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Senate Standing Committee on Environment, Communications and the Arts
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Senate inquiry into the Green Loans Program

Green Made Easy appreciates the opportunity to provide comment and feedback to the Senate Environment, Communications and the Arts Committee on the inquiry into the Federal Government's Green Loans Program.

As a leading provider of energy efficiency services to residential homes across Australia, Green Made Easy directly employs more than 100 staff over a diversified portfolio of environmental programs, and in 2009 invested over \$0.5M in research, development and training. A significant proportion of this budget was directed towards the training, accreditation, equipment purchase and registration of our 35 Home Sustainability Assessors operating within the Green Loans Program.

In addition to being an accredited provider of Home Sustainability Assessments within the Green Loans Program, Green Made Easy also participates in a number of state-based energy efficiency schemes in Victoria, New South Wales and South Australia, offering a diversified range of environmental products and services. In conjunction with our energy retail partners, Green Made Easy has provided energy efficiency services to over 70,000 homes.

Green Made Easy takes pride in our deserved reputation as a leader in high quality products, services and customer care, and is meticulous about ensuring our business consistently maintains these standards. Drawing on the skills of our team of committed and experienced energy professionals, Green Made Easy has developed a robust quality assurance framework which supports both regulatory compliance and continuous process improvement.

The Green Loans Program

Green Made Easy strongly supports the broad objectives of the Green Loans Program. A significant proportion of Australia's capacity to reduce its overall greenhouse gas emissions rests in the ability of the residential sector to access energy savings opportunities where they are presented. Arming households with accurate information that allows consumers to make practical adjustments around their home to reduce their utility bills is one of the most effective ways to encourage a change in energy consumer behaviour.

Providing a loans component to the Green Loans Program enabled households to implement some of the larger scale energy efficiency opportunities around their home and was an even greater incentive for households to embrace energy saving measures.

Although the rationale for removing the loans component of the Program was that it was under-subscribed, it would be hard to test this argument given that it could also have been the poor administration and time delays in processing the Home Sustainability Assessment (HSA) reports that discouraged households from pursuing this option. Green Made Easy believes that should the loans component have been maintained and reports administered in a timely manner, the uptake of the loan would have been significant overtime, where the initial assessment was undertaken by a quality provider.

Policy and administrative challenges

Australia has a fledgling, yet viable energy efficiency industry with a strong, long-term future. The Green Loans Program created the dual opportunities of providing households with the knowledge to reduce their energy consumption, and businesses and individuals working in the energy efficiency industry with an incentive to further invest in this emerging industry.

Green Made Easy welcomes the broad terms of reference provided by the Committee to address the current policy and administrative challenges presented by the Program, and to suggest feedback that may address these issues.

Green Made Easy contends that two of the most important matters of concern for individuals and businesses involved in the Green Loans Program are the imperative for policy certainty, as well as administrative clarity and responsiveness by the Program's bureaucracy – which include both the Department and the Program's administrator, ABSA.

As part of Green Made Easy's business plan for 2009, we invested business capital into the provision of training, assessment and registration for staff we had identified as presenting the necessary attributes expected of Green Loans Program Home Sustainability Assessors.

This funding exceeded over \$120,000 in addition to the opportunity cost of diverting staff away from their day-to-day employment duties in order to undertake HSA training and assessment. As a business we were encouraged by the Federal Government's strategic policy initiatives around household energy efficiency measures that provided a sense of business and regulatory certainty.

While Green Made Easy notes the publicly documented cases of dubious training organisations involved in the training of assessors, Green Made Easy was largely satisfied with our experience in this initial phase.

Where Green Made Easy had cause for concern was the unreasonable lag time between submitting our employees' applications for registration to ABSA and those employees being confirmed as assessors, complete with receiving their identification badges that enabled them to commence assessment work. Green Made Easy acknowledges the high volume of applications that ABSA had to contend with, and also that these figures were well in surplus to what the Department had originally forecast for the number of applications submitted.

Green Made Easy also draws the Committee's attention to the alleged favourable treatment provided to some participants within the Program¹. We were surprised to learn that the Department was directly supporting the advancement of one business above and to the detriment of thousands of other participating businesses and individuals. This not only provided an unfair advantage within the Green Loans Program, but may have also impacted on other environmental programs and markets.

Businesses provided with bulk appointments by the Department were able to use the capital delivered from the Green Loans Program to invest in other energy and environmental programs, which may have affected the integrity and competitiveness of other environmental programs.

Green Made Easy's diversified business model aims to manage the risk of changing government policy initiatives. We could not however, reasonably foresee or plan for the risks associated with decision of the Department of Environment, Water, Heritage & the Arts (and subsequently the Department of Climate Change & Energy Efficiency) to provide favourable treatment to a competitor. We urge the Senate Inquiry to consider whether the Department's decision to grant favourable treatment to a particular organisation breaches its obligations of procedural fairness.

Having regard for these comments, Green Made Easy refers the Committee to the Commonwealth's *Administrative Decisions (Judicial Review) Act 1977, Ac No. 59 of 1977 as amended*, which sets out rules for the review of Administrative Decisions by government officials and departments.

In particular, Green Made Easy draws the Committee's attention to Section 3, sub section 5 (1); *Applications for review of decisions*; provides potential avenues of recourse for persons who are aggrieved by a decision on the grounds provided in the Act.²

Program changes to date

The capping of the number of HSA assessors at 5,000 leaves in limbo many more assessors and assessor businesses who have invested heavily, and in good faith, in the HSA training requirements only to then encounter a rapid and unforeseen change in government policy.

¹ *UXC seeks compensation over loans*, Australian Financial Review, by John Breusch: 29 March 2010, Page 8
Jobs lost as Green Loans wallows in red tape, The Age, by Josh Gordon: 14 February 2010:

<http://www.theage.com.au/environment/jobs-lost-as-green-loans-wallows-in-red-tape-20100213-nyj5.html>

² *Commonwealth Administrative Decisions (Judicial Review) Act 1977 Act No. 59 of 1977 as amended*, Section 5 (1), a) to j).

At a recent conference convened by ABSA over the internet to discuss the Green Loans Program, Green Made Easy was concerned to hear that;

- there are 7,500 assessors currently accredited;
- with a further 1,800 who have submitted their applications and are awaiting accreditation;
- despite the cap of only 5,000 assessors .

Many assessors and businesses have invested heavily in training and accreditation fees, and in many cases left their previous employment to pursue opportunities as Green Loans Assessors in good faith. Green Made Easy strongly urges the Federal Government to reconsider this matter and remove the cap. This is not a viable response to the current set of challenges and may stifle the natural development of a self-supporting sustainability assessment industry.

Green Made Easy makes the observation that if the predicted job losses stemming from an unforeseen government policy decision were impacting the manufacturing or car industry, there would be strong calls urging immediate reconsideration. Green Made Easy asks that a consistent application of due care be made for the energy efficiency industry as well.

In addition to the cap on the number of assessors, Green Made Easy encourages the Federal Government to increase the cap of five appointments per assessor per week. In particular, the restriction placed on assessors in the event that one of their allocated appointments is cancelled that an assessor is unable to re-book another appointment. Therefore, the assessor's ability to receive the full capacity of their expected income each week is at the whim of cancellations from households leaving the assessor with no recourse, even when booking in another appointment would be a practical and achievable option.

The Federal Government's recent announcement of an additional 600,000 assessment places to the Green Loans Program was welcome news and something that Green Made Easy strongly supports. This provides some level of medium term certainty for assessors, and broadens the Program's availability to more Australian households that are able to benefit from it.

Communication of additional products and services

Green Made Easy acknowledges some of the public comment around the marketing and provision of additional products and services by assessors. Green Made Easy strongly supports the requirement that assessors maintain complete impartiality during a Home Sustainability Assessment to ensure both an accurate and unbiased assessment and to maintain public confidence in the impartiality of these assessments.

However, Green Made Easy also urges caution against any further changes the Federal Government may be considering in this area. There are already stringent rules around assessors maintaining impartiality during Home Sustainability Assessments. Once the assessment has been completed, there are circumstances in which households could benefit from being informed about the availability of additional energy efficiency products and services.

The HSA Scheme Professional Code of Conduct section 6.6.3 already specifically prohibits the; *communication of commercial product or service branding, or directing households towards a product range developed or supported by an enterprise with which the assessor is associated or from whom the Assessor receives a commission or benefit from.*³ The Code does provide assessors and assessor businesses with the opportunity to request an exemption from ABSA from this clause.

Green Made Easy considers that there are circumstances in which this is appropriate and that households should not be denied the opportunity to gain additional information in this regard from assessors or assessor businesses. One example is where an assessor is registered and able to provide the household with the free installation of energy saving light globes or water saving showerheads that are provided through a state based energy efficiency program. Households should not be denied the right to receive information about these programs simply because they have participated in an HSA Green Loans Assessment.

Green Made Easy believes that as long as the HSA assessment has been completed there is no reason why, after being granted an exemption from rule 6.6.3 by ABSA, that householders should be denied the right to further information that is complementary to the broad aims and objectives of the Green Loans Program. While a more precise clarification of the current set of rules would be welcome, Green Made Easy does not support any additional restrictions on the communication of additional products and services by the assessor to the household after an assessment is complete.

Recent statement by ABSA

Green Made Easy was taken aback and dismayed by the statement released by the Program's administrator and industry association ABSA on its proposal to abolish the two-tiered booking system that allows HSA businesses to book HSA appointments on behalf of assessors they directly employ.

Green Made Easy considers ABSA's unexpected statement regarding the two-tiered system as a direct response to the collapse of GLACO, a co-operative, rather than a business, that was set up by Green Loans assessors. Green Made Easy considers GLACO's example as an exception rather than common practice among businesses participating in the Green Loans Program.

Green Made Easy further submits that effectively banning assessor businesses from contracting with the Department of Climate Change and Energy Efficiency would also deprive individual assessors of accessing the benefits provided by gaining employment through an assessor business.

It is Green Made Easy's observation that assessors who choose to go with businesses that are able to contract and book on their behalf with the Government have financial security, continuity of appointments, advocacy on their behalf, and access to a far larger pool of potential homes to conduct home sustainability assessments on, than individual assessors who have to fend for themselves.

³ *Home Sustainability Assessment Scheme: Assessor Code of Professional Practice*, May 2009:
<http://www.environment.gov.au/greenloans/assessors/pubs/assessor-code-practice.pdf>

In addition, assessors employed directly by businesses enjoy the benefits of being paid weekly with most receiving full-time hours. Green Made Easy has worked tirelessly to maintain a steady flow of work for its accredited assessors despite the significant challenges presented with changes to the Program.

Green Made Easy strongly urges retention of the existing two-tiered booking system for the reasons outlined.

Final comment

While Green Made Easy has raised a number of concerns about the Green Loans Program that we believe require significant development or improvement, we strongly support the overall aims and objectives of the Program itself.

Australia's energy efficiency sector is entering into an exciting new phase. In order to progress further, businesses need the confidence of policy certainty to make medium and longer term investment decisions, which turn will impact positively on jobs and growth in the sector. Green Made Easy is not alone in its belief that there needs to be a consistent application of policy intentions in order to provide businesses the confidence to invest in emerging markets around sustainability assessments, which can eventually progress beyond government-based incentives.

Benefits from the sustainability assessment sector flow beyond the businesses themselves, with consumers also reaping financial rewards. With improvement, the Green Loans Program can, in addition to other complementary state and federal government programs and frameworks, provide information, skills and resources that allow Australian households to make practical energy efficiency changes around their home. In doing so, these programs will not only assist in reducing consumer's utility bills, but make a welcome contribution to efforts aimed at reducing our national greenhouse gas emissions.

Should the Committee wish to seek additional details or clarification on any of the matters raised in this submission, Green Made Easy would be pleased to provide them.

Sincerely

Jon J Paull