CORRECTED VERSION

ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into energy services industry

Melbourne — 14 March 2006

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Witnesses

Reverend N. Frances, Chief Executive Officer, and
Mr N. Brass, Business Development Officer, Easy Being Green.
The CHAIR — I welcome Reverend Nick Frances, the chief executive officer, and Mr Nick Brass, the business development officer, for the organisation Easy Being Green. I remind you that all evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act, and is protected from judicial review. However, if you make comments outside the precincts of the hearing, they are not covered by parliamentary privilege.

Hansard is recording all evidence taken today, and you will receive a proof version of the transcript within a couple of weeks. We have half an hour, so I will hand over to you. Thank you for your time today. We do appreciate it in our quest for energy efficiency.

Rev. FRANCES — Thank you. Nick Brass has been working with Easy Being Green for two years. For one year he was on secondment, part-time, from the Sustainable Energy Authority of Victoria, and he has been full-time with us for the last year.

I, before this, was the CEO of the Brotherhood of St Laurence for five years, and I have spent the last two years working around this. Formally I had worked around recycling job creation; so my interest in this is partly in the environment and partly about the creation of industry and job opportunities.

Easy Being Green’s goal is saving you money and our environment. Before I do the presentation, which is specifically trying to meet some of the questions within your scope, there are a couple of things we want to say. Firstly, we have a big environmental goal. We believe that the only way it will be delivered is through the marketplace. It is really important that we set an environment for a very healthy industry in energy efficiency. Therefore to achieve that, you need businesses to be able to see the opportunity for profits and to see that this makes sense financially, otherwise it will be left to governments to pay it and to not-for-profit organisations to deliver it, which means we will never get the kind of goals we need to see the drastic reduction in CO₂ that is necessary.

In other words, the first thing to say is that it is about markets. My life has been in the not-for-profit sector, but it has been around understanding the relationship between delivering social goals through the market because the market drives much faster and it self-funds.

The other point I would make is that we know that in Victoria we are considering all the kinds of things that we can do around this, and I want to make a play for energy efficiency in households.

It is toughest to do, because you need to have lots of personal relationships with lots of people, so it is not the easiest thing to do. It is much easier to go and build a farm because you can buy the land, you can make the investment and you see the farm going up.

But the big gains are from the users, and the users use cars, and they turn on their electricity, and if we can find ways of accessing each individual in a way that is not too costly, that makes the big difference. So I want to make a play for that.

It is not the easiest thing to do, but it is the role of the market, again. Markets are used to dealing with individuals and selling them things, and if we can get the pricing right around this, we can sell them energy efficiency and the reduction of CO₂. So I hope that is what I will make sense of here.

Easy Being Green was set up with a goal to see 70 per cent of Australian homes reduce energy and water use by at least 30 per cent in 10 years. The reason we are choosing 10 years is that 70 per cent of Australian houses will turn over in that time — that is, they will be sold within seven years. So if you can do something at the purchase point of each household — it takes 6 or 7 years to get to 70 per cent, so we gave ourselves 10 years, believing that we would have to do something around legislation and get governments willing to support it.

But it is actually very easy to do in people’s houses. Thirty per cent is not a difficult thing to achieve with both water and energy. While we as an organisation go into people’s homes and talk about the whole thing — the water, the energy, the composting; whatever they want to talk about — this presentation is about energy efficiency only, and we have costed only that. However, even with energy efficiency, there are significant water savings, and we touch on them.
They cover no cost in this because we do some other stuff where you actually fund water separately, but there is a by-product of the energy efficiency. So that is Easy Being Green’s goal, and it fits very closely with the government goal. We are a for-profit organisation, but our goal, the whole business opportunity is about delivering on an environmental goal.

Victoria has 1.7 million occupied dwellings. Ownership levels are high, occupancy levels are low, so we have fewer and fewer people living in houses. There is a problem with that. Energy uses are increasing per house, so although the numbers of people in the houses is dropping, the cost of those houses in terms of energy is growing. It is partly floor areas and partly appliances such as air conditioning, which are increasing in energy usage.

Floor areas are covered a little by the fact that we now have the 5-star rating; so the new, bigger houses that are being built with increased floor areas are also being covered by some energy efficiency in the building of them.

Most of our stock is old stock. It is 99 per cent this year and 98 per cent next year and so on, and so for the next 50 years the majority of our stock will be old stock. It is very inefficient, and therefore we are putting heating appliances and cooling appliances into them, which use a lot of carbon dioxide. We have to do something about that if we want to make big gains in the household.

On one side of the graph displayed you can see residential energy use, but on the other side you are seeing CO$_2$ emissions. Appliances, in terms of usage, have quite small CO$_2$ emissions, but because it uses electricity and because of the use of electric heating in inefficient houses, appliances suddenly increase to 26 per cent of CO$_2$ production.

Whereas the heating part of the house, which is 58 per cent, is predominantly gas, so when you look on the other side you are actually seeing a lot less CO$_2$ produced. Therefore what energy we are using and where we are using it in the house has a very important interplay, and if we are clear about that, we can make better and quicker choices and offer individuals a small change that costs very little, but which has quite a big outcome.

For example, double glazing is great for a home, but to retrofit it into a home is very expensive and really difficult in terms of gain. Insulation and draft proofing, on the other hand, will pay for themselves in a year of two. It is important to get the relationship right between those things.

In terms of greening Victoria’s homes, an average spend of about $6000 will achieve at least a 30 per cent reduction. So for 6000 homes you are talking about dealing with the draughts in a home, doing insulation — mostly just the roof will work — and doing something about when houses are using electric hot water or propane gas in the country.

If you can move people onto solar energy in the country, or even instantaneous gas or efficient gas heating systems, you can achieve 30 per cent across Victorian households. That is quick and low cost. There is not a lot the average household has to do. There are a couple of water measures that can be done alongside that to get the water and energy savings in place, but $6000 is enough to give you a ballpark 30 per cent saving.

What would that mean? Seventy per cent of Victoria’s homes fitting that kind of stuff would mean 4.4 cubic tonnes of CO$_2$ reduced, which means a million cars off the road, or the equivalent of a brand new gas-fired power station. That is important, because those are the things we are considering at the moment — what will we need to meet the next years’ 10 per cent growth? The answer is that we will need another one of these power stations. It is probably efficient to have a gas-fired power station, but what can we do in terms of reducing the brown coal, in particular? To achieve that, we are talking about a $7 billion industry over the next 10 years. That is $7 billion worth of industry, jobs and opportunities.

As a complete by-product, we save 60 000 megalitres of water in Victoria. So if every house installed a low-flow shower head, the average flow of water decreases from up around 20 litres to around 9 litres. You are heating half the amount of water, so it radically reduces your heating costs but immediately also cuts down your water usage by 50 per cent. It is a complete by-product of energy efficiency.

For three years we have been doing this work in Victoria. Most of our activity is now in New South Wales. We would have gone out of business had we not moved on to New South Wales. We were doing almost no activity in Victoria at all, although that is where our whole focus was until last October. Our turnover this last month was
about $4 million in New South Wales, and that is purely around the fact that we can trade carbon there, and there is a state government which is creating an environment for big energy efficiency, which works for consumers.

To install $6000 worth of energy efficiency products — insulation, solar hot water, draught sealings — costs about $6000. If you did that at the time of the purchase of the home, and you put that $6000 on the average 25-year mortgage, anyone with two or more people living in the home is going to be cost neutral or positive. That is, the payments you will be making on your mortgage will be less, and if you are a family of four it will mean hundreds of dollars less every year for that energy efficiency in your home.

With the political will in the right place, you can push people to do it, tell them they will save money, and 85 per cent say that they actually care about the environment as one of their top three priorities, and you can say to them, ‘We are delivering it’. But you have to explain that. It has to be clear because people do not think energy efficiency can save them money but it certainly can, particularly if you do it as a purchase on mortgage.

What do we think? I spent two years in Victoria offering this. We spent six months putting a deal together with ANZ, we put it on its web site and had 1 million hits or whatever it was, and over two months, five people took up the offer. They verified it and we said, ‘It is not going to cost you anything extra to take this out’. People are very busy, and once they get it into their head that they can stick $10 000 or $6000 extra onto their mortgage, they see it as a car, as a holiday or as school fees. Those do not repay, but that is where they see it.

It is very difficult to get them to act, and that is because there are lots of other important things going on. So their heart says it is important; we can now do the economics to make sense of it but it is going to take time. They have to make some calls, someone has to come to their house and they have to make some changes. They need to be told to do it, and if they are told they will do it and feel good about it. The interesting thing is that once we have done it with people they are proud to be able to talk about how efficient their house is and how much money it saves. But you have to get them to a position where they act.

So we think there are two points for government intervention. The first is to legislate at the point of sale, and we made a submission on that to the Victorian government. We have put a cover of the submission as an attachment to this presentation. If you would like the full presentation, it has gone to several government departments and we would be very happy to get it to you.

The other thing is carbon trading which is a much shorter term solution but it does get it going. I will talk about legislating at the point of sale. Minimum energy performance standards, or MEPS, at the point of sale legislate a minimum requirement for domestic dwellings. So we need to get that right and say that we know it is really important for Victorians if they really want to improve their energy efficiency and reduce CO₂. We have now worked out a way so that when they buy their home and if they do it and put it on their mortgage, it will save them money to run their home, and we are going to hit that target.

If we can get that communication clear and right, then I think it is doable. What would make it very much more palatable would be to consider things like supporting that with a stamp duty rebate so we could then say — and we know Victoria has a high stamp duty rebate — ‘We are not going to drop the rebate. However, if you do it within six months and you spend the $6000 or whatever it is in your home, we will give you a ½ per cent or 1 per cent cash back on your mortgage’. People will say, ‘Okay, I have all this energy efficiency; I will put it on my mortgage and it is my house and I am now going to get a stamp duty rebate in six months, I will put it towards a new car or pay it off the mortgage’. It is a very different way of viewing how this might happen. So I think we can do it without Treasury letting go of funds, but I think Treasury can use funds to support it.

The next slide is headed ‘Stimulate building activity’. We have found that once somebody says, ‘Yes, I am going to do something in my home. I am going to fit some energy efficiency or I am going to put in solar heating’, they often think, ‘If we are doing that, why don’t we open up the back of the house’ and there is a whole bunch of other considerations that come in. So as people buy a house they could say, ‘Okay, I know I have to spend the $6000. While I am doing that what else do I want to do? What other improvements will I make in the home?’ So we are seeing that this work stimulates further activity in the marketplace.

The other thing is about affordable housing. Obviously because of my past at the Brotherhood of St Laurence I am really interested in affordable housing. I think the argument here is that unless it is for a single person, somebody going out and buying a house is making it more affordable by doing this. So the house will be cheaper to run, particularly with a family of four which will save $400, $500 or $600 a year which is not a small amount of money.
if you are on a low income. We are building a sustainable housing coalition across Australia with some of the manufacturers and some of the not-for-profit organisations who all want to deepen their understanding of energy efficiency and promote it with the government.

As a short-term solution carbon trading really works. I am sure you have heard about NGASS in New South Wales. We have IPART accreditation in New South Wales. Today, I have half a dozen people standing in a shopping centre and they will give away 1000 packs of energy efficiency. That will reduce CO₂ emissions by 7000 tonnes of CO₂ a day. We are piloting that at the moment. Next month we plan to roll it out to about 50 000 tonnes of CO₂ a day in households. We are just standing in the centres giving away energy efficiency to shoppers.

The interesting thing about giving it to them is that they take away their light bulbs and their showerheads and they go back and fit them at home. They have had an experience in a shopping centre of taking something home and seeing it reduce their bills by $150 a year, and it really changes them.

The last speaker talked about the need for information. Actually we have a plethora of information although we do not have good purchase information. The trouble is that it is very expensive to do. So what you need are good price signals to force people into it. You need to say, ‘You must do this or there is going to be a cost to you. We expect it or your stamp duty will go up’. You have to say, ‘It is important to do. Once you do it, it will save you money’.

What was fascinating for me is that we were giving away these energy efficiency packs in NSW. There is about $70 worth of equipment which saves about $150 a year. We were giving them out for $10. I did it for a couple of months and the most I ever sold in a day was 90 at $10. That is $70 worth of equipment for a $150 annual saving. We now just pitch up in a supermarket and we do 1000 a day because there is no cost. A $10 price point on an effective $200 saving in the first year is the difference between 90 people and 1000 people and a queue. So the pricing around this is really important. People do not expect energy efficiency to save them money, so we need to start the ball rolling. What is interesting is that once they have done that the door is open for a conversation about other energy efficiency.

Profit is essential for this. We have been doing this for a while and one of the things we have found is that at the moment in New South Wales — and I heard this last week — two of the major power providers are competing with us directly with the promotion we will be offering. For someone like us it means we are going to be able to go to people and say, ‘If you want green power, we will facilitate it, but at the same time we will reduce your bill by $150 and not only that, but every time we work out how to carbon trade we will bring those offers to you’. So if we can understand the savings of carbon, for example, for draught exclusion we can offer them free draught exclusion next month. I think that is about it.

The CHAIR — Thank you very much.

Mrs COOTE — I loved the presentation. Thank you very much indeed; it is infectious and makes you want to race out and do those things. But I have some problems, not so much with you but you were here and you probably heard me ask the question of the previous speakers about how we are going to have some incentives, and they had absolutely no idea.

Rev. FRANCES — Sure.

Mrs COOTE — Now you are here talking about it.

Rev. FRANCES — Yes.

Mrs COOTE — And this is the complication that I find with all of the speakers we have in this inquiry and indeed in the inquiry that we had before. There is so much stuff out there. Where does the consumer start? Who is right? Do we listen to the people from the Australian Institute of Energy who said, ‘Hand out some brochures’ or — —

Rev. FRANCES — They have been doing that well for 10 years. It does not generate — —

Mrs COOTE — It does not make a great deal of difference. How do we go about amalgamating these issues? How do we get enthusiasm across the board because it is seriously confusing and people think, ‘It is all too hard, I am not going to bother with this’.
Rev. FRANCES — I run my own business with my own money using my house so I am really in tune with what consumers are saying. I have spoken to thousands of them now and as a team there are 30 of us speaking to a lot of people. People really want to do this, and one of the things you get in New South Wales now when we are giving this out is people saying, ‘It is great that the government is doing this’. One of the things you say is, ‘It is not paying for it; it just legislated for it. The power providers are doing it’.

They say, ‘That is fantastic’. We get that feedback a lot. It is very difficult to sell this stuff at full cost, not because people do not want to do it; it is just a big cost and lives are really complex, and we buy lots of things. You have to legislate and say, ‘We know that in Victoria in the next seven years 70 per cent of houses will be done because they turn over at that amount. We know the maximum spend will be $6000, we know it is going to save them money. Let us legislate and do it’. If I was going to knock 30 per cent out in the next six years, I would do it as part of an election pledge.

Mr BRASS — And make electric hot water systems illegal and all that kind of stuff.

Rev. FRANCES — We have spoken to Rheem — and it is part of our coalition. It is saying, ‘We do not need electric. Our margins are much better on gas and solar, and we much prefer to sell it. It is only because it is so cheap for the consumer that we go for it’. So you either legislate first and then you do not worry about the price point because the market will get the cheapest price and as competitors come in, or you do very well choosing carbon trading. So we can only trade what we trade because a government body — New South Wales IPART — says, ‘We will not let you use that bulb because it is not energy efficient enough. You can use that bulb and you can give that many of them to those people and that is how much we will give you’. So they target that quite clearly in terms of where they are going to spend their carbon effectively with us. But the market will drive it if the signal comes from government.

Mrs COOTE — It is a twofold thing. Someone needs to give some enthusiasm to the Australian Institute of Energy.

Mr BRASS — It did not seem to understand that there is now a market for pricing carbon and for pricing the externalities. It is still saying that it has to provide people with information about the price. Well, it is here; it is happening.

Mrs COOTE — So you are saying that we have had this discussion so many times about whether you have to force people into thinking this way.

Rev. FRANCES — Even if you doubled the price of power, energy efficiency in terms of fitting this in your home — even though it is only a $6000 spend — is still now only going to save you $1000 a year. People might say, ‘Hold on, if I spend $6000 to save $1000 — I do not know if I am going to be in the house in four years time — why bother?’ But on a mortgage over 20 years you are paying back $100 000 so you need to think about it. People are not going to act in this space because the numbers are never going to be big enough. We are busy people and sadly $1000 is not enough to get people to come home for three days and have somebody mess up their roof —

Mr BRASS — In front of the dental and school fees.

Mrs COOTE — What about behaviour versus regulation? You are saying it is a combination?

Rev. FRANCES — There are lots of ‘ands’ here. As somebody who last year got pneumonia and sunstroke within two weeks from standing in markets and talking to people I can tell you that price point is really important as is getting it into their home and letting them experience it. Then you can go back and sell to them, but they must experience the fact that energy efficiency saves them money. They have to get that because they have heard for 20 years that the environment is a cause on our hearts, and it is going to cost us. Greenpeace has been telling us that for 20 years. It is no longer a cause; you can save money doing this but that is not what we have in our heads.

Mrs COOTE — Thank you. I have now!

Mr SEITZ — What is your opinion of the Victorian 5-star rating?
Rev. FRANCES — It is really important. We need 5-star rating on retrofit houses at sale. It has delivered some change. I have some feelings about the detail, but the truth is we now have builders doing it and there was not the big backlash; people just do it. We go out and visit houses with water tanks which are there because the 5-star rating says it must be there, and the water tank is not plumbed in; it is just filling up with water and going straight out.

There are some issues about whether people have it in their hearts yet, but on the whole it is a really important thing to do, and I think if we did it with the retrofitting of homes, in seven years time 70 per cent of Victorian homes would be using 30 per cent less energy at $6000 a house.

Mr SEITZ — Your web site states that it costs $185 to have your house tested. Is any government subsidy available for that?

Rev. FRANCES — We now charge slightly less than that, and we are about to stop doing it. The interesting thing is that people do not want information. They do not want to stay at home and wait for us to tell them what to do. Now we mostly organise free quotes. After two years of doing this I know what they want. They want to think about draught proofing, insulation and what they do about hot water.

With water they are going to think about a tank for either toilet flushing or watering the garden, and they might want to think about grey water. There are five things every single time, so why would you go out and spend $185 to learn that? Why would you not send out somebody to give them a free quote to do any one of those jobs, and organise it for them? So that is what we do. Where possible we get them started by giving them energy efficiency. Our business is booming in NSW because we have lots of engaged people. We have two or three people every day standing in queues talking to people about carbon change and energy efficiency.

We are going to do it as a school fundraiser. We were talking before about schools and education. We can give these packs out through schools. Every school child in Victoria could take one of these packs home and the kids could earn $5 and save $150 for each house they give it to. There are lots of ways of rolling this out with education but you need action, you need change and you need to stop the CO\textsubscript{2} on the day we start the program.

Mr SEITZ — Thank you.

Mr DRUM — Just because you talk at a million miles an hour — —

Rev. FRANCES — I know; I am really sorry! I thought, ‘I only have half an hour — what the hell, I’ll go for it!’.

Mr DRUM — Can you go through the give-away process again. As I understand it, you were trying to give these things away for $10 or sell them for $10 and they had about $140 worth of savings in them. Could you go through it?

Mr BRASS — You see the green form you have? The way the NSW program works is that if you sign the form, you are pledging that you will install the product that you are being given for free. Before we gave it away free we tried to sell it for $10 and that was for two reasons. The first is that if you go into the home and install the product then there is no discount in terms of how many carbon emissions you will abate. So when we go and give these products away we have the person sign the form, and what they are doing is giving us their carbon offset — the amount of CO\textsubscript{2} they are reducing — —

Rev. FRANCES — So they are committing to doing it. The government only pays us 80 per cent of what that would really save because it says, ‘One in five people are not going to fit that stuff; it will sit in a cupboard somewhere’. So we get a discounted price because we are doing that.

Mr DRUM — Who pays for the showerhead and the lights?

Mr BRASS — We pay for that and give it to the customer free. They sign the form and give us their carbon credits. We sell those carbon credits to the electricity suppliers.

Rev. FRANCES — First of all we go to the government and it goes to their creditors so every 200 000 tonnes are physically checked — and the auditors are in with us today. They check every single form and
all our invoices to make sure we have bought the stuff. We have to pay for the audit which is done by Ernst and Young, which then gives a one-page report to the government; it is very simple.

We are charged $0.15 every time we sell one of these things and that goes to run IPART, so the government does not even pay to run IPART. The money we get for one of these we now have to sell on the open market and they are bought by power providers who do not want to get fined for not giving their 3 per cent reduction every year, and the fine is $15.50.

The current trading price of it today is $14.20 per tonne. So each one of these green forms is worth about 6 tonnes, so $14.20 times 6 tonnes covers the cost of the showerhead, the light bulbs, Nick and I talking to you and it also covers the cost of the people in the marketplace, the stalls, the logistics of getting it here, packing it and delivering it to people at a profit.

Mrs COOTE — And the pneumonia?

Rev. FRANCES — It does not cover the pneumonia.

Mr DRUM — You spoke about stamp duty rebates. Do you have a proposal you can put forward?

Rev. FRANCES — We do and we put it to the state government — I put it to the Premier and also to the minister a year ago. We can certainly forward the full proposal to the committee. What would be the best way?

The CHAIR — Send it to Vaughan.

Rev. FRANCES — We have it here. We could put it in on your disk before we leave and you would have it now.

The CHAIR — That would be great.

Mr DRUM — Thanks very much.

Rev. FRANCES — You are welcome.

Mr HILTON — How long is the NSW government going to continue this scheme?

Rev. FRANCES — It is committed until 2014. There is a futures price in this market which is very strong. It is thinking about putting up the fine as well which will increase the level of market. It has a shortfall in NGASS which means people are going to hit the fine, so it is thinking that if it increases the fine more people will come in with innovative ways of doing it. At the moment it only covers light bulbs and showerheads but we are doing some work to see if we can improve energy efficiency around insulation and draught proofing, because if we can and IPART will agree to it, then we can obviously discount some of those things; and because they are quite low-cost things discounting means that the take-up would be quite quick.

It is worth saying that from what we understand about the state-based emissions trading scheme and what is being developed in that scheme, it will be focused on large producers. So it will be about emissions trading in Victoria, but all the states are looking at it outside the NSW scheme. It seems to be focused at the generator, at the retailer, and does not have any demand-side approach which is how the NSW scheme allows us to give these light bulbs away.

We are saying that demand-side abatement is essential in any emissions trading scheme because that allows you to touch the end consumer and increase not just the awareness to the community but also provide the free product and the high uptake.

Rev. FRANCES — And it starts today. We have a proposal at the moment and we are trying to see if we can trade. We have a submission into the next sustainability round because we think that probably we can trade internationally carbon, enough to be able to give one of these packs away through schools to every single child that would deliver this in Victoria. But the manipulation is to get it to work in Victoria! I am based here, I live here, my kids are here and we have been two years trying to make sense of it in Victoria, but it is very hard.
Mr HILTON — I suppose what you are saying is that our inquiries into the energy efficiency services industry, which essentially, I think, means providing advice to people who want advice as to how to become more energy efficient. I think what you are essentially saying is supported by some other evidence — that is, that at the household level there is absolutely no point in trying to promote that industry because the cost of the service vis-a-vis the costs of the savings over the number of years is just non-economical, and the only way to promote the industry is to concentrate on the higher and bigger users, which is commercial and capital enterprise.

Rev. FRANCES — That is absolutely right. I have spent two years in Victoria giving people information — good information to the nearest dollar — of what it is going to cost to change their homes from $50 up to $5000. That information is really clear and put on the table for them, but 95 per cent of people are just not interested in acting. There is really good information. SEAV has done some superb information, but it is not out there. Why? It is because people do not want that information. They are too busy with other things, so you have to get this to them.

When you stand in a supermarket you do not say, ‘Here is a flyer’. You say, ‘Here is energy efficiency. It is going to save you $150. It is for free, supported by your state government and paid for by our power providers. Your taxes are not even paying for it’. And guess what people do? They have a conversation in the queue about CO₂, climate change and global warming. They are passionate about it. It started with recycling. There is not a Victorian who says, ‘I do not recycle’. but they did not until you gave them a bin and told them to put it out every Thursday. Now they are passionate about it.

Mr BENJAMIN — Some of our previous evidence has indicated that the benchmark is getting very complicated. Have you tried to claim abatement under anything else other than the Climate Saver pact? Secondly, I think you said you went out of business in October. Was there a trigger for that?

Rev. FRANCES — No, we left trying to do business here. I had run the Brotherhood here, so I was very committed to Victoria. I knew your government goals well and I liked the way you were placing government and community. I kind of bought it. Nick was a secondee from SEAV, and I had a really high commitment. The market can deliver this, but the market needs to work much better with government to get the good outcomes. So I wanted to drive a market that was willing to share information with government.

It is extraordinarily difficult to speak to and get a serious conversation about these issues in Victorian government anywhere. I have a good network — that was my job at the Brotherhood of St Laurence — but it is very difficult to have a conversation anywhere with anybody talking to anybody else. The whole idea of silos is strong. It does not make sense. Even between the commission looking at environment, SEAV, EPA and the department — all of them will come and say, ‘This is great. Can you tell us about it?’. I would say, ‘I just had the conversation last week’. It is an extraordinary level of inability to grapple with the idea of supporting a market. Because we are a market and we make a profit, government agencies say, ‘We do not do that’. It is interesting. They do not do it because they are an environmental department; it has always been about charity.

If we are talking about industry, we know to give money to Holden. We understand it in other parts, but we do not here. This is doing good. The problem with this is that it is doing good. You have to get it across that it saves people money, and that is why we chose the line, ‘It is easy being green. We will save you money and our environment’. We have got to change this from doing a good thing to being absolutely key to the future of our planet, and therefore very commercially important. It is a different mindset.

Have we tried other things? Yes. You can already get a rebate on moving from electric to gas, so there is already an NGAC value on that, and, as I said, we are thinking about doing it with some of the slightly less tangible things around draught proofing and insulation.

Mr BRASS — We do it with the hardest part. We are creating an individual contract with every home owner around six light globes and a shower head. In terms of the administrative rigour around this part of the system, it is the hardest part and we are doing it well, I think. The hardest part is keeping the numbers, having everything in place and auditing the process. In terms of everything else, I think it would be easier.

Rev. FRANCES — That is quite important for you in terms of thinking through government. The reason this is tough for someone like IPART is it is all funded by us — we pay for it in terms of the business — but what happens is that normally this year if we do a million homes that would be 7 million tonnes of CO₂ saved. The only
way they would have ever got 7 million tonnes before is on one contract to do something big in one power station that would have taken four years. This is delivered over a year with a million people.

There are a million bits of these paper, every single one of them in a batch with a file number with a computer batch and with a matched sales invoice for the product we purchase. That is our problem, and we have to deal with that if we want to do it, but it does mean for government that that is different to one signature. It is a million.

The CHAIR — I have been surprised at the lack of a government body to drive this, and I think this is what you said before — that is, that there does not seem to be a place in government that energy efficiency belongs to. There is nothing in the Essential Services Commission for energy efficiency at all. We have Sustainability Victoria, but it does not really have the funds. If we look at energy management contracts — the performance contracts — there is no real driver. Treasury has not driven it because it is green and it costs money, so it cannot be for Treasury. This seems to happen at some pivotal level. In New South Wales have you been able to work out where the ownership has been?

Rev. FRANCES — The ownership has been in utilities, so DEUS has driven this. It set up IPART with a goal of then delivering abatement. IPART has a very clear goal, and it funds itself from the abaters, so we pay per NGAC to them. I know that joined-up government is really tough. When we created Sustainability Victoria I was invited to go along to some of those sessions. One of the things I was saying was that I think the problem here is that policy resides in four places — in SEAV, in the department, in the EPA and there is a bit with the Department of Premier and Cabinet and a bit with the commissioner, and they are all looking at the same bit and wanting to come up with the different bit.

I think what has happened in New South Wales is that these guys are driving the market. They are separate, this is their body and their goal is this many NGACs every year to 2015 or tonnes of CO$_2$, and we are going to get either a fine or some other penalty. It is very clear. For us it means that the goals of government in terms of energy efficiency are then driven into legislation in a way that I do not have to go and have nice conversations and cross boundaries. I just need to go and pick up the rules, do it and put the scheme. They audit it and Ernst and Young come and say they can do it, and they say, ‘Okay, you have got it’.

The CHAIR — Thank you.

Mr BRASS — So it really sits with the people who are managing the market. It sits with the people who are saying, ‘This is the energy efficiency goal, and this is the accounting process to meet it’.

The CHAIR — Thank you very much. Could we organise to receive a copy of your submission to government?

Rev. FRANCES — It is a pleasure. We can do it any time. We would really like to see it work in Victoria.

Witnesses withdrew.