



Submission to Senate Standing Committee on Environment, Communications and the Arts

Green Loans Program

Closing Date: 14th April 2010

Whilst the goals of the federal government's "free" Green Loans Program are commendable, the program has effectively monopolised the residential energy assessment market and discouraged participation and innovation by the private sector. Government monopolisation of the assessment industry is not in the best interests of the community for the following reasons:

1. **Scope and quality of "free" green loans assessments reports inadequate:** "Free" green loans reports do not deliver complete and consistent recommendations in a timely manner, for example:
 - a. **Roof cavities are not inspected:** "Free" green loans assessments do not involve an inspection of the roof cavity meaning that they are incomplete and do not provide a proper assessment of the thermal shell
 - b. **Windows:** Window glazing / frame type is not taken into account for thermal shell assessment
 - c. **Thermal energy ratings are not provided:** "Free" green loans assessments do not provide energy star ratings (as will be required under residential mandatory disclosure)
 - d. **Training / expertise of assessors:** There is a wide variation in the level of experience and expertise of assessors; the standard needs to be lifted
2. **Rorting:** There is evidence that some companies with organisational contracts with DEWHA are offering "free" government assessments to gain access to households with the intent being to sell a limited range of proprietary energy efficiency / renewable energy products irrespective of the assessment results which may not be known for months. Further, there is an opportunity for unscrupulous assessors seeking to minimise time on site (to reduce costs) to overly rely on "default settings" at the expense of accuracy of the assessment outcome.
3. **Barrier to entry for high quality private assessment offerings:** The promotion by green loans "booking companies" of the widely available "free" government assessment has resulted in an effective monopolisation of the residential assessment market thereby frustrating the market entry of high quality private assessment tools, such as that offered by Energy Makeovers (please refer www.energymakeovers.com.au).
4. **Green Loans Program may not be suitable for mandatory disclosure:** The Green Loans Program should be considered in the context of the introduction of residential mandatory disclosure to be introduced nationally from May 2011.

Recommendations

- 1. New regulations are urgently needed to privatise the assessment market to encourage innovation and competition:** A level playing field for residential assessments should be established through the introduction of an assessment protocol. Any government subsidies should be made available to all assessment companies offering assessment services that meet the proposed protocol.
Please note: Over the past two years Energy Makeovers has invested \$950,000 in the development of a comprehensive assessment tool. We believe that this tool meets a higher standard than the tool being used by the Green Loans Program and therefore should qualify for the same government subsidy (ie. \$200 per assessment).
- 2. Lift accreditation standards for assessors:** Introduce more stringent training requirements, derived from the proposed new Certificate IV in Home Sustainability Assessor competency units, developed by the Construction and Property Services Industry Skills Council (CPSISC) as soon as possible.
- 3. Audit:** Introduce an effective audit program to monitor the consistency and accuracy of assessments (in accordance with defined protocols).
- 4. Any new assessment protocol should be consistent with the policy goals of National Strategy for Energy Efficiency (NSEE) and residential mandatory disclosure:** Currently the “National Building Energy Standard-Setting, Assessment and Rating Framework” public consultation paper is out for comment with submissions due by 7th May 2010. In addition it is anticipated that the Regulatory Impact Statement for residential mandatory disclosure will be available in the next month or so. In our view it is vital that the revised regulatory framework for assessments be consistent with the policy objectives of NSEE and the implementation of residential mandatory disclosure. This will ensure that any action taken by householders to improve the sustainability of their dwellings would lead to higher star ratings, as would be properly expected by the community. This is necessary for building credibility with the assessor community and the public.

Yours faithfully,

Bryn Dellar
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Energy Makeovers Pty Ltd