HomeBuilder National Partnership Agreement Review: Stakeholder Consultation

Department of the Treasury

Stakeholder Report

31 August 2022

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Glossary

Term	Definition
FHOG	First Home Owner Grant
HomeBuilder	The HomeBuilder program
Jurisdictions	State and territory governments of ACT, NSW, QLD, VIC, TAS, NT, SA, WA
NPA	National Partnership Agreement
SRO	State/ territory revenue office
the Treasury	Commonwealth Department of the Treasury
treasuries	State and territory treasury departments

Introduction

1 Introduction

KPMG was commissioned by the Commonwealth Department of the Treasury (the Treasury) to support its review of the HomeBuilder Program ('HomeBuilder') National Partnership Agreement ('NPA').

The review involved conducting consultations with state and territory revenue offices (SROs) and treasuries. Findings from the consultations will inform the Treasury's preparation of the NPA review. By analysing the insights that emerged from consultations with the jurisdictions, this work aims to build the Treasury's understanding of the effectiveness of the NPA's administration and achievement of intended objectives and outcomes. Additionally, analysis seeks to identify potential improvements in the design and implementation of future NPAs.

1.1 Structure of this report

Table 1. Report structure

Section	Overview
Section 1: Introduction (current section)	This section provides an overview of the background of HomeBuilder and the HomeBuilder NPA, including the context in which it was implemented, and its key components, objectives and scope.
Section 2: Review approach	This section details the approach employed for the review, including the scope and objectives, methodology and key topics.
Section 3: Review findings	This section details overall findings against the key topics.
Section 4: Future design considerations	This section identifies future design considerations for the HomeBuilder NPA and other NPAs, based on the findings outlined in section 3.
Appendices	The appendices provide further information including the initial HomeBuilder announcement, stakeholder consultation list, and stakeholder consultation questions.

1.2 Key components of the HomeBuilder NPA

1.2.1 Context and overview

The COVID-19 pandemic hit Australia in early 2020. There was concern from the Commonwealth Government and from industry that the pandemic would have a substantial impact on the residential construction industry, which represents five per cent of Australia's Gross Domestic Product and approximately one per cent of total employment.[1] This concern was evidenced by the following[2]:

- Treasury forecasting of a housing construction decline

[1] Commonwealth Department of the Treasury. HomeBuilder Program, Program Management Plan (Draft). Provided to KPMG by the Treasury on 5 July 2022.

[2] Ibid.

- Insights from industry that demand within the sector was declining, and reporting from the Housing Industry Association that sales of new homes had declined with a further fall anticipated
- Warnings from stakeholders and peak organisations about the likely negative impact on builders and construction businesses.

On 4 June 2020, the former Prime Minister, former Commonwealth Treasurer and former Commonwealth Minister for Housing announced the introduction of HomeBuilder to drive economic activity and support jobs in the residential construction sector (see Appendix A for the joint media release). Specifically, the intended outcomes of HomeBuilder were to drive demand for new homes and substantial renovations, boost confidence in the sector, and financially assist eligible owner-occupiers.

HomeBuilder was introduced to provide all eligible owner-occupiers with a grant of $25,000 to build a new home or substantially renovate an existing home. To access the grant, applicants had to have a signed building contract on or after 4 June 2020 up to and including 31 December 2020, with the contract specifying that construction would commence within three months of the contract date.

The HomeBuilder NPA was established to support implementation of the program. The NPA outlines HomeBuilder's intended outcomes and outputs; reporting, financial and governance arrangements; roles and responsibilities; and guidelines (outlined in Schedule A and B of the NPA). The NPA was signed by the Commonwealth on 12 June 2020, and by all jurisdictions by 2 July 2020.

There have been two variations to the NPA since it was first signed:

- **29 November 2020** – HomeBuilder was extended to provide a $15,000 grant to build a new home or substantially renovate an existing home. To access this grant, applicants had to have a signed building contract on or after 1 January 2021 up to and including 31 March 2021. The construction commencement timeframe was extended from three months to six months for all applicants.
- **17 April 2021** – The construction commencement timeframe was again extended for all applicants, from six months to 18 months.

1.2.2 NPA objectives

The objectives of the HomeBuilder NPA, as outlined in clause 15 of the NPA itself, are to:

- Provide a framework to the parties to work cooperatively to support the residential construction industry through the Coronavirus crisis and build confidence in the sector over the short to medium term
- Provide financial assistance to eligible owner-occupiers with the intent of increasing residential construction activity and maintaining direct and indirect residential construction jobs.

1.2.3 Roles and responsibilities in the NPA

Roles and responsibilities for HomeBuilder are outlined in Part 3 of the NPA. The Treasury, on behalf of the Commonwealth Government, owns and funds HomeBuilder and is responsible for actioning the Commonwealth's responsibilities specified in the agreement. These included reimbursing jurisdictions for grants paid and monitoring the performance of HomeBuilder.

Under the NPA, jurisdictions are responsible for the administration of HomeBuilder. This involves being responsible for ensuring the program is administered in line with the terms and conditions of the NPA (including ensuring recipients meet eligibility criteria), delivering on the intended outcomes and outputs, and reporting on delivery.

The Treasury and the jurisdictions have joint responsibilities under the NPA. Together, the Treasury and jurisdictions participate in consultations regarding the NPA's implementation to consider ongoing questions and issues, negotiate variations to the NPA, and conduct evaluations and reviews of what is delivered under the NPA.

More detail on the roles and responsibilities is outlined in section 3.2.1.

1.3 Purpose of this review

This report will be an input for the Treasury's review of the NPA, which is to be completed by 31 December 2022. The Treasury's review will consider whether HomeBuilder has achieved the agreed objectives and outcomes of the NPA.

Specifically, this report will inform the Treasury's review by delivering stakeholder insights on the following:

- Did the NPA effectively deliver the objectives, outcomes and outputs of the HomeBuilder program (as outlined in clauses 15-17 of the NPA)
- The extent to which the Commonwealth and state and territory governments have fulfilled their roles and responsibilities under the NPA (as outlined in clauses 19-21)
- The utility of the performance indicators and reporting arrangements under the NPA (as outlined in clauses 23-27), with consideration of the adequacy and quality of the data and information reported under the NPA
- The effectiveness and appropriateness of the financial arrangements under the NPA (as outlined in clauses 28-33).

Review approach

2 Review approach

2.1 Overview

This section sets out KPMG's approach to reviewing the HomeBuilder NPA, specifically the stakeholder consultation activity that informed the findings detailed in this report. It describes the scope, the sources that were drawn on, how the information was analysed, and any review considerations or limitations.

2.2 Scope

KPMG's review focused on the Homebuilder NPA, and considered the following key overarching topics (which align with the intended purpose of the review outlined in section 1.3):

Key topics

1) **Implementation and performance** – How well HomeBuilder is being delivered by the jurisdictions, whether it is meeting intended outcomes, and the role of the HomeBuilder NPA in supporting this.
2) **Roles and responsibilities** – Ability of the jurisdictions to meet the roles and responsibilities required, and interaction with the Treasury in the context of this role.
3) **Performance monitoring and reporting** – Utility of the reporting required of jurisdictions under the NPA.
4) **Financial arrangements** – How effective and appropriate the NPA's financial arrangements are, including funding available and payment arrangements.

KPMG specifically focused on gathering both the Treasury's and jurisdictions' insight into these topics. The scope of the review included:

- Reviewing relevant program information and documentation to develop an understanding of HomeBuilder, the NPA, and the various parties involved
- Undertaking one round of consultation with jurisdictions:
  - Consulting with SROs and treasuries from each jurisdiction to gather insight on their operating environment, the four key topics, and options for improvement (see Appendix C for questions asked in the consultations)
- Consulting with the Treasury to gain a more detailed understanding of their role in the administration of the HomeBuilder NPA
- Undertaking a preliminary findings workshop with the Treasury to present insights gathered from the jurisdictions
- Holding a findings validation workshop for all jurisdictions, as an opportunity to validate insights gathered during the initial round of consultation, clarify details, and collect any additional insights
- Developing this report, which includes outlining findings from the consultations and future design considerations for the HomeBuilder NPA and any future NPAs.

2.3 Methodology

2.3.1 Data sources

To analyse the key review topics, the review drew upon qualitative data. This section provides an overview of the data sources and how they were used. Table 2 identifies existing data sources and data collection methods.

Table 2. Summary of data sources and type for review

Source	Data type
Treasury	HomeBuilder NPA
	HomeBuilder program documentation, including: • HomeBuilder Program Management Plan (in draft) • HomeBuilder May and June Data Dashboards (which are an amalgamation of each jurisdiction's monthly data) • Example of a jurisdiction's weekly HomeBuilder report.
	Initial HomeBuilder forecasting data
	The Treasury's perspective on NPA administration
Jurisdictions	Jurisdictions' perspectives on NPA administration

Source: KPMG

2.3.2 Qualitative data collection

This section discusses the role of stakeholder consultations as a data collection method, including the type of data collected and from whom. Stakeholder consultations were undertaken using a semi-structured interview approach. Table 3 illustrates the main focus of consultation with each stakeholder group (refer to Appendix B for a list of stakeholders consulted and Appendix C for a list of consultation questions).

Table 3. Stakeholder consultation approach

Stakeholder	Focus
Treasury	Met with the Treasury staff involved in the program management of HomeBuilder to: • Provide context and insights into HomeBuilder and the NPA • Explore questions on the initial announcement of HomeBuilder, its rollout, and design of the NPA • Explore questions about the NPA's role in the delivery of HomeBuilder • Explore questions about the Treasury's role as outlined in the NPA.
Jurisdictions' SRO and treasury staff	Met with jurisdictions' SRO and treasury staff to: • Provide jurisdictional context and insights into the administration of the HomeBuilder NPA, including its design, implementation and early consultation process • Explore questions about the NPA's role in the delivery of HomeBuilder • Explore questions on roles and responsibilities, including collaboration between jurisdictions and with the Treasury, and the appropriateness of the roles and responsibilities ascribed to the jurisdictions

Stakeholder	Focus
	• Explore questions on the reporting and financial arrangements • Discuss lessons learned and opportunities to improve the HomeBuilder NPA and future NPAs.

Source: KPMG

2.3.2.1 Documentation review

A review of the NPA itself provided insight into a number of key components that then informed consultation questions. This included the specific reporting and financial arrangements, the division of roles, as well as the specific eligibility criteria and implementation guidelines outlined by the Commonwealth which the jurisdictions were responsible for following. In addition, other relevant program documentation sourced from the Treasury was reviewed to inform a more detailed understanding of the NPA, its background and relevant processes.

2.3.3 Analytical methods

Once data was collected using the methods identified above, it was analysed and synthesised to produce detailed results. This was done by using the thematic analysis method.

Thematic analysis broadly refers to the analysis of a wide range of qualitative information, such as stakeholder interview notes, and its synthesis into a collection of themes that can be used to answer questions. This analysis was also conducted on information gained from program documentation provided by the Treasury where possible.

2.4 Considerations

In conducting this review and developing this report, the following were considered:

- **Number of HomeBuilder reviews.**[3] HomeBuilder was included as part of a PricewaterhouseCoopers review of COVID-19 response programs in late 2020, which according to the Treasury identified no significant issues. This NPA review is one of three additional reviews to be conducted. The Treasury will undertake an internal review of HomeBuilder after the completion of this NPA review and HomeBuilder has closed, focusing on lessons learned and the design of future grant programs. HomeBuilder is also anticipated to be included in the Australian National Audit Office's phase three audits of the Commonwealth's response to COVID-19, with scope and detail still to be determined.
- **Specific scope of this review.** Consistent with the requirements of the NPA (see clauses 35-37 in the NPA, titled *Review of the Agreement*), the Treasury requested that the review scope focus on the NPA itself, what it has achieved and the role it has played in the delivery of HomeBuilder. This is instead of a review on the achievement of HomeBuilder policy goals more broadly, or on the Treasury's and jurisdictional delivery of the program. However, it is acknowledged that these are closely related and findings in this report that comment on the NPA's ability to effectively deliver the objectives, outcomes and outputs of HomeBuilder do comment on the success of HomeBuilder more broadly where necessary.

  In addition, KPMG's scope was to collect and analyse qualitative information from stakeholders during consultation. This report does not include comprehensive quantitative data analysis, other than presenting forecast and actual grant numbers provided by the Treasury.
- **Timing of this review and future design considerations.** KPMG notes that this review is occurring towards the end of the NPA's lifecycle, with HomeBuilder applications already closed. Given this, most future design considerations were considered in the context of applying to future NPAs and grant

[3] Commonwealth Department of the Treasury. HomeBuilder Program, Program Management Plan (Draft). Provided to KPMG by the Treasury on 5 July 2022.

programs, instead of immediate improvements to make to the HomeBuilder NPA, which is set to expire on 30 June 2023.

- **Factors impacting the residential construction market.** In undertaking the consultations with jurisdictions and developing findings, the impact of COVID-19 on the residential construction market was considered, as was the demand for support both nationally and in each jurisdiction, as well as the impact of other residential construction market stimulatory measures.

  In particular, HomeBuilder and the NPA were developed under the exceptional circumstances of the COVID-19 pandemic. The extent to which lessons learned from the development and implementation of this NPA can be applied to future NPAs should be considered in view of these circumstances.

  In addition, the review did not focus specifically on any concurrent or linked programs at the jurisdictional level that were also established to support the residential construction industry and interdependencies with the HomeBuilder NPA. However, they were discussed as part of the consultation with jurisdiction representatives.

Review findings

3 Review findings

The findings from KPMG's review of the HomeBuilder NPA are presented in this section under the following key review topics:

1) Implementation and performance
2) Roles and responsibilities
3) Performance monitoring and reporting
4) Financial arrangements.

The methods of analysis used to identify findings under these questions are described in section 2.3.3.

The key findings and future design considerations are provided in the sections below for each topic. The findings reflect jurisdictions' experiences administering the NPA. Overall, findings suggest that the NPA did support the delivery of HomeBuilder and achievement of intended outcomes, and that the reporting and financial arrangements were mostly appropriate. However, KPMG identified key areas for improvement in terms of earlier and more collaborative consultation, leadership, and administrative funding, among others.

3.1 Implementation and performance

Did the NPA effectively deliver the objectives, outcomes and outputs of the HomeBuilder program?

Exploring this review topic involved considering the effectiveness of the NPA in providing a framework to support the residential construction industry during COVID-19, the NPA and HomeBuilder's impact on the industry, and the application of the NPA in detail.

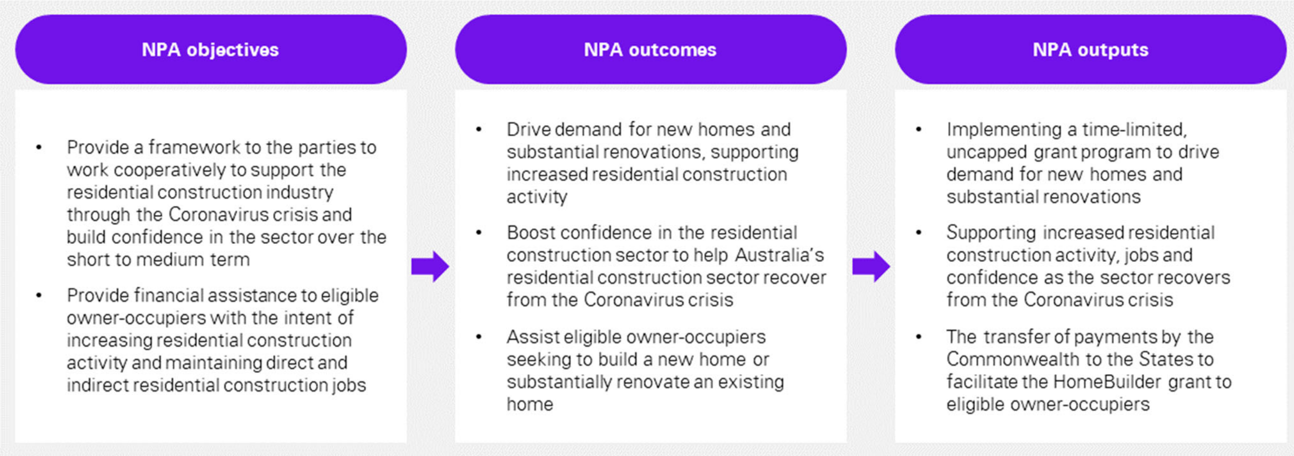
This section explores findings under this key review topic. A summary of findings and future design considerations is provided below (noting further detail on the future design considerations is included in section 4).

Findings	Future design considerations
• Feedback from the jurisdictions indicates, the NPA did support effective delivery of HomeBuilder and the achievement of intended objectives, outcomes and outputs outlined in the agreement.	• N/A
• Based on anecdotal evidence provided by jurisdictions, the residential construction industry experienced 'overheating', leading to constraint issues, which can partially be attributed to the implementation of the NPA.	• N/A
• There were a number of issues regarding the detail of the NPA, which created difficulty with its application. These included: – Specific requirements that were not fit-for-purpose – Aspects of the NPA that did not provide sufficient guidance – Prescriptive aspects of the NPA that did not empower jurisdictions to use reasonable discretion, and created inconsistencies.	• Early consultation with jurisdictions to leverage their expertise and knowledge of local operating environments.

3.1.1 Contribution to the effective delivery of HomeBuilder

As outlined in section 1.2.1, the HomeBuilder NPA was established to support the implementation of HomeBuilder, in response to the impact the COVID-19 pandemic would have on Australia's residential construction industry. The NPA was designed to contribute to the program's delivery, demonstrated by the objectives, outcomes and outputs listed in the agreement itself, as outlined in Figure 1.

Figure 1. NPA objectives, outcomes and outputs

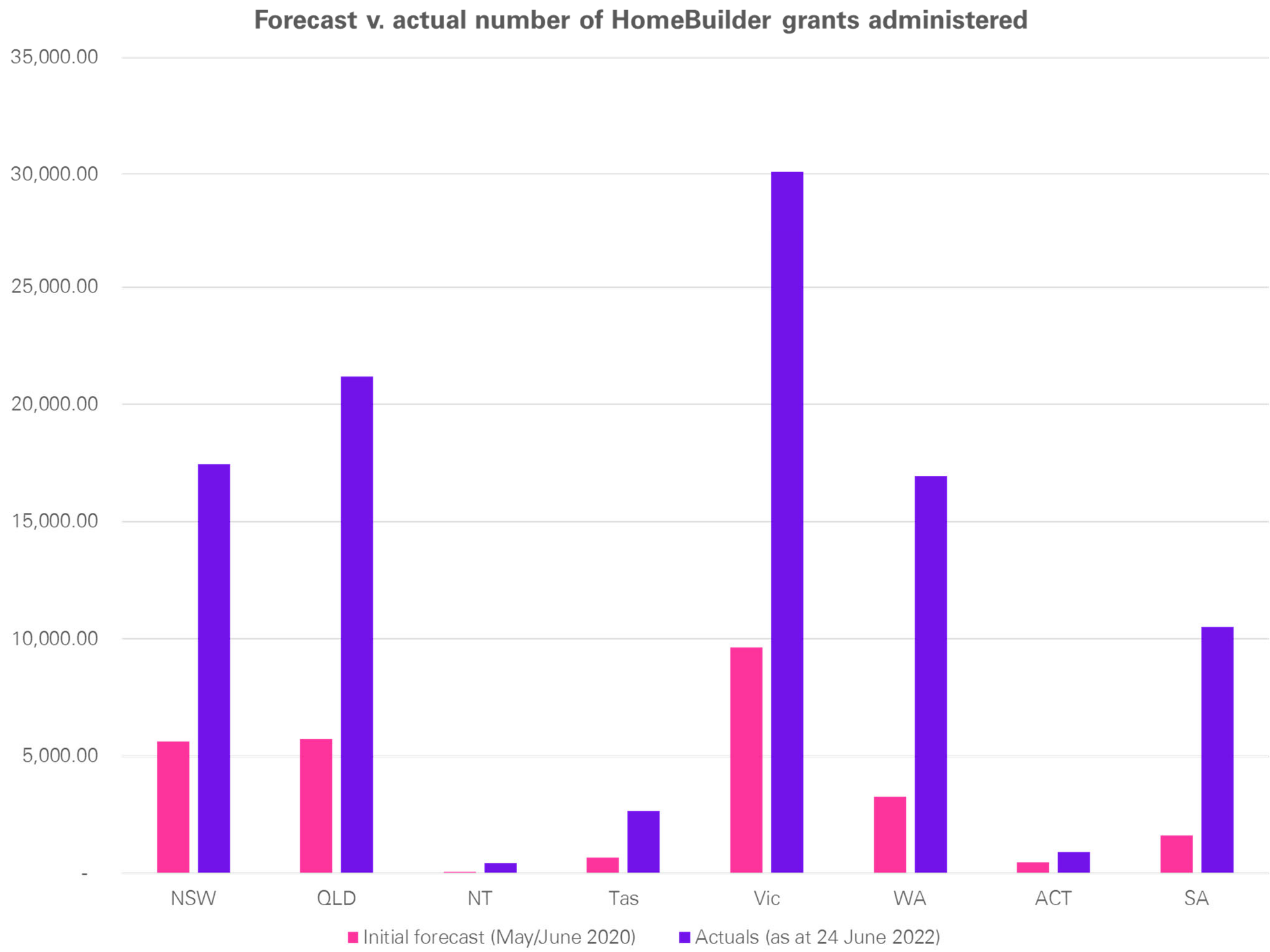


Source: KPMG (after reviewing HomeBuilder NPA)

Jurisdictions had mixed perspectives on the need for the HomeBuilder NPA. Some stated that there was a strong appetite for financial support in their respective residential construction industries, with industry stakeholders concerned about a predicted downturn. Other jurisdictions noted the strength of their industries early in the pandemic, and questioned whether financial support was necessary.

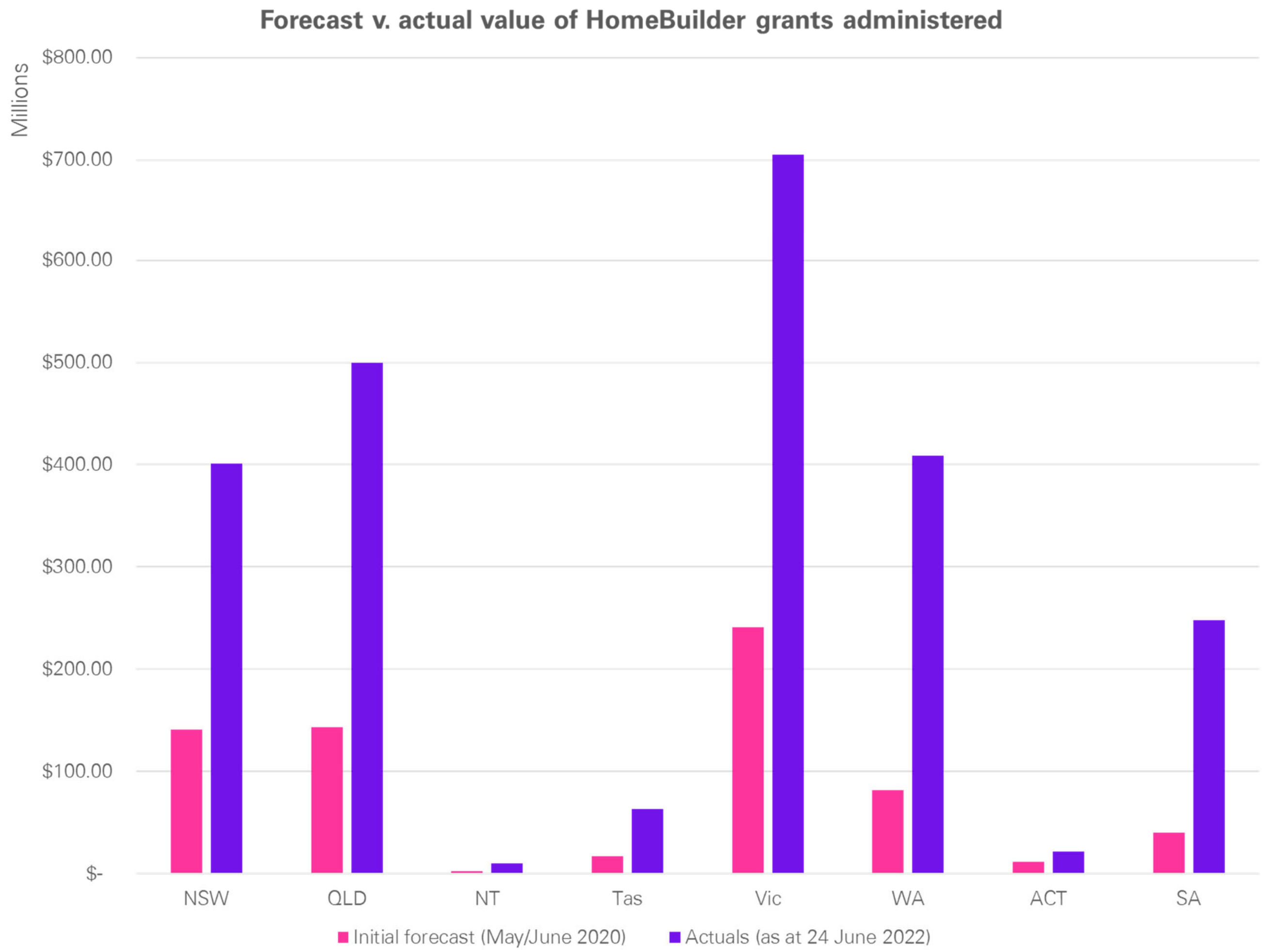
However, jurisdictions understood the national imperative for providing financial support. All jurisdictions acknowledged that the NPA was ultimately effective in providing a framework that supported the industry through the pandemic. Additionally, they noted that it was a successful stimulatory measure for providing funding to, and increasing activity in, the residential construction industry. This is evidenced by both the total number and total value of grants administered in comparison to the Treasury's initial forecasting. These are shown in Figure 2 and Figure 3.

Figure 2. Forecast versus actual number of grants administered (as at 26 June 2022)



Source: Department of the Treasury, analysed by KPMG

Figure 3. Forecast versus actual value of grants administered (as at 26 June 2022)



Source: Department of the Treasury, analysed by KPMG

In May/ June 2020, the Treasury forecasted that HomeBuilder would administer approximately 27,000 grants nationwide, resulting in approximately $678.3 million in total grant funding being administered. As at 24 June 2022, there have been a total of 100,214 successful grant recipients, which equates to approximately $2.3 billion in total grant funding. It is important to note that the initial forecasting was based on a $25,000 grant only and HomeBuilder ending on 31 December 2020, as this was the scope of the HomeBuilder NPA's initial design. It was not until later that the NPA was extended and the additional $15,000 grant was introduced. See Appendix D for more detailed data and assumptions.

Clearly, implementation of the NPA supported jurisdictions to grant a significant amount of funding to eligible owner-occupiers and drive industry activity in their respective state or territory. It is worth noting that a number of jurisdictions ran their own stimulatory building schemes concurrently with Homebuilder, which would likely have contributed to the increased industry activity in their respective state or territory.

Whilst this is the case, some jurisdictions did question the following regarding the policy intent of the HomeBuilder NPA in practice:

- **Whether the NPA effectively targeted populations most in need of financial support.** For example, one jurisdiction found that the eligibility criteria in practice favoured middle-to-high income earners, as they were best placed to make the required financial contribution to a construction project.
- **Whether offering applicants the same funding amount for a renovation and a new build was a fair policy approach.** One jurisdiction commented that they believed the same funding amount did not equate to similar value or equally promote renovations and new builds.

- **Whether the NPA considered individual jurisdictions' operating environments and industry contexts.** One jurisdiction raised that, from a policy perspective, the HomeBuilder NPA did not adequately consider its operating environment. Factors such as internal migration and the need to stimulate supply as opposed to demand for housing were provided as examples.
- **Whether the types of residential construction supported by the NPA was consistent, and if it should have been.** Some jurisdictions advised that the grant values on offer were not sufficiently nuanced to incentivise particular types of residential construction. One jurisdiction provided anecdotal evidence that the number of applications for off-the-plan apartments they received was due in part to the combination of Commonwealth and state or territory funding available. The combination of these grants could substantially reduce the cost of an apartment verses a new-build house, hence applicants were electing to purchase apartments off the plan. Conversely, another jurisdiction reported that the NPA failed to encourage growth in apartments, instead leading to an increase in new homes.
- **Whether distribution of the benefits of HomeBuilder was divided fairly within the industry.** One jurisdiction did note that distribution of the stimulatory effect on the residential construction industry was uneven, with only a small number of builders benefitting from the funding.

3.1.2 Industry impacts

Whilst the HomeBuilder NPA did support effective delivery and achievement of program outcomes, jurisdictions consistently identified 'overheating' occurred in their residential construction industry due in part to the significant increase in construction activity under the program. Other external factors that may have contributed to market overheating, which were acknowledged by the jurisdictions, included:

- Jurisdictions' own residential construction grants
- Other COVID-19 fiscal stimulus polices such as JobKeeper
- Diversion of discretionary spending from travel to home improvement.

It could be said then that the HomeBuilder NPA did partially contribute to the constraints in supply of labour, materials and land that resulted from this industry overheating. However, it is critical to note that this would have been just one factor. Broader supply chain issues because of the COVID-19 pandemic were another, and much more impactful, factor.

KPMG heard several examples where these overheating and constraint issues impacted the success of the HomeBuilder NPA in achieving intended program outcomes. Some jurisdictions said that due to inflated material costs, they saw instances where builders struggled financially and were even forced into liquidation.[4] This issue had a flow-on effect for NPA administration, as the agreement did not specifically permit applicants to sign a new building contract and maintain their eligibility. Jurisdictions reported coming together to resolve this and other administrative issues which were not directly provisioned for in the NPA. More detail is provided on this in section 3.1.3.

Scarcity of materials and labour is likely to have been a contributing factor to the increase in construction timeframes.[5] This became particularly problematic when jurisdictions endeavoured to administer the 'construction commencement date' criterion of the NPA (see clause 3 in Schedule A of the NPA). This requirement tied applicants' eligibility to their ability to prove construction had commenced within the specified timeframe.

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[4] Bleby, Michael. (2022). Rising costs hit home in the construction sector. Retrieved from https://www.afr.com/property/residential/rising-costs-hit-home-in-the-construction-sector-20220603-p5aqtd; Razaghi, Tawar. (2022). The house prices that are still rising: How inflation is blowing out building costs. Retrieved from https://www.smh.com.au/property/news/the-house-prices-that-are-still-rising-how-inflation-is-blowing-out-building-costs-20220714-p5b1pi.html; Association of Professional Builders.(2021). More than half of builders insolvent and operate like a 'ponzi' scheme says the Association of Professional Builders. Retrieved from: More than half of builders insolvent and operate like a 'ponzi' scheme - Association of Professional Builders

[5] Ibid.

In some jurisdictions, land allocations were quickly exhausted. It was reported that the process for releasing new allocations of land took significant time and was unable to keep up with the demand for land generated by HomeBuilder. This is linked to a broader observation made by one jurisdiction that time to finalise local government processes such as land allocations, as well as building plan approvals and building certifications, was exacerbated in part due to the increased activity stimulated by the NPA. The jurisdiction noted that this made it difficult to meet initial construction commencement timeframes, and was not adequately considered during the NPA's design.

In addition to the above, one jurisdiction reported a small number of cases where builders did not honour contracts or commitments under other, more 'modest' housing grant programs in favour of the HomeBuilder grants on offer.

3.1.3 NPA detail and its application

Most jurisdictions articulated concerns with aspects of the detail contained the NPA that presented challenges to its implementation. These can be summarised in three overarching concerns:

- Certain provisions of the NPA were not fit-for-purpose
- The level of detail for certain requirements did not provide adequate guidance to support administration
- Aspects of the NPA were overly prescriptive and did not afford a suitable degree of flexibility and discretion.

3.1.3.1 Provision not fit-for-purpose

Jurisdictions consistently cited the construction commencement timeframe as a requirement within the NPA that posed significant challenges to its implementation. Given their experiences administering other construction grants programs, the jurisdictions noted that the original commencement timeframe of three months was unreasonably short and not fit-for-purpose.

Two extensions to this timeframe over the life of HomeBuilder (from three months to six months, before finally settling on 18 months) was further indicative that that this aspect of the NPA challenged its implementation. Most jurisdictions were positive that there was scope within the NPA for the commencement timeframe to be extended given that it was unreasonably short. They did also articulate that it should have been longer from the outset as multiples changes to the timeframe were not without their own problems.

The main issues associated with changing the timeframes included the implications for applicant behaviour and reputation of the jurisdictions. Most jurisdictions reported that changing the commencement date resulted in instances where applicants decided not to apply, on the basis they did not have capacity to meet the construction commencement timeframe. Subsequently they missed the application closing date on 14 April 2021, only for the commencement date to be extended on 17 April 2021 from six to 18 months. Many of the jurisdictions raised that this resulted in many complaints, and that the inconsistency reflected a poor applicant experience.

Some jurisdictions noted the additional frustration of these changes given their understanding that the Treasury received their feedback recommending that further extensions to the commencement timeframe should occur before application deadlines closed. Ideally, this would have mitigated instances where people did not apply. Some jurisdictions reported that despite providing the Treasury with this feedback, it was not heeded.

Extending the commencement timeframe was also noted by some jurisdictions as reflecting poorly on HomeBuilder and their administration of it. They suggested that the number of changes to the timeframe led members of the public to believe that both the jurisdictions and the Treasury were unable to capably manage administration of HomeBuilder.

3.1.3.2 Detail not providing adequate guidance

Many jurisdictions reported difficulty administering the NPA due to an insufficient level of detail associated with definitions and eligibility criteria. Examples of NPA eligibility criteria and detail that caused confusion or were challenging to administer include:

- **Substantial renovations** – The HomeBuilder NPA outlines that 'substantial renovations' are within the scope for financial support. However, some jurisdictions noted that the definition of a substantial renovation is unclear. The statutory declaration requirements in Schedule B of the NPA provide some detail (i.e., that it must substantially alter the dwelling and improve the property's accessibility, safety or liveability), but it was initially unclear what this constituted. For example, the construction of granny flats or pools.
- **Citizenship** – Clause 2.3 in Schedule A of the NPA outlines that potential applicants must be Australian citizens to be eligible for HomeBuilder. Whilst in principle this criterion is straightforward, it was difficult to apply in practice due to the COVID-19 pandemic. As a result of the pandemic, citizenship ceremonies were delayed or cancelled to comply with lockdown requirements. Some jurisdictions noted that this created inequity in HomeBuilder eligibility. It also created confusion regarding what point in the application process a person needed to be a citizen, given the multiple timeframes involved in the process and the COVID-19 context. These jurisdictions highlighted this as an issue that was raised but was difficult to resolve. In addition, it was raised that the HomeBuilder NPA's requirement for citizenship is inconsistent with the First Home Owner Grant (FHOG) scheme, which only requires permanent residency. This made aligning HomeBuilder with FHOG difficult given the inconsistent criteria and assessments, which contradicts the NPA stating that where applicable jurisdictions should align with FHOG (see Schedule A clauses 13.1 and 14.1, and Schedule B clauses 1 and 2).
- **Status of draft or incomplete applications** – The 17 April 2021 application closure date created issues with applicant submissions. Some jurisdictions commented that applicants were unable to submit further supporting documentation past this point because of confusion and system issues around accepting applications that had been started versus submitted. Some jurisdictions initially took a hard-line approach, strictly following the terms of the NPA due to the perceived lack of discretion which meant these applicants were no longer eligible. This led to community pushback. These jurisdictions did note that they later applied discretion and allowed these people to continue their applications, but this was raised as another example of issues with NPA's detail.
- **Replacement contracts** – Some jurisdictions noted that they experienced situations where an applicant's building contract that made them eligible for HomeBuilder was later cancelled. The provision for replacement contracts was not something that was included in the NPA, and was an issue that took time to resolve. It was finally resolved with jurisdictions and the Treasury stipulating that builder insolvency or death were the only two acceptable scenarios where a replacement contract would maintain a person's eligibility. The introduction of replacement contracts did create issues for some jurisdictions in cases where money spent on works under the original contract plus the value of new contracts (which increased over time due to the market forces outlined in section 3.1.2) meant applicants had exceeded the relevant property price cap.
- **Income caps and financial years** – Clause 2.4 in Schedule A of the NPA outlines the income caps that potential applicants must be below to be eligible for support under HomeBuilder. This clause states that income is "based on their 2018-19 taxable income or later", so jurisdictions each made decisions on which financial year to use. The extension of construction commencement timeframes, and as a result extension of the NPA itself, created confusion as to which financial year should then be used to test eligibility, particularly as potential applicants made reasonable arguments for the use of later financial years. Jurisdictions noted that this created an issue in ensuring fair but also consistent application of criteria.

3.1.3.3 Flexibility / discretion

Jurisdictions also identified details within the NPA which they found to be overly prescriptive or provided inadequate flexibility to accommodate its application in practice. Applicant income caps and commencement timeframe deadlines were cited as two examples. Where applicants were marginally over the income caps, jurisdictions expressed frustration at not being able to exercise reasonable discretion to approve applications.

Similarly, inability to exercise discretion regarding commencement timeframes was a source of frustration. A number of jurisdictions reported that extenuating circumstances beyond the control of applicants had impacted their capacity to commence construction within the mandated timeframe. These included:

- Natural disasters
- Market pressures associated with scarcity of materials and labour
- Builders becoming insolvent or dying.

Not feeling empowered by the NPA to exercise discretion was reported to have challenged how jurisdictions tried to implement it. In some instances, it generated a substantial number of complaints or appeals to application decisions. Where jurisdictions had used their discretion, they similarly reported receiving complaints.

Jurisdictions approached issues associated with detail contained in NPA in different ways, with some following the NPA's terms and conditions strictly while others allowed some discretion where possible. Some jurisdictions legislated the NPA to provide a stronger legal framework for its implementation, particularly with respect to compliance and capacity to recover funds paid to ineligible applicants. Some jurisdictions developed guidelines which provided additional clarity on certain provisions. Several jurisdictions leveraged their experience administering similar grants, using definitions they had previously developed. Due to this, jurisdictions believed that there was not a nationally consistent approach to the application of the NPA.

3.2 Roles and responsibilities

To what extent have the Commonwealth and state and territory governments fulfilled their roles and responsibilities under the NPA?

Exploring this review topic involved considering the appropriateness of the responsibilities outlined in the NPA, collaboration between parties, and fulfilling the roles in practice.

This section explores findings under this key review topic. A summary of findings and future design considerations is provided below (noting further detail on the future design considerations is included in section 4).

Findings	Future design considerations
• Jurisdictions were generally comfortable with the roles and responsibilities as outlined in the NPA.	• Maintain inter-jurisdictional collaboration and appointment of a jurisdiction to lead consultation with the Treasury.
• There was an appetite for the Treasury to take a more active role in administration of the NPA.	• More active leadership by the Treasury.
• Jurisdictions could fulfil their role outlined in the NPA as administrators of HomeBuilder, however it was not without significant challenges.	• Earlier consultation with jurisdictions to test the feasibility of leveraging existing programs, schemes and related process to administer an NPA.

3.2.1 Roles and responsibilities as outlined in the NPA

HomeBuilder NPA roles and responsibilities were introduced in section 1.2.3. Under the NPA, there are two parties involved – the Treasury (acting on behalf of the Commonwealth) and state and territory governments. Figure 4 outlines roles and responsibilities in more detail, exactly how they are reflected in the NPA.

Figure 4. HomeBuilder NPA roles and responsibilities

HomeBuilder NPA

Commonwealth/Treasury (clause 19)

- Providing to the States reimbursement of monies paid to applicants under the HomeBuilder program
- Monitoring and assessing the performance in the delivery of HomeBuilder under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe.

Jurisdictions (clause 20)

- Administering HomeBuilder. Each State will make the necessary arrangements to administer HomeBuilder consistent with the terms, conditions, eligibility criteria and principles set out in Schedule A
- Ensuring the integrity of HomeBuilder by taking reasonable steps to make sure that recipients meet the eligibility criteria set out in Schedule A, and by having regard to the implementation guidelines outlined in Schedule B when designing their programs
- Delivering on outcomes and outputs assigned to the States for implementation
- Reporting on the delivery of HomeBuilder as set out in Part 4 – Performance Monitoring and Reporting
- Acknowledging on all material related to HomeBuilder that the Commonwealth is funding this assistance.

Shared (clauses 21 and 22)

- Participating in consultations as appropriate regarding the implementation of this Agreement including participation in a joint working group to consider any ongoing questions in relation to implementation
- Negotiating new or revised Schedules to this Agreement
- Conducting evaluations and reviews of services and outputs delivered under this Agreement.
- Ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity under HomeBuilder, and that the roles of both Parties will be acknowledged and recognised appropriately.

Source: KPMG (after reviewing HomeBuilder NPA)

The roles and responsibilities outlined in the NPA which established the Treasury as the owner, funder and monitor of HomeBuilder and jurisdictions as administrators was considered typical of previous NPAs. Jurisdictions acknowledged their involvement as grants administrators under other programs. As such their role under this NPA was consistent with previous experience. The NPA established a number of shared responsibilities, including collaboration between the Treasury and jurisdictions. Jurisdictions felt that collaboration amongst themselves was largely successful and helped to identify and address issues associated with the NPA and its administration.

A subcommittee of the FHOG scheme working group was established to share ideas, raise concerns and propose solutions to issues that arose while administering the NPA. Initially this met more regularly but eventually was only convened on an ad hoc basis. One of the main purposes of collaboration between the jurisdictions was to leverage the insights each jurisdiction had gathered from administration of similar NPAs and grants. This included sharing materials such as application forms and guidelines, with a view to ensure as much inter-jurisdictional consistency as possible.

Although the function was not specified within the NPA, jurisdictions found it useful to unofficially appoint a representative to liaise with the Treasury on their collective behalf. This minimised duplication of requests made to the Treasury for clarification or modification to HomeBuilder and the NPA. Overall, this method of working with the Treasury was reported by the jurisdictions to be an effective way to provide the Treasury with feedback and have questions answered.

The collaboration between jurisdictions' SROs and treasuries varied. In some jurisdictions, treasuries played a more active and supportive role, with SROs taking on principle administrative responsibilities. In other jurisdictions, treasuries had little to no involvement in operationalising the NPA. Some jurisdictions advised that their treasuries were responsible for ensuring receipt of reimbursements from the Treasury and had been responsible for approving the guidelines which supported the NPA.

During consultation, some jurisdictions spoke specifically to how they managed the level of risk imposed on them by the roles and responsibilities in the NPA. Some of the risks included that the NPA did not clearly outline responsibilities for recouping funds paid to applicants subsequently found to be ineligible. One jurisdiction mentioned that the NPA was revised to protect jurisdictions from the obligation to recover money from ineligible applicants. Whilst clause 30 of the NPA places the onus of conducting ‘appropriate compliance and auditing processes’ on the jurisdictions, it does not stipulate an obligation to recover funds.

One aspect of eligibility that could not necessarily be verified with front-end compliance practices included whether the property being constructed or renovated was the applicant’s principal place of residence and therefore whether the applicant had met their obligations under the NPA. Jurisdictions took different approaches to mitigating the risks imposed by the NPA such as legislating it and conducting upfront compliance checks. It is important to note that in KPMG’s findings validation session, a number of jurisdictions expressed firmly that the burden of risk they took on under the NPA should not be viewed as acceptable moving forward.

3.2.2 Appetite for more active leadership

Reflecting on the specific roles set-out in the NPA, jurisdictions noted that the Treasury met and continues to meet its obligations as the owner and funder of HomeBuilder in principle. However, in practice, most jurisdictions expressed that there was scope for the Treasury to have taken a more active leadership role. Some jurisdictions spoke to how their direct engagement with the Treasury was minimal. Although not consistent across the jurisdictions, some suggested that a less ‘hands-off’ approach from the Treasury would have meant more robust collaboration in practice. Some jurisdictions reported that the Treasury was interested in owning the program without taking responsibility for the challenges and costs associated with its administration.

In addition, the Treasury’s role was also described as reactionary. Some jurisdictions felt that the Treasury did not adequately consider feedback from the jurisdictions on the implications of certain design and implementation elements in the NPA, even when raised as potential issues. Several jurisdictions highlighted that the Treasury adopted the position that jurisdictions were empowered by the NPA to use their discretion when administering the eligibility criteria. Jurisdictions were not of the same view and articulated their frustration at instances where applicants’ complaints were referred to the Treasury, only to be directed back to the jurisdictions without any resolution. Extending the commencement timeframe shortly after the deadline to apply for the HomeBuilder grant was one example provided by the jurisdictions which generated a substantial number of complaints from applicants and challenges for the jurisdictions.

The Treasury noted that where possible it did consider feedback from the jurisdictions. However, it was difficult to action due to decisions, such as those to set and extend the construction commencement timeframe, being driven by the Government at the time. The Treasury also advised that the devolved administration of the NPA meant that it could not always provide the specific guidance requested by the jurisdictions.

3.2.3 Challenges with administering the NPA

Jurisdictions acknowledged that they were ultimately able to fulfill their mandated, primary role as administrators of the NPA, however it was not without significant challenges. As mentioned, the roles and responsibilities outlined in the HomeBuilder NPA were not considered unusual when compared with other NPAs and similar schemes. Despite this, the speed with which the NPA was required to be operationalised given the community expectation generated by the Commonwealth’s announcement posed significant challenges to all the jurisdictions.

Several SROs noted that when HomeBuilder was announced, they were tasked with setting it up in addition to their existing workload. In some instances, those teams already responsible for administering FHOG were allocated administration of HomeBuilder. More detail concerning the approach to resourcing adopted by the jurisdictions can be found in section 3.4.2.

Citing the NPA which makes several mentions of the expectation to align administration of the NPA with FHOG, jurisdictions raised that the Treasury erroneously assumed HomeBuilder systems could be established quickly by using existing FHOG portals. Indicative of this assumption is clause 1 under Schedule B ('Program Design and Integrity Measures') of the NPA which outlines that "States should align HomeBuilder application processes with existing processes for First Home Owner Grants (or similar)". In practice, this was not the case as is explained in further detail in section 3.3.2.

The difficulty managing the level of community expectation generated by the initial announcement of HomeBuilder was compounded by the lack of information available to both the jurisdictions and prospective applicants. One jurisdiction noted that they had cases where applicants, acting off information contained in the announcement subcontracted and even commenced specific renovation works, only to be found ineligible as more detail about the criteria was released. Contracts that did not fit the criteria could not be amended to make applicants retrospectively eligible.

3.3 Performance monitoring and reporting

What is the utility of the performance indicators and reporting arrangements under the NPA, with consideration of the adequacy and quality of the data and information reported?

Exploring this review topic involved considering the appropriateness of the reporting requirements outlined in the NPA, the systems and processes used, ad hoc reporting requests, and the actual NPA review process.

This section explores findings under this key review topic. A summary of findings and future design considerations is provided below (noting further detail on the future design considerations is included in section 4).

Findings	Future design considerations
• Performance monitoring and reporting arrangements outlined in the HomeBuilder NPA were mostly considered fit-for-purpose.	• N/A
• There was some difficulty standing up performance monitoring systems and processes.	• Provision funding for NPA administration, to support timely design and development of systems and processes.
• Ad hoc reporting reporting was considered burdensome by many jurisdictions.	• Build in comprehensive, detailed reporting obligations to the NPA at the outset.
• Review of the NPA is coming too late.	• Build regular review processes into the NPA

3.3.1 Fit-for-purpose reporting arrangements

All jurisdictions noted that the performance monitoring and reporting arrangements as outlined in the NPA were fit-for-purpose. The types of data that jurisdictions were expected to collect under the NPA such as the number of recipients and grant value paid were considered reasonable, and consistent with other NPAs and similar schemes. The data that jurisdictions were expected to report on include the number of grant recipients, the value of grants paid and the total value of contracts. Reports were issued to the Treasury weekly and monthly. The monthly report was used to inform the Treasury reimbursements to the jurisdictions.

3.3.2 Standing up performance monitoring systems and processes

Jurisdictions did have trouble establishing the systems and processes required to meet the reporting obligations outlined in the NPA. Several references to aligning Homebuilder with FHOG are made in the NPA, including that "States should also have regard to their existing requirements for polices such as the first home owner grants…". Some jurisdictions articulated that stipulating HomeBuilder systems be aligned with FHOG was based on a misunderstanding that the two programs were sufficiently similar such that their online portals and administration could be seamlessly integrated. In practice, jurisdictions adopted different approaches which included either modifying their existing FHOG portal to accommodate HomeBuilder or developing a new online portal. As these actions took time to implement, some jurisdictions also rolled-out paper applications.

Initially, configuring online systems to produce the reports required by the Treasury was burdensome. The volume of applications, lack of appropriate resourcing and manual effort required to enter paper forms into online systems added to the workload associated with meeting reporting requirements under the NPA. Some online portals were also configured such that they could only produce point in time data. It did not support pulling reports for specific time periods.

Two jurisdictions noted that the Treasury did not appreciate that the application process was 'fluid'. For example, grants awarded or provisionally awarded could be rescinded if an applicant was found to be ineligible. This would require revising figures previously reported to the Treasury.

3.3.3 Ad hoc reporting

Many jurisdictions found that the ad hoc reporting requests from the Treasury (i.e., data requested that sat outside of the mandated requirements of the NPA) were burdensome and difficult to meet.

Most of the jurisdictions reported that the Treasury made intermittent requests for data that was beyond the scope of the NPA. Often jurisdictions had not configured their reporting systems to capture more than what they were obligated to under the terms of the NPA. Jurisdictions reported responding to the Treasury's requests in various ways. Some said that whilst they may have captured the data requested, the time and costs associated with pulling that data into reports were not justifiable. Others responded to requests advising that they did not hold the data, referencing their obligations under the NPA which did not compel them to meet the requests.

One jurisdiction advised that they approached their system developer to explore whether modifications could support the requests, but the prohibitive costs prevented them from doing this every time a request was made. Most jurisdictions reported that had the data requested of them been built into the NPA, they would have been prepared to support the requests.

The types of data that jurisdictions recalled being requested to provide included:

- Postcode data (i.e., which postcodes successful applicants lived in) broken down in $20,000 increments
- Data which showed the flow of funding to regional versus metropolitan areas
- The status of applications currently being processed
- Ministerial requests for data that related to particular locations
- Data to provide insight on the impact that flooding had had on construction timeframes more broadly, and in particular areas.

It is important to note that some ad hoc data requests could not have been foreseen at the time that the NPA was designed, with data related to natural disasters and their impact on HomeBuilder being a prime example. Also, where jurisdictions were unable to meet ad hoc requests for data not mandated by the NPA, the Treasury accepted this advice.

3.3.4 Timing of the NPA review

Given the value and scale of HomeBuilder as a multi-billion-dollar national program, some jurisdictions noted that the NPA review (mandated under the NPA) was coming too late in the process. The timing provides minimal opportunity for lessons-learned to be implemented prior to the expiration of the NPA.

The arrangements discussed in section 3.2 details some of the ways in which feedback from the jurisdictions has been progressively provided to the Treasury. This has provided for some issues associated with the NPA to be addressed over the life of HomeBuilder, however some jurisdictions posited that an earlier review would have produced better outcomes.

3.4 Financial arrangements

What is the effectiveness and appropriateness of the financial arrangements under the NPA?

Exploring this review topic involved considering the appropriateness of the funding and payment arrangements outlined in the NPA, including the administrative funding, as well as the NPA expiry date and its impact on payments.

This section explores findings under this key review topic. A summary of findings and future design considerations is provided below (noting further detail on the future design considerations is included in section 4).

Findings	Future design considerations
• Financial arrangements under the NPA were mostly considered appropriate.	• N/A
• Jurisdictions found it difficult to administer the NPA without any administrative financial support.	• Consider allocating administrative funding to support the implementation and operationalisation of NPAs.
• There was concern with the expiry of the NPA and potential issues regarding applicant reviews and final payments.	• Earlier and ongoing collaboration with the jurisdictions. • Continue consulting with jurisdictions to manage challenges related to the HomeBuilder NPA's extended expiry date.

3.4.1 Appropriateness of financial arrangements

The jurisdictions were mainly supportive of the financial arrangements outlined in the NPA. These included payments in arrears and monthly payments based on reporting summaries. This type of arrangement was consistent with other NPAs and similar schemes that jurisdictions had been party to. Jurisdictions noted that the payment process worked well, and that they were not aware of any instances where the Treasury had failed to reimburse them or payments had been delayed, where appropriate reporting procedures had been followed. Some SROs said that they did not have visibility over reimbursements as this responsibility sat with their treasuries.

As previously outlined towards the end of section 3.1.1, some jurisdictions did note that the specific grant amounts of $25,000 and $15,000 affected the type of residential construction activity that was promoted. One jurisdiction suggested whether different amounts for new builds versus renovations would have been more appropriate, but it was acknowledged that this was not a major issue.

3.4.2 Administrative funding support

The Treasury and the jurisdictions did not receive funding to administer the HomeBuilder NPA. Consistently, jurisdictions raised that their ability to administer the NPA was impacted by the absence of administrative funding provisioned. The scale of HomeBuilder exceeded expectations, as outlined in Figure 2 and Figure 3 in section 3.1.1, which meant that the administrative effort required to administer the NPA was greater than what was initially forecasted. Many jurisdictions hired new staff or reallocated existing staff from other business-as-usual (BAU) functions within their organisations. Irrespective of whether staff were internally or externally recruited, jurisdictions advised that there was considerable cost and effort required to train them. Given the lack of funding provisioned, this added to the challenges of administering the NPA.

Particularly in the early stages of HomeBuilder, some jurisdictions reported that the NPA was being administered by staff who undertook the work ancillary to their BAU roles. It was reported by one jurisdiction that administrative funding constraints did lead to instances where staff were so over-worked that some have suffered adverse mental health and wellbeing outcomes as a result.

As has already been identified, all jurisdictions either had to re-purpose their online FHOG portals or build new online portals. Some also relied on paper forms initially, as this was the fastest application method to stand-up the program. Ultimately, the data contained in paper forms had to be uploaded into the online portals, requiring substantial manual effort and time.

The costs associated with activities to stand-up the NPA were absorbed by the jurisdictions. Whilst some acknowledged they had drawn on funding from existing budgets, others made separate requests of their treasuries for funding.

3.4.3 NPA expiry

Several jurisdictions raised their concerns regarding the 30 June 2023 expiry date of the NPA. Under the NPA, the last date for applicants to provide evidence of their eligibility is 30 April 2023. This leaves little time for the jurisdictions to review evidence and make a final determination on applicant eligibility before they must submit their final monthly report to the Treasury on 15 June 2023. This report informs reimbursement from the Treasury to the jurisdictions, which under the terms of the NPA will not be paid beyond 30 June 2023.

Appeal mechanisms within the jurisdictions ranged from 60 days to several months. Many jurisdictions felt that there was not sufficient time for these appeals processes to resolve before the NPA expired. Should the outcome of an appeal be that the applicant was eligible to receive funding, jurisdictions held concerns about whether they were liable to pay the grant without reimbursement from the Treasury.

Feedback regarding the NPA expiry date was raised with the Treasury in June 2022 and a meeting to discuss the matter took place in July 2022. Some jurisdictions proposed that an extension to the expiry date or for the Treasury to allocate contingent liabilities (based on the number of grants in dispute) as possible solutions.

Some jurisdictions said that only extending the expiry date without extending the last date for applicants to submit evidence of their eligibility could raise other challenges. As part of the appeals processes conducted in the jurisdictions (which could include hearings before administrative tribunals) proof of eligibility such as evidence of construction could be requested. It is unclear whether the Treasury would accept such evidence beyond 30 April 2023.

Future design considerations

4 Future design considerations

KPMG's review has found a number of opportunities to improve NPA design and administration. Given the HomeBuilder NPA is expiring on 30 June 2023, most future design considerations in this section are to be considered for future NPAs.

The following table sets out these future design considerations, along with the link between these considerations and specific findings from the review.

Table 4. Future design considerations

Future design consideration	Relevant finding/report section
Early consultation with jurisdictions to leverage their expertise Overwhelmingly, KPMG heard from jurisdictions that issues with the design and detail of the NPA would have been resolved from early consultation. Jurisdictions were not made aware of HomeBuilder until it was first publicly announced (see Appendix A) and were not appropriately consulted in the design of the NPA before it had to be signed and implemented. It also meant that jurisdictions had to field a high volume of enquiries from the public about HomeBuilder, with no knowledge of how it would be implemented. Whilst COVID-19 did create pressure for a quick response, there was still adequate time to consult with jurisdictions before the NPA was implemented. For example, the National Partnership Agreement for COVID-19 and jurisdictions' own stimulatory schemes were able to be established in a short timeframe with sufficient consultation. For future NPAs, early consultation would: • Provide an opportunity for the jurisdictions to provide input on the terms and conditions of the NPA, indicating whether they are fit-for-purpose before implementation • Allow the parties involved to explore the level of detail contained in the NPA, ensuring that it considers a range of different scenarios in its application • Allow the Treasury to test the feasibility of leveraging existing programs or schemes and their established systems and processes to administer an NPA, or whether additional administrative set-up is required, prior to the NPA being implemented • Allow the Treasury to leverage jurisdictional expertise in the design of the NPA, given their experience in administering such schemes and agreements. Also noting their respective industry insights and knowledge of local operating environments.	3.1.3 *Noting that most jurisdictions indicated that all findings outlined in this report regarding issues with the NPA could have been resolved or preventable with early consultation.
Maintain inter-jurisdictional collaboration arrangements As outlined in section 3.2.1 the collaboration between jurisdictions worked well in the context of the HomeBuilder NPA. The inter-jurisdictional working group was an effective forum for identifying, discussing and solving issues with the agreement and administration of the program. The Treasury should consider maintaining this arrangement in future NPAs due to its success, potentially with more formalised governance or oversight for the reporting on key issues raised and decisions made.	3.2.1

Future design consideration	Relevant finding/report section
The Treasury may also wish to consider specifying the need to appoint a particular jurisdiction to represent the group and liaise on its behalf with the Commonwealth. This appeared to work well in practice.	
More active leadership from the Treasury There is an opportunity to increase collaboration between the Treasury and jurisdictions through more active leadership from the Treasury and greater ownership of the NPA. Instead of clear separation between administration and ownership, there is benefit in the Treasury being more actively involved in the identification and management of policy issues and ongoing collaboration with jurisdictions to solve issues with NPA application. It would facilitate greater visibility and accountability for the Treasury, better sharing of insights, and better identification of issues. The Treasury may wish to consider greater participation in forums such as the inter-jurisdictional working group to facilitate this.	3.2.2
Provide administrative funding to jurisdictions Consideration should be given to the need to financially support jurisdictions in the administration of NPAs. Jurisdictions noted the significant amount of time and effort required to administer the NPA, and the difficulty of doing so without funding. Administrative funding would support: • The set-up of systems and processes required to administer applications and to easily follow reporting obligations • Resourcing required to administer • Training required to upskill both new and existing staff who are responsible for NPA administration • Time spent to meet reporting obligations • Incentivising administering parties to deliver on additional reporting requests and additional administrative activities to support NPA delivery.	3.3.2, 3.4.2
Detailed performance reporting obligations Reporting that captures the appropriate data at the appropriate level of granularity is vital to being able to effectively assess how well a program is being delivered and whether it is meeting intended outcomes. The NPA would have benefited from more detailed performance reporting obligations outlined from its inception, instead of receiving additional information requests later on. This would have resulted in the following benefits: • Jurisdictions being able to design and implement processes and systems that meet these detailed obligations, as opposed to being unable to fulfill additional, ad hoc requests for more detailed data that was not being captured • The Treasury having access to a more detailed data set that not only provides a more granular picture of delivery, but also fulfills likely questions that will be asked of such schemes/programs from Ministers	3.3.3

Future design consideration	Relevant finding/report section
Regular NPA review process The Treasury should consider building a regular review process into the NPA. This would involve including more frequent review points in the terms and conditions of the NPA, potentially every six or 12 months. It would require the Treasury (with independent support as required) collating insights both internally and from jurisdictions to identify lessons learned and opportunities to refine the NPA to enable more efficient and effective delivery.	3.3.4
HomeBuilder NPA extended expiry considerations KPMG understands that the issue regarding the HomeBuilder NPA's expiry date outlined in section 3.4.3 is being discussed between the Treasury and jurisdictions. Based on feedback from the jurisdictions, consideration should be given to extending the expiry date, to enable finalisation of applicant appeal processes and reimbursement payments to the jurisdictions. The Treasury should continue to consult with the jurisdictions about the expiry and potential challenges. For example, jurisdictions noted that despite this extension the provision remains that applicants cannot provide any additional information for their application after 30 April 2023. Some jurisdictions are unsure about how this may affect applicants' ability to submit further proof of eligibility or evidence of construction, as may be requested in a formal appeals process.	3.4.3

Appendices

Appendix A: HomeBuilder media release

Thursday 4 June 2020

'HOMEBUILDER' PROGRAM TO DRIVE ECONOMIC ACTIVITY ACROSS THE RESIDENTIAL CONSTRUCTION SECTOR[6]

The Morrison Government is supporting jobs in the residential construction sector with the introduction of the new HomeBuilder program.

From today until 31 December 2020, HomeBuilder will provide all eligible owner-occupiers (not just first home buyers) with a grant of $25,000 to build a new home or substantially renovate an existing home. Construction must be contracted to commence within three months of the contract date.

HomeBuilder applicants will be subject to eligibility criteria, including income caps of $125,000 for singles and $200,000 for couples based on their latest assessable income. A national dwelling price cap of $750,000 will apply for new home builds, and a renovation price range of $150,000 up to $750,000 will apply to renovating an existing home with a current value of no more than $1.5 million.

The program is expected to provide around 27,000 grants at a total cost of around $680 million. This increase in residential construction will help to fill the gap in construction activity expected in the second half of 2020 due to the coronavirus pandemic. In doing so, HomeBuilder will help to support the 140,000 direct jobs and another 1,000,000 related jobs in the residential construction sector including businesses and sole-trader builders, contractors, property developers, construction materials manufacturers, engineers, designers and architects.

HomeBuilder complements existing state and territory First Home Owner Grant programs, stamp duty concessions and other grant schemes, as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

This year, the Government delivered the First Home Loan Deposit Scheme to help eligible first home buyers to purchase their first home with a deposit of as little as 5 per cent, allowing them to get into the market sooner. HomeBuilder will create even more opportunities for first home buyers to enter the property market, as well as support other eligible Australians to build a new home or renovate an existing home.

The HomeBuilder program will be implemented via a National Partnership Agreement, signed by the Commonwealth and state and territory governments.

More information on HomeBuilder, including eligibility, can be found on the Treasury Coronavirus Economic Response website.

[6] Prime Minister of Australia. (2020). Joint media release from the Hon Scott Morrison MP, the Hon Josh Frydenberg MP, and the Hone Michael Sukkar MP. Retrieved from https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/homebuilder-program-drive-economic-activity-across.

Appendix B: List of stakeholders consulted

Table 5 below details the stakeholder consultations which have been completed as at 10 August 2022.

Table 5. Stakeholders consulted

No.	Stakeholder	Stakeholder Group	Date
1	Treasury Project Team	Treasury	Ongoing
2	Northern Territory Revenue Office	Jurisdictions	15 July 2022
3	Northern Territory Department of Treasury and Finance	Jurisdictions	15 July 2022
4	Australian Capital Territory Revenue Office	Jurisdictions	19 July 2022
5	ACT Chief Minister, Treasury and Economic Development Directorate	Jurisdictions	19 July 2022
6	Tasmanian State Revenue Office	Jurisdictions	21 July 2022
7	RevenueNSW	Jurisdictions	22 July 2022
8	RevenueSA	Jurisdictions	25 July 2022
9	South Australian Department of Treasury and Finance	Jurisdictions	25 July 2022
10	RevenueWA	Jurisdictions	25 July 2022
11	Western Australia Department of Treasury	Jurisdictions	25 July 2022
12	State Revenue Office of Victoria	Jurisdictions	26 July 2022
13	Victorian Department of Treasury and Finance	Jurisdictions	26 July 2022
14	Queensland Revenue Office	Jurisdictions	28 July 2022
15	Queensland Treasury	Jurisdictions	28 July 2022
16	NSW Treasury *Note that NSW Treasury did not participate in the one round of individual consultations with KPMG due to late response to the request. Representatives did attend the findings validation workshop (4 August 2022) to provide input as required.*	Jurisdictions	4 August 2022
17	Tasmania Department of Treasury and Finance	Jurisdictions	16 August 2022

Source: KPMG

Appendix C: Consultation questions

As a part of this review, KPMG endeavored to consult with the representatives from all jurisdictional SROs and treasuries. Contact was initially made with SROs, who were invited to participate in one round of consultation, and to provide contact details for their respective treasuries. Most SROs opted to have a joint consultation with their respective treasury.

Consultation questions

Participants were asked to discuss the key contextual elements of the operating environment in their state or territory, including the involvement of relevant departments and agencies in operationalising the NPA and delivering HomeBuilder, as well as the situation with their residential construction industry as HomeBuilder was introduced. This was then followed by the following questions:

1) What has the NPA funded specifically in your state or territory?
2) How do the activities funded align with the objectives of HomeBuilder (as outlined in the NPA) and any other key priorities?
3) How effectively is the NPA provisioning for delivery of HomeBuilder in your jurisdiction? Has the NPA supported achievement of HomeBuilder’s intended objectives, outcomes and outputs?
4) What are the key external and internal barriers to operationalising the NPA and successfully achieving the outputs, outcomes and objectives of HomeBuilder?
5) How do the relevant department and agencies in your state or territory collaborate with each other, and with the Treasury?
6) How have state and territory performance monitoring and reporting obligations outlined in the NPA operated in practice?
7) In what ways are the funding and payment arrangements stipulated in the NPA between the Treasury and states and territories fit for purpose?
8) Since HomeBuilder’s inception, what lessons have been learned and what are the implications for the future of the NPA and/ or HomeBuilder?
9) What are the opportunities for improvement in the design and delivery of HomeBuilder, its NPA or future NPAs?

Appendix D: Data analysis

KPMG reviewed the Treasury's initial forecast data of total grants administered and total grant funding, as well as the latest available version of the Treasury's HomeBuilder Data Dashboard (as at 24 June 2020), to form an understanding of the difference between the forecasting and actuals to date.

Regarding this analysis, it is important to note the following:

- Forecast data used in this analysis is the 'Upper bound' figures from the spreadsheets provided to KPMG by the Treasury
- Forecast data was based on the $25,000 HomeBuilder grant only, as the $15,000 grant was not part of the program's initial design
- Forecast data assumed that HomeBuilder would end on 31 December 2020 as originally intended
- Actual data to date has been sourced from the Treasury's HomeBuilder Data Dashboard as at 24 June 2020, which was the latest version made available to KPMG
- Actual data in this analysis includes both the $25,000 and $15,000 grant
- Actual data in the HomeBuilder Data Dashboard does not provide a detailed breakdown of substantial renovations and new builds, so in its place KPMG has shown a breakdown of the $25,000 and $15,000 grant values in the tables below.

Table 6. Initial forecast of total grant numbers (May/June 2020)

Jurisdiction	Substantial renovations (#)	New builds (#)	Total
NSW	1,611	4,025	5,636
QLD	1,143	4,580	5,723
NT	17	74	91
Tas	113	571	683
Vic	2,726	6,924	9,651
WA	639	2,628	3,267
ACT	185	287	472
SA	311	1,299	1,610
Total (Australia)	6,745	20,387	27,132

Table 7. Actual total grant numbers (as at 24 June 2022)

Jurisdiction	$25,000 grant (#)	$15,000 grant (#)	Total
NSW	13,917	3,533	17,450
QLD	18,216	2,954	21,170
NT	370	68	438
Tas	2,342	316	2,658
Vic	25,338	4,788	30,126
WA	15,450	1,485	16,935
ACT	830	83	913
SA	8,985	1,539	10,524
Total (Australia)	85,448	14,766	100,214

Table 8. Initial forecast of total grant value (May/June 2020)

Jurisdiction	Substantial renovations ($)	New builds ($)	Total ($)
NSW	$40,284,271	$100,620,942	$140,905,213
QLD	$28,577,440	$114,494,172	$143,071,612
NT	$428,713	$1,844,966	$2,273,680
Tas	$2,813,906	$14,267,476	$17,081,382
Vic	$68,154,377	$173,108,676	$241,263,052
WA	$15,968,400	$65,709,801	$81,678,201
ACT	$4,619,067	$7,171,874	$11,790,941
SA	$7,771,981	$32,468,508	$40,240,489
Total (Australia)	$168,618,155	$509,686,415	$678,304,570

Table 9. Actual total grant value (as at 24 June 2020)

Jurisdiction	$25,000 grant ($)	$15,000 grant ($)	Total ($)
NSW	$347,925,000	$52,995,000	$400,920,000
QLD	$455,400,000	$44,310,000	$499,710,000
NT	$9,250,000	$1,020,000	$10,270,000
Tas	$58,550,000	$4,740,000	$63,290,000
Vic	$633,450,000	$71,820,000	$705,270,000
WA	$386,250,000	$22,275,000	$408,525,000
ACT	$20,750,000	$1,245,000	$21,995,000
SA	$224,625,000	$23,085,000	$247,710,000
Total (Australia)	$2,136,200,000	$221,490,000	$2,357,690,000

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