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Committee Secretary

Senate Standing Committee on Environment, Communications and the Arts

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RE: Green Loans Program

Thank you for the opportunity to make a submission to the Green Loans Program Senate Inquiry.

I am a housing sustainability assessor (HSA) who has a contract with the Department of Environment, Water, Heritage and the Arts (DEWHA) to perform assessments under the Green Loans (GL) program. I have been available to perform assessments since the inception of the GL programme in August 2009.

I have completed 142 GL assessments since September 2009 to date.

I have various qualifications and 25 years experience in electrical and mechanical engineering, building construction, asset management and project management.

I was made redundant from an asset management position in April 2009. This was as a result of the company being sold, due to the global financial crisis and the inability of the company to have its substantial loans refinanced.

Needless to say I was fairly stressed after the redundancy as no one was hiring at that point in time and I have three school age children. Fortunately I had some ongoing casual quantity surveying work and a mechanical services company retained me for one month while they decided if it was feasible for me to open a Canberra branch. Due to the GFC mechanical services work had slowed down and for this and various other reasons it was decided that it was not the right time to open another branch.

As it appeared I would be self employed for a substantial period until another interesting employment position came along, I started looking for further flexible self employment opportunities. The GL program appeared to be a good match to my interest and experience in minimising energy consumption.

I attended a conference in Canberra before the start of the GL program (while it was in the trial phase) and listened to the presentations of Director of the GL program and Ms Alison Carmichael, CEO of the Association of Building Sustainability Assessors (ABSA).

said words to the effect, “the number of assessors contracted to the department will be limited to 1000”.

Ms Carmichael said words to the effect “ABSA will be working closely with the department to ensure the interests of our members will be considered in all decisions that DEWHA makes (regarding the GL program)”.

Based on these comments and an expectation that a Government Department would “do the right thing for its mum and dad contractors” I decided that my investment of approximately \$6000 to setup as an assessor was worthwhile.

My initial concerns with the GL contract included;

- The habit these days of contract terms being able to be changed at the sole discretion by one party. When is a contract not a genuine contract in the interests of both parties? When one party can unilaterally make their own changes as and when they please.
- The scope of the work required to be performed by the assessors was not provided yet a fixed amount payment was specified.

- Insurance cover would need to be carried for 12 months after the last assessment for individuals, and 5 years after the last assessment for companies.

The reasoning for the continuing insurance clause was not clear to me. To my mind, insurance carried by the assessor would be to guard against DEWHA suing the assessor for wrongful service and to guard against householders suing the assessor for wrongful service. DEWHA sanctioned the training courses assessors attended, DEWHA provided the assessment software, and DEWHA provided the computer generated reports to the householders. The assessor's role was to collect and input data into DEWHA's computer software and to discuss with householders' ways and means in which energy and water could be saved. The organisation who provided my sustainability training told the trainees that DEWHA would provide instruction on the use of their software package, yet this training was never provided.

DEWHA have failed to provide clear guidelines on the work to be delivered and the information to be entered into their online sustainability assessment and report generation system. Their hard copy workbook does not reflect the (constantly changing) online assessment tool. Due to the lack of information required to be provided by DEWHA I believe assessors who have entered information into DEWHA's flawed computer system, on a reasonable endeavours basis, considering the time constraints and the householders' patience with the intrusion, have adequately discharged their contractual obligations.

It must be remembered that householders' were attracted to the GL program in almost all instances by the lure of an interest free loan. Although most householders' were interested in the information I had to present to them, a number were clearly going through with the exercise simply to access the interest free loan. Clearly, for people that already have a good understanding of sustainability issues; it is pointless and rude to impinge upon their time anymore than is necessary. My assessments took a minimum of 1 hour to conduct for small properties with disinterested householders' and 2+ hours for larger properties with interested householders' where I had the time to spare. I was prepared to stay for as long as was reasonable given the interests and issues of the householders' and the constraints of other bookings. Bookings

were allocated by DEWHA in 2 hourly time slots and assuming back to back bookings and the need to drive to the next appointment it is clear that DEWHA did not expect an inspection to last longer than 1.5 hours, therefore the presentation was tailored to suit that time period. Entering the data into DEWHA's on-line system took from 45min to 1.5 hours depending upon the size of the property. Note that the times quoted above were after assessing a number of properties and I became as fast as I was ever going to get in collecting and entering the data into DEWHA's online tool. Initially the time spent 'wrestling' with the system to learn how to operate it (self trained) took a lot longer.

Consequently I find it difficult to believe that there can be any claim upon assessors from either DEWHA or householders for any of the work performed by assessors and that the need to continue insurance for 12 months after the last assessment is a term that could be waived by the Government and which would reduce the costs to assessors. The Government should accept to indemnify all assessors for all work performed to date. This would then allow assessors who are contracted to DEWHA to swiftly sever their contract and without incurring further costs, put this whole unfortunate experience behind them.

The Green Loans concept has a lot of merit. Increasing the energy and water efficiency of buildings is extremely important to reduce the pressure on existing infrastructure and to enable the development of markets in more sustainable technologies; however the GL program execution has been flawed in places.

The primary flaws have been;

1. Taking on more assessors than DEWHA's call centre could handle.
2. Not sending reports to householders in a timely manner.

Both of these issues are resource related, simply not enough DEWHA staff for the work load.

The resourcing issue was obvious and was brought to the attention of ABSA and DEWHA by the assessors on many occasions.

I am at a complete loss to understand why more assessors were granted membership by ABSA and why more assessors were contracted by DEWHA when the work load on DEWHA was already excessive.

The motivation by ABSA to grow their membership and secure more membership fees is superficially understandable but by doing this they disadvantaged their existing members. An example of cutting your own nose off to spite your face.

DEWHA was simply making a rod for its own back by contracting more assessors thereby increasing the work load on their already over stretched resources.

The following are major concerns;

1. Householders had an expectation of an interest free loan.
2. Contractors had an expectation of continuing work.
3. Potential contractors, who have satisfied the requirements to be contracted, but do not yet have a contract, had an expectation of work.

Having completed 142 assessments and I can tell you that the almost exclusive reason householders were initially interested in the assessment was due to the interest free loan component. Many were interested in the education side of things and many discovered they knew less than they thought about energy efficiency. Everyone I spoke to learnt something from me during the assessment from the technology side of things to information about rebates and comparisons on running costs of various appliances and heating and cooling strategies.

Approximately 90% of householders expressed an interest in finding out more about photovoltaic arrays and wished to fund their purchase using the GL interest free loan. Their motivation was to take advantage of the feed-in tariffs.

At the end of the day, unless something is mandatory, the householder will exercise free will and will want to spend their money (interest free or not) on what they perceive is right for them and their lifestyle and they will shop around and they will get what they feel is the best value for the money they spend. Householders are not stupid.

I believe the government should not be in the business of promoting green loans or assessments. These are not core governmental activities. If some intention was to provide economic stimulus and to help people get employment, all this program has done is cost a lot of people a lot of money. Many of the assessors have spent money they simply not afford. The only people who have likely profited from this have been training organisations and insurance companies, many others have not even covered their costs let alone made a profit.

I believe the people that have spent money on setting themselves up to provide green loans assessments should at least be partially compensated at the rate of \$150 per assessment (\$200 assessment value after \$50 nominal costs), that they might have completed but didn't have the opportunity, up to a maximum value of 30 assessments (\$4,500).

I.e. If someone has spent up to \$4,500 (or more) and has not been able to contract to DEWHA then they get up to \$4,500 compensation (as a reasonable limit), or their actual costs whichever is the least. If someone has been contracted and performed 20 assessments then they receive $(30 - 20 \times \$150) = \$1,500$ maximum compensation. If someone has performed more than 30 assessments then no compensation is payable.

Unfortunately householder reports are now of no value without the GL interest free loan, the computer generated technical content of the report is in most respects inaccurate and of little value and I suspect will be binned on receipt.

Once outstanding invoices and compensation are paid the program should be closed down.

Sincerely,

Kenneth Williams