

National Housing Finance and Investment Corporation

**Entity resources and planned
performance**

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National Housing Finance and Investment Corporation

Section 1: Entity overview and resources

1.1 Strategic direction statement

The National Housing Finance and Investment Corporation (NHFIC) was established for the purpose of improving housing outcomes for Australians by:

- strengthening efforts to increase the supply of housing
- encouraging investment in housing, particularly in the social or affordable housing sector
- providing finance, grants or investments that complement, leverage or support Commonwealth, state or territory activities relating to housing
- contributing to the development of the scale, efficiency and effectiveness of the community housing sector in Australia
- assisting earlier access to the housing market by eligible home buyers and by single parents or legal guardians with dependents.

NHFIC is a corporate Commonwealth entity operating under the provisions of the *National Housing Finance and Investment Corporation Act 2018* (NHFIC Act), the National Housing Finance and Investment Corporation Investment Mandate Direction 2018 (Investment Mandate) and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

NHFIC's main functions include operating the Affordable Housing Bond Aggregator (AHBA) which is self-funding and is classified as a Public Financial Corporation (PFC), the National Housing Infrastructure Facility (NHIF) and the Home Guarantee Scheme (HGS) which are both part of the General Government Sector (GGS).

The Government in the 2022 October Federal Budget announced the expanded role of NHFIC and the proposal for it to transition to Housing Australia. The expanded remit requires Housing Australia to deliver the Australian Government's social and affordable housing programs. The legislation, which is currently before the Parliament, includes new functions for the administration of the revenue allocated to Housing Australia under the proposed Housing Australia Future Fund and the administration of the Help to Buy scheme.

NHFIC will continue to undertake preparatory work to assist the Government with the design of a program to disburse Housing Australia Future Fund revenue to support the delivery of 30,000 new social and affordable dwellings over 5 years. This work will ensure the entity is well placed to deliver on the commitments whilst acknowledging the program is subject to the passage of legislation.

The entity intends to publish a Portfolio Budget Statement from 2023–24 given its material entity status and responsibility for primary delivery of the Government’s Housing Australia Future Fund including the proposed increase in the entity’s resourcing through the General Government Sector (GGS).

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: National Housing Finance and Investment Corporation resource statement – Budget estimates for 2023–24 as at Budget May 2023

	2022-23 <i>Estimated actual</i> \$'000	2023-24 Estimate \$'000
Opening balance/cash reserves at 1 July	18,631	56,205
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department (a)	43,899	39,690
Total amounts received from related entities	43,899	39,690
Total funds from Government	43,899	39,690
Funds from other sources		
Interest	25,873	34,670
Other	202	1,202
Total funds from other sources	26,075	35,872
Total resourcing for the National Housing Finance and Investment Corporation	88,605	131,767

	2022-23	2023-24
Average staffing level (number)	26	133

a) Funding provided by the portfolio department that is not specified within the Annual Appropriation Bills as a payment to the CCE (for example, a grant awarded to a CCE from one of its portfolio department's administered programs). 2022–23 Estimated actual includes \$35 million of funding provided for making National Housing Infrastructure Facility (NHIF) grants.

1.3 Budget measures

The National Housing Finance and Investment Corporation will work with the Treasury to implement the measure Increasing the Supply of Social and Affordable Housing and Making it Easier to Buy a Home.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

NHFIC's outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure described in Portfolio Budget Statements will be read with broader information provided in an entity's Corporate Plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for NHFIC can be found at:
(<https://www.nhfc.gov.au/reports-and-publications>).

The most recent annual performance statement can be found at:
(<https://www.nhfc.gov.au/reports-and-publications>).

2.1 Budgeted expenses and performance for Outcome 1

Outcome 1: Improved housing outcomes for Australians, including through financial and other assistance to improve the efficiency and scale of the community housing sector and increase the supply of social and affordable housing, as well as support for eligible home buyers to access the housing market sooner.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1.1: Budgeted expenses for Outcome 1

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: National Housing Finance and Investment Corporation					
Revenue from Government					
Payment from Treasury	19,604	39,690	37,362	37,210	37,648
Expenses not requiring appropriation in the budget year (a)	6,129	32,484	49,667	40,327	22,485
Revenues from other independent sources	-	19,720	28,265	24,821	36,560
Total expenses for Program 1.1	25,733	91,894	115,294	102,358	96,693
Total expenses for Outcome 1	25,733	91,894	115,294	102,358	96,693

	2022-23	2023-24
Average staffing level (number)	26	133

Expenses not requiring appropriation in the Budget year are made up of NHIF grants funded from payments received from Treasury in prior years.

Table 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the 2023–24 Budget measures that have created new programs or materially changed existing programs are provided.

Outcome 1 – Improved housing outcomes for Australians, including through financial and other assistance to improve the efficiency and scale of the community housing sector and increase the supply of social and affordable housing, as well as support for eligible home buyers to access the housing market sooner.		
Program 1.1- National Housing Investment Finance Corporation (NHIFC)		
Key Activities (a)	<ul style="list-style-type: none"> • Operation of National Housing Infrastructure Facility (NHIF) (a) <ul style="list-style-type: none"> – Proactively engage with stakeholders to identify and prioritise infrastructure or social or affordable housing projects – Expand NHIF portfolio through eligible borrowers and active pipeline engagement and management – Manage NHIF loans to be consistent with the requirements of the Investment Mandate. • Operation of Home Guarantee Scheme (HGS) (a) <ul style="list-style-type: none"> – Facilitate the release of guarantees to participating lenders each financial year from 1 July and any rolled over guarantees from the previous financial year as directed by the Minister. – Work collaboratively with participating lenders to encourage the embedding of Scheme requirements into operational processes and customer interactions. – Continue to develop data infrastructure and capability for enhanced portfolio management and reporting. – Appoint one or two additional major bank/s to the panel of participating lenders in 2022–23 consistent with the Board approved strategy. • Operation of the Housing Australia Future Fund (b) • Operation of Help to Buy 	
Year	Performance measures	Expected performance results
Current Year 2022-23	New NHIF facilities (loans, grants and equity investments) approved by NHIFC Board. Number of NHIF applications received. Turnaround time from receipt of NHIF application to NHIFC Board approval. Facilitate the release of guarantees to participating lenders: <ul style="list-style-type: none"> • First Home Guarantee • Family Home Guarantee • Regional First Home Buyer Guarantee 	Target: \$100m – \$300m Target: 7 Target: 60 days Target: 35,000 Target: 5,000 Target: 10,000

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Expected performance results
Current Year 2022-23 (continued)	Receipt of lender audit reviews and lender 6-monthly reporting of material policy changes.	Target: 100 per cent
	Research delivered according to Board approved pipeline including scope and timeframe.	Target: 100
	Satisfaction with research output.	Target: Stakeholders satisfied
Year	Performance measures	Planned performance results
Budget Year 2023-24	New NHIF facilities (loans, grants and equity investments) approved by NHFIC Board	Target: \$100m – \$300m
	Number of NHIF applications received	Target: 10
	Turnaround time from receipt of NHIF application to NHFIC Board approval	Target: 60 days
	Facilitate the release of guarantees to participating lenders:	
	• First Home Buyers Guarantee (FHBG)	Target: 35,000
	• First Home Guarantee (FHG)	Target: 5,000
• Regional First Home Buyers Guarantee (RFHBG)	Target: 10,000	
	Receipt of lender audit reviews and lender 6-monthly reporting of material policy changes	Target: 100 per cent
Forward Estimates 2024-27	<i>As per 2023-24</i>	<i>As per 2023-24 except for FHG and RFHBG which ceases in 2024-25</i>

- a) Key activities are consistent with NHFIC’s 2022–23 Corporate Plan.
- b) New performance measures that reflect new programs are shown in italics. Establishment of new key activities is contingent on passage of legislation. The performance criteria for the new key activities will be developed and reported in the 2023–24 Corporate Plan. NHFIC’s PFC function the Affordable Housing Bond Aggregator (AHBA) contributes to the entity achieving Outcome 1 has not been included in the performance measures as it is a self-funded program through external revenue.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023–24 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

NHFIC is budgeting an operating loss in 2023–24 of \$11.7 million. The operating loss does not impact the entity's financial sustainability and is a result of timing differences between receipt of NHIF grant funding from prior year budgets and NHIF grants being made in 2023–24 of \$32.5 million.

NHFIC has received funding from Government for \$175 million in NHIF funding for grants from 2018–19 to 2022–23 which have not been fully disbursed.

Total operating revenue for 2023–24 is estimated at \$80.1 million while expenditure including NHIF grants made is estimated to be \$91.9 million.

NHFIC's balance sheet (Table 3.2) net assets as of 30 June 2024 is expected to be \$997.7 million. NHFIC's assets are mainly financial assets consisting of concessional loan receivables, investments and cash.

The financial statements have been prepared on Australian Accounting Standards basis.

3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES					
Employee benefits	6,210	21,723	25,137	26,083	26,484
Suppliers	12,017	21,306	15,918	15,006	15,302
Grants	6,129	32,484	49,667	40,327	22,485
Depreciation and amortisation	352	178	-	-	-
Finance costs	704	11,374	20,614	12,347	16,309
Write-down and impairment of assets	119	866	366	274	(168)
Other expenses	202	3,963	3,592	8,321	16,281
Total expenses	25,733	91,894	115,294	102,358	96,693
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	26,435	34,670	37,303	40,747	43,513
Other	551	5,792	10,646	13,604	20,856
Total own-source revenue	26,986	40,462	47,949	54,351	64,369
Total own-source income	26,986	40,462	47,949	54,351	64,369
Net (cost of)/contribution by services	1,253	(51,432)	(67,345)	(48,007)	(32,324)
Revenue from Government	49,090	39,690	37,362	37,210	37,648
Surplus/(deficit) attributable to the Australian Government	50,343	(11,742)	(29,983)	(10,797)	5,324
Total comprehensive income/(loss)	50,343	(11,742)	(29,983)	(10,797)	5,324
Total comprehensive income/(loss) attributable to the Australian Government	50,343	(11,742)	(29,983)	(10,797)	5,324

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	56,205	53,507	53,619	53,730	53,843
Trade and other receivables	78,217	240,119	530,823	696,314	727,843
Other investments	878,542	707,698	386,868	210,437	184,087
Other financial assets	8	8	8	8	8
Total financial assets	1,012,972	1,001,332	971,318	960,489	965,781
Non-financial assets					
Intangibles	178	-	-	-	-
Total non-financial assets	178	-	-	-	-
Total assets	1,013,150	1,001,332	971,318	960,489	965,781
LIABILITIES					
Payables					
Other payables	3,304	3,304	3,304	3,304	3,304
Total payables	3,304	3,304	3,304	3,304	3,304
Provisions					
Employee provisions	315	239	208	176	144
Other provisions	125	125	125	125	125
Total provisions	440	364	333	301	269
Total liabilities	3,744	3,668	3,637	3,605	3,573
Net assets	1,009,406	997,664	967,681	956,884	962,208
EQUITY*					
Parent entity interest					
Contributed equity	825,000	825,000	825,000	825,000	825,000
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	184,406	172,664	142,681	131,884	137,208
Total parent entity interest	1,009,406	997,664	967,681	956,884	962,208
Total equity	1,009,406	997,664	967,681	956,884	962,208

Prepared on Australian Accounting Standards basis.

*'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2023–24)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2023				
Balance carried forward from previous period	184,406	-	825,000	1,009,406
Adjusted opening balance	184,406	-	825,000	1,009,406
Comprehensive income				
Surplus/(deficit) for the period	(11,742)	-	-	(11,742)
Total comprehensive income	(11,742)	-	-	(11,742)
Sub-total transactions with owners	172,664	-	825,000	997,664
Estimated closing balance as at 30 June 2024	172,664	-	825,000	997,664
Closing balance attributable to the Australian Government	172,664	-	825,000	997,664

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	49,090	39,690	37,362	37,210	37,648
Interest	26,997	34,670	37,303	40,747	43,513
Net GST received	(4)	(5)	(3)	(6)	(5)
Other	202	1,202	3,587	8,325	16,285
Total cash received	76,285	75,557	78,249	86,276	97,441
Cash used					
Employees	6,209	21,799	25,168	26,115	26,516
Suppliers	12,017	21,306	15,918	15,006	15,302
Other	6,331	36,447	53,259	48,648	38,766
Total cash used	24,557	79,552	94,345	89,769	80,584
Net cash from/(used by) operating activities	51,728	(3,995)	(16,096)	(3,493)	16,857
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of financial instruments	1,559,700	1,724,700	1,553,856	1,233,026	1,056,595
Other	-	21,135	422,526	80,253	254,892
Total cash received	1,559,700	1,745,835	1,976,382	1,313,279	1,311,487
Cash used					
Purchase of financial instruments	1,724,700	1,553,856	1,233,026	1,056,595	1,030,246
Other	14,154	190,682	727,148	253,080	297,985
Total cash used	1,738,854	1,744,538	1,960,174	1,309,675	1,328,231
Net cash from/(used by) investing activities	(179,154)	1,297	16,208	3,604	(16,744)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	165,000	-	-	-	-
Total cash received	165,000	-	-	-	-
Net cash from/(used by) financing activities	165,000	-	-	-	-
Net increase/(decrease) in cash held	37,574	(2,698)	112	111	113
Cash and cash equivalents at the beginning of the reporting period	18,631	56,205	53,507	53,619	53,730
Cash and cash equivalents at the end of the reporting period	56,205	53,507	53,619	53,730	53,843

Prepared on Australian Accounting Standards basis.

Table 3.5: Statement of departmental asset movements (Budget year 2023–24)

	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2023		
Gross book value	1,409	1,409
Accumulated depreciation/amortisation and impairment	(1,231)	(1,231)
Opening net book balance	178	178
Other movements		
Depreciation/amortisation expense	(178)	(178)
Total other movements	(178)	(178)
As at 30 June 2024		
Gross book value	1,409	1,409
Accumulated depreciation / amortisation and impairment	(1,409)	(1,409)
Closing net book balance	-	-

Prepared on Australian Accounting Standards basis.