Review of the Administration of the Home Insulation Program

Allan Hawke
6 April 2010
DISCLAIMER

This Review has been aimed at a high level assessment of issues and practical identification of lessons learned, so it is not a detailed examination of every aspect of the Home Insulation Program (HIP). The Review notes that there are other inquiries and investigations related to the HIP, with wider remits and with statutory powers that are yet to conclude. These include the Inquiry into the Energy Efficient Homes Package by the Senate Environment, Communications and the Arts References Committee, a performance audit of the HIP by the Commonwealth Auditor General, and investigations by state and territory occupational health and safety authorities, police and coroners.
Table of Contents

Executive Summary .................................................................................................................. v
Background ............................................................................................................................... 1
Term of Reference 1: Program Governance .............................................................................. 11
Term of Reference 2: Program Design and Administration ...................................................... 23
Term of Reference 3: Mechanisms to Identify and Manage Risk ........................................... 31
Term of Reference 4: Complaints, Audit and Compliance Mechanisms .................................. 45
Term of Reference 5: Resourcing, Capacity and Business Platform Issues ............................... 57
ATTACHMENT A ................................................................................................................... 65
Executive Summary

The focus of recent commentary on the Home Insulation Program (HIP) has been squarely on the significant safety, quality and fraud related concerns. The Government has announced its strong commitment to rectification. This is as it should be.

This Review is required to examine and report on the effectiveness of the HIP’s:

- program design;
- administration; and
- delivery arrangements.

The Terms of Reference and a short description of the conduct of the Review are at Attachment A.

In any discussion of the HIP it is important to understand the context for the program and its objectives. It is also important to appreciate that it is relatively easy to be wise with the benefit of hindsight.

Context

The HIP was a component of the Energy Efficient Homes Package, in turn an element of the Commonwealth Government’s $42 billion Nation Building and Jobs Plan. The Plan was launched in direct response to the global financial crisis and was unprecedented in its scale and speed of implementation. A significant riding instruction to the Commonwealth

---

1 When the Nation Building and Jobs Plan was announced in February 2009 there were two insulation programs: the Homeowner Insulation Program and the Low Emissions Plan for Renters. In August 2009 the renters program was absorbed into the newly titled Home Insulation Program. For ease of reference, the Review refers to HIP throughout. This reference includes arrangements both before and after August 2009.
Coordinator-General and state and territory counterparts was to reduce as much red tape as possible and to commence work on projects as soon as possible\(^2\).

The HIP component of the Plan had twin objectives:

- to generate economic stimulus and support jobs and small business; and
- to improve the energy efficiency of homes.

There was little economic optimism at the time. Before the stimulus, unemployment was forecast to reach around 10 per cent by mid-2010 with the highest impact expected on lower-skilled workers\(^3\). Negative economic growth was forecast for 2009, with the construction industry being particularly affected. Other measures in the Plan were also directed towards supporting the construction industry (Building the Education Revolution (BER) and the Social and Defence Housing Programs), but the Energy Efficient Homes Package was designed to have a more immediate impact – rebates under the first phase of the HIP were available for insulation installations from the date of announcement, providing an immediate stimulus effect. The program was designed to provide easy access for lower skilled employees.

The energy efficiency objective was important, particularly in the context of the proposed introduction of the Carbon Pollution Reduction Scheme. Home insulation is believed to be highly effective at reducing emissions. The Department of Climate Change and Energy Efficiency (DCCEE) estimates that, on average, new ceiling insulation results in a 40 per cent cut in household energy bills, increased comfort and value and a saving per household of 1.65 tonnes of carbon dioxide equivalent each year. While insulation clearly has energy saving benefits, public confidence in savings estimates may have declined and there are questions about whether substandard products have been used which would not contribute to savings at all.


\(^3\) Ibid p.24. Post-stimulus rollout the forecast unemployment figure was 8.25 per cent (2009-10 Budget, Budget Paper No. 1 – Statement 2: Economic Outlook, 2-6).
The program was originally designed to provide insulation to 2.7 million homes\(^4\) that were without insulation or were inadequately insulated. While the concentration of uninsulated homes varied across Australia (Qld and the NT had proportionally lower levels than other states), a high level of accessibility to the HIP, particularly for low income households, was a priority.

The insulation industry was a disparate one (in terms of insulation products, business models and industry organisation) and largely self-regulated. The Government did not contemplate any changes to industry settings for the program. State and territory regulatory frameworks varied and, unlike the delivery mechanisms for BER and Social and Defence Housing, there was no established pathway for national HIP delivery. The Commonwealth placed a high reliance on state and territory regulatory authorities to carry out their responsibilities effectively in occupational health and safety (OH&S), product compliance and complaints handling.

Working in ceiling spaces is inherently risky. Safety and fire concerns regarding insulation pre-date the HIP. Industry told of earlier attempts to develop training packages with the states. Of the 1000 targeted inspections of foil insulation in Queensland, around 20 per cent were found to have pre-existing electrical safety issues. Although concrete data is difficult to come by, over 80 fires per year were associated with insulation before the start of the program. These numbers are in the context of 50,000 to 75,000 retrofit insulation installations per year.

The HIP took the Commonwealth into construction industry operations where it had little expertise. Program delivery mechanisms, which required innovative approaches, were developed and rolled out in very short timeframes.

**Outcomes**

Any objective assessment of the HIP will conclude that, despite the safety, quality and compliance concerns, there were solid achievements against the program objectives. At the time the program closed on 19 February 2010, over one million homes had been

\(^4\) 2.2 million owner-occupied homes and 0.5 million rental properties.
insulated. Many low income households participated, with the prospect of significant savings on energy bills in years to come.

At its peak (in November 2009), the program had registered over 10,000 installers employing thousands of largely low-skilled workers.

For the first time there was a national focus on safety standards in the industry and quality standards for materials and their installation. In line with concerns expressed by industry and state and territory authorities at the start of the program, the installer register required minimum standards from installers and the guidelines required that insulation be installed appropriately. A national training program for ceiling insulation installers was in place and had provided training to over 3700 people. Installers on the register were provided with safety information and warnings during the program, including in the original training materials.

Innovative, cross-government approaches were adopted. The partnership with Medicare has proved highly successful and can be a model for the future where government programs have a similar need for high transaction turnover and speedy and effective delivery.

It has been reported that there have been four deaths of young Australians and over 100 house fires linked to the installation of insulation. This Review clearly makes no findings in relation to these incidents. They are properly the subject of police and coronial inquiries, workplace safety authority investigations and reports.

There were concerns regarding poor quality workmanship and materials and disturbing claims about the high level of fraud perpetrated by unscrupulous operators. Despite some safeguards against fraud, no one foresaw the possible extent of potential malfeasance which was simply alarming – a classic example of why governments need to regulate markets to ensure their proper functioning.

The associated political wrangling has overshadowed the duty of care of employers, which, put simply, is a requirement that they do everything reasonably practicable to ensure a safe working environment. While determining the causes of deaths and serious safety hazards and any liability for these is a matter for coroners and work safety
agencies, clearly there would seem to have been some unsafe work practices by employers operating under the HIP.

**Observations – what went wrong and why?**

This review has been specifically asked to look at the effectiveness of:

- program governance (including roles and responsibilities);
- program design and administration;
- risk management;
- audit and compliance mechanisms; and
- capacity issues.

Failings in each of these areas are outlined in the sections below. They relate in some way to the following broad characteristics of the HIP design and delivery, some of which only became apparent as the program rolled out.

**Characteristics of the HIP**

The program was high profile, involved a substantial investment of Commonwealth funds and was seeking to address two of the highest priorities of the Government at the time – economic stimulus and action on climate change. It required the highest level of attention by those agencies responsible for delivery. The HIP was initially managed in a Division of the Department of the Environment, Water, Heritage and the Arts (DEWHA) with a very wide range of responsibilities for the delivery of energy efficiency programs, some of which required intensive oversight in their own right (e.g. the Solar Homes and Communities Plan and Green Loans). Despite early efforts and later enhancements at DEWHA (the Project Control Group, additional staffing above the levels originally envisaged for the program and restructuring, including setting up the Energy Efficiency Taskforce), program management infrastructure and expertise at DEWHA were not sufficient to support the (at times unanticipated) demands placed on them.
• Proactive, senior executive oversight and adequate program management are absolutely essential to ensure the necessary resources are brought to bear on programs of this profile and significance in a timely way. A higher level of full time senior management oversight, including a dedicated Deputy Secretary should have been assigned full time to the energy efficiency programs for the duration of their roll out or until such time as their delivery became routine.

• The reality is that staff turnover, a high proportion of contracted staff and insufficient senior level attention can translate into diffuse responsibility such that no one can be held truly accountable for what happened.

At a whole of government level, the HIP was part of the much bigger Nation Building and Jobs Plan. The focus of the Coordinator-General’s coordination and reporting role was spread across five major program areas (BER, Social Housing, Defence Housing, Transport and Community Infrastructure and Energy Efficient Homes). The Energy Efficient Homes package had the least straightforward implementation pathway and the most limited oversight of industry. Given the reach of the program into so many Australian homes, it demanded much more and continuous attention from the Office of the Coordinator-General than it received, particularly in the post-July 2009 roll out period.

Implementation of the program was rapid, as was necessary to provide an immediate stimulus response to the potential impact of the global financial crisis on the Australian economy. DEWHA had originally envisaged a delivery model including a national contractor (or regional contracts) rolling out insulation on the Government’s behalf. For a number of reasons, particularly timeliness (as highlighted at the time by the Minter Ellison Consulting risk report), this model was overtaken by the direct payment model involving householders selecting registered installers to carry out work on their homes. This model was able to start delivering by 1 July 2009, with the rate of roll out determined by household demand (and industry supply), rather than by (bureaucratic) contract management by DEWHA. However, the model contained its own risks, many of which could never be fully mitigated and remained high throughout delivery of the program.
In order to ensure take up by the largest possible number of households, including low income households, the rebate was originally set at $1600 and nearly all eligible households could access insulation at no cost. The Phase 1 manual rebate system, which involved householders making payments and then seeking a rebate (in place from February 2009) was replaced by a direct payment to installers by 1 July 2009 in order to ensure the broadest possible take up, including by disadvantaged households. This timeframe had an impact on the planning framework and what was possible for the design of the final business model.

The design work, including a system to accommodate rapid turnaround of payments and a high volume transaction rate was required in less than five months, at a time when Phase 1 rebates were still being managed by DEWHA. This created limitations and constraints on what was possible in the time frame. While the model was delivered, implementation of the audit and compliance framework lagged behind.

- While some of the safety and non-compliance issues were pre-empted through risk management and audit planning, it should have been followed by much earlier rollout of a targeted compliance and audit program.

- Where time is short there must be clarity about key objectives, their risks and what is achievable so that expectations can be managed.

- Tradeoffs are unavoidable (here between providing easy access to new players (businesses and job seekers) in the industry and adequate entry requirements and training to address safety/quality issues) so they must be carefully balanced in program objectives and design as well as implementation.

Take up of the HIP was extraordinary and unexpected. Early assumptions were that there would be around 90,000 installations per month. By November 2009, the number of claims had peaked at nearly 180,000 per month.

- Business models, including audit and compliance frameworks, need to be scalable and flexible should there be unprecedented demand (as in the HIP case).

Some installers pushed hard to generate business and there is anecdotal evidence of door knocking and aggressive cold calling. While the intent was always to rely as much as
possible on Australian product, imported materials were inevitably required to meet demand. Comments were made to this Review that testing regimes may not always be effective and some substandard products may have entered the market. While safety issues may relate to improper installation of products that otherwise meet Australian standards, poor quality imported products may have lower thermal properties than claimed and result in lower energy efficiency improvements for households (comparable with poor installation).

The program design contemplated the need to deal with safety and fraud issues and there was an assumption that the approach of “one strike and you’re out” would apply to installers shown to have a poor safety record or evidence of potential fraud. As the number of claims and registered installers rose to unanticipated levels and the compliance and audit program rolled out, the number of complaints and safety concerns mounted. Effective use of the one strike policy came too late.

The first of four deaths which reporting connects with the installation of insulation occurred in October 2009. A number of fires were also reported. While the Minister for the Environment, Heritage and the Arts was briefed on these issues and responses by both Mr Garrett and DEWHA were appropriate and timely, the program developed incrementally and reactively through this period.

- The opportunity to step back from the day to day management of the program, ask hard questions and test assumptions was not taken until late in proceedings.
- Resources were tied up with crisis management. DEWHA is not unique in this regard, but it is a lesson that is not easily learned by busy departments under pressure to deliver large programs.

Further, while the many changes to the program were appropriate (e.g. reducing the rebate to $1200 reduced demand for the rebate), these frequent changes increased complexity and often involved transitional arrangements (such as the $400 top-up payment for work done in the transition to $1200) that absorbed additional effort and resources, leaving DEWHA with more ‘catch up’ on top of day to day work and process improvement.
• Capacity will be stretched in delivering programs of this nature. Management structures should allow for considered review so that the need for change can be recognised and realised.

Although the economic stimulus component was supposed to be equally important as the energy efficiency objective, the imperative of responding to the global financial crisis subordinated the energy efficiency requirement such that the usual processes associated with putting a scheme such as the HIP in place were constrained.

There is little doubt that the stimulus component had the desired effect. Of the $2.45 billion dedicated to the HIP, $1.5 billion has been spent and claims in the order of $100 million may still be outstanding.

It may be a peculiar Australian trait to bank or play down good news while examining the entrails of shortcomings in minute detail. Such is the case here, as the success of measures to deal with the global financial crisis risk having some shine taken off them by the so called HIP bungle. Bungle is actually a furphy because the many positive outcomes (already and potentially) flowing from the HIP serve to address long standing problems besetting the industry. The lessons learned from the fires and tragedy of the four deaths should lead to much safer work practices across Australia. The program has highlighted considerable gaps in the regulatory framework and an Australian regulatory system for the insulation industry building on the South Australian model will also represent a significant way forward.

The post-HIP inspection regime is expected to cover 50,000 houses with foil insulation and a minimum of 150,000 homes with non-foil insulation. Early indications of the compliance work are that significantly more houses may require inspection and potential rectification. These demands may leave little available funding for the Renewable Energy Bonus Scheme (REBS).

The Government’s fiscal strategy is clear. As the economy recovers and grows above trend, the Government will allow the level of tax receipts to recover naturally and restrain real growth in spending to two per cent a year until the budget returns to surplus. Allied with the intention to cap HIP expenditure at $2.45 billion, costs will need to be resolved for the inspection and rectification work before considering funds available for the REBS.
Conclusions

Rapid roll out, wide access to the program for both householders and entrants to the installation industry, and ease of transactions were key drivers for program design and implementation. This was appropriate given the key objective of economic stimulus, but it is unreasonable to conclude that a program of this size, operating within a largely unregulated industry could ever be delivered without risk. It is also unreasonable to conclude that all of the issues that emerged from the program could have been anticipated, or that they were easily remediable.

A stronger management structure, earlier implementation of the audit and compliance program, and better targeting of compliance effort early in the program could have mitigated the risks to more acceptable levels, but never to zero.

The high level of risks around safety and quality mean that the lack of a state regulatory structure for the insulation industry was a significant factor in the way the HIP played out. The existing frameworks, particularly for state and territory OH&S, were not sufficiently geared up for the 1 July 2009 start date of HIP proper.

There is now a much lower number of people and businesses capable of providing assurances that they can operate safely and with integrity in the insulation industry. Given the size of the inspection and rectification program that the Government has embarked on, many of the reputable players will be required to implement inspection and rectification measures.

The precise quantification of carbon emissions abatement generated from the HIP has been questioned and there would be value in testing this further.

In light of the above, I have reached the following views on options for next steps:

1. Should the Government wish to proceed with the insulation component of the REBS, it should delay the start of the program until the conditions for success are in place. In my view, these conditions are:
   (a) implementation of a strong and consistent regulatory framework across the states and territories, building on the approach taken by South Australia for a licensing regime for insulation installers;
(b) development of an appropriate framework for audit and compliance that is ready to commence at full capacity at the start of the program; and

(c) more certainty about the energy savings that are delivered through home insulation and other energy efficiency measures – this will be informed by the Prime Minister’s Task Group on Energy Efficiency which is to report on these and other matters in mid-2010.

2. The safety and quality risks cannot be fully abated and both the Government’s efforts and those of reputable industry players will be largely deployed on the Government’s rectification program, which must proceed as soon as possible. In this context, consideration should be given as to whether to proceed with the insulation component of the REBS.

The Government’s consideration of my views will, of course, be informed by the work currently underway in DCCEE and that being undertaken by the advisory panel led by Dr Ron Silberberg on the design and implementation of the rectification program for HEP.

Should the REBS proceed, the Government should explore whether the program could be delivered by the Defence Housing Australia (DHA). DHA is the only Commonwealth agency that continues to contract directly with the construction industry on a national basis. Significantly, it has successfully delivered the Defence Housing component of the Nation Building and Jobs Plan.
Background

The HIP was one element of the Energy Efficient Homes Package announced by the Prime Minister on 3 February 2009 as part of the Government’s $42 billion Nation Building and Jobs Plan.

$2.7 billion was initially allocated to the HIP, providing assistance of up to $1600 (reduced to $1200 in November 2009) with the aim of installing ceiling insulation into 2.2 million^ Australian homes, making them more energy efficient, boosting the economy and supporting jobs during the global financial crisis. The program was to run until December 2011, or until funds ran out.

At the time the program was terminated on 19 February 2010, program uptake had outstripped forecasts with ceiling insulation installed in over 1 million Australian homes. At its peak, in November 2009, there were over 10,000 registered installers. The number of registrations would have dropped to around 2500 by 19 February 2010, following a requirement for registration under more stringent qualification criteria.

In order to generate economic stimulus and support jobs, the HIP roll out proceeded rapidly after announcement. There were several distinct implementation phases in response to changes in demand, safety and compliance issues.

The HIP was an administrative not legislative program. Therefore, the program requirements were contained in guidelines and in the terms and conditions of registration, including the competency requirements for installer registration. Over the course of the program, five sets of program guidelines and 25 installer advices were issued.

^ An additional 0.5 million homes were targeted under the Low Emissions Plan for Renters.

^ Of these, approximately 7000 were active installers and had made at least one claim.
Phase 1 – establishment of the program – 3 February to 30 June 2009

On 3 February 2009 the Prime Minister announced the program, indicating that the HIP would commence on 1 July 2009, with interim arrangements to apply from 3 February until 30 June. Early Installation Guidelines were released on 26 February 2009 to enable eligible householders to arrange installation prior to roll out of the full program on 1 July 2009. This was specifically intended to avoid any short term suppression in demand in the insulation industry prior to the launch of the program proper. The interim process required home owners to approach industry for a minimum of two quotes, pay their installer up front and submit a manual claim for reimbursement to DEWHA.

During this phase authorised installers included owners or employees of registered businesses operating in the insulation installation industry.

A total of about 70,000 claims were eventually received for insulation installed during Phase 1 and DEWHA continued to accept claims up to 31 December 2010.

DEWHA ran consultations with the states and territories after the February announcement. Energy Efficiency Coordinators were established within each jurisdiction as part of the National Partnership Agreement on the Nation Building and Jobs Plan to monitor implementation of the Energy Efficient Homes Package. Coordinators met periodically in the design phase to ensure the Program avoided duplication with existing state and territory energy efficiency measures.

Fair Trading and Consumer Affairs representatives from the states and territories met in April 2009 to discuss the development of a compliance framework for the HIP. Memoranda of Understanding (or similar) between the Commonwealth and these regulatory agencies were subsequently signed between June and October 2009 to establish an information sharing arrangement regarding complaints made in relation to the HIP.

Kevin Rudd (Prime Minister), ‘Energy Efficient Homes – Ceiling Insulation for 2.7 Million Homes’ (Press Release, 3 February 2009).
Industry roundtables were held on 18 February and 20 March to discuss program design and implementation and an industry compliance workshop was held 29 April 2009 to discuss complaints management and compliance issues. The training and capacity of installers to deliver the program were raised as areas of concern and mention was made of electrocutions in New Zealand as a result of the absence of a training regime. The need for product standards and installer training was agreed.

Following industry consultation meetings the installer provider register, which introduced a set of accreditation requirements for installers, opened on 9 June and the public launch of the register followed on 29 June. To register, businesses had to declare that job supervisors had formal trade competencies or long term experience in the sector. Prior to 12 February 2010 contractors were only required to have completed OH&S training and did not need to meet the formal skills and experience requirements of supervisors.

A new national training package for insulation installers was developed. Following discussions with the OCG, the Department of Employment, Education and Workplace Relations (DEEWR) facilitated discussions between DEWHA and the Construction and Property Services Industry Skills Council (CPSISC). The CPSISC was contracted by DEWHA to develop training materials targeted at new and existing installers without any existing formal training. Training and support materials were released to installers and training bodies in late June ahead of the main program launch.

While managing the implementation of Phase 1 and arranging payment of related rebate claims, DEWHA was working with the Office of the Coordinator-General, Medicare Australia (Medicare), DEEWR and the Australian Tax Office, through the Project Control Group (PCG) to develop the business model for roll out of the main phase of the HIP. The PCG was established in April to provide oversight of HIP implementation, monitor risks and provide external scrutiny on program design and delivery.

---

8 After December 2009, businesses seeking to register had to provide evidence that all installers had formal skills or experience. For existing registrants, this requirement came into effect on 12 February 2010.
Phase 2 – program launch 1 July 2009

The main phase of the HIP was launched with new guidelines on 1 July 2009, enabling householders to have insulation installed by registered installers, generally without any up-front costs to them. Medicare provided an electronic delivery model for the program, enabling installers to register and submit payment claims online.

The Construction Industry Pocket Book: Resource for Installers of Ceiling Insulation was released in August 2009 summarising key information used in industry training including safety information and warnings. The Pocket Book augmented the training materials that had been available online at the DEWHA website since late June. Further technical advice and clarification of the Guidelines were provided through Phase 2 via Installer Advices.  

The Pocket Book and training materials detailed the duty of care responsibilities of both employers and employees defining the duty as doing “everything reasonably possible to protect themselves and others from harm.” From commencement of the program all training resources highlighted the need to turn off or isolate power to the building at the main switchboard before starting any work.

The Program’s Compliance and Audit Framework was finalised in August and DEWHA’s internal auditor, Protiviti, was appointed prior to 1 July 2009 to provide audit services until a procurement process for an audit and compliance service provider for the HIP was completed (the tender process commenced on 4 August following development of the fraud control plan). Desk top audits utilising the Computer Aided Audit Tool (CAAT) commenced on 1 July 2009 and roof inspections commenced on 10 August with the compliance database operational on 27 August. Three building certification

9 26 installer notices were issued in total by email and to installer businesses registered with the HIP. The final notice was issued on 9 March 2010, after termination of the HIP. It dealt with issues related to termination of the program and the continuing obligations of installers who had made claims.


11 Construction and Property Services Industry Skills Council, Ceiling Insulation Trainers Presentation (July 2009).
companies were engaged and conducted 172 roof inspections prior to engagement of the compliance service provider in late September 2009.

During this period DEEWR commenced development of the Clean Sustainable Skills Package which included support for insulation installers exiting the industry after cessation of the Program. This package initially set aside 4000 training places to assist workers, who temporarily entered the insulation industry through the program, leverage this experience into other employment. This transition strategy was subsequently overtaken by termination of the program and has been extended through the Insulation Workers Adjustment Package.

**Phase 3 – Energy Efficient Homes Package - program amalgamation – 1 September 2009**

On 1 September 2009 revised guidelines were issued which integrated the HIP with the Low Emission Plan for Renters initiative - a move primarily to reflect the lower than expected take up of the renters program. The revised guidelines incorporated a pricing table providing indicative costs per square metre of laying common types of insulation and requiring a physical site inspection. These changes and those occurring in November were primarily aimed at dampening the escalating demand for the program (largely driven by aggressive marketing by the industry).

PricewaterhouseCoopers (PwC) commenced as the Energy Efficient Homes Package audit and compliance service provider on 29 September. PwC commenced a roof inspection regime conducted through a subcontract with UGL Services. The inspection regime sought to complete 11,000 roof inspections of random and targeted homes by the end of December 2009. In order to achieve volume targets, inspections were at first limited to metropolitan areas and focused principally on the east coast.

---

12 Kevin Rudd (Prime Minister), '50,000 new jobs and green skills training places for a stronger greener economy' (Press Release, 30 July 2009).

On 21 September 2009 NSW Fire Brigades and Office of Fair Trading reported a number of fires involving downlights and insulation and issued a warning to householders on insulation fire risks where insulation was located too close to downlights. As reports of fires increased, DEWHA issued an installer advisory notice on 29 September 2009 which included information on downlight clearances and requirements. This reiterated to installers standards which were already part of the Building Standards.

**Phase 4 - Program modifications - November to February 2009**

Program guidelines were revised again in November and December 2009, reducing the maximum available assistance from $1600 to $1200, introducing new safety and compliance measures, and reintroducing the requirement that householders gain two quotes prior to installation.

The first death of a person working under the HIP occurred on 14 October 2009 - 25 year-old Matthew Fuller suffered a suspected fatal electric shock injury during installation of insulation in Queensland. On 26 October DEWHA issued an installer advisory notice to all registered installers reinforcing employer and supervisory OH&S responsibilities and the duty of care to provide a safe working environment. The advisory notice provided a link to the Construction Industry Pocket Book and reminded installers that the Pocket Book provided information on safe working methods and practices.

DEWHA convened a meeting of training organisations, industry bodies and regulators on 27 October 2009 to discuss electrical and insulation safety issues, with a particular focus on potential fire hazards and foil insulation. The training package was reviewed and program guidelines revised accordingly.

To address electrical and safety risks, metal fasteners for foil insulation were banned from 2 November 2009 and additional requirements for downlight covers or guards were

---


13 The Electrical Safety Office in Queensland, 'Electrical Fatality of Insulation Installer' (Press Release, 15 October 2009). The ESO reported that it appeared a staple, used to fix foil insulation in the roof space may have pierced an electric cable which energised the foil.
introduced. Mandatory risk assessments were required for every installation from 1 December 2009 and registration conditions were changed so that the names of installers de-registered for non-compliance would be published. A targeted electrical inspection program for homes with foil insulation installed under the Program, starting at ten per cent of installations, commenced in November 2009. Inspection results indicated that three per cent of installations showed an electrical safety risk related to foil insulation, while significant numbers of inspected homes were found to have pre-existing electrical safety issues not caused by insulation.

Two further fatalities occurred in November 2009: In Queensland on 18 November a 16 year old boy, Rueben Barnes, died from suspected electrocution while installing insulation. On 21 November a 19 year old installer in NSW, Marcus Wilson, died from heat exposure.

On 17 December 2009 the Minister announced that from 12 February 2010 mandatory training requirements would apply to all installers, not just job supervisors.16

On 4 February 2010, Mitchell Sweeney, a 22 year old died from suspected electrocution at an installation site in Queensland. Initial findings of the Queensland Electrical Safety Office suggested that a metal staple used to fix foil insulation to the ceiling structure may have pierced a live electrical cable causing the insulation to become energised.17 Metal fasteners had been banned three months earlier under HIP.

On 9 February 2010 the use of foil insulation was suspended and on 10 February 2010 electrical safety inspections were introduced for every home installed with foil insulation under the Program.18

16 Peter Garrett (Minister for Environment, Heritage and the Arts), 'Update on Insulation Training Requirements' (Press Release, 17 December 2009).


18 Peter Garrett (Minister for Environment, Heritage and the Arts), 'Foil Insulation Suspended from the Home Insulation Program' (Press Release, 9 February 2010) and 'Electrical Safety Inspections for Foil Insulation' (Press Release, 10 February 2010).
Discontinuation of the program and further electrical safety measures

The Program was discontinued on 19 February 2010 and replaced with a new household Renewable Energy Bonus Scheme, with solar hot water and heat pump components to commence immediately and an insulation component intended to come into operation by 1 June 2010. 

The existing electrical safety program for foil insulation was expanded to include 15 per cent of homes with non-foil insulation installed under the Program.

Following advice from industry bodies and the Queensland Electrical Safety Office on 10 March 2010 the Government committed to fully fund the removal of foil insulation or installation of safety switches in all homes that have had foil insulation installed under the Program.

Implications

The outline of the HIP above highlights a number of implications which are explored in more detail in later chapters, but in summary:

- the program was implemented rapidly and there were often several strands of work underway (e.g. while Phase 1 rebates were being managed, the business model for the main implementation phase was being developed). This is not unusual, but adds complexity for governance and management and created limitations and constraints for DEWHA as to what was possible in the timeframe;

- once up and running, there were substantial changes to the program that affected both the management of the program and industry participants:

  - there were particular implications for the compliance and audit programs;

  - and

---

19 Peter Garrett (Minister for Environment, Heritage and the Arts), 'Significant changes to Commonwealth environmental programs' (Press Release, 19 February 2010).
DEWHA needed to implement transitional arrangements at the same time as rolling out new requirements contributing to the complexity of the task;
and

while safety and quality concerns were addressed during the course of the program, there was a lag in rolling out a targeted compliance and audit program which would have allowed a more systematic approach earlier.
Term of Reference 1: Program Governance

Term of Reference 1 requires the Review to provide high level insights into the effectiveness of program governance, including roles and responsibilities of relevant Commonwealth agencies administering and monitoring the HIP, and the interaction with state and territory responsibilities.

There were complex relationships between players, particularly between the Commonwealth and the states and territories. Unlike other components of the Nation Building and Jobs Plan, the HIP had no established pathway for national delivery. Oversight and reporting arrangements were part of those designed for delivery of the Nation Building and Jobs Plan, which had some unique features.

The Department of the Environment, Water, Heritage and the Arts (DEWHA)

DEWHA was tasked with delivering the HIP. Responsibilities included: designing the business model; governance arrangements and supporting guidelines; setting up systems to implement the program; establishing and implementing appropriate risk, compliance and audit frameworks; working with relevant Commonwealth, state and territory agencies; and reporting on progress through both internal mechanisms and externally through the mechanisms established under the National Partnership Agreement (NPA) on the Nation Building and Jobs Plan.

In fulfilling these responsibilities, DEWHA:

- established a partnership with Medicare Australia (Medicare) on program delivery services, including the installer register and hotline and payment facilities;
- contracted a number of external parties to provide specialist expertise:
o Minter Ellison Consulting (Minter Ellison) – for risk assessment;

o PricewaterhouseCoopers (PwC) and Protiviti – compliance and audit service providers;

o KPMG – business model design;

o Ernst & Young – to develop a fraud control plan; and

o Datacom – for call centre facilities to service household inquiries and complaints;

• chaired the Energy Efficiency Coordinators group – established under the NPA to monitor implementation of the Energy Efficient Homes Package;

• established memoranda of understanding (MOUs):

  o with the Department of Education, Employment and Workplace Relations (DEEWR), industry and Job Services Australia providers to connect job seekers to the HIP;

  o with state and territory fair trading and consumer protection agencies;

• engaged regularly with a range of industry stakeholders through industry roundtables; and

• established the Project Control Group (PCG), chaired by DEWHA and involving the Office of the Coordinator-General (OCG) in the Department of the Prime Minister and Cabinet (PM&C), DEEWR, Medicare and the Australian Tax Office (ATO), which had oversight of implementation, monitored risks and provided advice, support and external scrutiny on program design and delivery – arrangements included a risk subcommittee.

Structures within DEWHA changed as the HIP rolled out. From February to November 2009, the HIP was managed through a branch in the Renewables and Energy Efficiency Division (REED). Revised responsibilities for deputy secretaries were introduced in July 2009. In November 2009 the Secretary of DEWHA established the Energy Efficiency Taskforce as a separate division which split out those functions from REED.
relating to the HIP and other energy efficiency grant and rebate programs, and established a dedicated Energy Compliance Branch for demand driven programs (see Term of Reference 5 below for further details).

Office of the Coordinator-General (PM&C)

On 5 February 2009, at a special meeting of the Council of Australian Governments, the Commonwealth, states and territories entered into the NPA on the Nation Building and Jobs Plan (the Plan). The NPA provides for oversight of the Plan, including that the Commonwealth would establish an oversight group in PM&C chaired by a Coordinator-General. Each of the states and territories also agreed to appoint a coordinator-general. National Coordinators were established for each element of the Plan at the Commonwealth level to coordinate implementation of the Plan with state and territory counterparts.

Under the NPA, the OCG monitors and coordinates the roll out of all elements of the Nation Building and Jobs Plan and ensures programs are meeting key milestones on time and within budget. The Coordinator-General chaired weekly teleconferences with the states and territories to discuss issues across the Plan and provided regular, high level, reports to Government on progress against the Plan.

A particular objective of the arrangements for Commonwealth, state and territory Coordinators-General was to "ensure effective delivery...break red tape and get work happening on the ground as quickly as possible".20

In its monitoring and coordination role, the OCG was involved in assisting DEWHA with development of the program and ensuring key milestones could be met. Where risks around delivery timelines were identified, the OCG provided advice and a whole of government approach to ensuring timelines were met. In particular the OCG advised on the design of the HIP business model and assisted in making connections with the Human Services portfolio, which led to the involvement of Medicare in the program. The OCG

encouraged a greater engagement from the training area of DEEWR to ensure that quick progress could be made on training arrangements.

The OCG also briefed the Prime Minister on policy changes to the HIP when they were raised by Mr Garrett.

**Medicare Australia (Medicare)**

Medicare and DEWHA signed a service level agreement in June 2009. Under the agreement, Medicare built and managed: the online register of insulation installers; the online claims and payment system for the program; and a telephone hotline for installers from 1 July 2009 until the HIP was terminated on 19 February 2010.21

Daily data transfers were made to DEWHA and later to PwC as well for pre-payment checks, compliance monitoring and planning and for weekly reporting purposes. The policy direction and business rules used to develop key areas for the Medicare system such as installer eligibility, complaints handling and audit and compliance requirements were provided by DEWHA.

**The Department of Education, Employment and Work Place Relations (DEEWR)**

DEEWR worked with DEWHA to maximise the training and employment outcomes from the HIP, to ensure that training was available from the start of the program, and that it was widely available. In particular and following engagement by the OCG, DEEWR facilitated the relationship between DEWHA and the Construction and Property Services Industry Skills Council (CPSISC), contracted by DEWHA to develop the training standards for the HIP for delivery through Registered Training Organisations (RTOs). These efforts were very successful: the standard for training was implemented before 1 July 2009, which would normally take up to 12 months. In this case, the RTOs took up the package and delivered it in very short timeframes.

21 The installer hotline is still operational, but any outstanding claims for installations before 19 February are being manually processed by Medicare and DEWHA to ensure robust checking for fraud or other compliance issues by installers.
DEEWR was also responsible for engaging with Job Services Australia (JSA) providers to identify suitable job seekers and link them with the required training to work in the insulation installation industry. On 2 July 2009, the Government, industry and JSA providers signed an MOU agreeing to work together to connect job seekers with job opportunities under the Energy Efficient Homes Package, including the HIP.

In addition, DEEWR also supported the HIP by:

- arranging for Local Employment Coordinators in the 20 Priority Employment Areas\textsuperscript{22} to engage with employers to maximise employment opportunities under the HIP;
- arranging for contact information of RTOs to be included on the SkillsInfo website;
- undertaking employer surveys; and
- making arrangements to provide retraining opportunities for installers once the HEP terminated.

**Interaction with state and territory responsibilities**

The Commonwealth consulted the states and territories after the February 2009 announcement of the HIP. State and territory energy efficiency coordinators were asked to play a role in promoting the program to households and industry.

The final business model did not directly involve state or territory authorities. Their role was limited to secondary contact through householder complaints to consumer affairs or fair trading authorities, occupational health and safety authorities and emergency services authorities. The Commonwealth placed a high reliance on state and territory regulatory authorities to carry out their responsibilities in these areas effectively. But, there was

\textsuperscript{22} In mid 2009 the Government identified 20 Priority Employment Areas where there were significant levels of employment in construction and trade related industries that were at risk from the global financial crisis.
always a risk that the existing regulatory framework might not adequately support the HIP’s goals\textsuperscript{23} – and this was indeed the case.

Different arrangements were in place across state and territory jurisdictions in relation to the insulation industry, with varying levels of involvement.

South Australia (SA) was the only jurisdiction that had an existing licensing regime for insulation installers as part of its existing building work contractor licensing arrangements. This licensing regime included requirements around ‘fit and proper person’, business and financial competency and registration of supervisors. Following the announcement of the HIP, the SA Government put in place a stand alone category of license for insulation installers, with a fast track, streamlined process to enable new entrants to be licensed appropriately. The HIP guidelines and requirements for installers went further than the SA requirements, eventually imposing skills and training requirements for all installers.

DEWHA implemented requirements that installers operating in SA certify that they were licensed in that state before being registered for HIP. However, as the installer registration was a fast-track process based on the prima facie claims of installers in their on-line application, this system was not particularly effective in ensuring compliance. SA reported that it was only later in the life of the HIP that effective pre-registration checks on licensing were routinely undertaken and communicated to the relevant agency by DEWHA.

Before the announcement of the Nation Building and Jobs Plan, there were some modest rebates available to householders in Victoria, NSW and WA (for certain regional communities). Under the terms of the NPA, states and territories were required to withdraw from aspects of programs that were covered by the Commonwealth’s program:

To complement this program, Leaders also agreed that the States would maintain existing energy efficiency funding levels, and re-direct state funding

for other energy efficiency programs such as insulation programs to home energy advice programs, particularly for the most disadvantaged households.\(^{24}\)

As an example, the Victorian Energy Efficiency Rebates included over 50,000 rebates for households for solar hot water, household appliances, gas heaters and insulation. The ceiling insulation rebate commenced in August 2007 and provided up to 50 per cent of the cost of insulation for concession card holders (up to a maximum of $500) and 30 per cent (up to $300) for other households. Before the rebate was withdrawn in March 2009, around 2500 households had received a rebate for insulation. The Victorian scheme had pre-qualification conditions, mandatory training and audit requirements for installers. Each installer had at least two of their installations inspected. A total of seven per cent of all installations were inspected, with fewer than ten per cent of installations found to have faults, mostly relating to quality.

**Feedback from the states and territories**

States and territories reported to this Review that they had minimal input during development and implementation of the HIP, particularly once the decision on the business model was taken. They would have preferred more engagement and a better flow of information to them about HIP, including information on action taken on complaints or other issues that impacted on state responsibilities. The very high take up of the program (especially in NSW and Queensland) had implications for state authorities, with one jurisdiction noting that resources had to be reallocated to deal with the number of complaints and matters relating to the HIP.

States have noted, however, that more substantial involvement in the HIP (or going forward with the proposed Renewable Energy Bonus Scheme) would require significant resources. This may be a particularly difficult challenge for smaller states and territories. States suggested that it would be appropriate for the Commonwealth to contribute additional funds. Some jurisdictions also noted that it would have taken significant effort and time to put in place a nationally consistent program which involved states and

---

\(^{24}\) Council of Australian Governments 'Nation Building and Jobs Plan 5 February 2009 Communique'.
territories in delivery and assurance. One jurisdiction noted that such a program would have to be started 'from scratch'.

States and territories noted the arrangements put in place for delivery of other elements of the Plan, including BER and the Social Housing initiatives, built on existing delivery pathways. They noted how the Coordinators-General network had been useful in resolving issues and sharing best practice across the Plan.

States commented that the lack of a direct contractual relationship between the Commonwealth and insulation installers impeded their ability to ensure compliance. They also noted that difficulties in effectively managing compliance may have resulted from the much larger quantum of 'projects' (sites and workers) under the HIP compared to the large, but relatively manageable number of projects being handled directly by states (e.g. 9000 school sites under the BER compared with over 1 million households under HIP).

Whether the business model or the quantum of projects was the cause, the existing regulatory framework was not sufficiently engaged to deal with the full roll out of the HIP from 1 July 2009.

**Consumer protection**

The HIP sought to establish a contractual relationship between the installer and the householder as the primary source of responsibilities. The Work Order Form that householders signed released the Australian Government from all liability for any loss, damage, injury or cost incurred as a result of, or relating to, the installation of ceiling insulation or the installation process.

DEWHA therefore encouraged householders to deal with their installer in the first instance, if there were any concerns. If householders were unsatisfied, DEWHA’s advice (through communications activities and call centre contacts) to householders was to contact their state or territory fair trading or consumer affairs authority to complain about the installer.

DEWHA put in place memoranda of understanding (or similar) with state and territory consumer affairs agencies to cover information sharing about complaints. Where a
complaint was made to a consumer affairs agency, they were to share this information with DEWHA, so that it could be followed up through the compliance and audit processes. In some cases this would include direct action against an installer or complaints would provide intelligence for targeting audits or inspections. Some states reported that there was often no information flow back to the state from DEWHA about what action had been taken or the results obtained from audits.

Emergency services/fire authorities and OH&S

DEWHA worked closely with state and territory emergency services where a fire was confirmed to be at the same address as an installation claimed under HIP. In these cases DEWHA took immediate action to de-register the installer, unless the installer could ‘show cause’. Responsibility for investigation of causes of fires, and any action following the outcomes of investigations, remains with state and territory agencies. Typically, these investigations take a number of weeks or months, and the results are not particularly timely. DEWHA remained in contact with emergency services if there was further follow up action required against an installer (e.g. where an installer had been able to show cause, and had stayed on the register, but where the subsequent fire services investigation had revealed further evidence that was actionable by DEWHA through de-registration).

There is little material available about any ongoing interaction (beyond discussions in the early stages of development) with state and territory OH&S agencies. It is not clear if there was regular sharing of information about safety incidents (other than in relation to the four fatalities discussed above) during the program.

It is also not clear how consistent interaction with emergency services agencies and OH&S agencies across states and territories was, and whether there were some instances where information was not provided in a timely fashion by either party. There may have been some benefit in more formal relationships being established. However, interaction with these agencies was probably largely reactive, following safety incidents, and, as issues escalated, there may have not been time and/or resources available to establish more consistent arrangements with all states and territories.

Some states noted, as issues emerged around safety and fires, that their consumer affairs or OH&S agencies took proactive unilateral measures to encourage improved safety in
the industry. For example, the Western Australian Government issued a press release in June 2009 warning homeowners about the risk of fires related to improperly installed insulation.\textsuperscript{25} In October 2009 the Queensland Government issued a safety message about the need to install insulation around downlights carefully.\textsuperscript{26} At the same time, the Queensland Electrical Safety Office initiated a safety project related to the issue and also wrote to all known Queensland based installers to remind them of their legal obligations to carry out their business in an electrically safe manner.\textsuperscript{27}

**Implications**

Interaction with other Commonwealth agencies produced some of the more positive outcomes, including the Medicare delivery of the installer register and payment system and the work with DEEWR to accelerate development of training systems and maximisation of employment opportunities.

The arrangements for the Coordinator-General and the NPA for the Nation Building and Jobs Plan with the states and territories were established in extraordinary global and national circumstances. They have been effective. But without the imperative of stimulus, mechanisms for delivery, oversight and reporting of the HIP would have been substantially different. Ordinary processes of government with their regular checks and balances (which have their own strengths) would have come into play.

The program may have benefited from more engagement with the states and territories during both the development and delivery phases. However, given the timelines and the

\textsuperscript{25} WA Department of Commerce, ‘Fire danger with roof insulation’ (Press Release, 16 June 2009).

\textsuperscript{26} Cameron Dick (Qld Attorney General and Minister for Industrial Relations), ‘Installing roof insulation correctly will reduce downlight fire risk’ (Press Release 10 October 2009).

\textsuperscript{27} The Queensland Electrical Safety Office advised DEWHA that foil installed at ceiling level was very rare prior to the HIP, and they made no recommendations that foil insulation be banned from the program or removed from homes until February 2010. On 20 January 2010 the Queensland Minister for Industrial Relations, Cameron Dick, issued a press release stating that “tragedies can be avoided if installers take basic safety precautions on every job.”
focus of the program on delivery by the Commonwealth, there was not time or resources to develop these relationships.

Given the high level of safety and quality concerns now evident, all states and territories should be encouraged to build on the South Australian regulatory model for insulation installers, using the lessons learned from the HIP. A strong and consistent regulatory framework should be implemented. This is not just to support any future government programs, but more importantly to minimise risks and safety issues in relation to installation of insulation in any ceiling.
Term of Reference 2: Program Design and Administration

Term of Reference 2 requires the Review to provide high level insights into the effectiveness of program design, administration and delivery, including program guidelines and business models put in place to deliver the program.

Key design features, business models and platforms for the HIP evolved through early 2009 in response to risk planning and were ultimately determined by the need to implement a program of unprecedented scale within tightly confined timeframes. Following commencement of the program proper in July 2009 further modifications to business systems and participation requirements were implemented as demand rose and the critical issues of safety and compliance mounted.

Program formation

The HIP built on a proposal developed through an inter-departmental Energy Efficiency Taskforce in August 2008 which identified insulation retrofits as arguably the most cost-effective opportunity to improve residential energy efficiency. It was estimated that only 60 per cent of Australian homes were insulated, with the remaining 40 per cent either uninsulated (20.8 per cent) or the home owners were unsure whether or not the houses were insulated (18.9 per cent). These relatively low levels of insulation signalled significant opportunities to reduce emissions and benefit householders through energy savings.

28 Commonwealth, Parliamentary Debates, House of Representatives, 11 March 2010, 46 (Kevin Rudd, Prime Minister).

The period from September 2008 was marked by a deteriorating global economy. The Government moved in October 2008 to support Australian jobs and growth through the $10.4 billion Economic Security Strategy and then in February 2009 with the $42 billion Nation Building and Jobs Plan.

**Program objectives**

The HIP was announced in February 2009 as part of the Government’s Nation Building and Jobs Plan with the target of installing ceiling insulation in 2.7 million homes by 31 December 2011. Launched in the context of the Government’s response to the global financial crisis, the HIP focused on:

- generating economic stimulus to support jobs and small businesses;
- helping households improve the energy efficiency of their homes, potentially cutting heating and cooling bills by around $200 a year, and
- contributing to Australia’s emission reduction goals by reducing annual greenhouse gas emissions by around 4.56 million tonnes by the year 2020.

The Program was designed to achieve these multiple objectives, however, key design decisions regarding the business model, payment arrangements and accreditation requirements reflected a further imperative to expedite access for low income householders and vulnerable workers who were exposed to the unfolding economic crisis.

These multiple program objectives were broad and would play out in the longer term, with measurement of results, such as employment numbers and greenhouse gas

---

30 Kevin Rudd (Prime Minister) and Wayne Swan (Treasurer), ‘Economic Security Strategy’ (Press Release, 14 October 2008).

31 Updated Economic and Fiscal Outlook – February 2009.

32 Kevin Rudd (Prime Minister), above n 7.

abatement, inherently difficult to quantify in the short term. While we can measure the numbers of homes insulated and installers registered, other quantification is difficult, especially in light of the improving economy.

**Program design**

Full roll out of the program was planned for 1 July 2009. An interim arrangement was established allowing eligible home owners to arrange insulation and claim reimbursement for costs (of up to $1600) from the program launch on 3 February 2010. This first phase, using DEWHA systems to manually process rebate claims provided a ‘learning by doing’ exercise that informed the first comprehensive risk assessment of the program and ultimately its final design. It must be recognised that the interim arrangements involved a substantial delivery effort by DEWHA, while at the same time, the Department was developing the full program.

**Anticipating and managing demand**

Prior to commencement of the HIP, some 200,000 homes were insulated annually (50,000 to 75,000 existing dwellings and up to 150,000 new builds). The program expected to dramatically increase this to around 90,000 installations every month, and concentrated focus was applied in the design phase as to how to stimulate industry involvement and ensure rapid scale up of the industry. Key design decisions, including the final delivery model and accreditation requirements, were made to meet the 1 July 2009 deadline, anticipated demand, to drive industry participation and facilitate high volume transactions within short payment timeframes.

Against the backdrop of accelerating industry participation and driving demand to optimise the stimulus effect, traditional program design features to control and manage demand, such as strict eligibility criteria, means testing and co-payments, were not implemented. Ultimately, this had substantial implications for the way the model played out. The program was to run until the end of 2011 or until all the funds were spent, whichever came first. However, what were thought to be optimistic demand projections

---

34 Evidence to the Senate Standing Committee Inquiry into the Energy Efficient Homes Package, Parliament of Australia, Canberra, 26 February 2010 (Michael Mrdak).
in the stimulus context were quickly outstripped following the full program launch in July 2009, with an average of approximately 146,000 installations per month from July, peaking at 178,000 in November 2009.

**Program delivery model**

**Installer driven business model**

Several business models were explored before the direct payment to installers model was finally adopted with the launch of the program proper in July 2009. Potentially, 2.7 million individual claims could be made if the rebate approach continued. This was clearly untenable, given the manual processing arrangements. Options were explored that sought to minimise the number of claimants and cut red tape for the householder.

Consideration was given to a direct contract model whereby DEWHA would manage delivery of the program through a series of regional head contractors. The regional contract model sought to leverage local expertise and capacity and manage demand by staggering release of the program across regions. However, a risk assessment conducted by Minter Ellison in April 2009 identified "the Number 1 risk" as the delivery capability of DEWHA to complete procurement and implement the contract model within the program implementation timeframes. The risk report also identified other risks associated with the direct contract model, including financial and audit risks, and concerns were raised through the PCG that the direct contract model substantially impacted Commonwealth liabilities.

To mitigate these risks, the regional contract model was replaced by a market driven installer model supporting small business operators where insulation businesses would register themselves for the program, establish a contractual relationship with the householder, and make claims for payment following installation.

**Medicare payment and registration system**

The Minter Ellison Risk Report also highlighted the risk of DEWHA systems not accommodating the high volume of transactions anticipated for the program and the

---

ability of these systems to ensure cash flow to businesses. During program design, existing DEWHA systems were being used to manage rebates as part of Phase 1 and these proved inadequate, taking longer than the eight week benchmark to finalise claims. Indeed, DEWHA continued to process Phase 1 rebate claims until February 2010.

In order to support the large scale roll-out of the program in less than five months, Medicare was engaged to put in place registration and financial management systems for the program in order to leverage service delivery capacity within the Commonwealth. Medicare was contracted to build and manage the online register of approved insulation installers and an online portal for installers to make claims and seek payments. This used existing system capabilities. DEWHA provided business rules to Medicare to enable them to develop an enquiry line and complaints handling system for installers and pre-registration documentation compliance.

Medicare delivered an effective online system which supported high volume transactions and ensured rapid payment turnaround times (on average less than five days) which was critical to support small business cash flow in the global financial crisis.

Leveraging off existing systems enabled timely delivery of an effective business platform. However, in the absence of a fit-for-purpose system, it was not possible to integrate payment and registration processes with the compliance and audit requirements needed to manage fraud, complaints and installer and household safety. In order to conduct compliance checks on registrations and payment claims, beyond basic address and document verification, it was necessary for Medicare to export claims data to DEWHA and contracted auditors PwC to manage through separate compliance processes. Two parallel computer auditing systems running separate checks were operated by the DEWHA compliance and audit team and PwC. The need to run multiple discrete systems for compliance with built-in double handling created information and integrity risks for the program and may have impeded the ability of program managers to respond quickly to compliance issues.
Householder participation

The final program design provided an end-to-end service where the householder was not out of pocket and could obtain ceiling insulation “simply by making a phone call.”

The Early Installation Guidelines required that homeowners arrange a minimum of two quotes and pay their installer upfront. These requirements were intended to generate householder ownership over installer selection and potentially to drive competitive pricing. However, they were dispensed with at the full program launch in July 2009 as they were thought to slow the program and were inconsistent with the stimulus imperative. They were also inconsistent with the intent to provide the widest possible access to the program, including to low income households.

The Government had initially capped assistance at $1600 following industry consultation and research which reported that the cost of installation could range from $660 to $1600 per dwelling and that demand for the program would not achieve the goal of installing insulation in 2.7 million homes if lower level subsidises were adopted. The risk of low demand never eventuated. Demand for the program ballooned to 178,000 claims by November 2009. The Government reintroduced the requirement for two quotes and the level of assistance was cut from $1600 to $1200 per installation, as mechanisms to control uptake and remediate industry driven demand. Claim figures indicate these measures were effective in slowing uptake of the HIP, with claims falling from the peak of 178,000 in November 2009 to 136,000 and 140,000 in December 2009 and January 2010.

Active industry promotion of the program was achieved through generous subsidies, however, householder responsibility and investment in the process were undermined as householders avoided out-of-pocket expenses and the need to approach industry for multiple quotes.

36 Kevin Rudd (Prime Minister), above n 7.
37 Department of the Environment, Water, Heritage and the Arts, above n 9.
Installer registration and training

Concerns about the capacity of industry to deliver on installation targets, and an overarching program drive to generate new jobs, were key considerations that informed the design of installer registration and training requirements under the program. The program sought to attract new employees into the insulation industry in order to alleviate job losses arising from the global financial crisis. Specifically, the program was intended to attract disadvantaged ‘unskilled’ workers who would be most vulnerable to economic downturn. In this context, the program objectives and design had to balance strict registration requirements for installers against the need to add new industry players; a particularly difficult ask.

Discussion regarding installer registration and training requirements is provided in Term of Reference 3 – Mechanisms to Identify and Manage Risk.

Implications

The business model and program design were developed quickly as part of the Government’s response to the global financial crisis. With more time, some of the problems that later emerged with the program could have been addressed (see particularly the discussion of fraud and compliance mechanisms below), but there were some fundamental design elements (unrelated to the timeframes for delivery of the program) that had significant implications for management of the program:

- encouraging new entrants to the installation industry had consequences for both the potential for fraud and low quality work;

- once installers starting driving demand (because it was relatively easy to access the program), local production could not meet demand and imports entered the frame, some of which have been claimed to be of lower quality than domestic products; and

- the lack of an upfront payment and no requirement for quotes (between June and November 2009) meant there was little incentive for householders to take the normal level of responsibility for the quality and performance of the installers.
Term of Reference 3: Mechanisms to Identify and Manage Risk

Term of Reference 3 requires the Review to provide high level insights into the effectiveness of program design, administration and delivery, including the mechanisms to identify and manage risk.

A key function in managing a program like the HIP lies in identifying risks and putting in place mechanisms for their mitigation and management, including as risk profiles changed. Insulation installation requires people to work in hazardous and confined areas such as ceiling spaces, which has inherent risks and the elimination of all risks is an unreasonable expectation.

Risk assessments

Risk assessment and mitigation were fundamental elements of the HIP and Minter Ellison was contracted to develop a comprehensive risk assessment to identify and manage the risks associated with delivery of the program.

The preliminary risk assessment focused on the implementation risks associated with a contract delivery business model for the program. The 9 April 2009 risk assessment report and risk register identified a particular concern that the proposed contract model could not be developed sufficiently in time for a 1 July 2009 roll out.

Once the decision was taken to adopt the alternative business model, the risk register was regularly updated to reflect changes in the risk profile. Risk management was a standing agenda item at PCG meetings, with a report on the updated risk assessment, reflecting ongoing risk mitigation strategies, presented and discussed at each meeting. A risk consultant and former representative of Minter Ellison attended PCG meetings.
Risks identified in the Minister Ellison risk register

The risk assessment prepared by Minter Ellison identified 19 extreme and high level risks that without any mitigation would adversely impact on the delivery of the HIP. The risk assessment noted the existing mitigation measures in place and also identified proposed management plans to address those risks which were not yet appropriately mitigated.

Minter Ellison advised that the proposed management plans outlined in the 9 April risk assessment report would appropriately mitigate all but six risks to medium or low. Three risks remained extreme and three remained high:

- completing procurement needs by 1 July 2009;
- developing and delivering the program in a controlled way;
- inadequate controls allowing fraudulent or inappropriate behaviours;
- internal capacity to develop, staff, control and deliver the program on time;
- the potential political fallout from failures in the process, system and project deliverables; and
- the regulatory framework not adequately supporting the Program’s goals by relying on third party contracts.

The first two of these risks and the last were addressed by the revised delivery model, but the remainder were risks that had to be managed through the life of the HIP.

Some risks identified in the Minter Ellison risk register either did not eventuate or the actual outcome was completely opposite to the identified potential outcome. For example:

- inadequate planning and communications could create poor delivery of the communication strategy – aggressive marketing by some businesses kept demand high throughout the program;
• actual outcomes (e.g. number of households and long term energy savings) may not eventuate – as noted above, the HIP was taken up very quickly, although energy savings will not be known for some time;

• the program may not achieve its objectives through poor uptake and program awareness – the program was exceeding uptake targets and measures were implemented to slow down the uptake, such as reducing the grant to $1200.

Risks that remained, irrespective of the model and which had an impact on HIP delivery were:

• industry capacity to respond to the increase in demand for installations;

• quality of installations and compliance by installers;

• capacity to maintain and control training mechanisms for skilling the installer network;

• potential for increases in average costs as demand increases; and

• employment opportunities for industry workers on the conclusion of the program.

Managing the risks

Fraud and compliance frameworks

These frameworks are discussed in detail below in Term of Reference 4 – Complaints, Audit and Compliance Mechanisms. They were a significant mechanism to address many of the risks identified for the HIP.

Capacity to develop, staff, control and deliver the program on time

Prior to commencement of the HIP, DEWHA had little experience in running a program of this size and nature and did not have staff with detailed knowledge of the insulation installation industry. Management of the program was undertaken in a division with significant other responsibilities.
While measures were taken to second staff both internally and from other agencies with relevant experience (e.g. the ATO) and to engage contractors, capacity issues remained significant throughout implementation of the program (see Term of Reference 5 – Resourcing, Capacity and Business Platform Issues for more detail).

Industry capacity to respond to the increase in demand for installations

Prior to commencement of the HIP, industry estimated that there were between 50,000 and 75,000 retrofit insulation installations per year. The installation of insulation in existing houses was expected to increase to 1.275 million per year in the two years of the program.

DEWHA managed the risk to the extent possible through consultation and raised capacity issues with industry at the early roundtable meetings. Industry advised that while it would increase its production of insulation material, it was unlikely to be able to meet all of the increased demand through locally manufactured products. Industry representatives also advised there was little likelihood of investments in new plants as it would take approximately 18 months to two years to have a new factory up and running. However, production at some existing plants was increased to operate 24 hours a day.

Manufacturing capacity constraints inevitably resulted in the importation of insulation material to meet program demand which in part led to concerns that poor quality materials may have been installed in some ceilings.

Training, to ensure an adequately prepared workforce, is discussed below.

Potential for increases in average costs as demand increases

Industry consultation reported that the cost of insulating a house varied depending on the product used, with potential costs ranging between $660 and $1600. There was a risk the demand for insulating homes under the program could raise the average cost of insulating a home, particularly if material became scarce. The average claim between 1 July 2009 and 6 December 2009 was $1389. The pricing schedule added to the Program

---

Guidelines on 1 September 2009 provided an authoritative guide for householders on likely costs. The reduction of the rebate to $1200 in November 2009 reduced demand, but most homes were still insulated at no cost to the householder. Anecdotally, the Review was told that installers targeted homes that could be insulated within the Government's threshold. The targeting shifted after November 2009 to those homes with less complex or smaller insulation requirements.

**Employment opportunities at conclusion of program**

An HIP objective was to support jobs in the insulation industry and this objective was met. It was always recognised that there would be issues for workers once the program ended (December 2011 or when funds were spent). The Government developed the Clean Sustainable Skills Package in mid-2009 to support installers exiting the industry (see Background above), now extended through the Insulation Workers Adjustment Package.39

**Quality and safety risks**

**Installer registration and training**

Prior to the HIP there were no nationally accredited training programs for installing ceiling insulation and there were different regulatory arrangements in place across state and territory jurisdictions for the insulation industry. Only South Australia maintained a licensing regime for installation businesses. The Insulation Council of Australia and New Zealand (ICANZ) had attempted to develop and introduce a training package across the States, but was only successful in Victoria.40 In the absence of formal trade competencies specific to insulation installation, consultation meetings were held with industry to identify appropriate accreditation criteria for installers to register under the program.

DEWHA consulted CPSISC on the development of a new training program for the installation of ceiling insulation to facilitate new market entrants. The CPSISC training

---

39 Mark Arbib (Minister for Employment Participation), 'Help available for workers affected by insulation changes' (Press Release, 20 February 2010).

40 Evidence to the Senate Standing Committee Inquiry into the Energy Efficient Homes Package, Melbourne, 17 February 2010 (Dennis D'Arcy, ICANZ) and reported to the Review.
program was in place before the 1 July 2009 start of Phase 2 of the HIP, but the level of take up early in the program is unclear.

From 1 July 2009, in order to register with the HIP, installation businesses needed to make an online declaration that all contractors had completed OH&S induction training and the registrant either: held a relevant trade qualification, had prior industry experience, or had completed the new insulation training package.

Self declarations were accepted prima facie by Medicare and were subject to subsequent compliance processes managed through DEWHA. Registration requirements were tightened in September 2009, demanding installers provide evidence of qualifications and/or competencies at the time of registration. New arrangements were introduced from February 2010 when mandatory training requirements were to be applied to all installers, not just to the job supervisor.

It is estimated that over 3700 installers participated in insulation training delivered by RTOs over the course of the program. This training package was formally endorsed by the National Quality Council in February 2010 as the first national skills competency for installing ceiling insulation.

Product standards

During the design phase of the program the risk report prepared by Minter Ellison anticipated a shortfall in the supply of insulation materials upon program roll out. To mitigate concerns that industry would be unable to deliver sufficient quality materials within the timeframes, the program allowed for imported products which met the relevant Australian Standard.

In order to ensure quality materials were being utilised program guidelines required that all insulation products complied with the Australian Standard for materials for the thermal insulation of buildings (AS/NZ 4859.1.2002). In December 2009 DEWHA also published an Approved Products List which identified all products certified or tested successfully against the Australian Standard. Concerns have been raised by industry that the testing regimes still allow substandard products to enter the market because of
inconsistent sampling and certification techniques and ineffectual compliance mechanisms.\textsuperscript{41,42}

It is difficult to verify how much insulation material was imported during the program.\textsuperscript{43} Australian manufacturers have noted their practice of sourcing material from related companies overseas to meet demand, but claim that these products met Australian standards. While these products may have met Australian standards for R ratings, claims were made to this Review that they may have been unfamiliar to local workers and more difficult to handle, resulting in a lower quality outcome. Other imports, from less reputable sources, are known but are even more difficult to quantify.

Testing of insulation materials for Australian standards is done by private laboratories contracted by manufacturers or importers and there are claims from industry that the results of tests can vary across laboratories. However, this relates to insulation properties, rather than safety issues.

In relation to claimed safety issues from imported products, it is difficult to assess the full extent of substandard product or safety issues associated with these. While there are anecdotes about formaldehyde emanating from containers of imported product, there has been no evidence produced to substantiate these or to quantify the level of any risks, in particular, whether formaldehyde levels exceeded safety standards.

Future insulation programs may benefit from the new Australian Consumer Law, proposed as part of the Government’s regulatory reform agenda, which would introduce a new product safety legislative regime to be enforced by the Australian Competition and Consumer Commission and state and territory consumer regulators. This will apply national product safety requirements to services related to the supply, installation and

\textsuperscript{41}Evidence to the Senate Standing Committee Inquiry into the Energy Efficient Homes Package, Melbourne, 17 February 2010 (Michel Bostrom, Amalgamated Metal Industries).

\textsuperscript{42}Polyester Insulation Manufacturers Association of Australia, Submission to Senate Standing Committee on Environment, Communication and the Arts Inquiry into the Energy Efficient Homes Package, 18 December 2009, 5.

\textsuperscript{43}There are no statistics available for imports, nor currently for substandard products found through audits.
maintenance of consumer products. It could also prescribe mandatory safety and information standards for services and ban certain unsafe services where appropriate.

Measures taken to respond to complaints, industry concerns and specific incidents

From the outset of the HIP, industry and interest groups raised concerns and issues regarding the operation and implementation of the program. DEWHA discussed these with industry at industry roundtable meetings in February, March and June 2009, a technical workshop meeting in April 2009 and an industry compliance workshop meeting in late April 2009. Some of the issues raised in the industry forums, particularly concerning safety, were also raised in correspondence from individuals and representative bodies.

The issues identified through the forums and correspondence informed the program guidelines and development of the training regime by CPSISC. For example, safety issues concerning downlights raised in the round table meetings and by correspondence were addressed in the program guidelines for both Phase 1 and Phase 2 of the HIP and in the development of the training programs by CPSISC. An additional requirement was added to the program guidelines on 2 November 2009 that appropriate down light covers and other relevant ceiling appliances must be installed in accordance with relevant Australian Standards.45

44 The program guidelines for both the early installation program and the post 1 July 2009 program required the installer to comply with the Australian insulation installation standard, AS 3999-1992 ‘Thermal insulation of dwellings – bulk insulations – installation requirements’ but substituting clause 4.2 (e) and figure 4.5 of that document, with clause 4.5.2.3 and figure 4.7 of the AS/NZS 3000:2007 wiring rules as minimum clearance distances from recessed luminaries, including down lights.

45 Peter Garrett (Minister for the Environment, Heritage and the Arts), ‘Insulation changes: safety, consumer protections and value for money’ (Press Release, 1 November 2009).
A key part of the program’s communication strategy with installers was through the Installer Advice notifications provided online and via SMS. These notifications provided guidance on changes to the program and reminders regarding safety and training issues.46

As the program continued to progress, issues raised through site inspections and the audit of claims, further adjustments were made to the HIP to address those issues. Major changes to the HIP occurred on 1 September 2009, 2 November 2009, 1 December 2009 and 12 February 2010. These changes are discussed below.

28 August 2009 announcement of changes to the HIP

On 28 August 2009 the Minister announced changes to the program guidelines to take effect on 1 September 2009.47 The changes were the result of the initial complaints, compliance and audit activity commenced in the first few weeks of Phase 2 of the HIP.

The main changes to the program guidelines were to:

- require installers to conduct a physical site inspection, except in remote areas, and then provide a written quote;
- include a market-based pricing guide for the cost of insulation with installers charging above the upper limit being subject to a review; and
- notify installers that the conditions of registration had been updated to require installers to provide proof of competency standards (training qualifications) and insurance certificates before registration could be approved.

1 November 2009 announcement of changes to the HIP

On 1 November 2009 the Minister announced changes to address safety and consumer protection issues that had developed in the HIP.48 The announcement resulted from a


47Peter Garrett (Minister for the Environment, Heritage and the Arts) above n 13.

48Peter Garrett (Minister for the Environment, Heritage and the Arts) above n 46.
number of meetings with industry representatives, including the Master Electricians Australia and the Aluminium Foil Manufacturers Association about safety issues with insulation already installed under the program. The changes developed from these meetings and discussions were implemented in two stages. The first stage, applying from 2 November 2009, included:

- a targeted electrical safety inspection program of Queensland homes with foil insulation installed under the program, starting at 10 per cent of installations; and
- changes to the program guidelines to:
  - mandate the use of appropriate downlight covers and other relevant ceiling appliances, as approved and installed in accordance with relevant Australian Standards; and
  - ban the use of metal staples and fasteners instead requiring the use of taping or fastening with nylon/plastic staples or any other non metallic means.

The second stage, applying from 1 December 2009, included:

- changes to registration conditions so that the names of installers de-registered for failure to meet program guidelines would be published; and
- amendments to the program guidelines to require:
  - householders to obtain two genuine quotes from two business registered on the Installer Provider Register; and
  - installers to conduct a risk assessment before installing insulation.

17 December 2009 announcement of changes to the HIP

DEWHA continued meeting with industry representatives and monitoring safety and fraud issues through its compliance and audit program. The requirements to this point in the program were that the installation work was supervised by someone with the necessary qualifications or experience. The rapid growth of the program did present concerns that the rising number of safety issues was in part the result of inadequate
supervision of untrained and inexperienced installers in the industry, despite the take up
of training developed and offered through RTOs.

Consequently, on 17 December 2009 the Minister announced that from 12 February 2010
all installers, not just supervisors, had to provide evidence of:

- a trade specified competency, such as a relevant licence or trade certificate;
- training qualification from an RTO under the HIP, or
- two years experience and a statutory declaration or statement of prior industry
  experience.49

Suspension of foil insulation from the HIP on 9 February 2010

The PwC report on targeted roof inspections in Queensland found that of the 1000
completed inspections, three per cent had an electrical safety risk related to foil
insulation. The report also noted that significant numbers of homes inspected had a pre-
existing electrical safety issue before the installation of the insulation under the HIP.
UGL Services, who conducted the targeted inspections on behalf of PwC, also noted that
26 per cent of installations completed after 2 November 2009 used metal staples despite
the guideline ban.

On 4 February 2010 a fourth installer died while installing insulation in a ceiling - the
second apparent electrocution while installing foil insulation.

The Minister announced on 9 February 2010 that he had suspended the use of foil
insulation from the HIP.50 In his statement the Minister explained:

... despite strong measures taken to date including banning the use of metal
fasteners for foil insulation in November last year, we are still seeing evidence of
foil installations which do not meet clear program requirements.

49 Peter Garrett (Minister for the Environment, Heritage and the Arts), above n 16.

50 Peter Garrett (Minister for the Environment, Heritage and the Arts) above n 13.
General mechanisms to address risks

Project Control Group (PCG)

The PCG was established in April 2009 and included representatives from DEWHA, the OCG, Medicare, DEEWR and other observers including at times representatives from Minter Ellison and PwC.

Under its terms of reference the PCG was to provide oversight and strategic direction:

- to the insulation program and ensure high standards of governance were met; and
- in managing risks and ensuring fast resolution for successful program outcomes.

A risk management update was a standing agenda item for all PCG meetings. In November 2009, the PCG formed a Risk Committee to meet weekly and report back to the PCG fortnightly.

Reporting mechanisms

DEWHA provided regular briefings on the HIP to the Minister for the Environment, Heritage and the Arts, recommending courses of action to address risks as they arose during the program. The issues covered by the briefs included:

- safety matters with the program;
- changes to the program guidelines;
- updates on the compliance and audit program;
- issues for meetings with industry representatives and for round table meetings; and
- updates on the progress of the HIP.

DEWHA also reported regularly to the Office of the Coordinator-General (OCG) and through the OCG to the Minister for Employment Participation and Minister Assisting the Prime Minister for Government Service Delivery and Cabinet as part of regular reporting.
**Implications**

Good risk management of the HIP was fundamental. DEWHA established a strong risk management framework and then had in place a number of mechanisms to address and mitigate the risks. The mechanisms included: the fraud and compliance program; establishing a registration regime; developing a national training program; monitoring changes in the risk profile and altering the requirements of the program to address those changes.

When issues arose, DEWHA and the Minister worked quickly to address them. DEWHA engaged with industry, listened to their concerns and briefed the Minister on necessary changes to the program. Warnings were heeded; however, this was largely reactive. Internal management structures, particularly early in the program did not provide the necessary senior management oversight or allow for considered review at appropriate times. A program of the profile and significance of the HIP involving an industry that had minimal regulation warranted very close attention. It is acknowledged, however, that some of the issues flowing from the extreme level of demand could not be anticipated.

While one of the reasons the program could commence so quickly was because there were few impediments to establishing an installation business, there were also few existing checks to make sure appropriately qualified people were working in the industry.

While tradeoffs were unavoidable in this program between providing easy access to new players in the industry (businesses and job seekers) and adequate entry requirements and training to address safety/quality issues - they had to be carefully balanced. It was difficult to predict the high level of unscrupulous practices that are now claimed, but in hindsight registration measures should have been tighter at the start of the program.
Term of Reference 4: Complaints, Audit and Compliance Mechanisms

Term of Reference 4 requires the Review to provide high level insights into the effectiveness of program design, administration and delivery, including complaints, audit and compliance mechanisms in place for the program.

The complaints, compliance and audit systems for the HIP were put in place through a range of internal DEWHA processes, external advice, Medicare’s processes and arrangements with state and territory authorities. These systems were put in place in a context of stimulus objectives to allow ease and speed of entry to the industry, with no legislative power and very tight deadlines for implementation of the program.

Audit and compliance

The HIP compliance and audit regime included:

- registration of installers – DEWHA controlled which businesses were able to work under the HIP, including training and insurance requirements. Installers had to agree to the terms and conditions, and could be removed from the register (and the program) if they did not comply;

- pre-payment checks – including address verification by Medicare and separate checks using Computer Aided Audit Tools (CAAT) which identified anomalies such as large or unrealistic claims by installers;

- post-payment checks, including letters to householders seeking feedback on installers. These checks were also able to identify ‘phantom’ installations, where installers had not visited a household but merely claimed for a known address;

- external intelligence – including from fire brigades, work safety authorities and fair trading authorities, complaints made to the Department’s hotline, etc. Where
safety issues were identified through external intelligence, increased audit and compliance activities were undertaken;

- desktop audits – involved installers providing relevant paperwork to the auditor for checks on compliance;

- field audits – visits to installer workplaces to verify claiming, quality and safety practices; and

- roof inspections – carried out through a contract with PwC, which provided management and audit processes and contracted UGL Services to manage inspections.

DEWHA had previous experience with compliance and audit of programs, particularly competitive grants programs, such as the Natural Heritage Trust, and enforcement of environmental protection legislation. The HIP initially drew on systems and resources within DEWHA, but there was recognition that the challenges of the HIP (including the scope of the program, lack of legislative backing and wide eligibility) would require additional resources and expertise. DEWHA’s internal auditor, Protiviti, was appointed as the interim provider of audit services while a procurement process for compliance and audit services was run. Protiviti assisted the HIP between July and October 2009.

DEWHA also drew on seconded resources (including from the ATO) to bolster their audit and compliance capabilities.

DEWHA faced issues around integrating all of the relevant resources into their operations, including the different workplace cultures of seconded staff and contractors.

A key focus in the early compliance and audit work was on controlling fraud against the HIP. One of the reasons for engagement of Medicare in delivery of rebates was their established systems for protecting against fraud. However, fraud control and compliance mechanisms for HIP were not able to be fully integrated into the Medicare system in the time available.

DEWHA contracted Ernst & Young to develop a Fraud Control Plan, which was delivered on 26 June 2009. The Request for Tender (RFT) for the compliance and audit

46
service was then developed over July 2009 with the RFT call on 4 August and appointment of PwC on 29 September.

**Phase 1 - audit and compliance activity**

During Phase 1 of the HIP there was minimal audit and compliance activity. DEWHA implemented audit and compliance processes it had used for the relatively low volume rebate programs that the Department had traditionally delivered. The processes operated in a similar manner to checks carried out before payment of Solar Hot Water Rebates, which have had few problems. Volumes of payments under Phase 1 were around 20,000 per month in May and June 2009, with a total of about 70,000 claims eventually received. There were relatively few issues around Phase 1, except for delays in householders receiving payment due to manual processing. The lack of any significant issues could be related to the lower volume of claims, the requirement that householders pay up-front and seek two quotes, and likelihood that householders that took up the program in the early stages were more engaged consumers that took a greater interest in the quality of the work undertaken.

**Phase 2 onwards**

The main roll out of compliance and audit activity was during Phase 2 of the HIP. The processes and risks were significantly different from Phase 1 and volumes were expected to be an order of magnitude higher than DEWHA’s traditional work. The PCG was involved in developing measures to address risks and signed off on a Compliance and Audit Framework in June 2009.

Compliance activities for Phase 2 commenced with the opening of the installer register on 9 June 2009. Installer registrations, in particular, Australian Business Numbers and evidence of insurance, were audited by Protiviti, DEWHA and Medicare. Prior to September 2009, registration was done on a self-assessment basis by installers, with post-hoc checking of requirements, i.e. installers could get on the register (and commence work) on the basis of claims made on-line, and their registration would only be invalidated if evidence emerged later that requirements had not been met. After 1 September 2009, installers were required to provide documented evidence of certain requirements before registration, including insurance.
Pre-payment checks on claims were in place from the commencement date of 1 July. These basic checks included address verification by Medicare and a CAAT check within DEWHA. These checks allowed some payments to be stopped until fraud or other anomalies could be investigated.

Further audit activities, including desk top audits, roof inspections and post-payment checks (e.g. letters to householders to check that installation had occurred) commenced in August 2009. These measures were of an interim nature, as the contractor for the HIP audit and compliance services had not been selected at that time. Apart from high volume activities such as checks on claims before and after payment, there was little targeted compliance activity. For example, in the period before the appointment of PwC (September 2009) around 100,000 installations took place, but only 172 roof inspections were undertaken. The work was carried out by a mix of DEWHA staff, Medicare and contractors, including Protiviti.

Following completion of the procurement process, PwC were engaged by DEWHA on 29 September 2009, which marked the full roll out of the audit and compliance program.

The roof inspection regime carried out by PwC (subcontracted to UGL Services - a large building maintenance contractor) took some time to scale up to the peak levels of 1000 roof inspections per week. PwC also continued the desktop audits regime, and over 1000 were completed during the program.

Contract management is often an area of weakness for Commonwealth departments. For DEWHA these underlying weaknesses were exacerbated by significant staff turnover. In the final stages of the HIP, it appeared to the Review that DEWHA staff were unable to effectively take action based on findings of PwC audit activity.

Complaints

Complaints from householders and (often) other sections of industry were a key component of DEWHA’s compliance and audit regime. However, DEWHA did not undertake to resolve all complaints in the first instance as this was deemed to be a contractual matter between the householder and the installer. If a householder was unable to receive satisfaction from their installer, they were encouraged to progress the matter
with their state or territory consumer affairs agency, which would have a range of powers to deal with breaches of consumer affairs legislation.

DEWHA had arrangements in place with state and territory consumer affairs authorities for sharing of information on complaints, which DEWHA could then use for administration, audit and enforcement under the program. For example, where a householder contacted a state consumer affairs authority to complain about an installer, this would be recorded and complaints would be reported on a regular basis (usually fortnightly) to DEWHA by the state or territory.

DEWHA also had an agreement with the Australian Competition and Consumer Commission for sharing information about complaints.

DEWHA kept records of complaints (and compliments) made through their call centres or via correspondence. Up to the end of February 2010, DEWHA had received 8290 complaints, which out of over 1.2 million installations carried out, represents a rate of only 0.68 per cent. This is a slight increase from earlier in the program, with, for example, complaints at less than 0.5 per cent in September 2009.

While complaints were an important source of intelligence for targeting audit activity, the low overall level of complaints was often cited as evidence that the program was progressing well. This was, of course, in the absence of substantive information from audit and compliance activity, as these only scaled up in the later part of 2009.

**Limitations and improvements**

The HIP audit and compliance strategy took a risk-managed approach to targeting risks and was largely based on a post-hoc assurance process. In many ways this was modelled on the approach under self assessment of tax liabilities, and the Medicare system, where the claimant makes certain claims at the time of claiming (largely online), and these are subject to basic pre-payment checks. The claimant is then responsible for maintaining all records of activity, which can be subject to random and targeted audit activity. In high-

---

5 These arrangements were mostly through MOUs, signed before 1 July 2009 – although SA was covered by an exchange of letters in October 2009, due largely to privacy concerns with providing some information required under the standard MOU.
volume claiming activities such as under HIP, it was not practical for all paper-work to be manually checked before registration or payment.

DEWHA has no legislative powers to penalise or prosecute installers (compared with, for example, the ATO’s extensive, legislatively backed, compliance powers). The key sanction able to be employed by DEWHA was de-registration of installers for breaching the program guidelines. For other matters, reliance was placed on Commonwealth fraud legislation, which would be enforced by the Australian Federal Police (AFP), or state and territory consumer protection legislation.

Mitigation against fraud activities was an early focus of the compliance and audit regime. The AFP was first requested to provide assistance by DEWHA on a case of alleged fraudulent activity in September 2009. The AFP evaluates all matters that are referred for investigation in accordance with its Case Categorisation and Prioritisation Model (CCPM). The CCPM is used to provide a transparent, objective and consistent basis for evaluating and comparing AFP operational activities from a range of perspectives including: the seriousness of the criminality, the current investigational workload of the AFP and whether any Commonwealth laws have been breached.

At the time of this Review there have been three matters raised with the AFP. Two matters were referred for either investigation or investigational assistance and a third matter was raised with the AFP which resulted in the embedding of an AFP officer for a period of two weeks with DCCEE. The purpose of this officer was to enhance the Department’s capability in assessing whether there was evidence of fraudulent activity which may warrant further criminal investigations. The AFP officer is still available to provide assistance to DCCEE should it be required in the future.

**De-registration**

While de-registration of installers was the key sanction available to DEWHA, this was not aggressively implemented until very late in the program. De-registration was an administrative action, not backed by legislation. There was provision for natural justice, with very generous time limits for registered installers to ‘show cause’ why they should not be de-registered. Early in the program the agreed natural justice requirements meant that, if de-registration action commenced, it could have taken up to 56 days before an
installer could be de-registered. The “one strike and you’re out” policy had little meaning with these time frames and natural justice provisions.

Not surprisingly, there were no installers de-registered as a result of complaints or audit activity in the first three months of Phase 2. All of the initial batch of some 100 installers de-registered in early October 2009 was de-registered for not providing evidence of insurance. A large number were put back on the register after providing that evidence.

Overall, during the life of the program, DEWHA reports the following numbers and reasons for de-registrations:

<table>
<thead>
<tr>
<th>No. of installers</th>
<th>Reason for de-registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Failure to provide desk top audit information</td>
</tr>
<tr>
<td>3</td>
<td>Suspended</td>
</tr>
<tr>
<td>340</td>
<td>Self</td>
</tr>
<tr>
<td>23</td>
<td>Non-compliant with terms and conditions</td>
</tr>
<tr>
<td>1</td>
<td>No insurance</td>
</tr>
<tr>
<td>127</td>
<td>Failure to provide insurance information</td>
</tr>
<tr>
<td>39</td>
<td>Declined changes to terms and conditions</td>
</tr>
<tr>
<td>2828</td>
<td>No response to terms and conditions</td>
</tr>
</tbody>
</table>

The largest number of de-registrations were not for substantive compliance issues, but related to the changes to the terms and conditions (announced in November 2009) which implemented the ‘name and shame’ register. Thirty nine companies declined to sign up to the new conditions and 2828 did not respond to this request. These were most likely installers who were not active under the program; however, there may have been some unscrupulous installers that exited the HIP at this stage to avoid scrutiny.

As far as substantive reasons related to serious compliance and audit activity, there were 23 ‘non-compliant with terms and conditions’ which are essentially the guidelines for the program and one for having no insurance. While specific details of each of these are not available (the name and shame register notes 24 installers removed for breaching the guidelines) these would relate to issues such as claims for work not completed, incomplete work or safety issues. A further three installers were suspended.
Eight de-registrations relate to not providing documentation for desktop audits and 127 for not providing documentary evidence of insurance. While there may have been various reasons for installers not providing this information, this could also include installers who were no longer active under the HIP.

340 installers voluntarily removed themselves from the register. This could include installers who no longer wanted to participate in the scheme for their own reasons, or some, discussed later in this section, who had compliance issues brought to their attention and chose to exit the scheme.

Apart from the 24 installers on the name and shame register, the actual numbers of unscrupulous installers that were de-registered through the other processes (e.g. not signing up to the ‘name and shame’ condition, not providing evidence to audits or evidence of insurance, and voluntarily de-registering following compliance scrutiny) is only conjecture.

**Improvements**

In addition to increased compliance requirements put in place through the final months of 2009 (see *Term of Reference 3 – Mechanisms to Identify and Manage Risk*), there were improvements made to compliance and audit processes, including significantly reducing the time taken for installers to be de-registered. In particular, where there was a safety issue identified through an audit or a report of a fire which occurred at an address where an HIP claim had been made, installers were given only 24 hours to show cause why they should not be de-registered.

Further improvements to the compliance and audit regime were under consideration in late 2009 and early 2010 by DEWHA and PwC. While overtaken by events, this work was well directed and is available to inform the design of any new insulation program.

**Results of audit and compliance activities**

While significant issues have arisen out of the HIP, there have been positive impacts from the complaints, compliance and audit mechanisms put in place.
Complaints

Through the complaints mechanisms, many householders have been able to have issues with installations addressed. In many cases, where concerns were brought to their attention, reputable installers have rectified their work. In some instances, this may have required additional encouragement or action through consumer protection processes or DEWHA complaints mechanisms. DEWHA show cause notices have resulted in rectifications by installers and improvements to practices in the industry. For example, some large companies on the installer register had poor practices, often by sub-contractors, brought to their attention and they have been able to demonstrate to DEWHA that steps have been taken to improve these practices. In these cases de-registration was not required.

Where more significant issues have been identified companies have been de-registered and removed from the scheme. Further, where safety issues were identified, targeted compliance activity was undertaken, particularly inspections of other work undertaken by these installers. This enabled DEWHA to identify whether these issues were a one-off for that installer or part of a pattern of sub-standard work. Where safety issues have been identified by roof inspections, householders were notified and action taken to reduce the risks identified.

Fraud

Complaints, compliance and audit processes were able to identify many potential fraud issues as they arose. In particular, the letters sent to households after installers made claims were able to identify cases of ‘phantom installations’ where an installer had claimed for a non-existent house or work not carried out. While media reports made much of these instances, the fact that they were identified shows that the compliance mechanisms were having some impact. Where such cases were identified, targeted audits of the relevant installers work could then be carried out to determine if there was a pattern of inappropriate behaviour. Overall, only 0.5 per cent of roof inspections (including these targeted roof inspections) found evidence suggesting fraudulent behaviour, which was subject to further investigation and action by DEWHA.
In other cases, where evidence suggested fraudulent or inappropriate activity by installers, investigations by DEWHA resulted in funds being repaid and/or installers voluntarily de-registering themselves from the program. The compliance framework was also able to identify the practice of 'early claiming' where installers would quote for work and make a claim for payment before the work was completed. In these cases installers found to have been involved in this practice were subject to investigation by DEWHA and action taken to rectify the situation. Further, DEWHA was able to act on this information and provide guidance and warnings to other installers that this practice was not appropriate and would not be tolerated.

As there is a range of fraud related issues, and a spectrum of actions against installers from investigations which resulted in work being rectified this Review cannot provide an overview of the actual level of fraud in the program. While any fraud against the HIP is undesirable, the claims that no action has been taken (e.g. because there have not yet been a large number of convictions) are not supported by evidence.

DCCEE continues to operate its compliance and audit framework and investigate fraud. Many of the actions against fraudulent behaviour, particularly prosecutions, will take significant time to complete. Further, criminal sanctions against fraud are not the only avenue for redressing these issues. DCCEE has appointed a forensic audit team and is currently considering its options in terms of recovering funds from installers found to have breached the guidelines; however, this will have to be pursued in a measured manner with a focus on the costs and benefits of any action.

Information from compliance and audit activity was, in most cases, brought to the attention of decision makers in a timely fashion and appropriate action was taken. For example, the results of the targeted electrical safety inspections in Queensland informed the decision to ban foil products from the program. These results have also been able to inform the design of the enhanced safety inspection, and foil rectification programs.

**Roof inspections**

Over 14,600 roof inspections have been undertaken, and 1000 targeted audits of electrical safety issues in Queensland have also been carried out as at the end of the program.
The results of roof inspections have shown significant levels of work that did not fully meet quality and safety standards (16 per cent of inspections revealing quality issues and 7.6 per cent of inspections revealing safety issues). Values for targeted inspections were higher as these were based on installers who had issues revealed through other intelligence. While the figures are alarming, some perspective needs to be borne in mind, in that the figures represent all installations that failed to meet any of the criteria. For example, in relation to quality, this could include small gaps in coverage of insulation.

Of the 1000 targeted inspections of foil insulation in Queensland, 3 per cent of installations showed an electrical safety risk related to insulation. Significant numbers of these households were found to have pre-existing electrical safety issues. The identification (and highlighting) of pre-existing electrical safety issues in roofs has been one (however unfortunate) positive outcome of the HIP. Initiatives to install electrical safety switches (which was already a focus of the Queensland Government), including as one of the options for householders with foil insulation, should result in improved electrical safety.

Implications

Some sections of industry have noted that they considered the compliance and audit mechanisms put in place, particularly the registration of installers, to be appropriate. Others have stated more recently that further measures would have resulted in a better outcome.

States and territories advised the Review that their preference would have been for stronger assurance of installers on the register, both before registration (e.g. through pre-qualification checks) and during the program, (e.g. through auditing of systems). This was, for example, the case with the Victorian insulation rebate, however the volume of rebates (and installers) under that scheme was many orders of magnitude lower than the HIP.

52 Commonwealth, Parliamentary Debates, 10 March 2010, 2153 (Greg Combet, Minister Assisting the Minister for Climate Change and Energy Efficiency).
Many of the issues that arose in the program resulted from the short timelines for implementation of a compliance and audit regime, and the business model for HIP, which had a key objective of simple and fast access to the scheme by small business. Whatever processes were put in place, these were overwhelmed by the unforeseen levels of activity under the HIP.

A full audit and compliance regime was not in place before commencement of the program on 1 July 2009. In the circumstances, consideration of an expedited procurement process for the service would have been warranted. Where there was reliance on a self-assessment process for installers to register, it would have been valuable to have arrangements in place where installers knew their work would be audited early in the process. Early targeted action may have identified some unscrupulous operators before they undertook significant amounts of work, and would have also sent a message to others considering entering the scheme.

It may be beneficial to have an administrative tool kit on compliance/audit for new programs, possibly based on the tax model. This would avoid having to reinvent compliance frameworks for every program.
Term of Reference 5: Resourcing, Capacity and Business Platform Issues

Term of Reference 5 requires the Review to provide high level insights into the effectiveness of program design, administration and delivery, including resourcing, capacity and business platform issues.

Demand management, industry capacity, high level oversight and staffing capacity all had a substantial impact on program delivery.

Capacity

The Minter Ellison risk register prepared in April 2009 identified several potential capacity risks for the HIP:

- that the program posed substantial capacity risks for DEWHA\(^53\) (indeed for any organisation responsible for delivery of a program of this scale and given its timeframe), concluding that "capacity to develop, staff, control and deliver the program on time may be insufficient";

- that industry's capacity to produce and deliver sufficient quality materials and installations may be inadequate;\(^54\) and

- that timeframes placed a high level of risk on controlled development and delivery of the model.\(^55\)

\(^{53}\) Minter Ellison Consulting, above n 19, Risk no. 10

\(^{54}\) Ibid, Risk no. 12.

\(^{55}\) Ibid, Risk nos 1-3.
DEWHA received funding totalling $3,859 billion over the forward estimates. This funding covered the HIP ($2.7 billion) and increases to the solar hot water rebate ($507 million) and the Low Emissions Plan for Renters ($613 million).

Under the HIP, DEWHA received $112.7 million for administered expenses and $13.6 million departmental expenses (including $12.6 million staffing costs). Administered expenses covered funding for activities including:

- audit site inspections;
- training programs;
- call centres; and
- contracting service providers.

Funding issues: higher than expected levels of demand for the program

The identified risk early in the program was that the HIP might not achieve its objectives through poor take up and low program awareness. Strategies were developed to ensure sufficient levels of take up were met (including planned information campaigns and to encourage take up by low income households).\(^5\) Most of these proved unnecessary and proposed information campaigns were not implemented. Take up of the HIP was extraordinary after 1 July 2009. In Phase 1 (3 February to 30 June 2009) there were around 70,000 claims for rebate. By August 2009 demand for the HIP was significantly higher than estimated. More than 100,000 claims were received between 1 July 2009 and 12 August 2009. By November 2009, the number of claims had peaked at nearly 180,000 per month.

However, there were low levels of uptake for insulation under the Low Emissions Plan for Renters. Only 3,526 rental properties were insulated under the program by 30 June 2009.\(^5\) The estimated program allocation was $6 million per week, but actual demand

\(^5\) Ibid, Risk no. 15.

\(^5\) Department of the Prime Minister and Cabinet, above n 20, 48.
was approximately $1 million per week.\(^{58}\) On 1 September 2009 the Government announced the closure of the program, and assistance for rental properties was rolled into the HIP.

**Funding issues: bringing forward appropriations**

Due to unanticipated take up of the HIP, on 18 November 2009 the Government introduced the Appropriation (Water Entitlements and Home Insulation) Bill 2009-2010 into the Parliament (passed on 2 December 2009). This brought forward $695.8 million from the HIP's 2010-11 administered funding as the 2009-10 appropriation was expected to be exhausted by late December 2009.

A further $290 million from the HIP's 2010-11 administered appropriation is proposed to be brought forward through Appropriation Bill (No. 3) 2009-2010. This may need to be revised given closure of the HIP on 19 February 2010.

**Departmental capacity**

Between February and November 2009, planning, management and implementation of the HIP was incorporated into the existing responsibilities of the REED in DEWHA. REED had responsibility through 2009 for a range of policy and programs including Smart Grid, Solar Cities, commercial, residential and government buildings energy efficiency, appliance energy efficiency and all of the demand driven energy efficiency programs (HIP, Solar Schools, Solar Homes and Communities, Green Loans etc). In June 2009, the relevant Deputy Secretary had responsibility for the Antarctic Division, REED, the Marine Division, the Australian Government Land and Coasts Division and Parks Australia Division.\(^{59}\) The Secretary commissioned a strategic review of DEWHA in May and June and revised Deputy Secretary responsibilities were introduced from July 2009. The relevant Deputy Secretary then had responsibility for REED, the Environment Quality Division and corporate issues.

\(^{58}\) Ibid, 53.

\(^{59}\) Department of Environment, Water, Heritage and the Arts 'Annual Report 2008-09'.
Between February and November 2009 the HIP was managed within a branch of the REED which, until September 2009, had other responsibilities. In November 2009, as a result of review of the internal management arrangements for program delivery, the Secretary established the Energy Efficiency Taskforce to take responsibility for all energy efficiency programs. Importantly, a separate compliance branch was created and the relevant Deputy Secretary now had responsibility REED, the Energy Efficiency Taskforce, the Environment Quality Division and corporate issues. Staffing numbers ramped up through the period, but there was a heavy reliance on contracted staff.

With the benefit of hindsight the November management structure was more attuned to delivering programs of the significance and complexity of HIP and the other energy efficiency measures.

Apart from the structural issues described above, there were skill capacity issues at play as well. These were identified in the Minter Ellison risk report and various mitigating strategies were put in place, including using private sector resources to fill gaps and augmenting staffing as the program developed and rolled out. The PCG was also seen as a mechanism to supplement expertise. Internal project management infrastructure and departmental experience were insufficient to support the (at times unanticipated) demands placed on them.

Industry capacity

The Minter Ellison risk register raised a number of issues around industry capacity to produce and deliver sufficient quality materials, the capability of the installer workforce and the quality of installations.

Demand did outstrip local supply. Some of this demand was driven by aggressive industry techniques (cold calling and door knocking). While the intent was always to rely

60 Minter Ellison Consulting, above n 19, Risk no. 10.


62 Minter Ellison Consulting, above n 19, Risk no. 12.
as much as possible on Australian product, even with extended production hours, local manufacturers could not keep up and the lead times for new plant were such that no manufacturer was willing to make an investment on a two year program. Imported materials were inevitably required and used. Industry reported to this Review that testing regimes are not always effective and some substandard products have entered the market, perhaps resulting in lower energy efficiency improvements for households.

The same result can occur from poor installation by inadequately trained and experienced installers and safety issues are much more likely to arise in these circumstances. The training materials and work with industry and state and territory regulators were aimed at addressing these capability issues.

**Business platforms**

During development of the HIP business model, it quickly became evident that existing DEWHA business platforms were insufficient to meet the expected demands of the HIP. Options included a new purpose built system, but this was quickly discarded in favour of leveraging off existing Commonwealth capacity in the Human Services portfolio to ensure the roll out could occur within the time frame (by 1 July 2009) and at the most efficient cost to the Commonwealth.

Discussions with both Medicare and Centrelink occurred in March and April, with a decision to enter a partnership with Medicare taken in May 2009.

The Medicare partnership had a number of advantages. It had previous experience in delivering other government programs through partnerships with other Commonwealth agencies, for example AusIndustry’s LPG Vehicle Scheme. The system:

- existed and was operational;
- had national reach;
- could support electronic registration and payment and a call centre; and
- incorporated some upfront compliance checks.
This was an effective response to the risk identified by Minter Ellison regarding time available to develop and deliver the program in a properly controlled way. It was an innovative, cross-government approach that proved successful.

**Implications**

The Minter Ellison risk report indicated that the program (given its scale and complexity) raised significant capacity issues for DEWHA. These were in part addressed through the design of the business model, external contracting and partnership arrangements (e.g. with PwC as audit and compliance service provider and Medicare as the delivery agency) and internal restructuring in DEWHA. This is an appropriate approach but this Review does not consider it was backed up by the necessary level of dedicated internal senior executive oversight or sufficiently timely contracting out.

There would be merit in ensuring that any future policy and programs are developed in close consultation with industry, state and territory regulators and service delivery agencies so that practical implementation risks are identified and mitigated early in the planning stage.

It is inherently difficult to forecast demand in programs like the HIP, where the behavioural responses of industry, community and individuals to new programs are difficult to predict. However, the generous level of subsidy (effectively meaning the absence of a co-payment) meant that industry could actively and successfully promote demand. This had implications for the funding profile of the program (reflected in the later bring forward of funding and efforts to manage demand through subsidy reduction and stricter criteria for installer registration) and for the capacity of the audit and compliance programs to be effective.

- Potential take up of programs is a key program design element and must be carefully considered if implementation is to be well managed.

- Demand control mechanisms should be considered in the program design, including eligibility criteria, means testing and co-payments, to ensure that the target audience is manageable for program delivery.
As well as having a potential impact on demand, co-payments are more likely to give householders incentives to control the quality and value for money of the service provided.
ATTACHMENT A

Terms of Reference for a Review of the Administration of the Home Insulation Program (HIP)

The Review is to examine and report on the effectiveness of the program design, administration and delivery arrangements that were put in place for the HIP Program.

The Review will provide high level insights into the effectiveness of:

1. program governance, including roles and responsibilities of relevant Commonwealth agencies administering and monitoring the program, and the interaction with state and territory responsibilities;

2. program design and administration, including program guidelines and business models put in place to deliver the program;

3. mechanisms to identify and manage risk;

4. complaints, audit and compliance mechanisms in place; and

5. resourcing, capacity and business platform issues.

A report is to be provided to the Secretaries of DEWHA, Finance and PM&C by mid-March 2010 and recommendations to be used to inform the design and delivery of the new Household Renewable Energy Bonus Scheme.

The Review is to seek views of relevant Commonwealth agencies, state and territory bodies and industry representatives.
Conduct of the Review

This Review was undertaken over a short period and is not a detailed examination of every aspect of the HIP. Interviews were held with senior representatives of all states and territories (through the Coordinator-General network) and all were invited to provide written comments. Interviews were also held with senior representatives of relevant Australian Government departments and agencies (DEWHA, DCCEE, DEEWR, Centrelink, Medicare, PM&C (Office of the Coordinator-General), the Australian Tax Office and the Australian Federal Police). Discussions were held with industry stakeholders and with Pricewaterhouse Coopers. The Review examined transcripts of evidence and submissions given to the Senate Inquiry into the Energy Efficient Homes Package and relevant documents provided by agencies and confirmed facts with relevant agencies as necessary.