

New Homes Bonus

FEDERATION FUNDING AGREEMENT – AFFORDABLE HOUSING, COMMUNITY SERVICES AND OTHER

Table 1: Formalities and operation of schedule

Parties	Commonwealth New South Wales Victoria Queensland Western Australia South Australia Tasmania Australian Capital Territory Northern Territory																														
Duration	This Schedule is expected to expire on 30 June 2030.																														
Purpose	This Schedule will provide up to \$3 billion to incentivise States and Territories (States) to achieve more than their share of the one million well-located homes target the Commonwealth and states and territories agreed to under the National Housing Accord¹. In entering this Agreement, the Commonwealth agrees to pay the States a payment of \$15,000 for every additional eligible home built in their jurisdiction between 1 July 2024 and 30 June 2029 between their baseline and maximum targets (see Table 1). <table><tr><th>Table 1 – New homes target</th><th>Baseline target</th><th>Maximum target</th></tr><tr><td>New South Wales</td><td>313,699</td><td>376,439</td></tr><tr><td>Victoria</td><td>255,271</td><td>306,325</td></tr><tr><td>Queensland</td><td>204,782</td><td>245,738</td></tr><tr><td>Western Australia</td><td>107,571</td><td>129,085</td></tr><tr><td>South Australia</td><td>69,841</td><td>83,809</td></tr><tr><td>Tasmania</td><td>21,764</td><td>26,117</td></tr><tr><td>Australian Capital Territory</td><td>17,547</td><td>21,057</td></tr><tr><td>Northern Territory</td><td>9,525</td><td>11,430</td></tr><tr><td>Total</td><td>1,000,000</td><td>1,200,000</td></tr></table>	Table 1 – New homes target	Baseline target	Maximum target	New South Wales	313,699	376,439	Victoria	255,271	306,325	Queensland	204,782	245,738	Western Australia	107,571	129,085	South Australia	69,841	83,809	Tasmania	21,764	26,117	Australian Capital Territory	17,547	21,057	Northern Territory	9,525	11,430	Total	1,000,000	1,200,000
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¹ <https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2022-10/national-housing-accord-2022.pdf>

	The Parties recognise the shared role of all levels of government in supporting ongoing natural disaster and hazard mitigation efforts. This Schedule recognises that progress on this will continue to be delivered and monitored through existing policy frameworks such as the National Construction Code, Planning Ministers' Meetings and other intergovernmental fora. Additionally, for the purposes of this Schedule, the Parties will continue to apply the definitions of 'well-located' homes agreed under the National Housing Accord. Furthermore, the achievement of targets under this Schedule will be supported by actions progressed through the National Housing Accord and other housing policy initiatives. The Parties recognise the significant investments and reforms being undertaken by all levels of government to increase housing supply and housing affordability and agree to maintain effort and strengthen coordination.
Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to the States of \$3 billion in 2029-30 in respect of this Schedule. Table 2 sets out the total funding available for each State if they achieve their maximum targets as outlined in Table 1, noting that some States may receive more than their allocated share in Table 2 if other States do not achieve their maximum targets (Clauses 5 to 7 refer). Any remaining funds upon the Schedule's expiration on 30 June 2030 will return to the Commonwealth's Consolidated Revenue.
Additional terms	Role of the Commonwealth 1. In addition to Clause 18 of the Federal Funding Agreement - Affordable Housing, Community Services and Other (FFA) the Commonwealth will be responsible for: a. Monitoring and reporting on the number of well-located homes delivered by each State under this Schedule as specified in Clauses 11-13. b. Working with the States to enable delivery of relevant planning reforms to support achieving the targets under this Schedule, including through the National Housing Accord and the National Planning Reform Blueprint². c. Working with the States to provide an annual report on progress, such as an update from the National Housing Supply and Affordability Council³, under this Schedule to the Council on Federal Financial Relations as specified in Clause 12.

² <https://treasury.gov.au/policy-topics/housing/blueprint>

³ <https://nhsac.gov.au/about>

d. Delivering the evaluation of the Schedule as specified at Clauses 14,15 and 18.

2. The achievement of the national 1.2 million new well-located homes target will require collaboration across all levels of government and partnerships with the private sector and community sectors. Consequently, this target is a shared target, in which all governments will undertake actions to help deliver more homes.

3. As part of these collaborative efforts, the Commonwealth has committed to an ambitious housing reform agenda to help increase national supply and improve affordability. This includes, but is not limited to:

a. 40,000 social and affordable homes, funded through the \$10 billion Housing Australia Future Fund and National Housing Accord

b. investing \$10 billion to support the delivery of up to 100,000 homes for sale to first home buyers, partnering with state and territory governments to identify and fast track suitable projects

c. the \$1.5 billion Housing Support Program, and \$2 billion Housing Support Program – Local Infrastructure Fund to help States, state utility providers and local governments to deliver enabling infrastructure and planning reform to support new housing developments

d. fast-tracking approvals under the *Environment Protection and Biodiversity Conservation Act 1999*

e. the \$2 billion Social Housing Accelerator, which will fund around 4,000 new and refurbished social homes

f. agreeing to a National Planning Reform Blueprint to outline planning, zoning, land release and other measures to improve housing supply and affordability.

Role of the States

4. In addition to Clause 20 of the FFA (Role of the States and Territories), States will be responsible for:

a. Putting in place appropriate policies to exceed their baseline target and help achieve their share of the 1.2 million new well-located homes target as agreed by National Cabinet.

b. Working with the Commonwealth on annual reporting of progress, such as through the National Housing Supply and Affordability Council.

Distribution of unallocated funds

5. If any State does not meet its maximum target, it will not receive the entirety of its share of program funds outlined in Table 2. In this

scenario, the Commonwealth will re-distribute any unallocated program funds across the States that exceed their maximum targets.

6. The Commonwealth will do so at a maximum rate of \$15,000 for every additional dwelling above a States' maximum target.
7. In the event the national maximum target is exceeded nationally but not all States achieve their respective maximum target, the payment to the States for each additional dwelling above their maximum target will be proportionately reduced from the maximum \$15,000 per additional dwelling to ensure the \$3 billion program funding will not be exceeded (see Box 1 for examples).

Box 1

Example A

If the national target is exceeded by 10,000 dwellings, but there is \$100 million in unallocated funds due to some States not meeting their maximum targets, the States that exceed their maximum targets would receive \$10,000 for each additional dwelling.

Example B

If the national target is exceeded by 10,000 dwellings, but there is \$200 million in unallocated funds due to some States not meeting their maximum targets, the States that exceed their maximum targets would receive \$15,000 for each additional dwelling.

Other eligibility conditions

8. States would not be eligible for New Homes Bonus payments if new measures or extensions of existing measures stimulate demand in a way that can add to inflationary pressures and capacity constraints within the construction sector.
9. Eligibility would not be affected where the measures outlined at Clause 8 applied to all homes regardless of whether they were new builds or existing homes. Similarly, investments and incentives to permanently increase social and/or affordable housing stock in a State will be exempt from this restriction.
10. As part of the review of the effectiveness of this Schedule, as outlined in Clauses 15 and 18, consideration will be given to whether any state measures have stimulated demand where there are capacity constraints in the construction sector and if Clause 8 should be enacted. Further exemptions to this restriction can be granted where relevant Commonwealth and State Housing Ministers agree, such as changes in economic circumstances.

Location of dwellings

11. For the purposes of this Schedule, a well-located home is a 'home that is close to work, schools, transport and other amenities and supports improved productivity and liveability'. States may develop their own

definitions consistent with the national approach. This is consistent with the definition agreed under the National Housing Accord.

Monitoring, reporting and evaluation

12. The New Homes Bonus is based on progress towards improving the supply of new well-located homes.
13. The number of new homes delivered over the course of this Schedule will be measured by the Commonwealth using dwelling unit completions data from the Australian Bureau of Statistics' (ABS) September 2029 quarterly Building Activity Australia data series, or any subsequent ABS series if the Building Activity Australia data series is superseded. This provides an estimate of the total number of dwellings complete across both the public and private sectors.
14. The Commonwealth will provide advice on an annual basis to the Council on Federal Financial Relations (CFFR) outlining States' progress towards their housing targets in accordance with Table 1. This could be informed by the National Housing Supply and Affordability Council and consultation with the states.
15. The National Housing Supply and Affordability Council will continue to advise on the suitability of the national target in consultation with the states and territories, and in response to ongoing monitoring of the capacity of the residential building industry as was agreed under the National Housing Accord in 2022.
16. The States will provide a report following the completion of the National Housing Accord, outlining the number of homes completed between 1 July 2024 and 30 June 2029 and the programs and initiatives states have implemented to boost housing supply.
17. Upon receipt, the Commonwealth will be responsible for reviewing the reports and considering whether programs or initiatives in states have stimulated demand where there are capacity constraints within the construction sector and are ineligible for payment under this Schedule, as outlined in Clause 8.
18. Commonwealth and States will work together to evaluate the effectiveness of this Schedule and the achievement of the targets outlined in Table 1. The evaluation will be delivered by 31 December 2030 following the completion of the National Housing Accord.

Table 2: Financial contributions to the state		
(\$)	2029-30	Total
Estimated total budget	3,000,000,000.00	3,000,000,000.00
Less estimated National Partnership Payments	3,000,000,000.00	3,000,000,000.00
- New South Wales	941,100,000.00	1,000,000,000.00
- Victoria	765,800,000.00	765,800,000.00
- Queensland	614,300,000.00	614,300,000.00
- Western Australia	322,700,000.00	322,700,000.00
- South Australia	209,500,000.00	209,500,000.00
- Tasmania	65,300,000.00	65,300,000.00
- Australian Capital Territory	52,600,000.00	52,600,000.00
- Northern Territory	28,600,000.00	28,600,000.00
Balance of non-Commonwealth contributions	0.00	0.00

Note: This table sets out the total funding available for each State if they achieve their maximum targets as outlined in Table 1, noting that some States may receive more than their allocated share in Table 2 if other States do not achieve their maximum targets.

Table 3: Performance requirements, reporting and payment summary		
Performance milestones	Report due	Payment
Acceptance of final reporting following the Accord's completion. The final reporting will, at a minimum, provide information on: - Final number of homes completed between 1 July 2024 and 30 June 2029 - Programs and initiatives implemented to boost housing supply. Up to \$3 billion will be paid to states in accordance with Table 2 of this Schedule and on a maximum payment of \$15,000 per dwelling basis. Note: Clauses 5-7 may apply to pay the states above the maximum amounts allocated in Table 2.	31/08/2029	\$3,000,000,000.00

Final Reporting Template

Quarter	Number of residential land parcels created	Number of residential dwellings approved for development	Number of residential dwellings that have completed construction
2024-25			
2025-26			
2026-27			
2027-28			
2028-29			

[illegible]

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Clare O'Neil MP

Minister for Housing, Homelessness and Cities

[Day] [Month] 2026

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



The Honourable Rose Jackson MLC

Minister for Water, Housing, Homelessness, Mental Health and Youth

[Day] [Month] 2026

Signed for and on behalf of the State of Victoria by



The Honourable Colin Brooks MP

Treasurer and Minister for Industrial Relations

[Day] [Month] 2026

Signed for and on behalf of the State of Queensland by



The Honourable Sam O'Connor MP

Minister for Housing and Public Works, and Youth

[Day] [Month] 2026

Signed for and on behalf of the State of Western Australia by



The Honourable John Carey MLA

Minister for Planning and Lands, Housing and Works, and Health Infrastructure

[Day] [Month] 2026

Signed for and on behalf of the State of South Australia by



The Honourable Nick Champion MP

Minister for Housing and Urban Development, Housing Infrastructure and Planning

[Day] [Month] 2026

Signed for and on behalf of the State of Tasmania by



The Honourable Kerry Vincent MLC

Minister for Infrastructure and Transport, Local Government, and Housing and Planning

[Day] [Month] 2026

**Signed for and on behalf of the Australian
Capital Territory by**

Suzanne Orr MLA

Minister for Housing and Homelessness, Climate
Change, Environment, Energy and Water, Aboriginal
and Torres Strait Islander Affairs, Equality, and
Disability, Autism and Neurodiversity

[Day] [Month] 2026

**Signed for and on behalf of the Northern
Territory by**

The Honourable Bill Yan MLA

Treasurer and Minister for Logistics and
Infrastructure, and Housing Construction

[Day] [Month] 2026