF
- More Australians have access to social and affordable housing;
- Priority cohorts are supported to access social, affordable and crisis and transitional housing
- Positive industry feedback (investors and delivery partners express ongoing program demand).

3.87 In addition, there are 10 performance indicators to which 'measurable outputs' are linked (see Table A.1, Appendix 4). The framework also includes a rationale underlying the output, identification of data owners and reporting cadence, and whether the data currently exists.

3.88 The relationships between program outcomes, performance measures and measures of success are not always clear, and the assessment of impact is not materially accounted for by the program logic. For example the first short-term outcome is about 'increased market confidence in the HAFF and NHAF'. This is explained as the 'Successful implementation of funding rounds, with engagement across the public, private and community sectors'. This outcome is not directly linked to performance indicators, making it unclear how this outcome would be assessed. Another example is that tenant wellbeing is included as a measurable output associated with acute housing programs but there is no information what would constitute suitable data, nor how it may be collected. Reporting cadence is noted as 'TBC'.

3.89 A key deficiency with the monitoring and evaluation framework is that across the 10 performance indicators, 'measurable outputs' are generally identified without determining benchmarks or targets — for example, one measurable output is 'proportion of First Nations tenants in HAFF-funded properties', but no target is identified to demonstrate change over time.

3.90 Under the monitoring and evaluation framework, there is a high reliance on other entities to provide the data necessary to apply the program logic. As part of a submission to the departmental Enterprise Board in relation to annual performance measures, Treasury stated that it did not have a role in quality assuring data, but that data is subject to independent, external audit. Any errors in the data provided to Treasury will result in incorrect reporting of performance. There are risks to data quality due to incentives for housing program participants to over-report the quality of outcomes, or to choose not to identify issues to secure further funding. The absence of an approved assurance plan prior to May 2026 (see paragraph 3.20) to quantify this risk increases the potential for Treasury to inaccurately assess performance.

Program efficiency

3.91 Concerns have been raised about the efficiency of delivery under the HAFF. Submissions received by the ANAO outlined concerns related to: the actual cost to deliver dwellings under the HAFF compared to design assumptions; greater long-term expense of a public-private financing model versus other approaches; lack of public reporting and transparency on funding allocations, project status, geographic and other demographic distributions and outcomes achieved; and the high administrative costs of preparing proposals and the time taken to deliver projects.

3.92 Although the medium-term outcomes for the program include that it is 'improved and streamlined with efficiency gains' (see Figure 3.2), Treasury's monitoring and evaluation approach does not include sufficient efficiency performance measures. There are no relevant measures related to the cost per dwelling, cost of administering the program, cost of the use of intermediaries within the program, process speed and the timeliness of actual delivery against planned delivery.

3.93 As Treasury's role with respect to housing policy has increased, this has led to internal resourcing pressures. Efficiency performance measures could also support corporate resource planning.

Recommendation no. 4

3.94 Treasury establishes performance measures of efficiency of program delivery. These could include measures related to: Treasury and other entities' administrative costs of delivering the program; unit cost of program deliverables (for example individual dwellings) compared to forecast cost; and timeliness of actual versus planned delivery milestones. This should inform ongoing implementation, public reporting, future policy development, and program risk.

Department of the Treasury response: *Agreed*

3.95 *Treasury agrees with this recommendation. Changes have recently been implemented to Treasury's corporate reporting in the 2026–27 PBS and will be reflected in Treasury's 2025–26 Annual Report, to capture actual and planned delivery milestones for the HAFF and NHAF. Additional work will also be undertaken to further implement this recommendation.*

Delivery progress

3.96 Treasury maintains a spreadsheet to assist with monitoring and estimating the dwellings being delivered under the HAFF, the NHAF, and other Housing Australia housing programs. Treasury maintains a spreadsheet to assist with monitoring and estimating the dwellings being delivered under the HAFF, the NHAF, and other Housing Australia housing programs such as the Australian Housing Bond Aggregator (see paragraph 3.121). This spreadsheet has included data on the build status, funding values, estimated completions for each quarter until 30 June 2029, and the number of completed dwellings by each of the housing programs.

3.97 Progress in delivering the HAFF and the NHAF programs, and associated value of support are outlined in Table 3.6. and Table 3.7 respectively. These represent outcomes from rounds one and two of the programs. Dwellings are shown as being delivered by either housing providers or private industry.

- Housing providers are community housing providers, state and territory governments and not-for-profit organisations.
- Private industry reflects dwellings constructed by organisations other than housing providers, and purchased by a housing provider before, during or immediately following construction. This can include the purchase of a home from a third party conducting the development under contract and spot purchases of newly completed dwellings.

3.98 Homes delivered are available to be tenanted and thus receive availability payments. Homes in planning and construction have been contracted for but are not yet available to be tenanted. These may be in receipt of grants or loans to support the development and build process.

Table 3.6: Homes delivered and contracted for the HAFF and the NHAF

		HAFF	NHAF	Total
Homes delivered[a]	By housing providers	570	192	**1,432**
	By private industry	524	146	
Homes in planning and construction[a]	By housing providers	9,224	598	**16,967**
	By private industry	5,147	1,998	

Note a: The data held by Treasury for HAFF and NHAF homes completed, and in planning and construction. This data was updated on 30 April 2026.

Source: ANAO presentation of Treasury data.

3.99 Table 3.7 outlines the funding commitments by government and spend to date for the HAFF and the NHAF as of 31 December 2025. Commitments are broken down by type of funding (availability payments, capital grants and concessional loans).

Table 3.7: Funding commitments and spend to date for the HAFF and the NHAF

<table>
<tr><th></th><th></th><th></th><th>HAFF ($m)</th><th>NHAF ($m)</th></tr>
<tr><td rowspan="6">Money committed and spent as at 31 December 2025 ($ millions)[a]</td><td rowspan="2">Availability payments</td><td>Committed</td><td>10,604.6</td><td>1,835.9</td></tr>
<tr><td>Spent to date</td><td>0.4</td><td>0.3</td></tr>
<tr><td rowspan="2">Capital grants</td><td>Committed</td><td>349.1</td><td>0</td></tr>
<tr><td>Spent to date</td><td>1.7</td><td>0</td></tr>
<tr><td rowspan="2">Concessional loans[b]</td><td>Committed</td><td colspan="2">1,390.3</td></tr>
<tr><td>Spent to date</td><td colspan="2">214.7</td></tr>
</table>

Note a: The data for HAFF and NHAF spending commitments does not include projects supported by round three. This data was last updated on 31 December 2025.

Note b: The data for spending commitments through concessional loans does not separate for those loans made through the HAFF or NHAF programs and instead provides the figures as an aggregate.

Source: ANAO presentation of Treasury data.

Cost per dwelling

3.100 The ANAO reviewed information provided by Treasury and Housing Australia to estimate the current value of support by government per dwelling under the HAFF. The support by government of a dwelling includes: concessional loans; and grants, including upfront capital grants and availability payments. Non-government contributions include: market-based borrowing[85]; and any other contributions made by project proponents (for example already existing land). These non-government contributions are not included in the following analysis.

85 The ANAO analysis does not include market-based borrowing as this is borrowing on commercial terms. This borrowing may be provided by Housing Australia using the Australian Housing Bond Aggregator facility, but this is not considered to be a government subsidy by Housing Australia.

3.101 Given that support is provided over longer timeframes (25+ years) under the HAFF, the cost to government can be measured in nominal terms or net present value (NPV) terms. At the request of the ANAO, Treasury estimated the value of support provided by government of the program.[86]

3.102 Treasury's estimated nominal value of support by government per dwelling under the HAFF is expected to be $770,387 over 25 years, on average, with the value for social homes being $825,225 on average and affordable homes $715,124 on average.

3.103 Table 3.8 provides an overview of Treasury's calculation of average nominal funding provided for dwellings under rounds one and two of the HAFF. It separates funding provided under the HAFF Facility and the NHAF, and breaks down funding across housing types (social houses and affordable houses) and funding types: concessional loans; upfront capital grants; and availability payments (first-year). Appendix 5 presents data by jurisdiction.

- The nominal value of average concessional loans ranged from $68,232 to $112,000 ($54,780 to $89,920 in NPV terms).[87]
- Capital grants were only provided during round two and the value in both nominal and NPV terms of the grants was $77,600.
- The nominal value of average 25-year availability payments ranged from $589,791 to $808,513 ($270,317 to $370,563 in NPV terms).

Table 3.8: Average nominal value of funding, HAFF Facility and NHAF, rounds one and two

Funding type	HAFF Facility				NHAF[a]	
	Round one		Round two		Round three	
	Social	Affordable	Social	Affordable	Social	Affordable
Average concessional loan	$70,849	$69,868	$112,000	N/A	N/A	$68,232
Average capital grant	N/A	N/A	$77,600	N/A	N/A	N/A
Average 25-year availability payment[b]	$808,513	$654,282	$589,791	N/A[c]	N/A	$627,724

Note a: There were no houses funded through the NHAF in round two.

Note b: Availability payments are an annual grant tied to performance conditions set out in a funding agreement. They are payable only once a home is completed and able to be tenanted. The term of a funding agreements is 25 years and payments escalate in line with a formula set out in the agreement. This table shows the average of year one payments.

Note c: N/A means that this type of funding was not provided.

Source: Treasury analysis using Housing Australia data.

86 In addition to providing the nominal value of support, Treasury estimated the net present value of the support.

87 There are several key assumptions informing NPV calculations. Treasury applied a discount rate of seven per cent for its NPV calculation. This is the recommended rate from the Office for Impact Analysis (OIA). The OIA also suggests that discount rates of three and 10 per cent can be used to model different scenarios.

For the consumer price index (CPI) rate, Treasury advised that for the first three years it has used a CPI rate consistent with assumptions provided to government as part of budget processes. After this, it has assumed a consumer price index of 2.5 per cent per annum over the investment horizon.

3.104 Table 3.9 outlines the weighted average value, in nominal terms, to deliver homes under the HAFF. The average value has been weighted based on the number of homes delivered across each round. The weighted average level of government support expected to be provided to deliver a single dwelling, on average, is $770,387 in nominal terms ($392,518 in NPV terms) with social dwellings receiving 15 per cent greater support ($825,224) than affordable homes ($715,123).

Table 3.9: Weighted average value of support to deliver a social and affordable home (nominal value)

Funding type	Housing type		
	Social[a] ($)	Affordable[b] ($)	Overall[c] ($)
Capital grant[d]	42,022	0	21,092
Concessional loan	93,133	69,344	81,285
Availability payment	690,069	645,779	668,010
Total per home	**825,224**	**715,123**	**770,387**

Note a: 9,235 dwellings (Round one — 4,234; Round two — 5,001).

Note b: 9,164 dwellings (Round one — 9,164).

Note c: 18,399 dwellings.

Note d: Capital grants were only provided for social homes during round two.

Source: Treasury analysis.

Planned evaluation activity

3.105 The framework outlines three planned evaluation activities for the HAFF program.

- Process Evaluation 2025.
- Statutory Review 2026.
- Impact Evaluation 2028.

Process evaluation 2025

3.106 The process evaluation was proposed for commencement in late 2025, and would have focused 'on the initial implementation of the programs to allow decision-makers to identify early issues regarding program administration and delivery and take corrective action if necessary'. The process evaluation was to focus on:

- program adoption and applicant experience of market engagement;
- selection of contracting proponents;
- governance arrangements; and
- implementation.

3.107 Treasury has decided that the process evaluation will no longer occur. On 12 December 2025, Treasury advised the ANAO that:

> Treasury's view is that completed and planned activities will collectively meet the objectives of a process evaluation. This position was reached with consideration of the Commonwealth Evaluation Policy – that evaluation must be fit for purpose and useful. Given the timing of any findings would arrive after most of the HAFF rounds' design and implementation, there was little additional benefit to be secured. Treasury noted that Housing Australia also has a MEF [monitoring

> and evaluation framework] and a planned Evaluation Review for 2025. Additionally, the ANAO process is overlapping and expected to examine similar process and implementation aspects of HAFF.

3.108 Treasury advised the ANAO in March 2026 that Housing Australia has finalised its own monitoring and evaluation framework, but has not yet commenced its planned evaluation review which was also originally forecast to happen in 2025. As of March 2026, planning for the evaluation review has commenced but it has not yet been approved to proceed.

3.109 Treasury's decision to cancel its own planned process evaluation is inconsistent with the lessons learned from prior programs and referenced in the assurance plan. The assurance plan states in relation to lessons learned for a particular prior program:

> review of the [prior] program occurred at a late stage, limiting incorporation of earlier learnings in program implementation. Earlier or more frequent reviews … would have been beneficial and more appropriate given the size and scale of the program. This would have provided Treasury with improved oversight of the program's administration and better opportunity to meaningfully implement lessons learned.

Statutory Review 2026

3.110 The Statutory Review is mandated by section 65 of the HAFF Act. The review must consider:

- the extent to which grants and transfers have improved housing outcomes for Australians; and
- the extent to which the operation of the HAFF Act is meeting the needs of Australians in relation to acute, social and affordable housing needs as the housing market evolves and economic parameters shift.

3.111 Treasury began planning for the Statutory Review in October 2025, and has consulted with the Australian Centre for Evaluation (ACE).

3.112 On 28 November 2025, Treasury received advice from ACE that recommended 'reframing the Process evaluation section … to make it clearer that while a separate process evaluation will no longer be undertaken, many of the evaluation questions proposed for the process evaluation will be folded into the 2026 Statutory Review'.

3.113 As of 16 March 2026, Treasury was preparing advice for the Minister regarding the proposed terms of reference for the Statutory Review. The proposed scope does not address the intent of the cancelled process evaluation.

Impact Evaluation 2028

3.114 The impact evaluation is proposed to 'provide information about the observed changes or 'impacts' produced by the HAFF'. The monitoring and evaluation framework states that the observed changes will be 'guided by the outcomes identified in the program logic … and any further input from stakeholders'. The impact evaluation will establish the cause of the observed changes.

3.115 It is also proposed that the impact evaluation will 'seek to address further evaluation questions relating to tenant's access to housing, and their socio-economic wellbeing'. This will depend on whether relevant outcome data is already being collected or can feasibly be collected.

Reporting

Internal reporting to Treasury governance bodies

3.116 Key internal reporting on the HAFF outside of program specific governance bodies has included:

- reporting to the Executive Board of Treasury on three occasions;
- discussion at the Performance and Risk Committee on three occasions; and
- consideration of the program by Treasury's Audit and Risk Committee (ARC) on four occasions in relation to the internal audit completed in October 2024.

3.117 The program was discussed by the Executive Board in November 2023 and 2024, and February 2025. Discussions in 2023 related to resourcing and capability of the Housing Division within Treasury to deliver the programs for which it was responsible for, including the HAFF. The Executive Board also discussed HAFF risks in 2024 and the budget pressures faced by the Housing Division to deliver its growing responsibilities. The program was included in a strategic issues brief on housing policy in 2025. The strategic issues brief notes that a delivery and implementation focus within the Housing Division limited the building of policy analytical capability resulting in an ad-hoc, issues-driven model for housing policy analysis and advice.

3.118 The Performance and Risk Committee (PRC) is a sub-committee of the Executive Board. The PRC held a joint meeting with the ARC in July 2025 to discuss enterprise risks, one of which was related to housing programs, including the HAFF and the NHAF. The joint committee considered a detailed paper on housing programs which addressed several risks including design, implementation, and timing risks associated with the HAFF and the NHAF. The brief provided updates on delivery progress and how this aligned with program targets. It noted that Treasury 'continues to assess that there is insufficient funding for the HAFF to meet its dwelling targets' and was working with government to develop options. The PRC had previously considered HAFF and NHAF risks as part of periodic reviews of enterprise risk management in October and December 2024.

Reporting to the Minister and government

3.119 Operational reporting of HAFF activity is primarily undertaken by the delivery agencies (Housing Australia, Treasury, DVA and NIAA), with the ministers responsible for the acute agencies being the recipient of reporting.[88]

3.120 Sections 28Y and 28L of the investment mandate require Housing Australia to provide quarterly reports to the Minister for Housing (the Minister) on the particulars of the HAFF and the NHAF, including the number projects financed in the relevant period, the number of projects completed, the location of these projects (including whether rural or not), and the total amount of financing provided under the program. Housing Australia reports to the Minister in accordance with the requirements of its investment mandate.

88 Minister for Housing (Housing Australia and Treasury), Minister for Veterans' Affairs (DVA) and Minister for Indigenous Australians (NIAA).

3.121 As discussed at paragraph 3.93, Treasury maintains a spreadsheet to monitor the delivery of housing under the HAFF. The spreadsheet contains the targets and delivered dwellings by sub-group of the HAFF (i.e., veterans, Northern Territory remote housing, etc.) as delivered by partner agencies (as relevant). The data is recorded by financial quarter. Treasury advised the ANAO in March 2026 that prior to January 2026 it used the data to report on request, but it is now reporting to the Minister fortnightly and when requested.

3.122 Table 3.10 provides a breakdown of the number of social and affordable dwellings funded by jurisdiction under rounds one and two of the HAFF.

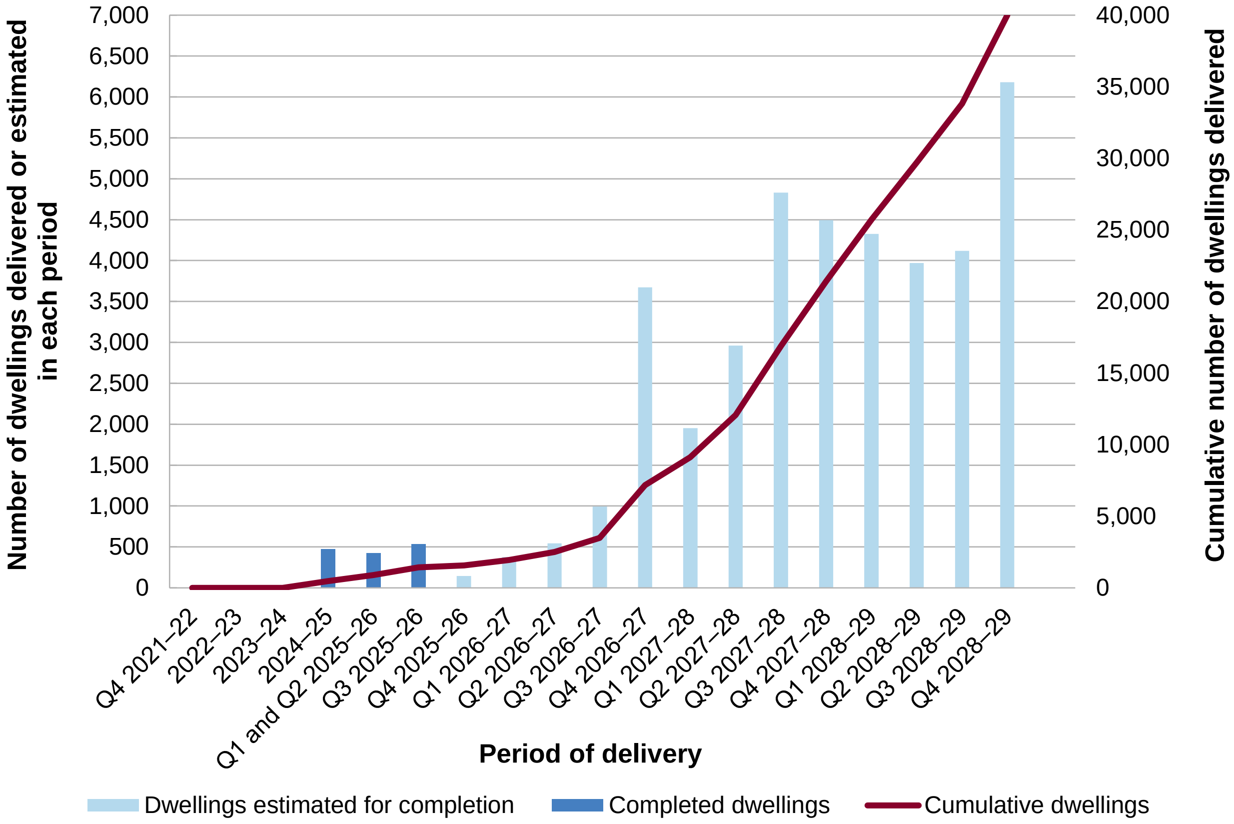
Table 3.10: HAFF rounds one and two funding to 31 December 2025

Jurisdiction	Social dwellings funded	Affordable dwellings funded	Total dwellings funded	Funding ($m)
Victoria	2,551	2,867	**5,418**	4,315
New South Wales	2,909	1,941	**4,850**	3,848
Westen Australia	1,222	2,031	**3,253**	1,936
Queensland	1,265	929	**2,194**	1,810
South Australia	512	749	**1,261**	867
Australian Capital Territory	305	589	**894**	566
Tasmania	398	220	**618**	540
Northen Territory	122	40	**162**	139
Total	**9,284**	**9,366**	**18,650**	**$14,021**

Source: Treasury data, current to 31 December 2025 when captured in March 2026.

3.123 Figure 3.3 outlines Treasury's estimates for the delivery of dwellings under the three rounds of the HAFF. The progressive completion of dwellings remains low until quarter four of 2026–27, after which the completion rate increases with 20,000 dwellings expected to be completed by quarter four of 2027–28, and 40,000 dwellings by quarter four of 2028–29. The limited delivery of dwellings in the initial period reflects the time needed to acquire land, gain development consent and undertake the build process, particularly for round one. Subsequent rounds are expected to deliver more quickly. Round two is expected to benefit from state and territory familiarity with managing build programs, and round three requires project proponents to commit to delivery by 30 June 2029 to receive funding.

Figure 3.3: Dwelling delivered and estimated future dwelling completions, as at 30 April 2026



Source: ANAO analysis of Treasury data.

3.124 Throughout delivery, Treasury has reported to government on delivery risks to inform the ongoing implementation of the HAFF program and its subsequent rounds. This reporting is summarised in Table 3.11.

Table 3.11: Reporting from Treasury to government on risks related to delivery of the HAFF, March 2023 to March 2026

Date reported	Risks noted
Prior to round one	
March 2023	Treasury noted that the overall targets for the HAFF, and the sub-groups targeted at specific demographics, were unlikely to be achieved.
September 2023	Treasury re-emphasised the risk related to achieving the HAFF targets, with reference to its submission from March 2023.
After round one	
April 2024	Treasury noted that it has been increasingly involved in delivering the government's housing agenda and that it would need increased funding to continue this level of involvement. In the absence of increased funding, Treasury would be required to focus on delivering programs for which it has received direct administrative funding (HAFF is a funded program). If required to focus on funded programs alone, the coordination with states and territories on the housing agenda would not have dedicated engagement.

Date reported	Risks noted
July 2024	Treasury noted the potential for inflation to occur as a consequence of several new and proposed housing programs — including the HAFF — being considered by government.
September 2024	Treasury reiterated the risks raised in July 2024, notably the potential inflationary effects of significant government spending, and that it will take some time for the effects of housing development programs — including the HAFF — to be felt.
October 2024	Treasury reported on risks related to ongoing cooperation with the states and territories potentially impacting delivery, fiscal impacts to the government's budget in relation to requests for further HAFF funding to meet output targets, and temporal risks with delivery impacts taking some time to be felt from the public leading to potential reputational and delivery risks.
November 2024	Reiteration of the cooperation, fiscal, and output risks discussed in October.
January 2025	Treasury advised that the HAFF was not likely to meet government targets, and that additional funding would be necessary to support these targets.
February 2025	Reiteration of the previous advice that the HAFF was not on track to meet the government's targets.
October 2025	Discussion of risks relating to major reliance on state and territory cooperation in delivering housing stock, particularly with approvals if preferred funding option was not approved. Also discusses reputational risks associated with timeframes, and delivery costs with increased monetary costs for delivery.

Source: Treasury documentation.

Public reporting

3.125 Treasury publicly reports on the overall delivery of social and affordable housing[89] which includes programs such as the HAFF, the NHAF and the Social Housing Accelerator in aggregate. It does not report separately on the performance of the individual programs.

3.126 There is various reporting from the delivery agencies.

- The Housing Australia Investment Mandate Direction 2018 requires Housing Australia to publish detail within six months of making a financing decision. Housing Australia reports on its website, as required. It also has a separate webpage describing overall progress in delivering contracted social or affordable dwellings under the HAFF.[90]

89 Department of the Treasury, *Social and Affordable Housing*, Treasury, Canberra, 2026, available from https://treasury.gov.au/policy-topics/housing/social-affordable-housing [accessed 21 February 2026].

90 Housing Australia, *Funding under the Housing Australia Future Fund*, Housing Australia, Sydney, 2026, available from https://www.housingaustralia.gov.au/funding-under-housing-australia-future-fund [accessed 15 May 2026].

- Treasury has limited information on its website on the Crisis and Transitional Accommodation Program that it is delivering under the HAFF. The webpage[91] includes a brief statement that 42 projects were to be delivered by 41 organisations in support of women and children, experiencing family and domestic violence, and older women at risk of homelessness.[92]
- As at 20 February 2026, the NIAA does not publish any detail on the distribution of HAFF funding. The first formal reporting from states and territories, on program metrics and outputs, is due by September 2026.
- DVA provides information similar to that required of Housing Australia. This includes funding recipients, locations, amount funded, funding paid out and most recent payment date.[93]

3.127 All public reporting undertaken in relation to the application of HAFF funds is quantitative with the information reported focused on the number of dwellings or projects, and the amount of funding allocated. Public reporting does not provide information on qualitative outcomes of HAFF funding.

External performance measure

3.128 Treasury introduced a performance measure in its Corporate Plan 2025–26 to measure its performance against the 'proportion of social and affordable dwellings that have become operational compared to the contracted delivery schedule'.[94] The annual target from 2025–26 to 2027–28 was to have '8,000 dwellings contracted' each year. This target did not reflect the program outcome of achieving a specified number of dwellings 'built'.

3.129 In March 2026, Treasury approved an update to its performance measure. The new measure will be 'proportion of social and affordable dwellings that have become ready for tenants, compared to the contracted delivery schedule'. The corresponding target will be that 90 per cent of dwellings have become ready for tenants, compared to the contracted delivery schedule.

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91 Department of the Treasury, *Grants for the Crisis and Transitional Accommodation Program*, Treasury, Canberra, 2026, available from https://treasury.gov.au/policy-topics/housing/crisis-transitional-accommodation-program [accessed 22 April 2026].

92 Limited additional information on the program is provided by the Department of Social Services, which notes that as of 30 June 2025, 20 grants had been executed and has commenced capital works, and that the remaining 22 contracts were under negotiation.

93 Department of Veterans' Affairs, *Veterans' Acute Housing Program*, DHA, Canberra, 2026, available from https://www.dva.gov.au/about-us/grants-and-bursaries/community-grants-hub/veterans-acute-housing-program [accessed 22 April 2026].

94 Treasury, *Corporate Plan 2025–26*, p. 19.

Recommendation no. 5

3.130 Treasury publicly and clearly reports on program performance, including the performance of sub-activities and programs, as well as the overall program. Performance reporting should incorporate program outcomes beyond those directly necessary to support annual performance statements reporting obligations. Public reporting could use results against selected performance measures from Treasury's HAFF monitoring and evaluation framework.

Examples of measures potentially suitable for public reporting include:

- dwellings delivered versus forecast deliveries;
- similar information to the quarterly reporting provided to the Minister for Housing on the average of social and affordable houses produced through the HAFF and the NHAF;
- funding (loans, availability payments, grants) provided within current and prior reporting periods for both acute and non-acute components of the HAFF and the NHAF, across states and territories; and
- ongoing trends in applications for HAFF and NHAF funding and the diversity of organisations making applications. This could incorporate information on trends in the contribution of private funding sources to project cost within the social and affordable housing market.

Department of the Treasury response: *Agreed*

3.131 *Treasury agrees with this recommendation. Changes have recently been implemented to Treasury's corporate reporting in the 2026–27 PBS and will be reflected in Treasury's 2025–26 Annual Report, to capture dwellings delivered versus forecast deliveries. Additional work will also be undertaken to further implement this recommendation.*

Dr Caralee McLiesh PSM
Auditor-General

Canberra ACT
3 July 2026

Appendices

Appendix 1 Entity response

Australian Government
The Treasury

EC26-001008

Secretary
Jenny Wilkinson PSM

Dr Caralee McLiesh PSM
Auditor-General
Australian National Audit Office
38 Sydney Avenue
FORREST ACT 2603

Dear Dr ~~McLiesh~~ Caralee

Response to the Australian National Audit Office (ANAO) proposed report on the design and delivery of the Housing Australia Future Fund (HAFF) and National Housing Accord Facility (NHAF)

Thank you for providing the Department of the Treasury (Treasury) with the opportunity to comment on the ANAO's proposed report on the design and delivery of the HAFF and NHAF.

Treasury welcomes the key messages in the report, in particular the findings that the design of the HAFF and NHAF was largely effective, supported by largely sound policy advice, and that its delivery arrangements are partly effective. Treasury agrees with all of the recommendations presented in the report (Attachment A) and has provided a summary response (Attachment B).

These programs are the first national social and affordable housing program of their kind, contributing to the delivery of 40,000 new social and affordable homes. Treasury is committed to continuous improvement in program design and delivery, and ensuring tangible and on-the-ground impacts from these major government investments. Governance and delivery will continue to improve as the program matures, and will respond to changes in delivery conditions.

Treasury will adopt the ANAO's recommendations, with implementation already in place or underway as part of strengthening governance arrangements and management of program risks. Treasury will work in collaboration with impacted agencies to establish appropriate performance measures and public reporting on program performance where not already in place.

I would like to thank the ANAO for their professional and collaborative approach during this audit.

Yours sincerely

J. Wilkinson

Jenny Wilkinson
11 June 2026

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Website: www.treasury.gov.au • ABN 92 802 414 793

Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.

2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's corporate plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.

3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:

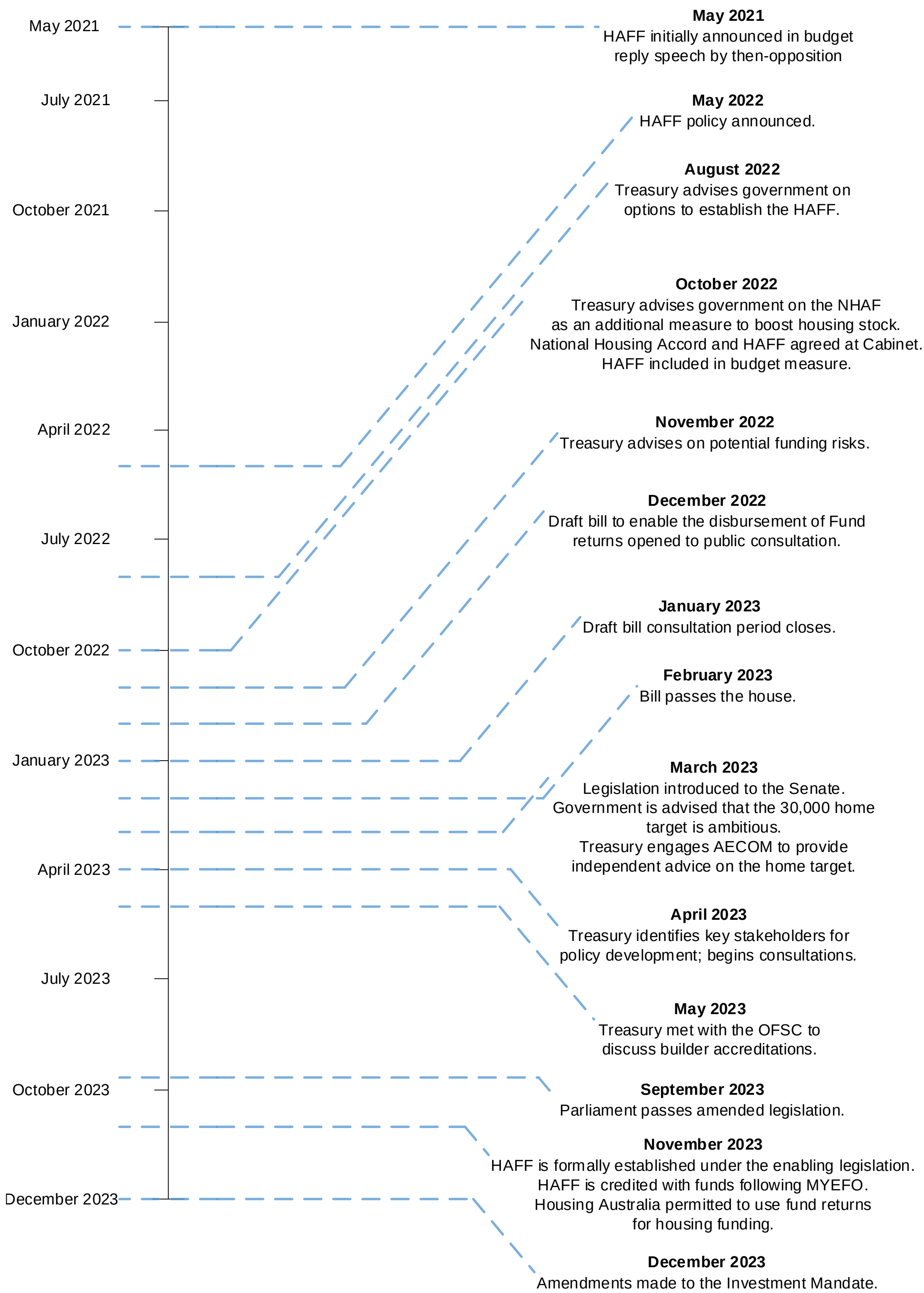
- strengthening governance arrangements;
- introducing or revising policies, strategies, guidelines or administrative processes; and
- initiating reviews or investigations.

4. In this context, the below actions were observed by the ANAO during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.

- In January 2026 Treasury commenced reporting to the Minister for Housing, on a fortnightly basis, on progress towards delivery of announced homes under the program (paragraph 3.121).
- In March 2026 Treasury's monitoring spreadsheet was updated to include a more comprehensive range of housing data (paragraph 3.121).
- In March 2026 Treasury commenced including risk as a standing agenda item for the program Steering Committee, and documenting risk discussions as part of committee minutes (paragraph 3.78).
- In May 2026 Treasury finalised and approved an Assurance Plan which had remained in draft since August 2024 (paragraph 3.20).
- In May 2026 Treasury revised its approach to managing risks through the program risk register. From May 2026 the risk register contains evidence of periodic review and approval, and status of treatments has been brought up to date.

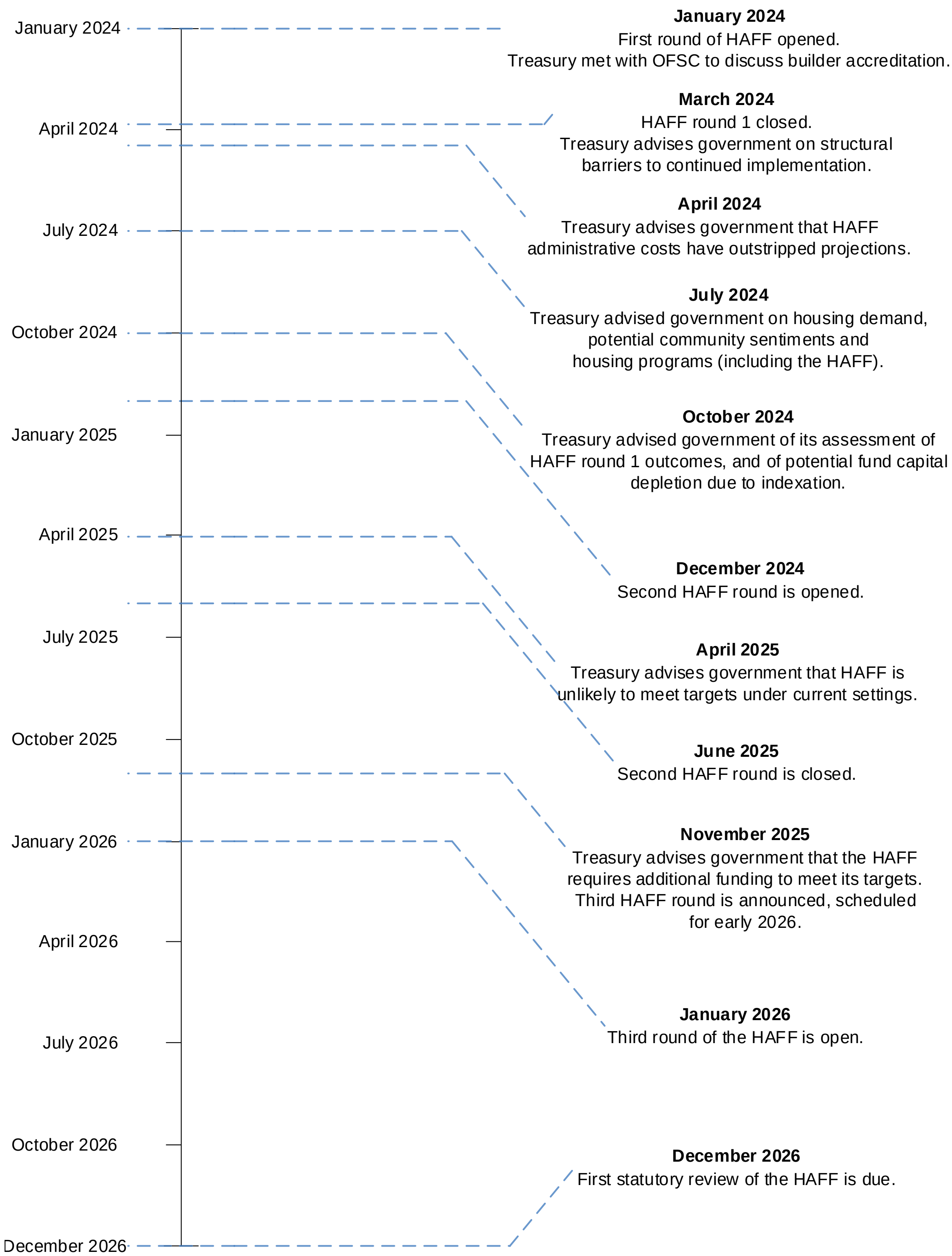
Appendix 3 Development timeline

Figure A.1: HAFF and NHAF development timeline, May 2021 to December 2023



Source: ANAO analysis of primary documents.

Figure A.2: HAFF and NHAF development timeline, January 2024 to December 2026



Source: ANAO analysis of primary documents.

Appendix 4 Program logic and performance indicators

Figure A.3: HAFF Program Logic

Program objective: *To improve social and affordable housing supply and fund a range of acute housing needs.*

Inputs	Activities	Outputs	Short-term outcomes (12 months)	Medium-term outcomes (Up to 5 years)	Long-term outcomes (25+ years)
What we invest ($s, people, time, infrastructure)	*What we do (to implement the program or activity)*	*What the program team and/or participant does (quantify how many actions, or activities, plan to be delivered and all stakeholders). What are the targets? How will this deliver short-term outcomes*	*The difference we make in the short term How will this deliver medium-term outcomes?*	*The difference we make in the medium term How will this deliver long-term outcomes?*	*The difference we make in the long term*

Inputs

Financing

- $10 billion HAFF capital
- $350 million NHAF
- Commonwealth loan financing (e.g. AHBA)
- State and territory government, private and community sector funding

Commonwealth agency resources

Staffing

- Treasury, DoF, DVA, NIAA 7and HA (ASL and/or existing staffing)

Private and community sector resources

- Construction labour, project management and rental property management services

Activities

Funding administration

- Finance/FFMA – Future Fund investment management
- Tsy – facilitate funding disbursements via HAFF Special Accounts to HA and Acutes
- HA and Acutes – pass on funding to relevant project proponents
- HA – manage linked Government funding programs in HA portfolio & compliance of projects which rely on such financing

Oversight and policy leadership

Treasury

- Informing and executing Australian Government policy decisions, including through funding facilitation, legislation, coordination and engagement with agencies and stakeholders

Program administration

Housing Australia

- Implementation and delivery of funding rounds
- Facilitation and attraction of investors
- Establishment of capacity and capability programs for ATSICCHOs and CHPs

Acute program administration

Treasury, DVA and NIAA

- Design and administration of Acute programs
- (Refer to respective documents in Acute agency portfolios as listed in HAFF Monitoring and Evaluation Framework Data Strategy)

Monitoring and evaluation

Ongoing data collection, monitoring, evaluation and reporting activities

Outputs

HAFF funding

- HAFF investment returns
- HAFF general funding disbursements
- HAFF acute program funding disbursements

HAFF and related NHAF Governance mechanisms

Program implementation

- HAFF and NHAF funding rounds
- Acute program delivery

S/T, CHP and private sector - dwelling construction and management

- Construction, refurbishment or acquisition of HAFF/NHAF funded dwellings
- Ongoing tenant management services

Short-term outcomes (12 months)

Increased market confidence in HAFF and NHAF

- Successful implementation of funding rounds, with engagement across the public, private and community sectors

Increased engagement and awareness of HAFF and Accord

Increased capacity of suppliers to bid/ apply for projects

Early improvements in access to social and affordable housing for tenants

- Tenants move into buildings which were, repurposed, existing, or repaired

Medium-term outcomes (Up to 5 years)

Improved social and affordable housing supply (40,000 dwellings)

- **Funding** 20,000 social and 10,000 affordable dwellings through the HAFF over its first 5 years
- **Constructing** 10,000 affordable dwellings through the NHAF
- Including 4,000 social housing dwellings for women and children leaving or experiencing domestic and family violence and older women on low incomes who are at risk of homelessness

Improved access to housing for tenants

- Improved housing conditions or outcomes for First Nations communities / FDV / regional / veterans
- Increased number of social and affordable housing dwellings
- Increased number of crisis and transitional housing dwellings
- Reduced waiting lists for crisis and transitional housing /housing need

Program implementation

- Program improved and streamlined with efficiency gains (either in process speed or cost per dwelling)

Long-term outcomes (25+ years)

Stable and consistent stream of social and affordable housing funding

- Completion of availability payments/concessional loans
- Long-term stream of social and affordable housing funding available through the HAFF

Improved socio-economic wellbeing of tenants

- Improved well-being of cohort participants
- Improved economic wellbeing of participants

Private sector investment

- Increased private sector investment in community housing

Assumptions: The NHAF's 10,000 affordable dwelling target is considered in the scope of this artefact.
Listed outcomes are subject to external factors including but not limited to interest rates, migration, tax settings, household dynamics, labour and materials supply.
Terminology: 'Acute agencies' refers to agencies implementing acute housing programs under the HAFF (Treasury, NIAA and DVA). 'Implementing agencies' refers to Acute agencies and Housing Australia.

Figure A.4: Simplified program logic highlighting performance indicators and measures of success

Program objective: *To improve social and affordable housing supply and fund a range of acute housing needs.*

Inputs	Activities	Outputs	Short-term outcomes (12 months)	Medium-term outcomes (Up to 5 years)	Long-term outcomes (25+ years)
Financing	**Funding administration** Finance/FFMA, Tsy HA, Treasury, DVA and NIAA	**HAFF funding** • HAFF investment returns • HAFF general funding disbursements • HAFF acute program funding disbursements	**Increased market confidence in HAFF and NHAF**	**Improved social and affordable housing supply (40,000 dwellings)** • **Funding** 20,000 social and 10,000 affordable dwellings through the HAFF over its first 5 years • **Constructing** 10,000 affordable dwellings through the NHAF • Including 4,000 social housing dwellings for women and children leaving or experiencing domestic and family violence and older women on low incomes who are at risk of homelessness	**Stable and consistent stream of social and affordable housing funding**
Commonwealth agency resources	**Oversight and policy leadership** Treasury	**HAFF and related NHAF Governance mechanisms**	**Increased engagement and awareness of HAFF and NHAF**	**Improved access to housing for tenants**	**Improved socio-economic wellbeing of tenants**
Private and community sector resources	**Program administration** Housing Australia	**Program implementation**	**Increased capacity of suppliers to bid/ apply for projects**	**Program implementation**	**Private sector investment**
	Acute program administration Treasury, DVA and NIAA	**S/T, CHP and private sector - dwelling construction and management**	**Early improvements in access to social and affordable housing for tenants**		
	Monitoring and evaluation				

Investment	Performance indicators	Measures of success (targets)	Impacts
	• HAFF funding administration indicators • HAFF investment return indicators • HAFF and NHAF program delivery indicators • Acute housing program indicators • HAFF tenancy and management indicators • Construction, refurbishment or acquisition of dwellings • Industry feedback indicators • HAFF and NHAF Monitoring and evaluation indicators • Governance indicators • Case studies	• Increased social and affordable housing supply (40,000 social and affordable homes) • Community sector has improved capacity to undertake social and affordable housing construction projects • Increased uptake of the HAFF and NHAF • More Australians have access to social and affordable housing • Priority cohorts are supported to access social, affordable and crisis and transitional housing • Positive industry feedback (investors and delivery partners express ongoing program demand)	• Improved social and affordable housing funding security outcomes • Improved tenant outcomes • Improved private sector engagement with investments in social and affordable housing

Assumptions: The NHAF's 10,000 affordable dwelling target is considered in the scope of this artefact.
Listed outcomes are subject to external factors including but not limited to interest rates, migration, tax settings, household dynamics, labour and materials supply.
Terminology: 'Acute agencies' refers to agencies implementing acute housing programs under the HAFF (Treasury, NIAA and DVA). 'Implementing agencies' refers to Acute agencies and Housing Australia.

Table A.1: Performance indicators

Performance indicator	Measurable outputs	Rationale	Data source and reporting requirements	Reporting cadence	Existing
HAFF funding administration indicators	Treasury HAFF Special Account disbursements to Housing Australia and Acute agencies	As the HAFF is a special investment vehicle, key stakeholder activities and outputs relate to the successful administration of funding flowing from the HAFF capital and investment returns to project proponents.	Treasury, DoF	Annual, or with each payment	Y
	Amount of funds held by Housing Australia or Acute agencies in respect of the Programs	Housing Australia or Acute agency support projects through mechanisms such as grants, concessional loans, funding agreements or availability payments. An excessive amount of funds held by Housing Australia or Acute agencies may mean a delay in transfer (note this does not refer to funds in the Housing Australia Special Account or HAFF Payments Special Account).	HA, Treasury, DVA, NIAA	Quarterly	Y
	Total Program Loan repayments received by Housing Australia	To capture efficacy of HAFF financing model.	HA	Quarterly	Y
HAFF investment return indicators	Quarterly performance result (nominal return rate) Quarterly performance result (nominal return rate since inception) Financial performance since inception to closest quarter	To capture whether the investment mechanism of the HAFF is meeting its target. The HAFF Investment Mandate requires the Future Fund Board to adopt a benchmark return rate of the Consumer Price Index + 2.0 per cent to 3.0 per cent per annum, net of investment fees over the long term	DoF/FFMA The Future Fund Board will publicly disclose the HAFF asset allocation and investment returns in its quarterly portfolio updates.[a]	Quarterly	Y

Performance indicator	Measurable outputs	Rationale	Data source and reporting requirements	Reporting cadence	Existing
HAFF and NHAF program delivery indicators	For each project in Round 1 (disaggregated by state or territory): • Development status • Suburb • Number of dwellings disaggregated by social and affordable • Total funding • Any previous or planned engagements	To capture the progress of contracted projects	HA	Weekly reporting to the Minister for Housing Tsy	Y
	For each project in Round 2 (disaggregated by state or territory): • Number of social dwellings Total funding	To capture the progress of contracted projects	HA	Weekly reporting to the Minister for Housing and Tsy	Y
	For the HAFF program (up to the end of reporting period): • The total number of projects o Total social housing projects o Total affordable housing projects • Total acute housing projects • Number of projects in each State and Territory • Number of projects that are complete, under development, in planning or will not be completed • Number of projects funded in regional, rural and remote areas across each state and territory Total amount of finance	To monitor the progress of the program	HA	Quarterly to the Minister for Housing and Tsy	Y

Performance indicator	Measurable outputs	Rationale	Data source and reporting requirements	Reporting cadence	Existing
	For projects Housing Australia decided to finance during the reporting period: • Project proponent • SA4 • Types of persons to be assisted • The number and types of dwellings • Financing mechanism — loan, grant or both • Details of each loan or grant for the project • Level of financing from sources other than the HAFFF Expected completion date of the project	To capture the progress of project and monitor overall progress of the program	HA	Quarterly to the Minister for Housing and Tsy	Y
Acute housing program indicators	Number of dwellings (disaggregated by program, type, state or territory, cohort, regional/metro, status)	To capture the level of progress towards achieving Acute program outcomes for priority cohorts	Treasury, DVA, NIAA	Annually	Pending
	Tenant wellbeing data			TBC	TBC
	Stakeholder feedback			TBC	TBC
HAFF tenancy and management indicators	Number and proportion of First Nations tenants in HAFF-funded properties	To capture progress towards National Agreement on Closing the Gap outcomes and the Round 3 social housing tenancy target	HA	TBC	Pending
	Number of dwellings delivered by and in partnership with First Nations housing organisations	To capture progress towards National Agreement on Closing the Gap outcomes and progress of the First Nations stream in Round 3		TBC	Pending
	Total funds distributed to First Nation housing organisations including community-controlled organisations	As above		TBC	Pending

Performance indicator	Measurable outputs	Rationale	Data source and reporting requirements	Reporting cadence	Existing
	Number of tenants supported by HAFF dwellings (disaggregated by cohort and location)	–		TBC	Y[b]
Construction, refurbishment or acquisition of dwellings	Number of dwellings (disaggregated by type, state or territory, regional/metro, and priority cohorts): • Constructed, refurbished or acquired through HAFF funding (support type to be disaggregated)[c] • Constructed through the NHAF	To capture key program targets of supporting 20,000 social and 10,000 affordable homes through the HAFF and constructing 10,000 affordable homes through the NHAF.	HA	Weekly reporting to the Minister for Housing and Tsy	Y[b]
Industry feedback indicators	HAFF community sector consultation feedback HA investor feedback	Measures the increased capacity of suppliers to bid and apply for projects as well as engagement and awareness of the HAFF and NHAF.	HA in partnership with Tsy HA	Following each funding round TBC in evaluation plans	Y
HAFF and Accord Monitoring and evaluation indicators	Formalisation and ongoing review of artefacts including: • Program Logic • Monitoring and Evaluation Framework Completion of evaluation activities: • Impact evaluation	To capture progress towards establishing fulsome monitoring and evaluation practices to support the program. To capture progress towards implementing ongoing learnings.	Tsy	Annually 2028	Y Pending
Governance indicators	• Implementation of review findings (including ANAO audit) • Establishment and formalisation of decision-making bodies, processes and artefacts • HA and Treasury signed MoU • DVA and Treasury signed MoU	To capture progress towards establishing rigorous and efficient governance mechanisms to support the program. To capture progress towards implementing ongoing learnings.	Tsy	TBC As required Q4 2025	Pending Y Pending

Performance indicator	Measurable outputs	Rationale	Data source and reporting requirements	Reporting cadence	Existing
Case studies	Project case studies	To capture complexity of individual wellbeing impacts and experiences across investors and delivery bodies, which cannot be captured via quantitative means. This can be tenant or project-level case studies.	HA	Upon request	Y
			HA DVA, NIAA	Upon request TBC	Y Pending

Note a: The Future Fund Board of Guardians publishes quarterly portfolio updates on the Future Fund website. See https://www.futurefund.gov.au/investment/investment-performance/portfolio-updates [accessed 9 July 2026].

Note b: Data on priority cohorts is available at time of application but may vary as dwellings are tenanted.

Note c: Housing Australia's implementation of HAFF only provides funding for the construction of new home, and not refurbishment or acquisition of existing properties.

Source: HAFF Monitoring and Evaluation Framework.

Appendix 5 Average government cost per dwelling, rounds one and two

1. The following tables provide a breakdown of the average Australian Government support (availability payments, concessional loans and grants) per dwelling, both nationally and for each state or territory.

2. Table A.2 details the average value for round one projects. The values for availability payments below differ from those in Table 3.8 as the below does not account for the change of value in funding provided across the 25-year funding period.

Table A.2: Round one projects

Grouping	Support type	ACT ($)	NSW ($)	NT ($)	QLD ($)	SA ($)	TAS ($)	VIC ($)	WA($)	Portfolio Average ($)
HAFFF — social dwelling	Availability payments — first year — average[a]	24,821	27,833	25,432	29,695	18,788	25,351	20,355	19,311	**23,579**
	Concessional loan — average	67,328	80,220	166,352	107,856	69,251	38,283	69,011	58,231	**70,849**
HAFFF — affordable dwelling	Availability payments — first year — average[a]	13,920	18,291	23,302	20,788	23,056	24,175	23,611	13,707	**19,081**
	Concessional loan — average	66,425	81,795	164,378	87,274	72,308	38,186	76,377	50,427	**69,868**
NHAF — affordable dwelling	Availability payments — first year — average[a]	2,981	15,637	0	24,296	17,060	0	18,582	16,169	**18,306**
	Concessional loan — average	–	68,732	0	72,268	60,950	0	76,577	68,232	**68,232**

Note a: Shown are the average availability payments in the first year of dwelling availability. Availability payments for future years (over 25 years) are indexed to provide for increases in the gap between the cost of financing, operating and maintaining social and affordable housing, this reflects costs like tenancy management, maintenance, insurance and the revenue received from below-market rent. The estimated ongoing annual cost to government of availability payments for all rounds is provided in Appendix 6.

Source: Housing Australia.

3. Table A.3 details the average value for round two projects.

Table A.3: Round two projects

Grouping	Support type	ACT ($)	NSW ($)	NT ($)	QLD ($)	SA ($)	TAS ($)	VIC ($)	WA ($)	Portfolio Average ($)
HAFFF — Social dwelling	Availability payments — First Year — Average[a]	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200	**17,200**
	Capital grant — average	77,600	77,600	77,600	77,600	77,600	77,600	77,600	77,600	**77,600**
	Total grant support	**94,800**	**94,800**	**94,800**	**94,800**	**94,800**	**94,800**	**94,800**	**94,800**	**94,800**
	Concessional loan — average	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	**112,000**

Note a: Shown are the average availability payments in the first year of dwelling availability. Availability payments for future years (over 25 years) are indexed to provide for increases in the gap between the cost of financing, operating and maintaining social and affordable housing, this reflects costs like tenancy management, maintenance, insurance and the revenue received from below-market rent. The estimated ongoing annual cost to government of availability payments for all rounds is provided in Appendix 6.

Source: Housing Australia.

Appendix 6 Long-term estimate of availability payment costs for the HAFF and the NHAF

1. Table A.4 outlines Department of Finance estimates of the cost to the Australian Government of HAFF and NHAF availability payments from 2024–25 through to 2039–40.[95] This is for the first 16 years of the program.

Table A.4: Estimates of the cost of availability payments between 2024–25 and 2039–40

Financial Year	Disbursement from HAFF investment returns ($m)[a]	Housing Australia interest earned on HAFF disbursements not yet spent ($m)	HAFF Facility budget supplementation ($m)[b]	Budget funded NHAF availability payments ($m)	Total ($m)
2024–25	276.6	0	–	0.1	**276.7**
2025–26	499.4	10.5	–	3.8	**513.7**
2026–27	400	28	–	19.4	**447.4**
2027–28	500	39.5	–	85.5	**625**
2028–29	500	48.3	–	172.3	**720.6**
2029–30	512.5	45.2	–	196	**753.7**
2030–31	525.4	41.5	–	201.1	**768**
2031–32	538.5	37.3	–	206.1	**781.9**
2032–33	552	32.6	–	211.2	**795.8**
2033–34	565.8	26.4	–	216.4	**808.6**
2034–35	580	19.5	–	221.8	**821.3**

95 The estimates are informed by assumptions on future interest rates, the consumer price index (CPI) and other factors. Actual future disbursements will be dependent on the actual future interest rate return, actual CPI, final agreed availability payment as projects commence their eligibility for availability payments. The actual commencement date, and the level of funding required for HAFF budget supplementation may differ from what has been forecast as the required amount will be influenced by a combination of actual disbursement from the HAFF fund, interest earned, the final agreed availability payments (noting Round three is currently open for applications) and actual CPI. Similarly, the actual budget amounts required for NHAF availability payments will primarily depend on the final agreed availability payments and actual CPI.

Financial Year	Disbursement from HAFF investment returns ($m)[a]	Housing Australia interest earned on HAFF disbursements not yet spent ($m)	HAFF Facility budget supplementation ($m)[b]	Budget funded NHAF availability payments ($m)	Total ($m)
2035–36	594.5	11.7	–	227.3	**833.5**
2036–37	609.4	2.9	–	232.9	**845.2**
2037–38	624.7	–	124.0	238.7	**987.4**
2038–39	640.3	–	189.4	244.6	**1,074.3**
2039–40	656.3	–	193.9	250.7	**1,100.9**
Total	**8,575.4**	**343.4**	**507.3**	**2,727.9**	**12,154**

Note a: The minimum annual disbursement for HAFF is $500 million, indexed from 2029–30. The minimum disbursement includes funds allocated to three acute housing programs included under the HAFF program.

Note b: Budget supplementation is only drawn on when Treasury is satisfied that both the retained disbursement amounts and interest earned is not sufficient to cover the availability payments required for the year.

Source: Department of Finance.

2. Availability payments increase during the first several years as newly built dwellings becoming available and thus eligible to receive an availability payment. Once all dwellings have been delivered and are receiving availability payments, ongoing growth is attributable to: changes in cost of financing; operating and maintaining social and affordable homes, including tenancy management, maintenance, insurance and revenue received from non-market rent. Availability payments subsidise the difference between rent paid for a social or affordable home, and the otherwise achievable market rent. Contracts with housing providers include provision for an indexation of availability payments to address growth in market rent which is reflected in the growth of the forecast availability payment cost.