

Submission - Green Loans Program

Senate Standing Committee on the Environment, Communications and the Arts

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1. Limited Business Opportunities

I believe in the Castlemaine region of Victoria, we (the local assessors) have done probably between 80 and 120 assessments. I have no idea if any have been done by companies and individuals from outside the region. 50 of these assessments were initially prompted by a PV on the Grid program run by the local sustainability group. These people incorrectly believed they would get the Greenloan through in time to use it to participate in the roll out. This advice was not given by the sustainability group but by a local tradesman assessing the houses for installation. This leaves 30 - 70 among 8 assessors over 9 months that were not prompted by wrong advice. If we took the mean of this, say 50 over 9 months for 8 assessors you would see that we are talking less than 1 per month per assessor.

This is for a greater regional population of about 17,000. There are now about 5 that are, or are attempting to be, active. One assessor could comfortably handle all of this.

2. Marketing Model a Recipe for Disaster

“A license to print money”

This program has had the following attributes:

- There has been no advertising by the department.



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- We have no business on which to fund advertising. I tried letterboxing but the public understanding of the program is so low that these had no impact.
- Since the Greenloans office has effectively stopped assigning assessments to us by post code, we have sought to get our business directly. I have had no referral by post code for four months.
- We have used our networks of friends, neighbors and family just to get some income. This runs out fairly quickly. Some of these clients are not motivated by any desire to improve their sustainability, but are merely giving financial support to the assessor.
- The personal networks have of necessity included many outside the post codes nominated and thus impact on others territories.
- Companies who have set themselves up to procure work for assessors and take a cut, have been part of the problem. They can only get enough work by advertising outside the nominated post codes. This has made a nonsense of the allocation process as a means of controlling coverage.
- The system has been driven by the ever expanding assessor group, who have been drumming up, what is often, poorly motivated clients. ***Assessors have effectively been given a license to print money.***

3. Clear Delineation with Other Programs

The following programs relate to Energy and Sustainability in the Residential sector. I have given some actual and some estimates of the work these can generate in a community of 17,000 people. With participation in all these programs, if I was the only assessor in the region, it would still be a part time activity. In total I would suggest I would get maybe 4 to 5 a week.

1. NatHERS (5 or 6 star rating)

Thermal Performance Assessors have been rating new buildings for more than four years now. As of May 2008, they have also been rating additions to houses subject to certain parameters. This will need to undergo a number of major upgrades in the next 12 months:

- Software products upgraded to be able to handle additions. This should see the demise of the “Deemed to Satisfy” option.
- Upgraded to handle 6 star, which may include fixed heating, air conditioners, etc. It currently handles floor coverings as fixtures, so why not these.

These are looking at the building, it's the position and fixtures.



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I do these assessments in the same region, that is, Castlemaine and its surrounds. With about 17,000 people, I get about 1 new house a month and 1 addition a week.

2. Mandatory Disclosure

This will of necessity also concentrate on the **building and its fixtures**. I would expect therefore that it will be based on the NatHERS program and use its software.

I would expect to get about 1 or 2 a week in this region from this.

3. Home Sustainability Assessments

This is focused on the **use of a lived in house**.

It looks at how appliances, lights, etc. are used. It overlaps the programs 1 and 2 to a degree, but only where an assessor records insulation, fixtures and building materials. However it is far too broad brush to apply any form of star rating, even in these. It would not work if it was made more detailed, as it would cease to be the simple trigger for improved practices and appliance upgrades that is intended.

I have done about 15 in the Castlemaine region. Since December I will have done another 15 but all of these have been in Melbourne through personal networks. I am not getting any based on the post codes.

4. Green Start

This is also focused on the **use of a lived in house**. Refer quote from Department's Web Site. It would logically be made available to the HSA Assessors.

“Green Start is a \$130 million initiative to help improve the energy and water efficiency of low income and disadvantaged households. Taking advantage of the program will help households respond to rising energy and water costs and the impacts of climate change.

Planned outcomes for households are:

- reduced energy and water costs, through improved energy and water efficiency
- increased awareness of energy and water efficiency information and programs.”



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I would expect only a few of these in the Castlemaine region and perhaps 1 per week would be optimistic for the first year and then it would drop off to be negligible.

4. Variances from ABSA Submission

I generally support the ABSA submissions with the following qualification:

- Requiring an HSA assessments for major renovations for local council approval would be totally unworkable:
 - i. They already require Thermal Performance Assessment in most cases. The overlap here would be very confusing. The NatHERS assessment could be better extended to cover all renovations.
 - ii. HSA assessments are an assessment of current use. Current use is unknown before the renovations are done. In fact appliances will not normally be known when submissions are made to council.
- Existing Contracts should not be rendered null and void as suggested. This would involve the continuing assessors additional costs and much angst. Those being offered an exit incentive should be selected on a last in first out basis, leaving 5000 of the first. If subsequently others exit or are asked to leave, then well and good, 5000 is far too many anyway. It should be more like 2000.

5. My Experience with the Program

The training programs, early 2009, were entered based on some optimistic literature which suggested a fixed and limited number of assessors. It was initially said to be 100 per state. Note: I have attached a brochure which was circulated at the time. When we attended our second round of training in April 2009, it was revealed that the fee was to be reduced from an expected \$250 to \$150 plus the temporary \$50 for pre qualification of the client. It was now obvious that there was no control of the numbers as I had trained with at least 4 from Castlemaine Region by this stage. We were now also told we had to have PI insurance. I still don't see the need for this as we were told the report was not our responsibility. What verbal advice were we to give that we may be sued for? At a subsequent briefing by the Department and ABSA in Melbourne in May 2009, it was explained that the number of assessors was to be unlimited. We were told the "The market will sort it out". Despite having spent the money we had, we were told if we did not think we could make money from it, don't do it. We were also advised that it was thought to be a part time activity for many. All of this would have signaled us to back out, except that we had spent the money and were thus committed to see it through. After this briefing I produced a projected Cash Flow and sent it to ABSA and the department. This



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showed me taking 3 years to recover my costs. No response was received from the department.

The program went live in July unchanged as predicted and more and more training programs were churning out assessors unchecked. In fact, as I found I did not need additional insurance to what I required for NatHERS and the department left the additional \$50 on the fees, I have just about broken even after 9 months and about 30 assessments. Others will not be so lucky.

Like others, I have had a good reaction from customers who have approached Greenloans for an assessment. However many of these were requesting an assessment having applying for the loan in mind, so as to help fund specific upgrades. Others that I have solicited through my network have known nothing of the program and many of these are less committed to change.

The software tool is simplistic and perhaps has to be. Most receivers of the report have found it hard to relate to and don't see it as being worth investing several hours to get. This is however off set by the time the assessor sits down with them and offers his appraisal. I have made a point of doing this and also anticipating those things that won't be seen in the report. In some cases I have given a written report of my own with prioritized recommendations.

I have experienced a lot of anger over the late delivery of reports. It is difficult to divorce ourselves from this.

6. Recommendations

The following are not in reality changes, but reflect what we assessor trainees, back before the July launch, were led to believe the program would be.

- The right amount of assessors is about 1 per 10,000 of population. This would be about 2000 for the whole of Australia. (*We had expected about 1000*)
- Incentives are required to attract the clients. ABSA's suggestions of tying some grants and rebates to these may serve this purpose. Without this, the assessor numbers should be further reduced to 1000 or less.
- The department should advertise the program.
- The Department should assign all the work by post code. If a customer wanted a specific assessor, *the customer* should have to ring up and make the booking, not the assessor. The assessor should have that clients post code currently in his list.



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- No exceptions to the post code list are to be allowed. They will be nominated for a minimum of 3 months and another post code should be removed for a new one to be added. The limit of 10 will thus be enforced.
- The Report should allow some input text by the assessors. The assessor knows what will not be highlighted by the report and discusses these things with the client. It would be good if they could then be included in the report.



Green Assessors: Frequently Asked Questions

What are Green Loans All About?

The Federal Government is launching the \$10,000 low interest green loans on 1st January 2009 - as per the announcement in the 2008-2009 Budget. There will be 200,000 x \$10,000 low interest loans granted over a 3 year period.

How many assessors are there going to be?

Initially 100 assessors per State around Australia are being trained in 10 locations to conduct approximately 360,000 assessments over 3 years. ecoMaster is providing the training for Victoria and Tasmania. We are drawing assessors for all over Victoria and Tasmania to ensure that regional areas are well represented.

Is the course accredited?

The Green Loan Assessors Course **will be** Commonwealth Government Accredited, so every participant who passes the course will receive a qualification. However, in the interim you will receive a Certificate of Attendance as the course will not be accredited before it is conducted.

What experience do I need?

A background in building or sustainability is beneficial, but no **formal** qualifications are required; and a desire to make home assessments part of your working life.

Why are Green Loan Assessments required?

A Green Loan Assessment will be required before a householder can become eligible for a Green Loan.

How does the home owner apply for an assessment?

Homeowners will lodge their interest for an assessment via a Government website. Assessors can be selected specifically by the householder (if you have been actively marketing) or allocated via postcode range. The assessment is expected to take approximately 1 hour with pre and post work required by the assessor to complete the assessment.

What does the assessment cover?

The assessor will be looking for thermal performance, energy efficiency and water saving measures. Reports will be generated from the government website. The assessor will not be required to write the report. As the assessment must be independent, assessors will not be permitted to 'tout' for work or recommend specific solutions.

Available Training Dates for Victoria:
16th – 19th December
12th – 15th January
20th – 23rd January
3rd – 6th February
17th – 20th February
24th – 27th February

Maximum 15 participants per course

Training will be conducted at the
ecoMaster Training Centre
200 Hamilton Road, New Gisborne

Course Costs - \$1,920 includes
course notes and day time catering.
Please advise any dietary issues.

An optional 3 evening program will
include * Sustainable home tour *
Sustainable school tour * Picnic at
Hanging Rock * evening meals *
transport * Cost \$80.

Total cost \$2,000 + GST (GST
applies to training provided by
companies for their employees.
Individuals paying the fee are exempt
from GST.)

Accommodation is not included,
however there are a number of local
accommodation venues available.

What happens after the assessment?

The householder will have 6 months to research solutions and apply for a Green Loan with participating financial institutions after the assessment. How does the 'low interest' component of the Green Loan work? At this stage it is unclear how the low interest component will operate. Choices under consideration are government subsidising the interest rate for several years through to paying the interest bill for several years. The householders will be clear that this is a **loan, not a grant**. The principal needs to be repaid as per normal lending practices. Assessors will be not offering financial advice.

What is the cost of training?

The cost of the training is \$1,920. The course is GST free if paid for by an individual. If the training is provided by your employer, GST is applicable.

If I have completed other assessor training, do I need to do this training too?

We are currently seeking clarification on recognition of prior learning. At this stage the answer is yes you will need to undertake the training to be accredited.

As the course is based in Gisborne, is the course residential?

No. However, you can arrange accommodation in Gisborne and surrounding areas. There is quite a choice including:
Gisborne Motel - www.gisbornemotel.com.au
Black Forest Motel - www.travelvictoria.com.au/macedon/blackforestmotel
Macedon Caravan Park - www.vividguide.com.au/business/Macedon+Caravan+Park.html

If I stay in Gisborne for the course, what is there to do at night?

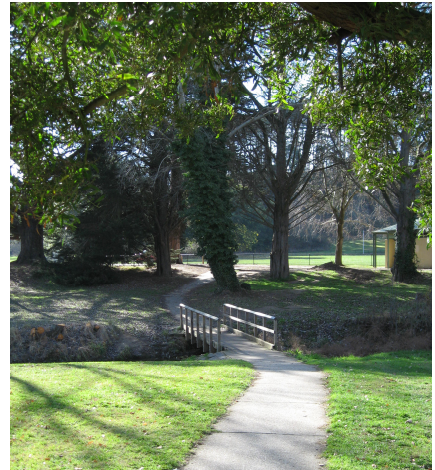
An extensive program is being developed for after hours, including visits to a green retrofitted home, a sustainable school and a picnic at Hanging Rock. The cost of these three activities will be \$80, which includes your evening meal each night. This brings the total cost to \$2,000. You are under no obligation to undertake the evening activities.

Why is ecoMaster involved in this?

ecoMaster is operating as a training provider on contract from the Commonwealth Government. We have been selected because of our expertise in the area combined with a strong training background. Assessors will operate in their own independent business structures, not under the ecoMaster banner.

I am interested in the training, what do I need to do?

Lodge your application quickly as we only have a few places left. You need to provide a short description of your background, your geographic location and suitable training dates.



Travelling to Gisborne:

Located within an hour's drive of Melbourne, the Macedon Ranges Shire is renowned for its semi-rural lifestyle, unique natural features such as Hanging Rock, and local heritage townships.

Via plane – Tullamarine is 35 minutes

Via car – Along the Calder Highway. Take the New Gisborne exit.

Via train – Catch V-line train to Gisborne station. It's a 5 minute walk.

You won't need a car while you are here – we will provide transport to all evening activities and back to your local accommodation every evening.