

INSULATION PROGRAM FAILURES: LESSONS FROM AUSTRALIA AND THE UK

This document provides a clear, concise look at the key issues and lessons from two major insulation program audits: the [Australian National Audit Office review](#) of the Home Insulation Program (HIP) and the [UK National Audit Office review](#) of the Energy Company Obligation (ECO), which includes two insulation programs, ECO4 and the Great British Insulation Scheme (GBIS).

A consistent pattern emerges across both audits: demand-driven insulation retrofit programs delivered at pace are highly vulnerable to predictable implementation failures. Common issues include weak front-end controls, rushed registration and absence of required training, payment models that create perverse incentives, delayed compliance audits, and poorly co-ordinated data systems.

Both HIP and ECO audits point to the same root causes: program design prioritising speed over assurance; insufficient pre-qualification of installers and products; limited real-time management information; and governance structures unable to respond quickly to risks.

Insulation installation remains an unregulated trade in both countries. Despite these programs occurring more than a decade apart, the audits reveal that similar program design flaws lead to the same predictable outcomes.

While insulation and thermal performance can deliver major benefits – improving health, wellbeing, productivity, climate resilience, and reducing energy bills and emissions – these outcomes are only realised when installers are trained and certified, products meet recognised standards, and programs include robust oversight, proactive compliance, co-ordinated staged delivery, and necessary safety requirements. Failing to embed these lessons risks repeating costly mistakes in future initiatives, which can lead to societal distrust in government programs and failures in achieving the program goals.

Issue / failure	Australia — ANAO (HIP)	UK — NAO (ECO4 / GBIS)	Shared mitigation / learning
Rapid rollout prioritising speed over safety and quality	Program rushed to meet economic stimulus objectives; front-end controls were not in place and risk mitigation was delayed.	Program(s) rushed due to ambitious climate and energy targets, time-limited funding, high demand for retrofits and political pressure due to fuel poverty and energy security issues. Scheme design lacked levers to prevent poor installations.	Avoid single-minded targets; align objectives and pace rollout with capability. Stage rollouts and pilot high-risk measures first.
Weak governance, oversight, and risk treatment	Governance and reporting were inadequate; executive oversight and timely risk treatment were missing.	System left few levers and limited information for regulator and department to act quickly.	Establish clear governance, reporting lines, and early-warning metrics; ensure senior-level ownership and rapid escalation paths.
Inadequate installer registration, competencies, and training	Minimum competency requirements were weak or late; installers not initially required to demonstrate competency.	Poor quality often traced to installers not meeting standards; quality assurance system, while present, was complex and vulnerable to gaming.	Mandate accredited training and certification (or equivalent) for installers, require the use of approved products, and implement pre-qualification or certification checks before any payment is made. Establish clear oversight and assurance responsibilities, avoiding split accountability as observed in the UK experience.
Delayed or insufficient compliance, audit, and data systems	Compliance program only set up in response to complaints after the program was rolling out and then overwhelmed by claims.	System did not identify non-compliance early; regulator lacked timely, accurate data.	Design audit/compliance concurrent with rollout, use real-time data dashboards, and prioritise risk-based inspections from the beginning of program roll out.

Issue / failure	Australia — ANAO (HIP)	UK — NAO (ECO4 / GBIS)	Shared mitigation / learning
	volume; data systems fragmented.		
Payment model creating perverse incentives and exposure to fraud	Direct payments to installers increased fraud risk and generated suspicious claims.	Suspected over-claiming and fraud by retrofit businesses due to weak oversight, fragmented responsibilities, and inadequate auditing and certification processes.	Link payments to verified milestones (householder confirmation, safety/compliance documentation); strengthen ID and finance checks; consider third-party delivery partners if internal capacity is limited.
Use of inappropriate or unsafe products	Foil insulation proved a safety risk and was later banned; remediation programs required.	High levels of non-compliant external and internal wall insulation installations with safety concerns.	Require CodeMark (or equivalent) products; use trained installers who can understand proper product application; use oversight to discourage corner-cutting and non-conforming materials.
Capacity and contractor management problems	Department lacked the necessary project management experience and capacity to effectively oversee the program.	Government faced significant challenges due to poor contractor oversight and inadequate capacity. Substandard work attributed to a flawed oversight system.	Assess internal capacity before rollout; procure experienced program managers (internal or external); clearly define deliverables and oversight.

Mitigation controls

The AIIC has published best practice mitigation controls as part of its [Policy Statement](#):

Training: Installers should hold an EEC Certified Insulation Installer certification or equivalent.

Electrical safety: Installations should be preceded by an electrical safety inspection from a licensed electrician and installs must meet code requirements around electrical cables.

Product: Only insulation materials with independent third-party certification for the intended application (e.g., CodeMark or JAS-ANZ governed schemes) should be used.

Application: Products must be fit-for-purpose and backed by appropriate warranties from the manufacturer.

Compliance: Installations supported by governments should require a 'certificate of insulation installation' and be subject to independent inspection, with [clear consequences](#) for non-compliance.

Stability: Programs should run for sustained periods to avoid 'goldrush' conditions that encourage non-certified installers or non-compliant products entering the market.

Conclusion

The UK and Australian audit reports identify clear root causes of failure across the three programs: program design prioritising speed over quality assurance; insufficient pre-qualification of installers and products; limited real-time management information; and governance structures unable to respond promptly to risks.

The issues seen in these programs, including poor-quality installations, fraud, and safety risks, can occur in any technology upgrade initiative, both domestically and internationally. Insulation programs, however, can be more vulnerable due to the unregulated nature of the trade. While some Australian programs have implemented positive risk management measures, gaps remain in consistently applying mitigation strategies across State and Federal funded programs to manage risks and prevent a repeat of the failures identified in these audits.

Consistently applying the industry best practice mitigation controls (engaging certified installers, using independently certified products applied correctly, undertaking electrical safety inspections, and embedding robust compliance and oversight) can prevent predictable failures. Doing so protects quality, safety, and consumer trust, while enabling programs to deliver on health, comfort, resilience, and affordability outcomes at scale.