

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Tackling Climate Change in Victorian Communities

Traralgon—Wednesday, 23 October 2019

MEMBERS

Mr Darren Cheeseman—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Mr Tim Smith

WITNESSES

Cr Darren McCubbin, Chair,

Mr Chris Barfoot, Board Member,

Mr Malcolm McKelvie, Board Member, and

Ms Esther Lloyd, Communications Officer, Gippsland Climate Change Network.

The CHAIR: Welcome to the Traralgon public hearing for the Inquiry into Tackling Climate Change in Victorian Communities. I would also like to extend a welcome to any members of the public and media present here today, and I can see that there are a few. This is one of several public hearings that the Environment and Planning Committee is conducting around Victoria to inform itself about the issues relevant to the Inquiry.

I will just run through some important formalities before we begin. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that no legal action can be taken against you in relation to the evidence that you give today. However, this protection will not apply to any comments you make outside of the hearing even if you are restating what you have said during the hearing. You will receive a draft transcript of the evidence in the next week or so, and you can check that for your approval. Corrected transcripts are published on the Committee's website and may be quoted from in the final report.

Thank you for taking the time to meet with the Committee today. Could each of you please state your full name and titles before beginning your presentation.

Ms LLOYD: Esther Lloyd, and I am the Communications Officer.

Mr McKELVIE: Malcolm McKelvie. I am a Project Officer with the Scorecard project with GCCN.

Cr McCUBBIN: Darren McCubbin. I am the Chair of the Gippsland Climate Change Network and I am a councillor at the Wellington shire.

Mr BARFOOT: Chris Barfoot. I am the Project Officer for the Latrobe Valley Community Power Hub.

The CHAIR: Fantastic. All right. We are also going to establish an Inquiry box—I think we are calling it, Secretariat—to enable people who may wish to submit further material for the Committee to consider. It will not be taken as a formal submission but will be available for the public if you wish to provide additional information. Over to you.

Visual presentation.

Cr McCUBBIN: Fantastic. Well, firstly, thank you very much to the Committee for coming down today. We really appreciate the opportunity to be able to talk to you about this very important issue. If you do not mind, we would like to spend a little bit of time just going through the recommendations that we did within the report, talking about them a bit more. That should not take any more than about 15 minutes, and then we will leave it open for a bit of a broader discussion about some of the issues we have raised and anything else that you would like to ask us.

If I can just go through for the Gippsland Climate Change Network's point of view. We have been going since about 2009—initially set up as a department under DELWP—and now we operate very closely with local government, including community groups as well. So we are like a forum for local climate action groups within the area. We had a number of recommendations in a report that we presented to you. The first was that the Government continues to support community-based power hubs. We are part of, through our power hub network—ourselves, Bendigo and Ballarat—a pilot program that has been run through the Government, through Sustainability Victoria. We believe it is an important program and believe it should be encouraged to continue.

A community power hub. The idea is local community groups looking at creating their own community energy models. We provide assistance, resources. We have a Project Officer, Chris Barfoot—who I will introduce in a moment, a former Hazelwood worker—who is now currently working on renewable energy projects, providing a little technical advice to local community groups in creating community power. This hub returns bankable projects to the community for local benefit.

The three projects currently have just been going through a phase of independent assessment, and what we can say with these three projects, which have been operating for as little as two years at this stage, is 15 community energy projects were built, \$364 000 in savings and so on—I will put them into your report—and of course the carbon emissions saved. Basically you are looking at 13 to 1 leverage on the Government's investment in terms of the creation of energy projects. We have also had 114 meetings and public events where people have been able to present their own ideas for community energy. It is a real democratisation of energy, so it is about local communities creating local solutions from simple things like putting PV on your local sports hall or your local kindergarten to much more bigger projects like solar farms at Ramahyuck through the Indigenous corporation and off-grid proposals at Licola.

If I can move on, I might now introduce Chris, who can talk little bit more specifically about some of the projects for community power that we have been doing.

Mr BARFOOT: Good morning. I would just like to cover some of the basic ideas that we have seen inside community power hubs and inside the community energy seen as such. Most people are familiar with the basic idea, the 5-kilowatt system on the kindergarten and so forth, but reality is it moves out to such things as Hepburn Wind where we have 5 megawatts of wind turbines. There are pushes now much more for solar gardens and for small-scale solar farms. So we are seeing the development of many more larger scale projects which are being pushed by the community, and this is being pushed in a number of regions and a number of areas. Firstly, it is a desire to make a change. Secondly, it is an economically sensible model simply because the return on investment to most people in terms of bank investment is very small at the moment. However, return on investment in renewable projects is much, much higher.

Basically what we have said here is that the major thing that is a consistent issue that we deal with is that people lack skills to design, develop, scope, procure and project manage projects, and this has been what the community power hubs have brought to the system. They have become the enabler and the facilitator to allow these projects to happen. We are very proud of what we have managed to achieve, and also in terms of Ballarat and Bendigo, and we believe that is a model which really deserves to be continued and replicated.

However, one of the things that always remains a problem inside the community energy space is finance. Now, typically a small-scale system can be done on a donation basis. It can be done on the basic fundraising and so forth. But as you hit larger scale and you start looking for millions of dollars, you move outside the scale that most of the hubs can cope with. To that aim we have been suggesting and we have put a proposal to Government to establish a community energy fund. This actual fund would be linking the superannuation and ethical investors to the community. It would act as an aggregator, which would allow these projects to be assembled into groups which are large enough that we would attract the institutional investor. The community power hubs would remain in terms of the asset management, providing the structure, legal requirements and also the engineering facilities needed to ensure compliance and the delivery of an appropriate and investable project.

What we have asked of the people in terms of the Government has been assistance in setting up that fund. There are two ways we can go about it. If we do it from a pure financial viewpoint, we would be looking at a one-off payment of about \$250 000 to set the fund up, which would then make that fund available to not only this community but all communities throughout Australia. Secondly, if we could produce a pipeline of projects in excess of \$4 million, then those fees are waived. So there are couple of options there where we believe we could come forward with that.

The CHAIR: If it is okay, if there are particular points that people on the Committee wish to inquire about, we might just interrupt.

Mr BARFOOT: Most certainly.

The CHAIR: In terms of establishing some form of a financial model that might support community-owned renewable energy, do you think there might be a place for a part of the Victorian renewable energy target to be set aside for, let us say, projects less than 10 megawatts to support the types of projects that you are talking about?

Mr BARFOOT: It is certainly an option. What we are seeing at the moment—for example, Ramahyuck solar farm would be approximately a 5-megawatt program. Bendigo has a proposal for a 2-megawatt system which is sitting up there at the moment. There are other local ones here in the 1 to 2 megawatts. Those are clearly inside the sorts of boundaries. However, they are of a size which is basically beyond most of the community to fundraise in terms of itself.

Cr McCUBBIN: And probably does not attract the large-scale investors to make them exciting. I absolutely agree with you. I think that is an option. Chris, we might just finish up with you talking about the power hub.

Mr FOWLES: Sorry, can I just ask: when you talk about that \$250 000 being waived, who is that money going to?

Mr BARFOOT: That is to the fund management to set up the fund itself.

Mr FOWLES: Right, and that is a commercial fund manager, a for-profit?

Mr BARFOOT: Yes.

Mr FOWLES: And obviously if they are waiving fees, they would presumably be taking an ongoing trail or something?

Mr BARFOOT: Well, obviously the fund manager is going to be responsible for all the legalities, it is going to be handling any shareholding, it is going to be handling the annual reports and it is going to be handling compliances and so forth. So as a fund manager it is logical that they would draw a fee from that.

Mr FOWLES: Yes, and how much would that fee be ongoing, do you think—how significant?

Mr BARFOOT: I am not exactly sure. We would have to talk with some of the other people that are potential fund managers for us.

Cr McCUBBIN: Thank you. So I guess there are two issues in regard to community power. It is that we think there is huge energy in the community—pardon the pun—to actually get these small-scale renewable projects up, and it is just looking at capacity. There is capacity at two levels: one, to provide funding opportunities, which Chris has talked to; and also about providing technical support. And we think the power hub has provided that level of technical support, which is the providing of a project officer such as Chris and feasibility studies and so on.

I might move on from the power hub. Another one of our recommendations was about retrofitting. We had two recommendations which were based around our Scorecard assessment. We are very fortunate to work in close conjunction with the Baw Baw sustainability group, who have three assessors currently and did a number of Scorecard assessments throughout the community. I have Malcolm here who would like to talk a little bit about the Scorecard assessment, retrofitting and some of the easy wins we can have on that.

Mr McKELVIE: The Scorecard is a Victorian Government-developed tool that is used to put a star rating on homes, much like the star rating you get on a new fridge or something. It gives people advice about how much their home is going to cost to run, a hot weather rating and some other ratings that indicate how the home would perform in cold weather, for instance. We had a project funded through the DELWP Scorecard program where we offered the Scorecard assessments and in the last part of the program a \$500 bonus to do upgrades. We did about 60 homes, and it has been very well received. People like the output, they get a certificate and they get personalised, prioritised advice about how they can retrofit their homes. Sustainability Victoria has produced a number of comprehensive reports about home energy retrofits. One sort of pulling it all together was the *Comprehensive Energy Efficiency Retrofits to Existing Victorian Houses*. They found that doing

retrofits in that range of about \$12 000 to \$13 000 can reduce a household's energy bills by about \$600 to \$700 per year and give around two tonnes of greenhouse gas savings per home per year.

Taking into account, though, the wider health benefits from people living in more comfortable homes, less hospitalisation, less time off work and so on, if you add all of the benefits, the evidence is that there would be two to three times that benefit.

Mr FOWLES: So how does that 5 per cent return on investment compare to solar, for example? If you install a \$5000 solar system on the same home, what would the energy savings be?

Mr McKELVIE: Well, if you think about it in straight payback time, putting on a solar system might have a four- or five-year payback time—

Mr FOWLES: Whereas this is 20 years, and that is, I guess, what I am directing my question to.

Mr McKELVIE: Overall, putting in all of the home retrofits it is about 20 years, but there are some that have much shorter paybacks. Things like lighting and draft proofing, for instance, give very short payback times.

Cr McCUBBIN: It depends very much on the individual in the house. I mean, you went into some houses and discovered that they were running their appliances at the wrong time and that they thought the air conditioning system—you know, the split-level systems—was inefficient, so they had their gas burner on, but it turned out that the gas burner was costing them more money than the split system. It very much depends on the house. Sometimes people think, 'Oh, look, the easy answer is just to put PV on our roof. Yes, that'll do', whereas actually going in and making your house a bit more comfortable to live in and creating some solutions about where you should be running your appliances could actually be a cheaper way of going.

Mr FOWLES: Yes, and I just wonder whether the low-hanging fruit here might be a lower dollar upgrade but a better return and a better payback period—

Mr BARFOOT: Yes.

Cr McCUBBIN: Yes.

Mr FOWLES: rather going all the way through to presumably seven-star insulation, or whatever.

Cr McCUBBIN: Absolutely, and I absolutely agree with you. I think there is some real low-hanging fruit to be done in retrofitting, and even to—

Mr FOWLES: Well, particularly if it is just education—turn off the gas heater and turn on the split system.

Cr McCUBBIN: Absolutely, and people, now they have got—all of us; if you get PV on your roof, suddenly you do not run your dishwasher at night, you run your dishwasher during the day. That is not as obvious as what it sounds, and people need a bit of education about using renewable energy in a different way. Malcolm's assessors came into houses. You found people had all sorts of crazy things in their system.

Mr McKELVIE: Yes. The thing about the Scorecard program is that it is very individualised. All the assessors have to be accredited by the Government and they provide personalised advice to the household—from behavioural issues that cost nothing and provide immediate payback to things that are much more expensive, like double glazing windows, which might be the last thing you do.

Mr HAMER: How could you see that as rolling out? Because obviously you talked about that at the moment, or during the pilot, it was very individual—it was going house to house and speaking with the householder. That education campaign, how would you see that being played out more broadly in trying to have the same level of effectiveness?

Mr McKELVIE: The Federal Government is rolling out this trajectory to low-energy buildings and new homes and existing homes, and some kind of rating system has got to be involved. At the moment we are using the NatHERS system for residential buildings, which is just looking at the building shell and not at how much

the house will cost to run. What I would love to see—actually, there is a saying in the energy assessment industry at the moment that ‘A six-star NatHERS house is the worst home you are legally allowed to build’. People are getting the worst house that is legally allowed to be built, and it is really not very difficult to build an 8, 9, 10-star home.

The CHAIR: What is the difference in cost between building a 6-star home and a 10-star home?

Mr McKELVIE: Well, it varies a lot.

The CHAIR: I assume there is an upfront cost?

Mr McKELVIE: Yes.

The CHAIR: The same structure yet achieving the higher energy rating. I assume there is a cost and a theoretical payback period?

Mr McKELVIE: Yes, well for a—

Mr FOWLES: Say if you go for a standard three-bedroom house—250, 300 grand, off-the-plan sort of stuff—what is the incremental cost of achieving 10-star, the order of magnitude: 5, 10, 50?

Mr McKELVIE: Say \$10 000 might do it. And to retrofit an existing home to get to energy freedom where you have got no energy bills is typically \$20 000 to \$30 000.

Cr McCUBBIN: Just a second. Chris, do you have commentary on that? You were a bit keen on this too.

Mr BARFOOT: I am very keen on this. I actually went through that same process with my house. My house is a 1937. By the time we finished with it—we started with a 6-star rating and we have now pushed it out into possibly about the 7, 8 mark at the moment. We are seeing—in my case I am \$100 a month down on my gas bill as a direct result of that.

Mr FOWLES: Yes.

Mr BARFOOT: However, the other one I would also like to point out is that when it comes to the NatHERS system it is a paper-based system; it is not based on audit. So what you have on your paper is not necessarily what you built. There is really a desperate need to seriously consider auditing of new homes to ensure that the customer is getting what they are paying for because we have seen examples, for example, where people come to us and say, ‘Hey, have I got ceiling insulation because my bills are going through the roof?’. You put a thermal camera on—‘Yes, you do have your ceiling insulation. It is all in bags in that corner of your house. It has never been installed’.

The CHAIR: Obviously we have a deregulated building inspectorate in Victoria. It used to be controlled by local government—it was privatised and the like. Are you suggesting that perhaps a part of the requirements of a building inspector signing off might be to look to make sure that the energy rating system that was committed to on paper has been achieved?

Mr BARFOOT: I think that certainly has got merit, and I think certainly the building inspection should change to allow for such things like a thermal camera inspection which would allow you to verify that you have insulation in walls, you have insulation in ceilings and therefore are compliant with the NatHERS system which was agreed to.

Mr FOWLES: Let us pause you there. I see some people without a seat. I see some seats behind us here. I wonder whether we might just sprinkle a few of those perhaps along this window here so that they are a little bit closer for those of you who are struggling with hearing. Maybe even in here. I know that we are fascinating. I am not sure that we are standing-up-for-2-hours level fascinating.

The CHAIR: If you wanted to bring your chairs forward a bit too, it might make it a bit easier for you to hear the proceedings.

Mr FOWLES: To the best of my knowledge none of the Committee have communicable diseases at the moment, so there is no particular need to be down in Orbost over there.

Cr McCUBBIN: We might conclude, while people are moving forward, on the Scorecard, if you just want to finish off—

Mr McKELVIE: I would live to see the Solar Victoria rebate scheme incorporate the Scorecard assessment because that would give the home owners—the thing about putting solar on your roof is that yes, it feels wonderful and so on, you are reducing your electricity bills, but it does absolutely nothing for the comfort of the home. You get much more bang for your buck by addressing things like draught-proofing, insulation, shading of windows and so on. That would be my—

Cr McCUBBIN: Perennial wish list.

Mr McKELVIE: My two things for it would actually be to incorporate the Scorecard with Solar Victoria.

Cr McCUBBIN: So just to kind of—

Mr FOWLES: Sorry, Scorecard is an evaluation program?

Cr McCUBBIN: Correct.

Mr McKELVIE: Yes. The Scorecard—it is an audit.

Mr FOWLES: It is done—it is a physical audit.

Mr McKELVIE: Yes.

Cr McCUBBIN: Yes.

Mr FOWLES: It is not a textbook exercise or a desktop exercise?

Cr McCUBBIN: No. To give a bit of background in terms of Scorecard, it was developed by DELWP initially. I think it was. There is a local program running it. We ran Scorecard here. The cost is normally \$350 to get an assessor in.

Mr McKELVIE: \$300 to \$400.

Cr McCUBBIN: Yes, and we had a \$100 subsidy through this program, I think it was. So it was \$250, plus we paid the travel and promoted it to people so that they could take it on.

Mr McKELVIE: There are about 40 to 50 assessors statewide. The trouble with the program is a bit of a chicken and egg thing. There is no market because people do not know about it so people do not want to become accredited to be assessors. And my suggestion is that Government can push it by making it mandatory in this postcode or that postcode or whatever. It gives the message to assessors: yes, there is a market. It is very well received by the people that get it done. And you can ramp it up slowly.

Mr HAMER: So just to clarify, you would be seeking it to be mandatory? If someone was taking up the offer of the solar panels through the Solar Homes package, then the audit would be a mandatory requirement?

Mr McKELVIE: Yes. Like when you apply for a rebate. You would say, 'Yes, I've had a Scorecard assessment done'. Because that will give that home owner a much better idea of the value of solar, the value of insulation, draught-proofing, lighting or whatever.

The CHAIR: Can I just ask, in terms of the assessment process, you have got these accredited assessors. They come out, they inspect the home with, presumably, the home owner, they seek information from the home owner about the behaviour of the owner in terms of how they use their house—

Mr McKELVIE: No.

The CHAIR: the energy. No? Okay.

Mr McKELVIE: Well, the Scorecard assessment itself is an assessment of the building shell and the major appliances: the heating, the cooling, the hot water, solar, pool and spa. It is home specific, so if that person sells the home, that certificate goes with the home.

The CHAIR: Right.

Mr McKELVIE: But the idea of having accredited assessor is that they—although it is not part of the tool and the certificate—can say things like, ‘You have got solar. Run your stuff in the middle of the day, don’t do it during the night’. So they get that personalised advice at the same time.

The CHAIR: Okay.

Cr McCUBBIN: So we may move on from that, just so that the—oh, I would also suggest that low-income homes also have had a variety of this, in which there was no cost to come into low-income homes. And we are particularly keen on running the program for people who are under energy stress, maybe providing them with some—and this could be an out for some of the companies who are having defaults on their energy bills. I know, Chris, you have been big on that that could be a possible potential customer base.

Mr BARFOOT: We certainly spoke to AGL locally. AGL recognises that this area is one of the largest areas with disconnections and with people under bill stress for electricity. We believe that an energy efficiency program, run in conjunction with those companies, at the very least will help those people reduce the amount of credit that they are building up, or potentially put them in a position where they can actually start to repay. So we see there is a substantial potential there to work with the energy providers to provide some basic energy efficiency advice.

Cr McCUBBIN: We might move on from that then. We have a couple of other recommendations. Hopefully we will go through these a bit more quickly. I think one of the key recommendations was that there are currently lots of programs out there about renewable energy and so on, which is fantastic, and Scorecard, all these physical things that are happening with the community, but I think we also need to recognise that climate change and a low-carbon future is also about attitudinal change. It is about convincing people of the problem in the first instance, and we think there should be investment in programs that change attitudes and not just simply focus on infrastructure.

One program that we have been running—it is actually not our program but we help the sponsor it—is Communities Leading Change, and Esther has been our local person who has been essentially talking to local people about climate change. We are in a particularly difficult community which has been going through transition, and I think this sort of program is really essential. Esther, if you would like to talk about that, please.

Ms LLOYD: One of the biggest problems with climate change is it not just an environmental versus economic problem. It is also a social and cultural problem as well, and the biggest thing we are finding here is while the economics have been spoken about, the environmental side has been spoken about, the cultural side has just been completely ignored. We also found with this program very early on when we did some social research that 75 per cent of the people that we surveyed in the community were actually positive about the opportunities that come with change. So transitions produce mixed feelings, but people were mostly positive. Interestingly, 75 per cent of the people surveyed also said, when they thought about what other people felt in the community, that they were scared and angry and so they were not having conversations. They were not talking with their neighbours, they were not talking with their families, and we know social change happens when you have conversations with people you know and trust. That is how social change theory works.

We realised quite quickly that a lot of the people who are working in the coal mining industry want to have these conversations about transition. They want to plan for a transition but they are not comfortable in the community having these conversations yet. So the Communities Leading Change program really came in to upskill local people to take control of this, to help find local solutions together. Really we found even just starting the conversation, realising that you can have a conversation if you are in the environmental sphere, working in the coal mining sphere. All our participants have said the most rewarding thing out of the program they have done is not so much the skills they learned about how to have difficult conversations or having the

conversations in the community—we run a kitchen table conversation-style program that they then put in practice their training—it is actually just being able to meet every couple of weeks with the people who are from different subsets of the community.

So we had people working at AGL, we had local sustainability officers, we had local artists, we had people involved in the local neighbourhood houses, we had youth, we had students, we had elderly involved in this program, and they just went, ‘Wow, we didn’t realise that there was so much in common that we actually shared’. You really cannot plan something if you are not on the same page of your values, and your values you collect from the stories we tell. We all have hopes and fears but it is the stories that define us and are what bring us together and help us move forward.

Cr McCUBBIN: And understand the program is about dealing not just with those who have taken the Kool Aid but those who are also quite resistant to climate change and are going through real issues in regard to transition.

Ms LLOYD: So transition requires obviously bringing on new technology and developments, but it also involves bringing on community. So we are finding at Delburn wind farm and Frasers solar farm we are getting a lot of community resistance at times. Really, if you are going into the community earlier, you can help mitigate that resistance, which helps speed up the process of bringing in this new renewable energy. We know many of the coal mines here have expiry dates. It takes time to plan for new renewable energy replacements. If you delay that replacement time, then you are increasing the time that you have a very disruptive transition. So that is what we are really trying to work on here.

Cr McCUBBIN: So it is more about working with the community moving forward, rather than just imposing sets of conditions on people. I think Esther and the program has been very good.

The last recommendation we have is in regard to local and not-for-profit environmental groups. We have a lot of very active Landcare groups, active sustainability groups, Latrobe, Baw Baw is a very active group. Right now we are all finding that we are just running from pillar to post and responding to one thing and another, which we appreciate. The environment is right in the eye of the storm right now, but a lot of them are really pushed to try to put in the grant applications and be on the adaptive committee and just be involved in this whole program, so I think supporting these local not-for-profit groups is really important, and also supporting our local sporting groups and other cultural groups to be environmentally aware. I think support for these community groups is really important. Does anyone have commentary on that? No? Pretty happy with that one?

So that was the guts of our presentation. I am sorry that it took longer than I thought it would, but thank you, Darren, for allowing questions through it. Maybe we have covered off on most of the things anyway.

The CHAIR: Thank you. Do you guys have any questions you would like to follow up?

Mr HAMER: There was just one more, and it was on the retrofitting—just whether it was focused on primarily owner-occupied homes or it also includes tenants, because I think you mentioned some of the socio-economic challenges, particularly the rental market. To me they probably stand to benefit the most if you can get some of their power bills down with some small-scale solutions. So I am just wondering if there was engagement at that level as well?

Mr McKELVIE: Yes. So certainly it is part of the advice. At the start of the assessment you work out: what is the person’s motivation? Why do they want the assessment? And advice is tailored to that. But we can help people with various behavioural things that obviously do not need any agreement from the landlord. We help them liaise with the landlord—write a report and say, ‘Here, you can take this to them and say that these are the proposed changes and things that need to happen’. Having said that, most of the people who engaged in our program were owner-occupiers.

The CHAIR: Will?

Mr FOWLES: I am good. Thank you very much.

The CHAIR: I am good as well. Thank you.

Cr McCUBBIN: No. Thank you very much for allowing us the opportunity today to come and talk to you. Excellent.

Witnesses withdrew.