

Final Opening Speaking points – Ms Kruk

Monday 22 February 2010 - 10-12 am

Objectives of the Home Insulation Program

The intent of the Program - announced on the 3rd February 2009 was to:

- stimulate the economy and support jobs in the manufacturing, distribution and installation of residential ceiling insulation
- improve the energy efficiency, comfort, and value of homes
- help households save on their heating and cooling energy bills, and
- reduce greenhouse gas emissions.

Under the program to date

- over 1.1 million homes have been insulated with the average house expected to save up to \$200 a year off their electricity bills
- over \$1.4 billion approved for payment
- the development and roll out of the first ever national training program for ceiling insulation installers
- over 3,700 individuals trained in the new training package.

The Energy Efficient Homes Package will cumulatively reduce greenhouse gas emissions by 35 million tonnes by 2020.

Understanding the Scale of the Program

- The rationale for the unprecedented scale of the program – an intention of \$2.45 billion dollars and almost 2 million homes over a 2 and half year period – was to stimulate the economy as the global financial crisis deepened.

The program was rolled out from a slow start to June 2009, with a rapid escalation from September to November 2009. The Department drew on information from its compliance and audit program, as well as its complaints system to progressively tighten safety requirements and quality standards. As the risk profile of the program began to change, informed by the compliance and audit program and the complaints system, significant modifications to the program were put in place.

Changes to the Program

Last Friday, the 19th of this month, the Government took a decision to discontinue the Home Insulation Program.

Safety

The Government has made it clear that it is prepared to check as many houses as is necessary that have had insulation installed under the Program. The Government will continue to roll out an existing electrical safety inspection program of all homes that have had foil insulation installed under the Program.

Risk

There is an inherent risk in working in ceilings. This was recognised at the very outset.

Prior to the introduction of this program, there was on average between 65 and 70, 000 insulation installations taking place per year. This was an area where a householder could go in to the ceiling and undertake the works themselves. There were few guidelines or constraints in relation to standards for workers within the industry.

Prior to Program, fires were associated with insulation. In the years leading up to the introduction of the Program, around 80 to 85 fires occurred per year.

I wish to acknowledge the families of the young men who have died in the installation industry. While I am aware that investigations on these matters are still under way, I wish to express my sympathy and regret to those families.

The program guidelines, the training package and the pocket book for installers all have a focus on mitigating the safety, electrical, fire and other risks in putting insulation in homes. I stress that this is an industry that was largely unregulated.

As the roll-out of the program escalated from just over 3,300 installations in March 2009 to a peak of 176,000 in November 2009, significant measures were put in place systematically and progressively in an effort to manage these risks.

These measures are not immaterial and include:

- putting in place for the first time in Australia a nationally accredited training program for ceiling insulation installers
 - o with over 3,700 individuals trained in this new training package.
- the first national register of installation businesses
- the first national compliance and audit program
 - o with a compliance or audit action on 1 out of every 4 installer businesses
- the first mandatory OH&S induction program for installers
- the first approved list of products that meet Australian standards for insulation being installed

- a comprehensive electrical safety inspection program of all homes that had foil insulation installed under the program.

With the inherent level of risk associated with working in ceilings, particularly of older homes, and the scale of the program, the risk of accident and fire was always present.

The Department has been clear in the administrative nature of the program, and the way it intersected with the states and territories regulatory responsibilities. The legislative and regulatory powers in relation to this Program sit with the OH&S and fair trading providers at the state level.

Controls to manage risk and accountability

Firstly the department took advice – on technical, safety, and compliance issues

- consulted with the industry and training bodies
- took external advice on risk assessment
- had a governance structure with external representation to ensure a wide range of views were reflected as the program commenced

Secondly the department had a clear program design whereby:

- the contractual relationship was between the household and the installer
 - o installers were not contracted by the Government to install insulation under the Program
- information was given to the householder to support them to make informed choices

Thirdly we relied on the existing state and territory workplace and occupational health and safety and fair trading laws

- employers in the insulation industry have always been required to meet these laws
- employers have a clear obligation and duty of care to their employees
- where a householder is unable to resolve a concern over product quality or the installation job with the installer they have recourse to the state or territory fair trading body

The Way Forward

While I am happy to take questions in relation to the Government's announcement on the way forward, I understand your main interest today is looking at the roll-out of the program to date.