

Social Housing Energy Performance Initiative (SHEPI) Expansion – New South Wales

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

Table 1: Formalities and operation of schedule	
Parties	Commonwealth New South Wales
Duration	This Schedule is expected to expire on 30 June 2031 or on completion of the end of term evaluation, including data, evaluation and reporting contributions from New South Wales.
Purpose	This Schedule will support the delivery of a range of high value energy performance upgrades to existing households in both public and community social housing under the Social Housing Energy Performance Initiative (SHEPI) Expansion. These upgrades will contribute to the reduction of energy bills, energy consumption, and/or increased thermal comfort for social housing tenants and properties. The Parties also seek to leverage the Australian Government's investment to deliver wider economic benefits to the Australian economy in the context of determining value for money, including supporting opportunities for the participation of Australian businesses and industry, growing local employment opportunities in line with initiatives such as the Buy Australian Plan, particularly in rural and remote communities to support local capacity building, particularly for employment and business opportunities to optimise the benefits for women, First Nations Australians, and other under-represented cohorts. In entering the Agreement, the Commonwealth and New South Wales will partner to provide additional benefits for social housing tenants, above and beyond existing New South Wales programs.
Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to New South Wales of \$145,299,000.00 in respect of this Schedule. The profile for the total financial contribution is presented in Table 2. The New South Wales government is providing management and administration of the program.

Additional terms	Funding 1. Commonwealth funding will be released based on the achievement of project milestones, which have been jointly agreed. 2. Commonwealth funding will be used for capital upgrades and must not be used for administrative costs related to implementing the program. 3. All payments are GST exclusive. 4. Milestone payments for submission of the Program Plan or an updated Program Plan represent an advance against future milestone activities. 5. Where the updated cost estimate or final project cost is less than the Commonwealth funding already provided to New South Wales, the resulting savings may be reallocated to other agreed project streams under this program, subject to written agreement by both Commonwealth and relevant New South Wales senior officials. 6. If there are any unspent Commonwealth funds remaining in a financial year (excluding 2030-31) the Commonwealth may move funding into future financial years at its discretion. 6.1. Moved funds may increase the total funding available for milestone payments in the financial year to which they are moved. Program plan 7. The Program Plan will outline how New South Wales will implement energy performance upgrades to around 13,500 existing social housing properties. The Commonwealth will assess the effectiveness of New South Wales' program activities in delivering energy upgrades to social housing. 8. The Program Plan will be used as part of the assessment process when reviewing progress against the Performance Milestones under this Agreement. The Program Plan will be reviewed and updated where required by New South Wales, in consultation with the Commonwealth, on a yearly basis. Evaluation of initiative 9. The Commonwealth will evaluate the Initiative. To this end, the Commonwealth will conduct a mid-point evaluation and an end of term evaluation. New South Wales will cooperate reasonably with the Commonwealth, including providing data and/or New South Wales' program evaluation, in the conduct of the evaluations.
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Investment optimisation

The Parties recognise that:

10. The Australian Government's investment has the potential to deliver wider economic benefits to the Australian economy through the delivery phase.
11. Innovative approaches to tendering are likely to be required to achieve wider outcomes.
12. New South Wales will need to submit a financial arrangements strategy (i.e. procurement and grants) that outlines how they intend to support opportunities for the participation of Australian and local businesses and industry when procuring goods and services in the context of determining value for money and fit for purpose under the SHEPI Expansion, in line with Australia's international trade obligations.
13. Consistent with Australia's international obligations, New South Wales will optimise their procurement practices to enable the wider outcomes listed below and deliver value for money, taking into account the opportunities and market capabilities in their respective jurisdictions:
 - 13.1. First Nations Australians
 - 13.2. Rural and remote communities
 - 13.3. Benefits for women
 - 13.4. Other under-represented cohorts
 - 13.5. Supporting opportunities for the participation of Australian and local businesses and industry.

Definitions

For the purpose of this Schedule:

14. Completed activities: Energy performance upgrades that are considered fully installed during the reporting period.
15. Committed activities: All forecasted energy performance upgrades that are formally agreed and/or scheduled and confirmed for installation but not completed, that were entered into within the reporting period or an outstanding but previously reported commitment.

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Table 2: Financial contributions to New South Wales					
(\$)	2026-27	2027-28	2028-29	2029-30	Total
Estimated total budget	5,000,000.00	60,000,000.00	60,000,000.00	20,299,000.00	145,299,000.00
Less estimated National Partnership Payments	5,000,000.00	60,000,000.00	60,000,000.00	20,299,000.00	145,299,000.00
Balance of non-Commonwealth contributions	0.00	0.00	0.00	0.00	0.00

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Table 3: Performance requirements, reporting and payment summary

Performance milestones	Report due	Payment
Milestone 1: Program Plan to enable New South Wales to successfully deliver on energy performance upgrades to social housing. • Program Plan, developed in consultation with, and to the satisfaction of, the Commonwealth, and conforming to parameters set out in Appendix A, containing: ○ Implementation plan, with detailed delivery timelines, projected budget including committed and/or actual expenditure, and number of properties to receive completed upgrades within each reporting period ○ Risk Management Plan ○ Financial Arrangements Strategy ○ Communications and Tenant Engagement Plan ○ Evaluation and Data Plan	1 July 2026	\$2,500,000 (or as adjusted by additional terms)
Milestone 2: Interim Progress Report for the period 1 July 2026 to 31 December 2026 Satisfactory progress against the Program Plan demonstrated through an Interim Progress Report, to the satisfaction of the Commonwealth, containing: • Summary of all committed and completed activities for this reporting period including: ○ Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: ▪ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ▪ types and costs of energy performance upgrades installed in social housing properties ▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure.	31 October 2026	Up to \$4,000,000 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 1

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Milestone 3: Annual Progress Report for the period 1 January 2027 to 30 June 2027 Satisfactory progress against the Program Plan demonstrated through an Annual Progress Report to the satisfaction of the Commonwealth, containing: • Summary of all committed and completed activities for this reporting period including: ○ Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: ▪ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ▪ types and costs of energy performance upgrades installed in social housing properties ▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure. ○ Evaluation findings or progress, for example estimation of the impacts of the energy performance upgrades (decreased energy consumption, decreased energy bills and/or increased thermal comfort of occupants) and effectiveness of Financial Arrangements Strategy. • Audit and inspection compliance reporting, including number of upgrades inspected, pass/fail rates and rectification notices issued.	30 April 2027	Up to \$5,000,000 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 1 and 2
Milestone 4: Updated program plan Updated Program Plan, developed in consultation with, and to the satisfaction of, the Commonwealth. The Program Plan should reflect any changes to implementation, including changes in the work program, major delays or issues to-date.	1 July 2027	\$30,000,000 (or as adjusted by additional terms)

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Milestone 5: Interim Progress Report for the period 1 July 2027 to 31 December 2027 Satisfactory progress against the Program Plan demonstrated through an Interim Progress Report, to the satisfaction of the Commonwealth, containing: • Summary of all committed and completed activities for this reporting period including: ○ Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: ▪ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ▪ types and costs of energy performance upgrades installed in social housing properties ▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure.	31 October 2027	Up to \$48,000,000 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 4
Milestone 6: Annual Progress Report for the period 1 January 2028 to 30 June 2028 Satisfactory progress against the Program Plan demonstrated through an Annual Progress Report, to the satisfaction of the Commonwealth, containing: • Summary of all committed and completed activities for this reporting period including: ○ Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: ▪ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ▪ types and costs of energy performance upgrades installed in social housing properties ▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure. ○ Evaluation findings or progress, for example estimation of the impacts of the energy performance upgrades (decreased energy consumption, decreased energy bills and/or increased thermal comfort of occupants).	30 April 2028	Up to \$60,000,000 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 4 and 5

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Audit and inspection compliance reporting, including number of upgrades inspected, pass/fail rates and rectification notices issued.		
Milestone 7: Updated program plan Updated Program Plan, developed in consultation with, and to the satisfaction of, the Commonwealth. The Program Plan should reflect any changes to implementation, including changes in the work program, major delays or issues to-date.	1 July 2028	\$30,000,000 (or as adjusted by additional terms)
Milestone 8: Interim Progress Report for the period 1 July 2028 to 31 December 2028 Satisfactory progress against the Program Plan demonstrated through an Interim Progress Report, to the satisfaction of the Commonwealth, containing: - Summary of all committed and completed activities for this reporting period including: - Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: - the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) - types and costs of energy performance upgrades installed in social housing properties - any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. - Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure.	31 October 2028	Up to \$48,000,000 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 7
Milestone 9: Annual Progress Report for the period 1 January 2029 to 30 June 2029 - Satisfactory progress against the Program Plan demonstrated through an Annual Progress Report, to the satisfaction of the Commonwealth, containing: - Summary of all committed and completed activities for this reporting period including: - Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: - the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) - types and costs of energy performance upgrades installed in social housing properties	30 April 2029	Up to \$60,000,000 (or as adjusted by additional terms), based on final program expenses, less any payments made under Milestone 7 and 8

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▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure. ○ Evaluation findings or progress, for example estimation of the impacts of the energy performance upgrades (decreased energy consumption, decreased energy bills and/or increased thermal comfort of occupants). • Audit and inspection compliance reporting, including number of upgrades inspected, pass/fail rates and rectification notices issued.		
Milestone 10: Updated program plan Updated Program Plan, developed in consultation with, and to the satisfaction of, the Commonwealth. The Program Plan should reflect any changes to implementation, including changes in the work program, major delays or issues to-date.	1 July 2029	\$10,149,500 (or as adjusted by additional terms)
Milestone 11: Interim Progress Report for the period 1 July 2029 to 31 December 2029 Satisfactory progress against the Program Plan demonstrated through an Interim Progress Report, to the satisfaction of the Commonwealth, containing: • Summary of all committed and completed activities for this reporting period including: ○ Committed and successfully completed activities, aligned to the Commonwealth guidance on evaluation and data for this initiative. At a minimum, this must include: ▪ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ▪ types and costs of energy performance upgrades installed in social housing properties ▪ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan. ○ Progress of all activities tracked against the Program Plan, including any mitigation strategies where activities are deviating from the Program Plan, including committed and/or actual expenditure.	31 October 2029	Up to \$16,239,200 (or as adjusted by additional terms), based on program commitments and expenses to date, less any payments made under Milestone 10
Milestone 12: Final Report for the period of this Agreement • Summary of all completed activities for the reporting period 1 January 2030 to 30 June 2030, aligned to the Commonwealth guidance on evaluation and data for this Initiative. At a minimum, this must include:	30 April 2030	Up to \$20,299,000 (or as adjusted by additional terms), based on final program expenses, less any payments made

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○ the number of social housing property upgrades completed, further divided by project stream or phase (where relevant) and type of housing (for example, public, community and/or First Nations) ○ types and costs of energy performance upgrades installed in social housing properties ○ any products or deliverables due within this reporting period, agreed to under the Evaluation and Data Plan • Summary of the activities completed, and outcomes achieved over the period of this Agreement to the satisfaction of the Commonwealth. At a minimum, this summary will contain: ○ Total number of social housing property upgrades completed, further divided by type of housing (for example, public, community and/or First Nations). ○ Types and costs of energy performance upgrades installed in social housing properties. ○ Evaluation findings, including outcomes of all activities. For example, estimation of the impacts of the energy performance upgrades (decreased energy consumption, decreased energy bills and/or increased thermal comfort of occupants) and effectiveness of the Financial Arrangement Strategy. ○ Data reporting for the end of term evaluation, aligned to the Commonwealth guidance on evaluation and data for this initiative. ○ Audit and inspection compliance reporting, including number of upgrades inspected, pass/fail rates and rectification notices issued. ○ Committed activities for the remainder of this Agreement.		under Milestone 10 and 11
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The Parties have confirmed their commitment to this schedule as follows:

*Signed for and on behalf of the
Commonwealth of Australia by*



The Honourable Josh Wilson MP
Assistant Minister for Climate Change and Energy

26 / 5 / 2026

*Signed for and on behalf of the State of
New South Wales by*



**The Honourable (Penny) Penelope Gail
Sharpe MLC**
Minister for Energy

5 / 7 / 2026

Key Design Principles

1. **Energy bill reduction and affordability:** target investment to catalyse uptake of energy performance upgrades that reduce energy bills for consumers.
2. **Impact:** support energy upgrades for social housing tenants who face barriers (e.g. financial, information and housing tenure related barriers) and increase thermal comfort for tenants, with associated quality of life and health benefits.
3. **Support energy system reliability:** the initiative targets reduction in energy use, easing pressure on and supports reliability of the energy system.
4. **Contribute to Australia's emissions reduction targets:** supports Australia meeting its emissions reduction targets of 43 percent by 2030 and Net-Zero emissions by 2050. The initiative will target investment to catalyse uptake of energy performance upgrades that reduce household emissions and safeguard against impacts of a changing climate.
5. **A partnership approach:** designed in partnership with states and territories and in consultation with delivery partners and key stakeholders. The initiative will seek to align with existing Commonwealth and state and territory initiatives and processes, avoid duplication and require evidence of additionality to policies and program already underway and, if appropriate, to support opportunities for the participation of Australian and local businesses and industry.
6. **Leveraging Commonwealth investment:** the expansion does not require co-funding from states and territories, but to maximise the expanded Commonwealth investment it is encouraged as joint investments have the potential to enable wider program outcomes. Projects should demonstrate that investment through the initiative will provide significant benefits above and beyond existing or announced state and territory initiatives and Commonwealth initiatives, such as:
 - National Housing Accord
 - Social Housing Accelerator
 - National Agreement on Social Housing and Homelessness (NASHH)
 - Community Solar Banks

If appropriate, leverage Commonwealth investment to deliver wider economic benefits, including, for example, supporting opportunities for the participation of Australian businesses and industry and growing local employment, in line with Australia's international trade obligations.
7. **Risk management by design:** safety in implementation will be secured through design with delivery partners and careful planning and sequencing of measures, with an emphasis on incorporating safety, training or competency requirements, accreditation, audit and inspection (including compliance with work codes and certifications) arrangements into program design.

8. **Catalysing business capacity and skills:** stimulate business and skills capacity to deliver retrofits for electrification and energy efficiency upgrades in households and, if appropriate, to support opportunities for the participation of Australian and local businesses and industry. Consideration should be given to employment and business opportunities to optimise the benefits for women, First Nations Australians, and other under-represented cohorts.
9. **Inclusive:** Consultation with cohorts that are prone to energy hardship and over-represented in social housing, such as First Nations Australians, women and people with a disability will be required to ensure diverse needs for energy performance are met.
10. **Social Licence:** Building confidence in communities that the energy transition can deliver direct benefits, including wider economic benefits to the local economy.

Design Parameters

The below design parameters (**Table 1**) set the boundaries for states and territories proposals. These parameters will inform the individual state and territory funding agreements.

Table 1: SHEPI Expansion Design Parameters

Funding	The Australian Government has committed \$500 million over four years (2025-26 to 2028-29), to partner with state and territory governments to fund energy performance upgrades in social housing in addition to existing funding under the \$300 million Social Housing Energy Performance Initiative to 2026-27. The funding profile will ramp up over the period, to ensure steady roll out of the energy performance upgrades and to support robust risk planning and management at the outset. Funding will be notionally allocated to jurisdictions to provide them with an opportunity to seek approvals through their Cabinet processes over the course of the funding period, and to create a stage-gate for pilot programs to evolve.
Timing to implement	Agreements with state and territory governments are expected to be negotiated from mid-2025 and implementation of bespoke proposals commencing from Q3 2025.
Co-investment	Co-investment from state and territory governments is not required, however, is encouraged to enable wider program outcomes. Co-funding may be in the form of funding for specific measures aligned with the intent of the initiative, or an expansion of an existing program whereby the extension is aligned with the intent and design parameters of the initiative. Co-funding may also be in the form of administration and delivery

	costs as required to implement the program. Projects receiving other sources of Commonwealth funding will not be considered as contributing to a jurisdiction's co-investment amount. Co-investment from the community housing sector, and industry, is also of interest.
Program delivery types	The program delivery type will vary by jurisdiction and may take a phased approach, including one, or a combination, of the following: Seed funding and/or pilot Undertake a pilot program for up to 18 months to trial and identify a practical pathway to larger scale implementation of upgrades. The timeframes and scope of the pilot must be defined and must deliver upgrades as an outcome. Expansion of an existing program Build on an existing program (including previous pilots). Jurisdictions must be able to demonstrate the additional element(s) above and beyond the scope of the existing program (e.g. expanded scale or scope of upgrades, number of households, new regions or new cohorts). New program Establish new programs to roll out upgrades to social housing. Interventions must be targeted at cohorts and technologies that meet the intent of the initiative and be tailored to the needs of the jurisdiction's unique housing stock requirements (including climate zones, remote and or regional considerations).
Target cohort	The initiative will deliver energy and cost saving benefits to people residing in social housing. Social housing is government subsidised short and long-term rental housing. In Australia in recent decades, it has mainly been available to people on very low incomes, and who often have experienced homelessness, family violence or have other complex needs¹. This includes public housing, state owned and managed Indigenous housing, community housing and Indigenous community housing. Social housing is made up of two types of housing: • public housing, which is owned and managed by state and territory governments, and

¹ [Australian Housing and Urban Research Institute \(social housing definition\)](#)

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	• community housing, which is managed (and often owned) by not-for-profit organisations. In recognising the challenges with the availability of social housing, consideration will also be given to proposals that reach other vulnerable cohorts that meet individual jurisdiction's eligibility to apply for access to social housing. In considering these proposals, the Commonwealth will have regard to the principle that the balance of each state and territory's proposals must target the primary cohort of people residing in social housing first. States and territories will be required to outline the target cohorts of any funding proposal and demonstrate that value is provided to vulnerable consumers who would benefit from upgrades and are not in a position to make upgrades without government intervention. This may include proposals intended to improve equity and resilience for social housing tenants.
Energy efficiency upgrade types	Energy performance upgrades aim to reduce energy use and costs while improving the thermal comfort benefits of a household. The scope of energy performance upgrades cover renewable energy (e.g. solar PV and batteries), thermal shell (e.g. draught proofing, high performance glazing, insulation, external window shading) and or appliances upgrades including electrification (e.g. hot water systems, split cycle air-conditioning, cooktops and ovens). Upgrades to communal spaces are within scope if all tenants using the communal space are social housing tenants and jurisdictions can measure the benefit of the upgrade to the social housing tenants. Flexibility will be built into the design to account for differences in home types and regions: Jurisdictions will develop their own prioritisation processes for upgrades, tailored to different housing characteristics within each jurisdiction (e.g. age of housing stock, climate zone, equity of distribution). The initiative is not designed to support general maintenance activities, however co-investments may leverage existing maintenance schedules to roll out the energy upgrades. Consideration will be given to maintenance as a direct consequence of enabling the energy upgrade (e.g. roof upgrades to enable installation of solar), however the majority of the funding per dwelling must be used on the energy upgrade itself.
Risk Management Plan	Jurisdictions will be required to submit detailed risk management and monitoring and evaluation plans as part of their proposals for Commonwealth funding. This includes leveraging, rather than duplicating, existing compliance and monitoring regimes where they

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	meet the Commonwealth's risk plan guidelines. Key elements will include: • Speed of implementation and resourcing • Safety training and competency requirements • Audit and inspection arrangements, including fraud management and post-installation inspections • Communication and consultation, including seeking tenant consent • Consumer protection Further detail on the Risk Strategy have been provided to states and territories setting out the requirements of state and territory risk management plans.
Communication and consultation	Jurisdictions will be required to submit a communication and consultation plan, to ensure tenants and communities are appropriately consulted and informed of the proposals. The plan will identify how tenants will be consulted throughout the life of the program, including: • seeking and capturing social housing tenants' views on the projects • establishing protocols for seeking consent from social housing tenants • communicating the upgrade and benefits to the tenants • complaints and feedback protocols Reporting on progress of jurisdiction's engagement activities will be required throughout the life of the initiative.
Analysis and evaluation	Evaluation will consider the investment commitments and the upgrade outcomes (energy efficiency increases, energy bill cost reduction and thermal comfort) and the outcomes of the financial arrangements strategy. Both qualitative and quantitative analysis should be used to articulate investment benefits.
Data	This program presents an opportunity to collect energy performance data for a cross-section of social housing, spanning different geographies, temperate zones, property and energy efficiency upgrade types. The Commonwealth is interested in measuring a variety of benefits while partnering with states and territories to maximise funding opportunities and outcomes. The Commonwealth is aware of the challenges in measuring energy performance benefits in social housing dwellings noting the impermanent nature of tenancies. The Commonwealth will work with states and territories throughout the

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	life of the initiative to: • define key metrics that all projects report against • build a practical data baseline against which to measure benefits and outcomes • establish data sharing protocols and mechanisms to share program learnings and failures • agree to a standard wording that seeks consent from social housing tenants to use their data for social and low-income related policies.
Reporting	Jurisdictions will likely be required to submit an implementation plan (including risk plan and communication and consultation plan) as well as procurement approaches to market where relevant early in the agreement, and up to two reports per year: for an example, an annual plan and a progress report, which will demonstrate progress against the number of upgrades delivered, reporting on the jurisdictions' co-contribution to date, where relevant, and annual updates to the implementation plan. Progress reports are likely to include metrics on the number and type of retrofits undertaken, expenditure, audit/inspection compliance, other data/benefits where available. Reporting schedules will be negotiated in the development of individual schedules to the Federation Funding Agreement for the initiative.
Payments	Payments will be made yearly upon satisfactory completion and acceptance of the progress milestones. The first payment is expected to be in Q3 2025, following submission of a project plan (including risk plan and financial arrangements strategy). The funding profile will increase over the period, to ensure a steady roll out of the initiative.
Catalysing business capacity and industry skills	The Commonwealth is interested in stimulating business and skills capacity in retrofits for electrification and energy efficiency upgrades in households. Jurisdictions should consider, if appropriate, opportunities for the participation of Australian businesses and industry and growing local employment in line with initiatives such as the Buy Australian Plan, particularly in rural and remote communities to support local capacity building, particularly for employment and business opportunities to optimise the benefits for women, First Nations Australians, and other under-represented cohorts. Jurisdictions will be required to submit a financial arrangements strategy (i.e. procurement and grants) that outlines how they intend to support opportunities for the participation of Australian and local businesses and industry when procuring goods and services in the context of determining value for money and fit for purpose under the SHEPI Expansion, in line with Australia's international trade

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	obligations.
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