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ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into energy services industry

Melbourne — 14 November 2005

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Witnesses
Mr E. Williamson, Household Program Coordinator; and
Mr B. Thompson, Business Program Coordinator, Moreland Energy Foundation Ltd.
The CHAIR — I declare open the Environment and Natural Resources Committee hearing on the energy services industry. I welcome Mr Euan Williamson, household program coordinator, and Mr Bruce Thompson, business program coordinator, Moreland Energy Foundation Ltd. Thank you for your time today. I need to let you know that all evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review, but if you make comments outside the precincts of the hearing, they are not covered by parliamentary privilege. All evidence is being recorded by Hansard and you will be provided with proof versions of the transcript within the next couple of weeks. I understand you have a presentation, and I invite you to make that now. I ask that you leave 10 to 15 minutes at least at the end of it for members to ask questions.

Overheads shown.

Mr THOMPSON — It will hopefully be quite a short presentation. Firstly, thanks for the opportunity to present. As I was saying, we have a brief presentation to give you. As you have just said, Chair, Mr Euan Williamson and I coordinate two program areas in the organisation, households and business, which covers some of the main areas we work on as an organisation. We wanted to initially give the committee an understanding of the work that the organisation does and the areas that we cover, to then focus on three key recommendations that we have for the committee towards and then open it up for discussion.

The Moreland Energy Foundation was actually established by the Moreland City Council. It came into effect in 2001. It is the only one of its kind in Australia. It was established primarily to work with the community on the issue of greenhouse gas emissions. The council has a long history of working on energy issues. Prior to the Moreland City Council being formed, the Brunswick City Council used to operate the Brunswick electricity supply department, which actually brokered electricity from the former State Electricity Commission of Victoria, but also it ran a lot of programs working on fuel poverty issues, low-income households and the need for insulation and those types of practical measures to reduce energy bills.

In the 1980s, as it became quite active on greenhouse as an issue and during the formation of the Moreland City Council as well as during the privatisation of the SEC, the council moved to re-establish an organisation within the community that worked primarily on greenhouse issues. The foundation works primarily across the community, so with the citizens and ratepayers of the Moreland City Council, but we also work outside on a consultancy basis in other areas.

The focus has been to try to take an action research approach to the issues, so we have been very keen to identify the barriers to energy conservation and then work directly with a whole series of individuals and groups in the community. We are very keen on not just working with the people who are very interested and advanced on energy conservation issues but we try to work right across the board and want to be able to try to mainstream the issues that we are concerned about.

We have three key program areas: households, which is obviously covering residential areas; community entities, which is a category that encapsulates schools, kindergartens, and a lot of community organisations who have facilities in the area through to Rotary clubs and other types of areas; and then the business sector, which primarily covers small to medium enterprises across both the industrial and commercial retail areas. What we would like to do is quickly go through each of those sector areas, look at the aims of our programs in there but also identify the barriers and types of programs that we have come up with to respond to those.

Mr WILLIAMSON — With the household program, I guess one of our original and primary aims was to make energy efficiency and energy conservation as successful as recycling in Moreland. We are also aiming to focus not just on energy use but also on transport as well. We aim to have our organisation as our community’s first port of call on energy-type queries.

There are lots of barriers to the uptake of energy efficiency. I guess these are some of the most important in our minds. Poor house design is chronic. I guess you are probably not very familiar with a lot of the star rating-type discussions, but particularly in our area the very basic standards of air leakage and draftage, for example, are huge. We still have possibly 10 to 15 per cent of people who do not have any insulation in their homes. There is lack of regulation of the major alteration market.

There is a huge renovation boom, of which I am sure you are aware. People are classically putting in centralised, much larger airconditioning and heating systems. They are covering their homes with halogen down lights, skyrocketing their energy consumption, and also putting on the old classic glass box on the back of the Victorian
house, meaning their homes are very cold and uncomfortable in the winter and very hot in summer without mechanical heating, ventilation and cooling.

There are a lot of fashion and intermediaries, which are a big problem. Halogen down lights, as I mentioned before, are often marketed as being low voltage, and people think ‘Fantastic! This is going to be energy efficient’, but it is quite incorrect. Often the wattage of a living room could easily go from 60 or 100 watts to 600 watts.

Lack of accreditation standards on appliances is quite a big issue. Of course in our area we have between 1 in 4 and 1 in 3 people renting, so there are a number of barriers and problems and split incentives for tenants to upgrade the properties they are living in. The privatised electricity market also makes a lot of our programs quite problematic. Accessing bill data and a number of other key problems is often a big issue for us.

We are going to tell you a little about some of the programs we have been involved in. Home Energy Action is a very practical training and skills-based program. We managed to reduce 200 tonnes per annum of CO\textsubscript{2} equivalent just from the pilot, and that was with 180 households. We have now rolled that out, after the valuation, to over 500 different households. Very basically it is looking at small structural retrofits such as putting in water-saving showerheads, changing over lighting to compact fluorescents, and perhaps even balancing some very easy energy efficiency gains with green power to get, I guess, a zero cost and zero net greenhouse gas emissions solution.

We did some work with Moreland City Council’s maintenance staff. This team are basically the fellows who put in the handrails and other small works in the homes of the elderly and low-income residents in our area, so we did some training with the team and skilled them up with some very basic energy efficiency measures to install in those people’s homes. We have a service for people renovating, targeting that major alterations market. It is basically a free consultation on design, appliances and fittings to help people, I guess, make the most out of that investment in their homes.

Home Energy Star is more resource-intensive and, I guess, more of a behavioural change type of project, where we are looking at working really closely with households and really tailoring different recommendations to their context. Whether they are renting, renovating or whatever, we will work very hands-on with them, and we actually get some very positive results out of that program and create some very inspiring case studies for our local community.

The next section is on just about some of the community entities programs we have been working on. Again we have fairly similar aims in this program area: looking at community organisations and improving the facilities where those organisations meet. I guess, very importantly, working with other community organisations gives us very important leverage into the community and helps us engage and recruit households or businesses into our other programs.

As to barriers there is a list as long as my arm, but these are again our top six. Funding and time shortages for community organisations is very well known, I am sure. In regard to some of the emerging perceptions of safety — this is particularly in the context of airconditioning — in kindergartens or schools some parents are concerned that there are health issues if places are not airconditioned, so there is a kind of very strange social aspect to increasing the uptake of airconditioning there. There is a lack of standards for new buildings, and again split incentives for people or organisations renting out buildings; and I guess the lack of coordination is a bit of a problem.

I now go to some of the things we have been doing. Greenhouse Countdown was a very exciting and successful program. We worked with the North Coburg Football Club on four local schools that worked in the catchment for that footy team and basically got them to try to think of the most creative and the most effective ways of reducing the energy use and greenhouse emissions in their local school. We have worked with 10 other schools in the local area in different capacities, such as working with curriculum, supporting teachers or helping the school building managers.

On mothers’ groups, the Moreland City Council has well-established maternal child and health groups where new mothers can meet regularly and discuss different topics. This is a great opportunity for us to work with those families. Often it is a great time as well because people who are having children are often thinking of renovating and extending; they are making lots of decisions about energy consumption, and it is a good time to influence them. The project to lower emissions in growing communities was again very successful. The program received some funding from the community action fund under the last greenhouse strategy, and that was working with the Arabic and Turkish-speaking communities in Moreland and in partnership with Hume City Council where we ran a
number of workshops and tours and gave some practical training to groups. It was a very inspiring project. We also got to work a little bit deeper with that community and engage with the schools and businesses those people are linked with as well.

Mr THOMPSON — With the business program, again there are some parallel barriers to each of the sectors that are about fundamental issues, but within the business program there has been a recent debate about the private strength of investment in energy efficiency and the Productivity Commission has made a review at a federal government level. One of the issues for small businesses is that a lot of them are more cash focused in their structure. While you may be able to work in conjunction with the larger industrial companies and discuss issues about payback periods, some of the businesses that we work with are happy to invest but they do not have that initial capital to be able to invest in projects. It usually is the larger equipment on site that is the main energy consumer — from milk bar refrigeration through to supermarkets or small foundries that have locked in their capital for the next 10 years.

Electricity is not a big cost in terms of overhead at the moment for a lot of small businesses, so the drive and the arguments directed at small business make sense on paper but require a commitment beyond the bottom line for a lot of companies to get involved. Some of the equipment is hard to retrofit. Again, the split incentives where the premises are leased — I guess the simple example of splitting incentives is where you might have a day rate or an off-peak electricity hot water system which the tenant will not be so keen to replace and it becomes a landlord’s responsibility. There are no energy standards for new buildings, so we have appreciated the direction the state government has taken on leadership on the first rate for new dwellings at a residential level. There is still a requirement for that sort of trend to happen across the business commercial centres. I guess time, routine awareness and motivation are troubles we all have in life. It becomes another thing, especially for small business people who are working very long days to try and focus on implementing some of these practices. At the end of the day it becomes difficult.

Having said that, there is a lot of scope for simple and practical programs to achieve some great results. We have worked with a range of retailers and traders associations in looking at combining street areas. We have also worked sector-specific with industrial areas, so we have worked with foundries and industrial bakeries with a range of sector-specific programs. Each of those has utilised — for example, the trades associations — groupings where those businesses have come together or have had a representative body which is able to provide broader incentives. There are two key programs, one of which the state government has just funded, the Vic 1000 Small Business Trader program through the community action fund or the EPA sustainability fund which just recently got funding. That is a great initiative where they will work with 1000 businesses across Victoria in local traders association groupings, and the programs we have done in a similar way actually provide incentives to businesses beyond energy efficiencies, so they look to assisting small business with some financial advice; they look at working with the traders associations for marketing in the street and those types of programs that provide additional value that have been really successful and have achieved a lot of buy-in from the representative traders.

We would like to go through three key recommendations and then open up for discussion. The first builds on the work that Euan has done in the residential sector.

Mr WILLIAMSON — We would like to recommend that there be an increased amount of skills and capacity-building type programs in Victoria to help tackle what we see as a lack of practical understanding of how energy efficiency is taken. That being very crucial in a key way, I guess it is stimulating more demand in those small industries around sustainable energy. Basically in a train-the-trainer style program organisations like ourselves would be helping to train other people so they can support others, through existing community organisations, to develop their own programs. We would be looking at a transformative learning approach, and that is different from the transmissive. We are trying to influence how people make decisions during their days to get better energy efficiency outcomes, and we are also looking at real capacity building, not just a theoretical type but a real hands-on type approach and just supporting some of those energy services that are around. There are people who offer assessments or energy auditing, but in a way there is almost a need to stimulate the demand for a lot of those services which is not currently there.

Mr THOMPSON — The next is looking at support for intermediaries. By way of example we have just started an energy smart electricians pilot program, We are aiming in a modest way to work with electricians across the northern suburbs of Melbourne to provide an initial point of information, so perhaps we would have a 1½ hour
For electricians who are interested we will provide a two-day training module which was initially developed by the Moreland Energy Foundation, RMIT and the Alternative Technology Association, and then we will provide a referral service for the council areas that are participating to promote their services and potentially to provide an incentive or requirement for their own internal council contracting services. We are very keen that a program like this becomes similar to the Green Plumbers Association that has developed. There is certainly a need for accreditation in these areas; that is an interesting debate that is required. We are also keen to see a promotion so that the incentive for electricians to participate will ultimately be that they will get more business out of going through the course and paying those course costs. By way of example, we are in the process of establishing that, but we thought it would be interesting for the committee to know about it and perhaps in its deliberations it would like to see the outcomes of that.

We are working with Sustainability Victoria on the project, which takes a lead role in one of their national frameworks for energy efficient communities, so it is looking at training and accreditation in that energy services sector. We are hopeful it will be useful in our study to inform this forum and also the federal government’s forum. In that area there are also some crisper opportunities — for example, whitegoods retailers would be able to take information that step further, so those people in retailing energy star appliances, especially fridges and dishwashers, would be able to provide additional advice to the customer.

While there are certainly some opportunities with split incentives, I would say they sometimes present barriers. There are, however, strong opportunities to work with real estate people — landlords and bodies corporate — to develop a sense of broader issues to do with green buildings, which is now trickling down to existing buildings. There are great opportunities to promote their buildings with a bit of green premium or something similar in that market.

The third is the requirement for a greater state government financial incentive. I have put a couple of examples on this slide. New South Wales has taken the lead with its greenhouse gas abatement scheme (NGAS), which is the formative lead on emissions trading. While it has not been an issue that the federal government has wanted to embrace, we have been very supportive of the Victorian government’s role in the discussion of having potentially a multistate trading scheme that would lead the way to a federal scheme. That has been targeted primarily towards energy utilities and requiring those utilities to reduce their emissions. As part of an emissions trading scheme it has established what are called NGACs — New South Wales greenhouse abatement certificates — where you can trade emissions reductions in a separate place. The simplest way is that if someone is able to achieve energy efficiency reductions, then they are able to trade that certificate with a major emitter.

In addition, in July this year New South Wales set up its energy savings fund, which is a $40 million per annum program. There is another $30 million for a similar water savings fund. These are the types of programs that we have seen to be very effective overseas in providing the stimulus and demand for energy efficiency on a state level. This program has just recently closed for applications. I think they have had about 80 or 100 applications from a broad range of people in the energy services sector, and it provides the detail in achieving energy efficiency at a residential or a small-business level. Companies are now looking at retrofitting what can be quite simple products, but on a very large scale, such as compact fluoro lighting, and being able to achieve those economies of scale and being able to provide some funding to get them off the ground.

NYSERDA is a New York state government-established authority which has another scale. It has been operating for about 15 years and has a $150 million annual budget. Basically each of these is based on a levy from the main energy distributors. We appreciate that governments are not always keen to add another levy, but this one we see as a very clear and direct acknowledgment of true costs of greenhouse-gas-emitting energy generation. It certainly is something that we need to establish to drive the industry.

To give a quick summary, there are three recommendations. The first is about community engagement — that is, we need to have the community participating in programs for the energy services sector to flourish. Secondly, we need to be able to provide support for intermediaries, the people who are the interface with the community and who frame their purchasing decisions or provide services for them to achieve practical change. Thirdly, there is a financial mechanism that provides the scale for this to be delivered.
I guess that wraps it up, except to say that we have been impressed by the state government’s move to establish Sustainability Victoria. We see that as a great initiative that is able to combine sustainability issues. Whenever we work with households we go in talking about energy, but also end up talking about water savings. There is a lot of integration between those issues. We will try to retain having some expertise on energy because there is a need for specialisation in each area, but in terms of program delivery it is a very welcome step. Certainly the combination that that agency has now in terms of a commitment to behaviour change, not just some innovative programs, is a really important step. Certainly the FirstRate scheme is really great, but I guess we are saying that it is a good opportunity for the community to reflect and see where programs in other states and internationally are taking that next step further.

Ms DUNCAN — I have a question, and it would be great if you could both answer it. In terms of the level of community engagement — for example, on the household level — how many houses would you say that you have had an impact on?

Mr WILLIAMSON — That is a difficult question. We have a number of different projects that have different amounts of time allocated to them. With the home energy stars program, which is the most intensive, there have only been 100 of those. With the home energy action one, by getting people together in a group we get to just over 500 or so, which is since 2002 when we started program delivery. But there we have impacted upon thousands of other local residents through our outreach activities, local libraries, school networks, neighbourhood houses and all the more traditional forms of community program delivery. It is a complicated question. Sorry about that.

Ms DUNCAN — And would you have a estimate of the number of business?

Mr THOMPSON — We have probably worked with a couple of hundred traders and with quite a smaller number of the light industrial, probably somewhere in the order of 20 or 30 small industrial sites. It is probably partly a reflection of two things. One is that our organisation is quite young, so we have spent the last three to four years developing programs and trialling them, and we are now at a point of trying to be able to expand them. Another is the size of our organisation; we are quite small, with only four or five employees and in terms of funding of projects. In terms of program development it is always a counterbalance between quantity and quality. In terms of actually achieving the savings that we aspire to, sometimes they can require a lot of intense work, whether it is residential or with business, to actually achieve savings. But at the same time we are well aware of the task ahead of us, so we are very keen to make that a more efficient process in itself. But it does hark back to our belief that community engagement and behaviour change is genuinely critical in achieving the changes that we aspire to, so financial incentives alone are great.

People with a great level of expertise in the field are great, but unless people are actually engaging, that is where we believe the demand for the energy services sector comes. One thing that we have been excited to see is community participation in water saving, which is very much driven by the state government’s commitment to education and programs in that field. That type of approach and an extension in energy efficiency will certainly see a greater need. The general response is that people are becoming more and more concerned about these issues. They are very open to discussion about how they can participate and do their bit, from installing a water-saving device in their showers that also saves them money on their electricity bill — if they have an electric hot water system — right through to traders being keen to be seen in the community as caring about sustainability.

Ms DUNCAN — In terms of this committee, what other groups or authorities should we consult with?

Mr WILLIAMSON — There would be a few. Local government would be an excellent port of call. A number of different programs are focusing on energy. There is a program called Cities for Climate Protection, which 126-odd councils signed up to. Primarily are looking at making their own operations more efficient — such as street lighting, their fleets and their own council buildings; however, the next stages of the program are looking at engaging with the community as well. A lot of those organisations and staff members have quite relevant experience.

Ms DUNCAN — Do you also see government regulation as being critical — for example, an extension of the five-star energy rating to renovations?

Mr WILLIAMSON — Absolutely. We have such an enormous market in major alterations and renovations in terms of our footprint even just in the capital city, but also in other regional centres. If you are
looking at future directions, there are incredible amounts of renovation and urban infill. These sorts of regulations are very important.

Mr THOMPSON — We are at the point where there needs to be some very active debate about regulation. We have seen quite perverse situations happen out there in the community. While we are all committing to targets of emissions reduction, Victoria’s and Australia’s energy use and emissions resulting from that is going up 2 per cent a year. The commercial sector is going up from 3 per cent to 4 per cent a year. It is due to, and the classic example that we come across is halogen downlights. I think we were talking about that before. You can change from an old light bulb, which is an energy consumer, to having six or 10 and suddenly significantly increase your consumption. There are a lot of fashion trends in appliances and equipment that are happening that are not covered by regulations. FirstRate is a good step for a new building shell, but we have a vast amount of existing building stock and a vast amount of renovation, which is where the energy consumption is coming from.

Mrs COOTE — You spoke before about working with the council to look into providing new services. Euan said that we should in fact see the local council organisations. What is the understanding of both of you about getting the technicians and other people to come in and implement this? Are they switched on so that, for example, in a retrofit or turning up in a service situation they are actually looking to see how they can make it more energy efficient? Is it your feeling that they are identifying places that can be more efficient and feeding it back to you?

Mr WILLIAMSON — Yes, there is a lot of excellent work in the area. I think you will find that there is quite a lot of variation between different consultants doing energy auditing and making recommendations and also contractors who might be implementing a light and retrofit change. There are some really excellent examples, but also some of the standards in quality are not the best. Often it is the classic example when you walk into a building. Recently I went into a large business organisation, where they said, ‘Oh yes, we have had the energy auditor through. We have done that energy audit business’. It was past 7 o’clock at night and I looked and there were tens of thousands of lights left on after the building had closed. I thought, ‘You have done the energy auditing thing and you have tens of thousands of lights left on’. There is still a lot of work to go.

Mrs COOTE — Taking it one step back to apprenticeships and the types of jobs they will be doing and their awareness of the service providers or the contractors, does it need to go back that far for them to be absolutely engaged in this as a process? You have talked about behavioural change, and there obviously has to be some behavioural change among the service providers as well as the contractors. Are you seeing that happening? Is that built into some of the programs you are seeing? Is the local council taking responsibility for this?

Mr THOMPSON — It is very low. Probably one example is our aim to do an Energy Smart Electricians program. That is because in all of our program delivery we are constantly coming up against the reality that we do not know an electrician in the area who can install the equipment that we are talking about or is interested in installing it. It is certainly a vast challenge across all of these areas. I think certainly the area in energy services which is looking at energy auditing, the development of energy auditors and the development of people who are involved in the retail of equipment specifically for this area is really growing, but at the moment they are failing to provide a good financial return, because there is not the demand for it and then there is not that practical interface with people. A recommendation might be made by an energy auditor, but when people ask their contractor on the books, ‘Can you install it?’, they might say, ‘Oh that equipment does not work; it is no good’. These are sorts of anecdotal stories. But really some aspects of the energy services sector are ready to go. For example, there is a business in Moreland that has established itself to do retrofits or energy audit retrofit programs called easybeinggreen. There are a number of other organisations or energy auditing companies which are very skilled and ready to go, but at the moment the demand and awareness of the issues are not there to actually drive their business.

Mrs COOTE — You spoke before about green power and about some people engaging in that. What is your general feeling about people’s approach to green power? Is it increasing?

Mr WILLIAMSON — Yes, it is improving. Energy is a lot more difficult for people to understand than, say, water saving where you get a bucket of water — it is a tangible thing and you can see it. Energy is quite strange. Once they overcome those first initial barriers of what exactly green power is and where does it come from, how does it work and how does it get to my place, people often think, ‘Oh well, it is government accredited and you can go on the Internet and get all the annual reports’. I find that that is quite an attractive thing for them, especially when they can balance the green power premium with some very basic energy efficiency savings. It does
not mean that people have to do an enormous amount of work to get good energy savings and get a really good greenhouse gas result. I think people quite like the balances.

Mr DRUM — In the presentation you mentioned the fact that if houses are already poorly built you are all up against it trying to do retrofits and trying to create the savings then. I am interested in how we can impact on the building market, maybe without regulation. Just how do we impact on that market so that all new builders are given superior advice — maybe that they can turn a house 50 degrees to create a better outlook or they can use different materials or better appliances — on all those things they can do in the initial stages, especially with the way they locate a house? That will give them an opportunity to create that. While the 5-star rating has been good, we understand that it is very easy to build for 5 stars. Who offers that service?

Mr THOMPSON — I think it probably comes back to the potential importance of and the role that local government can play. One thing that the Moreland City Council has done in conjunction with the City of Port Phillip is develop, on top of the FirstRate scheme, a capacity to have a rating tool for renovations at a household level and now also for a commercial building premises. It is a voluntary scheme. I think there are issues for council to implement that as a requirement under some VCAT issues. But it shows a mechanism. As you were saying, the best opportunity is when people are applying for a building permit, to at least provide information, if not require them to take up those measures. That is probably a very useful and developed example at a local government planning level. We are also looking to do a pilot program with a redevelopment on Sydney Road, which will have a large commercial premises with about 15 tenancies. We are going to work with each of the prospective tenants before they fit out the building to provide them with information on the type of fridge for a cafe or lighting for a retail store and those sorts of things. So there are certainly ways to imbed it, and with some of this there is a strong role that local council can play and has played. Local government has been very active in practical programs on greenhouse issues, and I think certain councils are looking to take the lead in broadening how that works and providing a service to residents and businesses in the area.

Mr WILLIAMSON — In conjunction with that point I would like to add that working with builders is also a very critical step in getting a really good energy efficient result from a major alteration and renovation. Even if the architect and designer have done some passive solar design and accreditation standards in their degrees, often you will find that some of the details about how the insulation is installed, or perhaps some of the compromises that might be made in reality on the job when it is not on paper, can actually have a very big impact on people’s energy consumption. I know there are a number of industry-based initiatives, and I think the encouragement and support of more of those initiatives is another very important step, because it is quite tough to get a good builder who understands energy efficiency. It is still a bit of a challenge.

Dr KOOPS — Can you give me any details on the renovations program? You said you had free consults for people doing renovations.

Mr WILLIAMSON — That is right.

Dr KOOPS — Can you let us know how much uptake you have had on that and how you have been getting the word out, and similarly for the electricians program?

Mr WILLIAMSON — The five-star home renovator service has just had its first six months of trial delivery. We have worked with just over 20 local residents and we have evaluated those and we will be continuing with that program. It has got basically two elements. We looked at the best way we possibly could to sit down with residents who are thinking about renovating some time in the future or who are right in the middle of it. That touches on the two main aspects. The first one is if there are any opportunities for good passive solar design for their renovation, so making sure their eaves are the right length, looking at getting winter sunshine into that home, blocking out the hot westerly sun or even just thinking of the orientation of their block and where the existing house is if it is very early on. So that is the design aspect. The second point is about appliances, materials and fittings — where to get the most efficient hot water system, contacts for local insulation suppliers, where you can get good recycled timbers and a whole range of different fittings and materials we use. The database we draw from is something we have built in-house with some help from some ESD, eco-specifier consultants, which we regularly update every six months.

Dr KOOPS — Is that face to face?

Mr WILLIAMSON — Yes.
Dr KOOPS — And for how long? Is it variable?

Mr WILLIAMSON — It is supposed to be an hour. Sometimes it is a bit over.

Dr KOOPS — And that comes out of your day-to-day allocation? There is no special funding, or how much funding is there?

Mr WILLIAMSON — That is out of our council-based program funding.

Dr KOOPS — And the electricians?

Mr THOMPSON — I guess we are about to take that journey. We aim to do three or four information seminars across the northern suburbs so that might be a combination of breakfast and after-work seminars. The incentive for people to be involved is a free two-day training module, which seems potentially to become the nationally accredited course in this area. Then to be able to provide the referral service is another incentive. In terms of contacting people we are seeking to work with the National Electrical Contractors Association and with a series of wholesalers, Middendorps and Leckys, different electrical wholesalers which provide equipment to electricians to work with those entities and involve them in the process. It is an opportunity for them to promote their products and hopefully get a bit more in the mainstream of that market.

The CHAIR — I understand that Moreland is to do with the end users, but can you tell me your view on how far does the energy efficiency services industry actually extend back from the end user? We have to work out where we stop and start with the inquiry and even the definition of energy efficiency services. What are your views on that?

Mr THOMPSON — Broadly one of the fundamental barriers to the work we do is that in a privatised market there is no incentive demonstrated for an energy retailer or distributor to actually sell less of their product. This is the reality. While those utilities will engage in programs, and we try to work and find ways we can have partnership, it is a fundamental economic principle for them to work around. That is a key barrier and it takes it right back to the point of generation. While the arrangements for distributors are different for retailers, there is certainly a lot of work that needs to be done in that area on demand-side management in terms of being able to provide a greater incentive to not invest in infrastructure for that company but to be able to invest in demand-side management programs instead of building more poles and wires or generation capacity through to the reseller. Some of that work that is being done in NSW is now providing financial mechanisms that do not penalise the utility for actually taking those types of actions. By providing an incentive there is no net loss arrangements that certainly can work and need to work if we are looking to tackle it seriously on a statewide level.

The CHAIR — Thank you very much.

Witnesses withdrew.