

NATIONAL PARTNERSHIP ON HOMEBUILDER

An agreement between

- the **Commonwealth of Australia** and
- the **States and Territories**, being:
 - ◆ New South Wales
 - ◆ Victoria
 - ◆ Queensland
 - ◆ Western Australia
 - ◆ South Australia
 - ◆ Tasmania
 - ◆ the Australian Capital Territory
 - ◆ the Northern Territory

This Agreement will establish a time-limited grant to support the residential construction sector respond to falling demand and to recover from the COVID-19 pandemic.

National Partnership on HomeBuilder

OVERVIEW

1. This National Partnership (the Agreement) is created subject to the provisions of the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and should be read in conjunction with that Agreement and its Schedules, which provide information in relation to performance reporting and payment arrangements under the IGA FFR.

Purpose

2. On 4 June 2020, the Commonwealth announced HomeBuilder to provide eligible owner-occupiers a grant to build a new home or substantially renovate an existing home (for contracts signed between 4 June 2020 – 31 December 2020 the grant is valued at \$25,000) and sought the assistance of States and Territories (the States) in administering the program.
3. On 29 November 2020, the Commonwealth announced an extension of HomeBuilder providing eligible owner-occupiers a grant to build a new home or substantially renovate an existing home (for contracts signed between 1 January 2021 – 31 March 2021 the grant is valued at \$15,000).
4. In entering this Agreement, the Commonwealth and the States recognise that they have a mutual interest to support the residential construction sector recover from the Coronavirus crisis.
5. This Agreement establishes a time-limited, uncapped grant program that will assist the residential construction sector by encouraging the commencement of new home builds and renovations, boosting confidence in the sector.
6. This Agreement is a variation to the National Partnership Agreement signed on behalf of the Commonwealth of Australia on 12 June 2020.
7. The HomeBuilder grant is limited to eligible owner-occupiers who enter into contracts to either:
 - a. build a new home as a principal place of residence, where the property value does not exceed the relevant State price cap (\$750,000 for contracts entered into between 4 June and 31 December 2020 or \$950,000 in NSW, \$850,000 in Victoria or \$750,000 in other States for contracts entered into between 1 January and 31 March 2021.
 - b. substantially renovate an existing home as a principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and where the value of the existing property does not exceed \$1.5 million.
8. Eligible owner-occupiers who enter into a contract between 4 June 2020 and 31 December 2020 will be eligible for a \$25,000 grant. Eligible owner-occupiers who enter into a contract between 1 January 2021 and 31 March 2021 will be eligible for a \$15,000 grant.
9. HomeBuilder will complement the States' existing First Home Owner Grant, stamp duty concessions and other grant schemes, as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

Reporting Arrangements

10. The States will report on a monthly basis to the Commonwealth against the agreed performance indicators during the operation of the Agreement, as set out in Part 4 – Performance Monitoring and Reporting.
11. In addition, the States will provide a weekly summary to the Commonwealth on the number of applicants and a breakdown of new builds and substantial renovations.

Financial Arrangements

12. The Commonwealth will fund the States in arrears (effectively reimbursing the States' payment of the HomeBuilder grant) in respect of this Agreement, as set out in Part 5 – Financial Arrangements.

PART 1 – FORMALITIES

Parties to this Agreement

13. This Agreement is between the Commonwealth of Australia (the Commonwealth) and the States and Territories (the States).

Term of the Agreement

14. This Agreement will commence as soon as the Commonwealth and one other Party sign it and will expire on 30 June 2023 or on completion of the project or reform (including final performance reporting and processing of final payments against performance benchmarks or project milestones). HomeBuilder will allow for grants to be paid where eligible contracts are entered into from 4 June 2020 up to 11:59pm on 31 March 2021. The Agreement may be extended as agreed in writing by the Parties.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

15. The objective of this Agreement is to:
 - (a) provide a framework to the parties to work co-operatively to support the residential construction industry through the Coronavirus crisis and build confidence in the sector over the short to medium term; and
 - (b) provide financial assistance to eligible owner-occupiers with the intent of increasing residential construction activity and maintaining direct and indirect residential construction jobs.

Outcomes

16. This Agreement will facilitate achievement of the following outcomes:
 - (a) drive demand for new homes and substantial renovations, supporting increased residential construction activity;
 - (b) boost confidence in the residential construction sector to help Australia's residential construction sector recover from the Coronavirus crisis; and
 - (c) assist eligible owner-occupiers seeking to build a new home or substantially renovate an existing home.

Outputs

17. The objectives and outcomes of this Agreement will be achieved by:
 - (a) implementing a time-limited, uncapped grant program to drive demand for new homes and substantial renovations;
 - (b) supporting increased residential construction activity, jobs and confidence as the sector recovers from the Coronavirus crisis; and
 - (c) the transfer of payments by the Commonwealth to the States to facilitate the HomeBuilder grant to eligible owner-occupiers.

PART 3 – ROLES AND RESPONSIBILITIES OF EACH PARTY

18. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities, as outlined below.

Role of the Commonwealth

19. The Commonwealth agrees to be responsible for:
- (a) providing to the States reimbursement of monies paid to applicants under the HomeBuilder program; and
 - (b) monitoring and assessing the performance in the delivery of HomeBuilder under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe.

Role of the States

20. The States agree to be responsible for:
- (a) administering HomeBuilder. Each State will make the necessary arrangements to administer HomeBuilder consistent with the terms, conditions, eligibility criteria and principles set out in Schedule A;
 - (b) ensuring the integrity of HomeBuilder by taking reasonable steps to make sure that recipients meet the eligibility criteria set out in Schedule A, and by having regard to the implementation guidelines outlined in Schedule B when designing their programs;
 - (c) delivering on outcomes and outputs assigned to the States for implementation;
 - (d) reporting on the delivery of HomeBuilder as set out in Part 4 – Performance Monitoring and Reporting; and
 - (e) acknowledging on all material related to HomeBuilder that the Commonwealth is funding this assistance.

Shared roles and responsibilities

21. The Commonwealth and the States agree to be jointly responsible for:
- (a) participating in consultations as appropriate regarding the implementation of this Agreement including participation in a joint working group to consider any ongoing questions in relation to implementation;
 - (b) negotiating new or revised Schedules to this Agreement; and
 - (c) conducting evaluations and reviews of services and outputs delivered under this Agreement.
22. The Parties will meet the requirements of Schedule E, Clause 26 of the IGA FFR, by ensuring that prior agreement is reached on the nature and content of any events, announcements, promotional material or publicity under HomeBuilder, and that the roles of both Parties will be acknowledged and recognised appropriately.

PART 4 – PERFORMANCE MONITORING AND REPORTING

Performance indicators

23. Achievement of the objectives and outcomes in this Agreement will be informed with reference to the following performance indicators:
 - (a) total number of recipients and value of grants paid in the reporting period (separately for the \$25,000 grant and the \$15,000 grant); and
 - (b) total value of eligible contracts for which payments were made in the reporting period (separately for the \$25,000 grant and the \$15,000 grant), split between new builds and substantial renovations.

Reporting arrangements

24. The States will report monthly against the agreed performance indicators during the operation of the Agreement and provide a statement of assurance that all recipients of payments under this Agreement satisfy the eligibility criteria outlined in Schedule A.
25. The States will provide summary reports to the Commonwealth by the fifteenth of every month, commencing 15 July 2020 (illustrating performance indicator data from the previous month i.e. 1 – 30 June 2020), ending 15 June 2023.
26. For integrity purposes, States should ensure that appropriate notices are given to applicants and consent is obtained from applicants to ensure that information about the application, the contract and the building work to which it applies can be provided to the Commonwealth at the request of the Commonwealth.
27. In addition, the States will provide a weekly summary based on preliminary information on the number and value of recipients/applicants and breakdown of new builds and substantial renovations (separately for the \$25,000 grant and the \$15,000 grant).

PART 5 – FINANCIAL ARRANGEMENTS

Financial contributions

28. The funding available to the States will equal the value of the HomeBuilder payments made by the States to eligible owner-occupiers, as detailed by the States' monthly summary reports.
29. The distribution of funding made to the States will be equal to the value of HomeBuilder payments made by each State to eligible owner-occupiers.
30. Where the owner-occupier recipient is later found to be ineligible for HomeBuilder, States will repay to the Commonwealth any funding recovered.
31. The Commonwealth will pay the States in arrears through monthly payments, based on the monthly summary reports provided by the States.
32. The Commonwealth will make its payments on the 7th of every month, or if the 7th of the month is a weekend or public holiday in Canberra, on the next business day.
33. Final payments made by the Commonwealth to the States will be no later than 30 June 2023.

PART 6 – GOVERNANCE ARRANGEMENTS

Enforceability of the Agreement

34. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, this does not lessen the Parties' commitment to this Agreement.

Review of the Agreement

35. In accordance with clause E23 of the IGA FFR, this Agreement is time limited. To assess the degree to which the agreed objectives and outcomes and/or outputs have been achieved, the Commonwealth will lead a review of the Agreement, to be completed before 31 March 2022.
36. This Agreement is intended to provide funding to support the residential construction sector by encouraging the commencement of new home builds and substantial renovations throughout the Coronavirus crisis. In reviewing this Agreement, the Parties should consider whether HomeBuilder has achieved this. As part of this process, the Parties should consider whether the overall objectives, outcomes and/or outputs of the Agreement have been achieved.
37. Subject to the outcomes of the review, if the Parties agree that further funding beyond the term of this Agreement may be required to maintain increased activity, they will also consider this issue when framing their budgets, noting that the necessary policy and budget authority, including in relation to new policy reforms, are subject to the outcomes of budget processes at both the Commonwealth and State level.

Variation of the Agreement

38. The Agreement may be amended at any time by agreement in writing by all the Parties.
39. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

Delegations

40. The relevant Commonwealth Minister with responsibility for the HomeBuilder program is authorised to agree and amend Schedules to this Agreement and to certify that performance benchmarks specified under this Agreement have been achieved, so that payments may be made.
41. Respective State Ministers with portfolio responsibility for this program are authorised to agree and amend Schedules, including Implementation Plans, to this Agreement.
42. The Commonwealth Minister may delegate the assessment of project-based performance benchmarks or milestones and the authorisation of related project payments to senior Commonwealth officials, having regard to the financial and policy risks associated with those payments.

Dispute resolution

43. Any Party may give notice to other Parties of a dispute under this Agreement.
44. Officials of relevant Parties will attempt to resolve any dispute in the first instance.
45. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.

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

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Michael Sukkar

Minister for Housing and Assistant Treasurer of the Commonwealth of Australia

8th December 2020

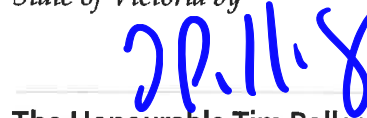
Signed for and on behalf of the State of New South Wales by

The Honourable Dominic Perrottet MP

Treasurer of the State of New South Wales

December 2020

Signed for and on behalf of the State of Victoria by



The Honourable Tim Pallas MP

Treasurer of the State of Victoria

29 December 2020

Signed for and on behalf of the State of Queensland by

The Honourable Cameron Dick MP

Treasurer of the State of Queensland

December 2020

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

The Honourable Ben Wyatt MLA

Treasurer of the State of Western Australia

December 2020

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

The Honourable Rob Lucas MLC

Treasurer of the State of South Australia

December 2020

Signed for and on behalf of the State of Tasmania by

The Honourable Peter Gutwein MP

Premier of the State of Tasmania

December 2020

Signed for and on behalf of the Australian Capital Territory by

Andrew Barr MLA

Chief Minister of the Australian Capital Territory

December 2020

Signed for and on behalf of the Northern Territory by

The Honourable Michael Gunner MLA

Treasurer of the Northern Territory of Australia

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Chief Minister of the Australian Capital Territory

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Treasurer of the Northern Territory of Australia

December 2020

Program guidelines

NATIONAL PARTNERSHIP ON
HOMEBUILDER

TERMS, CONDITIONS, ELIGIBILITY CRITERIA AND PRINCIPLES

1. HomeBuilder will provide a grant of:
 - 1.1. \$25,000 to eligible owner-occupiers to build a new home or substantially renovate an existing home for eligible contracts signed on or after 4 June 2020 up to and including 31 December 2020; and
 - 1.2. \$15,000 to eligible owner-occupiers to build a new home or substantially renovate an existing home for eligible contracts signed on or after 1 January 2021 up to and including 31 March 2021.
2. To access HomeBuilder, owner-occupier applicants must:
 - 2.1. be a natural person (not a company or trust);
 - 2.2. be aged 18 years or older on the contract date;
 - 2.3. be an Australian citizen;
 - 2.4. be below one of the following two income caps:
 - 2.4.1. \$125,000 per annum for an individual applicant based on their 2018-19 taxable income or later; or
 - 2.4.2. \$200,000 per annum for a couple based on their combined 2018-19 taxable income or later.
 - 2.5. be within one of the following price caps:
 - 2.5.1. for contracts entered into on or after 4 June 2020 up to and including 31 December 2020 to either:
 - 1 build a new home as a principal place of residence, where the property value (i.e. house and land) does not exceed \$750,000; or
 - 2 substantially renovate an existing home as a principal place of residence, where the renovation contract is greater than \$150,000 and does not exceed \$750,000, and where the value of the existing property (i.e. house and land, before renovation) does not exceed \$1.5 million; or
 - 2.5.2. for contracts entered into on or after 1 January 2021 up to and including 31 March 2021 to either:
 - 1 build a new home as a principal place of residence, where the property value (i.e. house and land) does not exceed: \$950,000 if the dwelling is in

New South Wales; \$850,000 if the dwelling is in Victoria; or \$750,000 in all other States;

2. substantially renovate an existing home as a principal place of residence, where the renovation contract is greater than \$150,000 and does not exceed \$750,000, and where the value of the existing property (i.e. house and land, before renovation) does not exceed \$1.5 million.
3. Construction pursuant to the contract must commence within six months of the contract date. This requirement applies to all contracts signed on or after 4 June 2020 up to and including 31 March 2021.
4. Owner-builders are not eligible for HomeBuilder. With regards to the definition of an owner-builder, this is intended to mean a person who takes responsibility for domestic building work carried out on their own land/property.
5. Investment properties are not eligible under HomeBuilder.
6. Construction must be undertaken by a registered or licensed building service 'contractor' who is named as a builder on the building licence or permit.
7. In negotiating the contract, the parties must deal with each other at arm's length. This means the contract must be made by two parties freely and independently of each other, and without some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.
8. HomeBuilder is non-taxable in the hands of the owner-occupier, consistent with existing First Home Owner Grant programs.
9. Applications for contracts signed on or after 4 June 2020 up to and including 31 March 2021 must be submitted to the relevant State authority by no later than 14 April 2021. The Commonwealth will have the discretion to extend the application deadline.
10. HomeBuilder payments will be made to eligible applicants at the following times:
 - 10.1. for new builds (including off-the-plan dwellings): the grant will be paid to align with the timing of grant payments as currently applies for existing First Home Owner Grant schemes in jurisdictions, or at the discretion of the jurisdiction where there is no First Home Owner Grant scheme in place; or
 - 10.2. for substantial renovations: once at least \$150,000 of the contract price has been paid.

PRINCIPLES

11. In addition to the eligibility criteria set out above, the Commonwealth has developed principles to assist the States in implementing Homebuilder:

Principles for applicant eligibility

12. Owner-occupiers may only receive the HomeBuilder grant once. In addition, States should have regard to whether the property was previously built or renovated with assistance from a Homebuilder grant, as it is intended that grants will only be made available once per title.
13. Eligible owner-occupier(s) will be the natural person(s) who is/are listed on the certificate of title of the property and resides or intends to reside at the property.

- 13.1. Where applicable, States should also have regard to their existing requirements for policies such as first home owner grants, in order to align definitions.
- 13.2. Applicants must be either a single natural person, or two natural persons in a couple.
- 14. In determining whether a property is a person's principle place of residence, States should have regard to the duration of a time an individual will be remaining in the property.
 - 14.1. Where applicable, States should also have regard to their existing requirements for policies such as First Home Owner Grants, in order to align definitions. Evidence of this may be a statutory declaration from the applicant.

Principles for dwelling eligibility

- 15. It is intended that owner-occupiers will be eligible for HomeBuilder, whether the contract is with a licensed or registered builder or developer. In either case, a valid copy of the licence or registration would need to be provided to the applicant showing a licence or registration date:
 - 15.1. prior to 4 June 2020 if the contract is signed before 29 November 2020; or
 - 15.2. prior to 29 November 2020, if the contract is signed on or after 29 November 2020.
- 16. Construction pursuant to the contract must commence within six months of the contract date. This requirement applies to all contracts signed on or after 4 June 2020 up to and including 31 March 2021.
 - 16.1. The contract date is defined as the date of the contract with the licensed or registered builder or developer (i.e. the domestic building contract for single dwellings or sales contract for off-the-plan dwellings). The date must be no later than 31 March 2021.
- 17. With regards to the value of the property, the valuation should be determined with regard to the arrangements that apply in each jurisdiction. It is intended that the valuation could be substantiated by a recent contract of sale for the property, a rates notice that identifies the Capital Improved Value, or a bank or independent valuation, where the valuation was undertaken within the last 12 months and consistent with existing precedent in jurisdictions.
- 18. It is intended that renovations must be substantial in nature. Whether a renovation is substantial is defined by the following:
 - 18.1. the value of the building contract is between \$150,000 and \$750,000;
 - 18.2. the renovation substantially alters the existing dwelling. This need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases; and
 - 18.3. the renovation will improve the accessibility or safety or liveability of the property.
 - 18.4. Examples of works that would not qualify include: standalone granny flat, swimming pools, tennis courts, and structures that are not connected to the property (i.e. outdoor spas and saunas, sheds or standalone garages).

Implementation Guidelines

NATIONAL PARTNERSHIP ON HOMEBUILDER

PROGRAM DESIGN AND INTEGRITY MEASURES

- 1 Where possible, States should align HomeBuilder application processes with existing processes for First Home Owner Grants (or similar).
- 2 States should consider appropriate compliance and auditing processes. Where relevant, these compliance and audit processes should align with the States' existing process under the relevant First Home Owner Grant program.
- 3 States should consider appropriate appeals and complaints processes.

EVIDENTIARY REQUIREMENTS

The following are examples of possible evidentiary requirements that could be used by States as a basis to satisfy themselves that an applicant has met the eligibility criteria. This list is not intended to be exhaustive nor obligatory, rather it is intended to assist states in implementing HomeBuilder. States may request alternative evidence, determined at their discretion, which may or may not be consistent with precedent in their jurisdictions.

Table 1: Documentary evidence

STAGE ONE: Application by 14 April 2021		
Dwelling category	Eligibility Condition(s) for HomeBuilder	Evidentiary Requirement
New build, off-the-plan or substantial renovation	<ul style="list-style-type: none"> • Citizenship • Age (at least 18) • Natural person 	<ul style="list-style-type: none"> • Proof of identification: <ul style="list-style-type: none"> – Current Australian passport or citizenship certificate – 100 point proof of ID check
New build, off-the-plan or substantial renovation	<ul style="list-style-type: none"> • Income caps met (\$125,000 for single or \$200,000 for couple) 	<ul style="list-style-type: none"> • A copy of the ATO 2018-19 Notice of Assessment (or later) for all applicants
New build, off-the-plan or substantial renovation	<ul style="list-style-type: none"> • The licenced or registered builder must be licensed/registered on or before 4 June 2020 if the contract is signed before 29 November 2020 or otherwise the licenced or registered builder must be licensed/registered prior to 29 November 2020 if the contract is entered into on or after 29 November 2020. 	<ul style="list-style-type: none"> • A copy of the builder's valid licence/registration

New build only	<ul style="list-style-type: none"> Property value (house and land) does not exceed \$750,000 for eligible contracts signed between 4 June 2020 – 31 December 2020. Property value (house and land) does not exceed \$950,000 if the dwelling is in NSW, \$850,000 if the dwelling is in Victoria, or \$750,000 for all other States, for eligible contracts signed between 1 January 2021- 31 March 2021. 	<ul style="list-style-type: none"> If house and land purchased on or after 4 June 2020: <ul style="list-style-type: none"> a copy of the relevant house and land contract(s) If land purchased prior to 4 June 2020: <ul style="list-style-type: none"> a copy of the land acquisition contract if the land was purchased less than 12 months before application date; or a copy of the valuation undertaken by a bank, an independent source, or a council rates notice (if applicable); a copy of the contract; and a copy of the certificate of title.
Off-the-plan dwelling	<ul style="list-style-type: none"> Property value (house and land) does not exceed \$750,000 for eligible contracts signed between 4 June 2020 – 31 December 2020. Property value (house and land) does not exceed \$950,000 if the dwelling is in NSW, \$850,000 if the dwelling is in Victoria, or \$750,000 for all other States, for eligible contracts signed between 1 January 2021- 31 March 2021. 	<ul style="list-style-type: none"> A copy of the sales contract
Substantial renovations	<ul style="list-style-type: none"> Building contract value is between \$150,000 and \$750,000; and Property value (house and land) pre-renovation does not exceed \$1.5 million pre-renovation. 	<ul style="list-style-type: none"> A copy of the relevant contract; A copy of the valuation undertaken by a bank, an independent source, or a council rates notice (if applicable); and A copy of the certificate of title.

STAGE TWO: HomeBuilder payment (in line with milestones)		
New build and off-the-plan	<ul style="list-style-type: none"> • Construction to commence within six months of contract date • Evidence payment milestones have been met 	<ul style="list-style-type: none"> • Documentation as required by States to allow payment of HomeBuilder
Substantial renovations	<ul style="list-style-type: none"> • Construction to commence within six months of contract date • Grant to be paid following at least \$150,000 paid for renovation. 	<ul style="list-style-type: none"> • The date of first invoice (excluding deposit); and • Copies of payment receipts demonstrating that at least \$150,000 of the renovation contract has been paid to the registered/licensed builder under the contract.

Table 2: Statutory declaration requirements

Dwelling category	Integrity measure	Statutory declaration statement
New build or off-the-plan	<ul style="list-style-type: none"> • Owner-occupier • Arms' length contract • Not an owner-builder 	<ul style="list-style-type: none"> • A statutory declaration stating: <ul style="list-style-type: none"> – the applicant will reside in the dwelling as a principal residence; – that the information provided in the application is true and correct (including Notice of Assessment from ATO); – the contract was entered into at arms' length (no special relationship between builder and buyer); and – the applicant is not an owner-builder (a person who takes responsibility for domestic building work carried out on their own land/property).
Substantial renovations	<ul style="list-style-type: none"> • Owner-occupier • Arms' length contract • Not an owner-builder • Substantial renovations 	<ul style="list-style-type: none"> • A statutory declaration stating: <ul style="list-style-type: none"> – the applicant will reside in the dwelling as a principal residence; – that the information provided in the application is true and correct (including Notice of Assessment from ATO); – the contract was entered into at arms' length (no special relationship between builder and buyer); – the applicant is not an owner-builder (a person who takes responsibility for domestic building work carried out on their own land/property); – the renovation substantially alters the existing dwelling or where all or substantially all, of the existing dwelling is removed or replaced; and – the renovation will improve the accessibility or safety or liveability of the property.