ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into energy services industry

Bendigo — 6 February 2006

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Mr L. Watkins, Strategic Markets Manager, Bendigo Bank.
The CHAIR — I welcome Mr Leigh Watkins, the strategic markets manager for the Bendigo Bank. I just 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. However, if you make comments outside the precincts of the hearing they are not covered by parliamentary privilege. Hansard reporters are 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 or so, so I invite you to make a presentation to the committee about Bendigo Bank. We know that you are in partnership with a number of different things to do with your green loans and sustainability. If you can just leave some time for us to ask questions that will be terrific.

Mr Watkins — I could start you back at a number of the community initiatives that you are probably familiar with that Bendigo Bank is involved with and perhaps outline how those things have evolved and led us into the energy area, where I have been doing some preliminary work over the last three or four years now. The bank has obviously taken its model for a community bank and then tried to apply that to looking at other areas in which we could retain value within communities and help build prosperity. Essentially what we are trying to do is aggregate the demand of a community, whether it be a geographic community, or even a vertical community — a community of interests, let us say — and try to capture some of the value off that aggregate spend for particular services they might be using already and retain some of that within the community, as well as directing some of the retained capital to achieving some better outcomes in the community for their benefit.

It is largely doing exactly what we do with community banking, but doing it with other services. The most successful other one of those is the Bendigo Community Telco project, which has been running here in Bendigo since 2000. That business is returning profits back into the community to its community shareholders. It is now a broadly owned community enterprise, with some 360 shareholders, I think, amongst the community. While initially we started that one with 14 stakeholders around the community, it has now broadened out. In fact that is the strength of our model as we go forward and look at other services: being able to offer that broadly based ownership and trying to achieve the right outcomes for communities.

We moved into looking at energy and trying to aggregate demand for that. In fact, we conducted our first demand aggregation exercise in the energy area about three years ago now. With the bank’s spend, as well as a number of other major players around central Victoria, we put together about 13.5 gigawatts worth of demand which we went out to the retail market with. As I am sure you are all aware, we had full retail contestability for energy services and we were told we could hope to get better benefits if we went out into the competitive market and sought responses from a request-for-tender document. We set about doing that. Largely we knew that we had achieved our results in the telco area because of the full market contestability there and the fact that there is a genuine wholesale supply and there is room for aggregators to play a role between the wholesale supply and retail customers.

With our approach we thought we had a much better value proposition for the communities and would be able to deliver some better services. We know that that model produced savings of around 30 per cent in terms of telco costs back to the local communities. In fact, around this whole region I think it has been credited with driving the whole market to something like a 25 per cent better position than it was in before that model existed. Everyone is seeing a saving, no matter whether they are a customer of the community enterprise or not.

In the energy area we went out with a request-for-tender process to see what could be obtained. At that stage we entered into dialogue with about nine of the retailers to find out what their interests were; of course, they all said they were interested. The test of the matter was when they came back to us with our request-for-tender document and gave us some responses, which were largely underwhelming. It was all about price, and particularly price to the big consumers, a not-so-good price to the middle sized, and if you were a small consumer you could have just about forgotten it.

We attempted to get them to treat us as one buying group and said, ‘Okay, we want the one price across our whole customer base; we are helping you understand the low profile of that customer group, so we are doing something in that. We want you to give up some of the risk areas that you perceive normally in your pricing to try to get something better.’ We have been pretty well unsuccessful to this date in getting that pricing shared across all areas of the customer group.

Typical small businesses — and one I often like to quote is Easytow Boat Trailers at Heathcote — pledged their energy spending. I think it was spending about $20 000 a year on electricity. Largely it was on the same contract or same rate that you and I get at our homes, yet here was a business spending quite a bit. It was just below the
40-megawatt area where you start to get into the better pricing tier. If you looked at the price that he was paying compared to those of a bigger business, he would have been substantially better off if he had been on the rates that the bigger businesses were on, but the retailers were not interested in giving him anything better. He is in that no-man’s land where businesses really do not have any market power and are unable to leverage a better deal unless they are with some sort of aggregation group. But of course because of the approach from the retailers, they were pretty successful in undermining our aggregate-type model there. But we kept working with them and they have come back with various attempts by saying, ‘We will give a discount’. It has largely been that around $50 a year is all they are prepared to offer, without recognising the pool of the aggregate demand and the benefits there.

The work we are doing now is on trying to couple a metering solution in with what we have done to then be able to put in some technologies to try to realise the value out of demand management. That is the one area the retailers are really interested in, from what we can see, yet no-one is doing anything. It is really an opportunity for an aggregator to play a role in bringing together a lot of customers and saying, ‘Okay, every one of these customers has agreed to demand management practices; you can turn off as the load gets to critical levels for you’ — the retailer, that is, and in return they get a better price.

The latest work we are doing is on trying to build up a case that we can put to the retailers that realises some of that value, to have it come back in terms of better pricing to the group. Our ultimate goal with all of this is to be able to roll it out to all the communities we are involved in. While we are piloting and testing it around this area, we want to take it out to all the communities and make that offer available to whatever-sized customer group — whether it is a small bank community in Tongala, large communities in metro areas, or whatever it might be.

That was a little bit of a snapshot in what we have been doing in the energy area. You would be aware of some of the things the bank has been doing with sustainability in general and the fact that our new building that we are building in Bendigo here will be to the 5–star standard. That was largely as a result of some work I started a couple of years ago. We got Rob Hunt and a few other senior people to go through the 60 Leicester Street building down in Melbourne so we could have a bit of a look and get a feel for what it was like and see that a lot of these sorts of results were achievable, that if we set some clear goals when we started the building it would cost us no more per square metre than a conventional building and it would save us 60 per cent in water and 80 per cent in energy use, and that if we held fast to those ideals we could actually achieve it and make it on budget and get the right results.

We also saw the opportunity for the bank to make a very clear statement about its intention to get its operations as environmentally friendly as it could. The total emissions profile for the bank is around 18 000 tonnes a year; 90 per cent of that comes from our use of electricity and 1700 tonnes from our vehicle fleet, which travels around 9 million kilometres a year and gobbles up about 900 000 litres of fuel in total, both unleaded and diesel and a bit of others.

We were aware of some of the impacts. We had already started on that work as part of the energy aggregation we did. We realised we were bound to using electricity because we could not look at other alternate fuels. We were looking at our vehicle fleet and trying to migrate it to liquefied petroleum gas which was a bit of an option, but you come up against all of the personal issues with vehicles and choice and people still not being comfortable with LPG as a fuel, which is surprising to me after having used it for quite a period. We decided that the best way in that area was to look at offsetting all of those emissions. With a local company we set about developing a scheme whereby we could offset the emissions from our vehicle fleet.

Late last year we announced that scheme, which we believe was the first one in the private sector. We built the scheme ourselves in partnership with a company called Greenhouse Balanced. It creates carbon credits. We use a system of carbon accounting called future credits now and in that way we create a planting now which at maturity will offset all the emissions from a designated year. We know that by following that model, in 10 or 20 years time when we will perhaps have to account for our emissions from a whole range of activities, we will have more than the amount of emissions that we need or that we might have to pay taxes on.

It is building a risk management position for us, and that is the way I try to pitch it to a lot of people. If you think about it as nothing other than trying to take a risk management position on your carbon emissions, then it is a very sensible thing to do, and 1700 tonnes has cost us about $9000. It will be the same this year, and next year we will include emissions from our aircraft travel which we have already calculated. We have come up with a model that we can roll out to our communities as well so we can get them involved in doing the same sorts of things in their communities.
One of our objectives in doing that was being able to create a commercial product that allows people to take personal responsibility for emissions. We can now look to sell that outside of those communities and get other companies — and quite a few have already expressed interest in doing that — to then bring capital back into those communities. Instead of having an increased capital drain, one of the things we have always been trying to achieve with our models is either retaining capital or bringing it back into communities in any way we can. We see that carbon model doing the same sort of thing, as well as creating valuable opportunities for employment and other sorts of activities around its operation.

Involved in making that happen was simply using the existing forest property agreement and coming up with a carbon rights agreement which was a legal agreement which binds the ownership back to the bank from the land-holder and the scheme manager. He is charged with doing certain things throughout the life of the vegetation or for a certain period of its life. The owner of the land has certain responsibilities, but the ownership of the carbon is divorced from the land itself and always registered against the title. It is effectively a 99 or 100-year proposition that we maintain the ownership of the vegetation and the carbon. We retire those credits against those emissions so they cannot be traded. In fact, part of the reason we are getting a lot of issues around the whole carbon trading area is that people think it will be sold again and again and that sort of thing, but really you need to nominate a year’s emissions and retire the credit against it. That way we know we are doing the right thing by the environment on a number of fronts.

The way we have built the model is to identify land with catchment management authorities which is particularly subject to some of the issues the authority needs to address with salinity and erosion. By putting back native vegetation of a style that is endemic to the pre-1750 vegetation we create a sustainable model that does not need management and it will regrow if there is a fire. We have noticed in the area we have already done that gums are already seeding and other sorts of things are coming into the area. It is a good little model in terms of not having to worry about the cost of insurance with the vegetation and it pretty much manages itself once you keep the rabbits and other things out. That is what we have built as a model we can take into other communities we are involved in.

I do not know how much more you want me to go into with some of those things. Are there any other questions to stimulate the discussion one way or the other?

The CHAIR — Can you talk a bit about your green loans?

Mr WATKINS — The green loans pretty much came about from my work initially in the energy area and realising that we were captive to electricity to run our business. In those days, before we understood the other measures that we could perhaps take, we thought it would be a good thing if we could build a lending product that encouraged other people to do the right thing in terms of their energy use in the way they built buildings and those sorts of things, and that the bank should show its commitment to that by giving a discounted interest rate. It was not that we wanted to attract people with its price, it was just saying that as a business we are committed to seeing those outcomes and will give a discount on the interest rate providing certain criteria are met. The home loan was established with the criteria being the 5-star energy efficient design. That is now mandated in Victoria so we are having to go a bit beyond that. It has given us the opportunity to be part of several of the Solar Cities bids around the country; we are intricately involved with one here in Bendigo in central Victoria. We have amended the selection criteria on the green loans for people who are part of those Solar Cities activities. The measure of things they put in will qualify them for the green loan as well.

We are going to adapt it and build it over time. The model we built for the carbon offsets has now given us the way to create a green car loan, because instead of giving a discount we will offset the emissions from the vehicle over the life of the loan for a fee of around $40 a year, which will go further into building a model and building community involvement in the whole carbon sequestration area.

Mr DRUM — What Bendigo Bank is doing is fantastic in relation to its overall environmental philosophy. How much of it is driven by economic benefits to business people in your area? How much of it is driven by the fact that you have a genuine philosophy of environmental responsibility?

Mr WATKINS — I would say it is pretty much fifty-fifty, Damian. We know that for the bank to be sustainable in the long term we need those communities that we are currently providing banking services to be sustainable. You have probably heard Rob Hunt talk about those sorts of things. If those communities go out of
business, then we also go out of business, so everything we do, particularly in our strategic markets area, is designed to try to feed into that sustainability.

I take a very broad view of the whole sustainability notion. Whether it is just simply local jobs or capital retained or the environmental side of sustainability that we traditionally think of, it has to be broad. One of the things we have always tried to do in looking at these models is to make them commercially sustainable in their own right so that they return something and there is something in it for everyone, no matter what way they like to look at it. It is the right corporate social responsibility thing to do for the bank in terms of that CSR responsibility but it also makes good economic sense. It keeps business coming in, and we know that the community bank model has helped to sustain the economies of communities and make them grow once it has been in place. It is no different to the bank itself. We see no difference between what happens in the community and what happens to us. We are linked to them just the same.

One of the arguments I have been trying to advance in this whole energy area is that there is enough capital out there if you capture the savings. In our first round of just aggregating the demand and getting a better contract we saved around $120 000 a year. I was able to take that money and say to our senior management, ‘We will use those savings now to do other things. We will build an emissions offset model that will allow us to do all these other things. We will now take those same savings and drive them back into further efficiencies in the way we use energy and so bring our demand down’. However, we must capture savings at the start. It is a mistake you see in many businesses. They run through these energy efficiency programs and the money just goes back to the bottom line and no one is ever able to identify it. For our business, with a spend of $1.2 million in energy, as it was then, to save $120 000 was significant; so that is a good bottom-line case to the hard-nosed economic people. That is the reason we should be doing it. It can also now spin into a lot of other economic and environmental benefits that we need to be addressing as well, so there is a balance between the two.

**Mr DRUM** — You put your fuel for your fleet in with your electricity when you are defining your energy emissions?

**Mr WATKINS** — Total emissions? Yes. We also know in paper and other sorts of things what we are doing. We have taken a bit of a different approach in this whole environmental reporting area in that we are just building those things into our annual report as we go. That is part of what Rob Hunt wanted us to do. We are talking about the things we are doing rather than what we are going to do. Some of what I have told you today is about what we have done and where we are going with it, but we will only publicly report on what we have actually done, so we have only announced these things as they have happened to then expose it to people.

**Mr DRUM** — To get those electricity companies to come on board, to look after the chap out of Eppalock with the towing business, they are more or less saying that the aggregate spend is not quite big enough?

**Mr WATKINS** — Yes, they give us the response that the risk involved in their providing the power to him means that they have to build elements into their price stack. We would say to them, ‘Hang on, we understand his low profile now because we have done some work and started to understand that’, so you do not use your deemed load-profile that they tend to want to do. That is why we pay more at our homes, because they think we are a more risky customer, they do not quite know when we are going to turn on and use some power, so they have to buy a little bit more to cover it, and that has a cost.

We are now trying to get them to give us a far better view on that and share some of the benefits. The way to that is understanding yourself what your load looks like. That is why the metering side of it is critical. At the moment none of us ever get to see what we are using in the half-hourly interval data. Some of the big businesses do because if you are over 160 megawatts, you go out and get a metering solution that will give you all that data. In fact you can get it half-hourly on demand, and you can see what is spiking your load up. If you are subject to a demand tariff where you are priced right at the very peak and you try to get that peak down throughout your whole time, you can find what is driving that load, whether it is your air conditioning or your plant starting up, it is spiking you up Monday mornings and then the rest of the time you are down here. But the average customer never gets near that data, and I do not believe the retailers are seriously interested in helping people with that sort of stuff. They do a little bit of work in energy efficiency but we have not really seen the benefits.

The best thing is where people have done it themselves. Some of the work that happened around here with the Central Victoria Greenhouse Alliance was that Huntley Primary School did a little bit of an energy efficiency
program that was reliant on just behavioural change. That involved all the kids going around and pretty much carrying out a shut-down procedure at the end of the day, at the end of the week and before school holidays. That brought their energy bills down by a staggering amount, which meant that there was some money left in the school budget with which they could go and do other things. I think it totalled up to about $8000 over the year. The trick is not to have that ripped off them, to let the school say, ‘Okay, what about if we put some photovoltaic cells on to generate a bit of energy or solar hot water’, or whatever it was, to then do more. Once again, it was the same message. There is a good economic reason why you should be doing these things, it is just a matter of capturing it and then applying it to whatever else you want to do.

Ms DUNCAN — Could you give us your definition of the energy efficiency services industry because even in my mind, having spoken to you, it is got just broader again.

Mr WATKINS — A lot of people out there can give you good help in that area. We make use of some of the specialist consultants there. However, like all consultants they are circling around doing what they do, and I do not know that they are quite driven in the same way that we are. It has been about trying to get them to focus on the outcomes that we wanted. The best outcomes I have seen so far are where people have been involved in doing it themselves. Yes, you need a bit of specialist advice to help you, but to get in there and find out what you are using, what are the things that are costing you the most and can you do something about them, is something the end user has had the most impact on from what I have seen.

Ms DUNCAN — I would like to ask you briefly about the amount of green loans you are making and how they compare with your normal loans, what is the interest rate difference, and are you aware of how much people are doing that in terms of perhaps, say, retrofitting? Have you any figures on that?

Mr WATKINS — Yes, the retrofitting area has been slow, and that is the difficult one, I think. That is the bulk of our housing stock that we still have to tackle. It has been one of the things we have been concerned about for quite some time — how to get people who have existing housing stock doing the right things to cut their energy use down. The green loans have been fairly slow in their uptake. It has been something that has not been promoted well enough. Part of the reason, and we are doing something about it now, is looking at the whole green message. I did not want to call it green loans when we first did it because I thought maybe that was not the right name for it, but in the absence of anything else that is what we called it.

We are looking at a strategy, and we have done some marketing research on this and the values that people respond to and the messages involved in the whole green sustainability area, and over the next year we will do a re-marketing of that whole loan portfolio and our whole approach in that area. We need to encourage people to become part of a new generation of green cum sustainable approach. We want to re-pitch it in that way. You will have noticed the television ads the bank has been running over the last couple of months. One out of those four is on our green loans and about how people can take the various measures on their properties. We plan to keep that going and re-badge it, but it has created a tremendous amount of interest. A lot of companies are now coming to us and asking about how they can become part of what we are doing, and we are going to pick that up in this new marketing strategy I was talking about before and take it forward to get some other partners.

We had been looking at how you make some of these things more affordable and trying to look at the whole-of-home costs for anyone who would take up a green loan. If you had one of our green loans, and you put an extra $20 000 worth of capital onto your loan to cover maybe a photovoltaic system or solar hot water, or whatever it might be, those things are at such a price that you would save the extra payments back on your energy bill. If you can get to that scenario, why would you not do it?

We have been trying to address all of the things in there and involve some of the suppliers in that chain as well. We have been successful in that to date, and we have got other suppliers wanting to be involved as well, particularly an electrical appliance retailer who wants to now be involved in looking at actually giving prominence to the really good, efficient appliances that are out there, but we just do not tend to see it all of the time.

They are there in the product range, but when you try to find them, they are buried. They do not get in their flyers; they do not get advertised. If you look through any of those mail-out things that you get, how many times would you see the energy rating on any one of those appliances? It is very rare. I think I saw 1 out of about 20 fridge advertisements that had anything to do with its energy performance, yet a fridge is the biggest consumer of energy, apart from airconditioning, in the home these days. We know that some of the most efficient ones use less than a
third of the energy of a traditional fridge. So there is a big impact we could have just by buying the right stuff and knowing about it. There is great information out there, but with a lot of it, it takes a lot of sifting through to find what you want. Saying, ‘Here it is; choose the right size; these are the most efficient ones’ is one way around that.

Ms DUNCAN — And the interest difference?

Mr WATKINS — The interest difference is 0.5 per cent on the home loan and 1 per cent difference on the personal loan.

Mr SEITZ — Your bank is involved in that, which is not unusual; they are going down that line with the community for energy efficiency and all that. How many other organisations do you know, such as banks or credit co-ops, that are following in your footsteps or ahead of you, in another state or whatever?

Mr WATKINS — There are a couple of others. There are a couple of credit unions doing some really outstanding work, one in South Australia and one that is based around the eastern seaboard — I think the MECU credit union is pretty well acknowledged for some of the things it has done. They have some great policy and are really driving some good products. There are some other people doing similar things. I do not think the big banks are following us in the same way, although they are certainly doing very extensive reports, and the internal programs — I do not think anyone has quite taken the approach that we have. That is really driven because of the way we have come at it and because of the direction that was set by our managing director.

Mr SEITZ — What do you see as the impediment in Bendigo for the energy services industry? What is stopping greater savings in energy, and what is pushing up the costs on that for the changes, the retrofit or whatever?

Mr WATKINS — The single biggest thing is that while we have retail competition, we do not have it. We do not have it at on all levels. The figures that are held up in relation to saying that competition is working are based on the amount of churn in the industry. If you have a good look at those — and the Energy and Water Ombudsman (Victoria) report will give you some of this data — you will find that the vast majority of churn that is held up as one of the measures of competitive retail of electricity — and gas for that matter — is just simply occurring because of the natural movement of people. People are moving in and out of homes, and as soon as you move you go off your standing offer and have to take a contract rate. I think that is masking what is really going on. How many people are actually making a conscious decision commercially to change their retailer because they are getting a better offer? Very few.

Mr SEITZ — What should the committee or the government do to promote and educate people on that? What do you see?

Mr WATKINS — I think it is about trying to get the retailers to be serious about competition at all levels. One of the things that is probably going to help us down that track, I believe, is the trial of the smart meters. As they get a really good understanding of what the load profiles are, and in fact if the customers have that information as well, they can start to benchmark the offers between retailers. Retailers will understand what the load profile of a customer is, and therefore they can take out some of those risk elements. Will they do that? They have very good margins. Would some of the lower strata of customer use — say, below 40 megawatts — want to give up that profitable area? Maybe not. Sooner or later though I think we are going to see that retailers will come into the market and will start to challenge that — maybe some of the new entrants that are coming along. We have a couple of new generation projects that are coming into play that are sustainable generation, which we think we can link with our model and perhaps break some of that down. There may be a few ways that we can then drive some competition.

The CHAIR — I would perhaps like to talk a little bit more too about the competitive nature or non-competitive nature. This morning we heard from the City of Greater Bendigo and they were talking about their demand tariff energy project which identified $1.5 million savings, and nearly $1 million of that was through incorrect tendering and negotiating, so no energy saving at all, which I think is a bit disappointing. You have obviously done a lot of work through that aggregated model that you were wanting. You told us you had 13.5 gigawatts; if you had 50 gigawatts, would that have made a difference?

Mr WATKINS — I do not think so because they still would have given us the pricing strata that they did. I am aware of one other example around the country where three councils up in Queensland put all of their spend
together and were able to get one price across every site that they had across the three councils. Once that happened it broke down the barrier. But we could not get that result here in Victoria. It is possible. Certainly there is no difference between a kilowatt hour you use or I use in my home compared to what a big business would use. It is just their understanding of when it occurs and what the likelihood is and being able to buy it effectively. One of the things I want to get to in the model we are working on is to be able to link directly with a generator and thereby be able to break down some of those incumbent behaviours.

The CHAIR — So you would cut the retailer out and go — —

Mr WATKINS — We would still need a retailer because of the Essential Services Commission codes and all sorts of regulatory requirements, but by going direct we will be able to actually give that generator — a renewable generator — a better price than he would currently get and therefore be able to deliver that back to the customers as well as give them renewable energy. Where I see that developing is when we start to look at some of the communities that we are already getting expressions of interest from in terms of being involved in generation projects.

Some of them are already starting to look at small-scale wind generation with 1 to 3 turbines of the bigger type but not yet 50 or 100 type development. As we start to address the infrastructure we have currently got and how it works we will need to have those sorts of projects in play. One of the things I would say back to the government is it needs to start looking very seriously at that whole regulatory environment around how we connect sources of renewable generation to the network. Largely at the moment there are so many barriers, no-one would do it. It is not only the big projects but the little projects. If you at your home want photovoltaic cells and go off to your retailer and say you want to connect up 2 kilowatts and you want to be connected to the grid, you would usually get lots of barriers in your way.

The Alternative Technology Association did a report a little while ago, and I know it has been to the ESC and a few other people have seen it. It highlighted all those issues. In terms of the ways we think about our infrastructure, you would not build a road network for everyone to travel one direction, yet we have done that with power. We have to start looking at how many points of input can we have on that grid. It is costing more to get the energy from Yallourn up to Swan Hill than they can sell it for. That is ridiculous. The greenhouse losses in the network between Bendigo and Yallourn are something like 11 per cent so that is 11 per cent more energy that has to be generated just to get the power here. If we could address that, there would be huge greenhouse savings.

We are going to need a mix of energy sources but we have to be able to connect them to the grid. Part of the problem I see now is the divorced nature of our grid providers; local distribution is probably the biggest area where they are divorced from their customers. You can do anything in terms of putting more load on the grid but if you put another 10 kilowatts on, you do not have to tell anyone. If you want to put generation onto it, you have to go through all these hoops. That is completely around the wrong way. The fact we are adding so much in terms of home airconditioning — peak loads are going up so high the grid cannot physically cope with it — Powercor’s latest business plan highlighted that in the next three to four years it will not be able to build the grid that can actually supply peak loads when everyone turns their airconditioners on. How do we have as much input to that grid to try to help that? It has got to be out here where it is happening. The regulatory environment is the first place to start with that.

The CHAIR — Are you confident that you will get the demand side arrangements up?

Mr WATKINS — Yes, fairly confident. I would not be 100 per cent on that because you never know the response you are going to get. I know the retailers are interested because it goes to addressing one of their big issues — and that is risk. If they have to buy more power, then they have to price that in. If we can get them to buy more effectively, it is about whether they will share the benefits of that. That has been a big issue to this point in time. It is the same issue you are faced with for the network distributors. If you connect something on, will they share the benefit of that? They have a very cosy little business model that guarantees them a rate of return. They can just charge that. I am sure you know all about it — you are nodding knowingly about it.

The CHAIR — That was terrific. Thank you for your time. I now know much more about Bendigo Bank than I did.

Committee adjourned.