Committee Secretary
Senate Standing Committee on Environment,
Communications and the Arts
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

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RE: INQUIRY INTO THE GREEN LOANS PROGRAM

14th April 2010

I am making this submission to the Senate

- as a taxpayer;
- as a person who was unemployed and retrained to become an accredited Household Sustainability Assessor under the Green Loans Program; and
- as a person who cares sincerely about the future of our nation and its relationship with the environment.

My submission will in-turn address the respective terms of the inquiry in varying length, depending on whether I have a personal position or experience of the matter concerned.

(a) the Government's Green Loans Program (the program), with particular reference to:
(i) the administration of the program from a pricing, probity and efficiency perspective, including:

(A) the basis on which the Government determined the amounts of the loan to be made available and Government subsidy thereof,

The prospective loan of $10,000 and the government's component of that – being coverage of the interest for up to 4 years – was a reasonable and efficient contribution to make, on the following grounds:

- It induced householders to make substantial improvements to the ongoing resource (energy and water) efficiency of their homes;
- It overcame a shortage of low-middle income household capital to make these changes;
- It changed the economics or required rate of return from improvements for households, such that these investments could be made
- It mobilised private capital to fund those improvements
- It applied criteria to the list of Eligible Items under the program, on the basis of a reasonably comprehensive assessment of the householder's home and its potential for performance improvement

(B) regulation of Home Sustainability Assessment practices, including the promotion of assessments,

My personal experience suggests that regulation of Home Sustainability Assessment practices was particularly lax.

Furthermore, my impression is that while DEWHA put great emphasis in drafting a threatening, onerous and one-sided contract – with every onus on the contracting assessment organisation to perform with- and comply to- strict and punitive terms – there was virtually no regulation or enforcement of those contracts.

In particular, DEWHA appears to have dramatically failed to police and enforce contractual provisions in the face of basic rorts, such as the notional completion by an assessor of vast volumes of assessments on a daily and weekly basis. I cannot see how high volumes were not flagged for scrutiny as a basic business rule within the Green Loans Online Assessor Portal. Similarly, assessing organisations who employed or subcontracted such assessors, and/or who accounted for substantial volumes of assessments on a sustained basis should naturally have come under systemic scrutiny.

I would also suggest that the Green Loans Program had fundamental conflicting purposes:

1. Interest-free Green Loans to Eligible Householders – the identification, encouragement and funding of Householders who were willing to take-out interest-free loans and who were able to meet commercial lending criteria;

2. Free Home Sustainability Assessments to Eligible Householders – the assessment of any Eligible Householders' utility usage, given the characteristics of their homes, fixtures, appliances and behaviours; and
3. A publicly unstated, but nonetheless present, recruitment of Eligible Householders to submit 12 months prior and 24 months subsequent utilities billing for the purposes of program monitoring, and/or any other Australian Government policy purposes, such as greenhouse gas reporting. This provision was contained within the mandatory Green Loans Householder Declaration Form.

I submit that there was a vast gulf in the policy intent – i.e. the purpose of the Green Loan Assessments – between the first and second objective above. At a fundamental level, there was an enormous gulf in commitment between viable, eligible householders intending to take out a Green Loan, and any Australian lessee or homeowner able to declare a taxable income of under $250,000.

The ramifications of this, within an unregulated market were enormous – essentially a licence was handed to organisations to obtain and process up to forty-nine two-hundred dollar (i.e. 49 x $200) vouchers per week, less the cost of marketing, administration and assessor costs. In the absence of regulation and enforcement, there is no question that there were vast sums to be had by abusing the system.

From the time I became aware of the Green Loans Program in November 2009 I never saw and never heard of any Australian Government promotion of the Green Loans Program beyond the basic website. That is, for all practical purposes, there was there was no visible communication of the Green Loans Program to the public prior to ABSA and DEWHA entering 'damage-control' mode.

I assume that DEWHA was relying on it contracted assessing organisations to market the scheme to the public, which in-turn exposed the brand reputation of the Australian Government, the Green Loans Program and all of its contracted assessors to the good, bad or indifferent marketing activity of individual contractors contracted assessing organisations.

(C) accreditation of Home Sustainability Assessors

In November 2009 I became aware of the Green Loans Program through job advertisements being placed by Green Loans Assessing Organisations through internet portals, such as seek.com.au; mycareer.com.au; careerone.com.au, etc.

The commonly touted model was that assessors could earn sums of $1,500 to $2,000+ per week after they had done a quota of assessments to 'repay their training course'. From what I could ascertain (net of the training repayment), assessors could earn between $80 and $100 per completed assessment, with all bookings to be provided. I enquired of one of these positions, and the terms of the sub-contract included punitive non-compete provisions for any individual assessor contracting to the assessing organisation.

On Googling 'Green Loans', I found the Green Loans website, which encouraged and facilitated my becoming an assessor by explaining the criteria and directing me to the sole accrediting organisation, Association of Building Sustainability Assessors (ABSA).

ABSA's website in-turn directed me to choose an accredited training organisation from a rudimentary listing on its website – i.e. it did not seem to be a web-table driven by a database, rather a manually updated PDF of training organisations, posted on a page of its website. Beyond breakdown by state, the list of training organisations was not sorted into particular regions or localities.

The net effect was that I just had to pick an organisation from the field. I visited a couple of training organisation websites, and - trying to book with a reputable organisation - called a couple of TAFEs (which were unanswered within 48 hours).

At this stage, it is pertinent to mention that I became aware of the impending cap on Home Sustainability Assessor numbers from a training organisation's website. The tone of its advice was a 'Stop Press'-type announcement that ABSA had announced that a suspension of processing applications to become a Home Sustainability Assessor would take place from December 24, 2009, and to not miss out of training to become one of a limited number of assessors under an Australian Government scheme that would run until December 2012.

Before booking my training course, I phoned ABSA to double-check the certification requirements for accreditation under the Green Loans Program. I was assured that prerequisites were indeed:

- completing a certified course;
- supplying a passport photo;
- passing a police background check; and
- obtaining both professional indemnity ($5M) and public liability insurance ($5M for individuals/$10M for assessing organisations)

I booked my 4-day Home Sustainability Assessor certification course, attending at Parramatta RSL in a booked room. Around thirty (30) people were booked in the course, and the training organisation was running another 4-day course at the same venue upon its conclusion. In quick succession, the operators of the training organisation were then apparently also flying on to Adelaide and Perth to conduct further courses for ABSA certification under the Green Loans Program.

Having had personal experience with the delays often associated with Police Record Checks, I lodged my request concurrent with the conduct of the training course – I wanted to ensure that I was able to get my application processed ahead of the December 24, 2009 deadline.

In my experience, the certification course delivery was not especially rigorous, and its content could have been completed in an even shorter time – there was little scientific or mechanical explanation, and the emphasis readily ran to the practicalities of making assessments under the scheme. This became understandable, as it was soon apparent that DEWHA's reporting framework for the Household Sustainability Assessments was predominantly an exercise in data gathering, rather than a bona fide householder engagement on the productive application of sustainability principles.

At the end of the course, there was a 'test' ('examination' would imply rigour and the genuine potential for failure). This was perfunctory, with many questions having non-exclusive answers, i.e. of a non-specific nature, with many possible valid answers. In hindsight, it was reminiscent of a 'quiz' that one might have after studying a topic at high school.

Notwithstanding the clear pre-requisites for certification, and the straightforward application paperwork, there seemed an inordinate and unnecessary processing time for certification – by my recollection it was:

- Four (4) working weeks for ABSA to process the paperwork;
- One (1) working week to confirm a pro-forma contract with DEWHA;
- One (1) further working week from ABSA to issue a badge certifying me as a Home Sustainability Assessor.

To say I was shocked in January when I learned of the thousands of certified and in-limbo Home Sustainability Assessors would be an understatement. From the facts, it was immediately apparent that there had been next to no management (i.e. measurement, monitoring and controlling action) of registered assessor numbers from either ABSA or DEWHA, and for this, I think that ABSA ultimately bears responsibility.

ABSA alone had the discretion to accept or reject the certification of individuals, and furthermore the competent performance of its duties would have included *directing or restricting the training and certification of individuals* in accordance with the requirements of geographical coverage, expected householder demand and the overall quota of free HSA's to be provided under the Green Loans Program. For its $600 + GST certification fee (and prospective and substantial renewal fees), ABSA owed a fundamental fiduciary duty to its members to act in their interests and not flood the market with certified assessors.

To think that I and thousands of others had by this stage spent around $4,000 on training, insurances and promotional flyers left me with a distinct sinking feeling – but as it turned out, that was nothing compared to the ineptitude of the Green Loans Booking System.

(D) ensuring value for money for taxpayers,

Value for money for taxpayers should be based on the efficacy of the program in its entirety – the subject of this inquiry.

(E) waste, inefficiency and mismanagement within the program

I have over fifteen years working in sales, marketing and operational roles. In that time I have never encountered such a haphazard, poorly executed enterprise as the Green Loans Program.

i. Certification

As outlined earlier in this submission, the process of certification under the program was inefficient given the straightforward application and validation requirements:

- Four (4) working weeks for ABSA to process the paperwork;
- One (1) working week to confirm a pro-forma contract with DEWHA;
- One (1) further working week from ABSA to issue a badge certifying me as a Home Sustainability Assessor.

At a practical level, I fail to see what value ABSA added to the assessor certification process – it would surely have been more suitable for DEWHA to develop a standardised syllabus and materials, and for Registered Training Organisations (RTO) to compete within a public tender for Green Loans Program course delivery and certification on a local basis. Thus, each winning RTO could have had a quota allocated for its specific training territory or territories.

ii. Green Loans Communication

Communication within the Green Loans program was very deficient. The Green Loans Style Guide was the one exception, and very clearly laid-out how assessors were to communicate the program and their participation in it.

As a new assessor, I received a couple of basic emails with some electronic documents attached – the information was poorly presented, and there was little substantive explanation of what each of these documents was about, and how they should be used. Given that the phone number for help was that of the Green Loans Call Centre that at the time was 'in meltdown', there was little support to hand. As it turned-out, I discovered the function and operation of the 'Green Loans *Program* Portal', only after finally getting through to the Green Loans Contact Centre which advised me that though this portal was indeed for assessors, it was an entirely separate and distinct portal to the 'Green Loans *Assessor* Portal'.

There was notionally a Green Loans Assessor 'Start-up Kit' or some such, containing sample flyers, assessment booklets, and other program collateral. In my case, this simply never arrived. Well after this operational fact, I received an email saying that DEWHA had decided that assessors should print their own material locally, notionally in the pursuit of more sustainable outcomes.

For ongoing program communication, the only time we heard from ABSA or DEWHA was in response to chronic and self-evident catastrophes - upgrades to the Green Loans Program/Booking System over Christmas/New Year not working for a couple of weeks, or the Green Loans Call Centre being swamped for days on end.

In summary, there was little or no proactive communication with Green Loans Assessors.

iii. Green Loans Booking Process

I include reference to the Green Loans Booking System here, as it is emblematic of the inefficiency of Green Loans Program execution as a whole.

In the age of the internet, online data, validation and analytics, the Green Loans Booking Process was bizarre. No commercial enterprise would force their field agents to phone a number in order to dictate basic booking information to an operator to in-turn transcribe into a booking system.

As should have been evident from the design or risk assessment phase, this system was inherently:

- Slow – dictating, transcribing, correcting basic data input;
- Error-prone – as operators inevitably made transcription errors, which could subsequently impact programming invoicing and validation procedures;
- Costly – involving call costs many time more expensive than online alternatives, and requiring the employment of a dedicated operator to enter information that the caller could have so readily entered themselves via an online portal;
- Susceptible to Overloading – the obvious possibility of hundreds if not thousands of assessors making multiple attempts to phone through and then tying-up available lines while transcribing booking information.

The system did not disappoint – it was hopeless from the moment I keenly attempted my first booking in mid-January. This took many call attempts over a couple of days – just to book two or three appointments. From there, the booking process cascaded from bad to worse, with more and more 'engaged' signals interrupted only by the Interactive Voice Response (IVR) telling me that the "Green Loans Booking Centre is currently experiencing an unusually high volume of calls, please call back later" followed by being 'hung-up'.

This continued up until the evening of the 19th of February, when the Minister arbitrarily changed the substantial terms of the program (dropping Green Loans altogether, and imposing an arbitrary cap of 5 assessments per calendar week per contracted assessor).

(F) ensuring the program achieves its stated aims of improving water and energy efficiency

Reading about the Green Loans Program on the DEWHA website and during the accredited training course, I was under the impression that the thrust of the Free Home Sustainability Assessments (HSA) was to engage with householders to discuss their house, fixtures and habits in terms of resource use, recording the most influential factors on their household's sustainability.

As it turned-out, the thrust of the HSA was the meticulous documentation of every major structural feature of the home; every light, electrical fixture, appliance and its use; and every bath, shower and toilet and how they were used – for every single room in the house. This process inevitably took at least an hour and a half (1.5 hours, DEWHA's published notional time to complete an entire assessment) for a 3-bedroom home, plus re-entry or transcription (at least another hour) if one was not able to use the Online Assessor Portal (accessible via 3G mobile internet). Larger homes (e.g. 5-bedroom, multiple living areas and bathrooms) took between 2.5 and 3 hours, plus any required transcription and correction.

The result of this preoccupation with data collection, was the compromise of genuine engagement with the householder on the issues which most-affected their energy and resource efficiency, and of course informing and encouraging their capacity to change and substantially improve the sustainability of their home. That is to say, instead of focusing on areas where material improvements could be made in energy or water efficiency, through either household investment or behavioural improvements, the contractually mandated HSA framework prescribed wading through the item-by-item minutiae of the household only to produce a scant report.

The lack of substance of the official HSA reports was a further disappointment, and reports were not particularly composed based upon the input data. Perhaps of greater personal concern was the sheer lack of detail within the HSA reports, given that individual householders had submitted to having their home inspected and assessed for periods of up to 3 hours, and that – according to DEWHA communications and its Green Loans Style Guide – each HSA was "valued at $250".

I am not aware of any HSA reports being delivered by DEWHA to any of my clients – in the absence of this service, I emailed a copy of the Online Assessor Portal-generated HSA report to each householder, together with my detailed personal observations on how they could most effectively improve the efficiency of their home.

The thrust of the HSA reports should be refocused on identifying, evaluating and affecting the items which are most material and actionable for household sustainability (e.g. external shading, ceiling and underfloor insulation, ventilation control, hot water service and use), and to address general deficiencies (e.g. incandescent light bulbs, standby power, etc.) at a general level. Householders should be actively engaged on these substantive items, and the HSA report's recommendations should be personalised, clear and actionable.

(G) the consultation and advice received from financial institutions regarding their participation,

(ii) an examination of:

(A) employment and investment in Home Sustainability Assessments resulting from the program, including that resulting from Government statements regarding the number of accredited assessors.

From a personal perspective, I funded my retraining to become a Home Sustainability Assessor on the strength of the representations made on the Green Loans website, and in the official Green Loans Style Guide. These were that the program would result in the creation of 1,000 jobs as Home Sustainability Assessors and deliver 360,000 Free Home Sustainability Assessments between 1 July 2009 and 31 December 2012. I therefore assumed that as a metropolitan assessor, I had a reasonable opportunity of regularly completing a substantial number of assessments over that period.

Had I known that ABSA and DEWHA were not managing the numbers of registered HSA's I certainly would not have committed myself to the program. I think it is fair to say that many people completing their accreditation saw this as a foothold in an ongoing (though term-limited) market with a limited supply of service providers.

My own investment or stimulus to the economy (incl. GST) from personal savings was as follows:

- $1,440 for HSA Accredited Training Course
- $52 for National Police Record Check
- $916.33 for Professional Indemnity and Public Liability Insurances
- $660 for ABSA Accreditation
- $250 for business card and flyer artwork
- $902 for printing 250 business cards and 5,000 flyers
- $4,220 in Total

(B) the effectiveness of the booking system,

i. Green Loans Call Centre

In the age of the internet, online data, validation and analytics, the Green Loans Booking Process was bizarre. No commercial enterprise would force their field agents to phone a number in order to dictate basic booking information to an operator to in-turn transcribe into a booking system.

As should have been evident from the design or risk assessment phase, this system was inherently:

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The system did not disappoint – it was hopeless from the moment I keenly attempted my first booking in mid-January. This took many call attempts over a couple of days – just to book two or three appointments. From there, the booking process cascaded from bad to worse, with more and more ‘engaged’ signals interrupted only by the Interactive Voice Response (IVR) telling me that the “Green Loans Booking Centre is currently experiencing an unusually high volume of calls, please call back later” followed by being hung-up.

This continued up until the Minister’s announcement of major changes to the program on the evening of the 19th of February. I can only assume that the Green Loans Booking System was promoted by stakeholders with an innate interest in call centres and/or booking software unsuitable for web deployment.

ii. Fieldforce Booking System and participation under the Green loans Program

I would also like to protest at the reported contracting of Fieldforce to provide assessment services under the auspices of- or in parallel to- the Green Loans Program. It was completely unethical and wrong for Fieldforce to be given direct access to make and process HSA bookings when every other contracted assessor/organisation had to deal with a convoluted phone booking process that was not merely tedious, but completely dysfunctional.

Whether or not DEWHA obtained better pricing from Fieldforce, or whether Fieldforce supplied its own interface or version of the HSA booking system, or the HSA booking system itself is immaterial. It was simply wrong, and an enormous breach of trust and contract for one organisation to be able to 'go for broke' promoting, booking and making assessments while every other contracted supplier to DEWHA had to spend hours on the phone attempting and holding on calls to simply book up to five (5) assessments per call.

In the event that Fieldforce were indeed providers of an HSA booking system or interface thereof, then the logical commercial decision by DEWHA would have been to licence the use of that system in order to deliver its contracted assessors a decent online booking system, as an alternative to the Green Loans call centre.

In any event, I cannot imagine that Centrelink or Medicare – or some similar Australian Government service delivery organisation – did not have an online system that could be licensed for and/or re-purposed to the task of online booking of assessments under the Green Loans Program.

(C) the effectiveness and timeliness of Home Sustainability Assessment reports being provided

To my knowledge, none of my HSA clients (since January 2010) received their official reports.

My understanding is that the online report – an electronic Portable Document Format (PDF) document generated from the data input to the Green Loans Assessor Portal – was in fact the same as the official hardcopy reports notionally issued by DEWHA under the program. Given this, it escapes me why the Green Loans reports could not have been issued electronically to householders and assessors, and then independently validated by Financial Institutions via a dedicated validation portal prior to granting a Green Loan.

Reading about the Green Loans Program on the DEWHA website, and in the course of training for the program, I was under the impression that the thrust of the Free Home Sustainability

Assessments (HSA) was to engage with householders to discuss their house, fixtures and habits in terms of resource use, recording the most influential factors on their household's sustainability.

As it turned-out, the thrust of the HSA was the meticulous documentation of every major structural feature of the home; every light, electrical fixture, appliance and its use; and every bath, shower and toilet and how they were used – for every single room in the house. This process inevitably took at least an hour and a half (1.5 hours, DEWHA's published notional time to complete an entire assessment) for a 3-bedroom home, plus re-entry or transcription (at least another hour) if one was not able to use the Online Assessor Portal (accessible via 3G mobile internet). Larger homes (e.g. 5-bedroom, multiple living areas and bathrooms) took between 2.5 and 3 hours, plus any required transcription and correction.

The result of this preoccupation with data collection, was the compromise of genuine engagement with the householder on the issues which most-affected their energy and resource efficiency, and of course informing and encouraging their capacity to change and substantially improve the sustainability of their home. That is to say, instead of focusing on areas where material improvements could be made in energy or water efficiency, through either household investment or behavioural improvements, the contractually mandated HSA framework prescribed wading through the item-by-item minutiae of the household only to produce a scant report.

The lack of substance of the official HSA reports was a further disappointment, and reports were not particularly composed based upon the input data. Perhaps of greater personal concern was the sheer lack of detail within the HSA reports, given that individual householders had submitted to having their home inspected and assessed for periods of up to 3 hours, and that – according to DEWHA communications and its Green Loans Style Guide – each HSA was "valued at $250".

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(D) the early reduction by the Government in the number of Green Loans to be offered, and subsequent discontinuation of the loans, including by financial institutions in advance of the Government's announced date of discontinuation,

It is reasonably clear that the objective of independently assessing households with a bona fide interest in an interest-free Green Loan for sustainability improvements was quickly perverted. It would seem that competing program objectives and ill-considered program mechanics, combined with unregulated and unpoliced conduct of assessing organisations, quickly made way for the mass-completion of free home sustainability assessments of households eligible under the program.

As an assessor, I found it particularly ironic that the interest-free Green Loans at the core of the "Green Loans Program" were arbitrarily eliminated. This was nonsensical; given the problem was seemingly rampant volumes of disingenuous assessments by telemarketing, field-marketing and building and energy product organisations.

(E) homeowner actions for which Green Loans have been sought and approved,

(F) the level of evaluation of homeowner action following any Home Sustainability Assessment, and

(G) what advice was provided to the Government on the feasibility and effectiveness of the program, including to what degree the Government acted on this advice, and

(iii) an analysis of the effectiveness of the program as a means to improve the water and energy efficiency of homes, including comparison with alternative policy measures;

I became an assessor based on the notional intent of the Green Loans Program – to provide independent assessments of households who were considering or were open to considering an interest-free Green Loan.

Given the absence of public promotion of the Green Loans Program by the Australian Government, assessing organisations fashioned the Green Loans program to suit their own agenda: executing a high-volume of subcontracted free household sustainability assessments in the shortest time possible.

If the primary objective of the program was to stimulate household uptake of water and energy efficiency measures, it would have been better for free home sustainability assessments to have been promoted via providers of renewable energy and energy efficiency products. In this way, a free sustainability assessment could have been conducted as the precursor to the provision of a Green Loan, but it would have targeted intending purchasers, rather than encouraging a flood of organisations motivated by conducting 'assessments' as an end in themselves.

An alternative approach may have been to provide householder rebates. Though simpler, traditional rebates would have been less equitable, and not have provided the capital necessary for medium-income householders to invest substantially in energy efficiency improvements. Instead, rebates would probably have subsidised more affluent households to make improvements that they were already capable of funding themselves.

> ***(b) consideration of measures to reduce or eliminate waste and mismanagement, and to ensure value for money for the remainder of the program, noting the commitment of funding for an additional 600,000 free Home Sustainability Assessments despite the discontinuation of the loans; and***
>
> ***(c) other related matters.***

I would like to close my submission by stating that as an ardent advocate of sustainability I have been extremely disappointed by the Green Loans Program. As someone who has worked extensively in complex marketing and communications programs, it is clear that the Green Loans Program was a good idea that was poorly planned, managed and executed – the brightest spots being the Green Loans Style Guide and (eventually) the Green Loans Online Assessor Portal. In November 2009, on the strength of the Green Loans website, I resolved to make an entry into the sustainability sector.

To date, I have hardly recovered my investment. To add insult to injury, the imposition of a cap of just five (5) assessments per week has made this a part-time occupation at best – I simply cannot sustain my family and its mortgage on $1,000 gross revenue per week, and have had to seek additional sources of income.