

Green Loans Program. It is my contention that the Government, through its Department of Environment, Water, Heritage and the Arts, has been wholly and culpably negligent in the administration of the Green Loans Program (GLP). This negligence has caused undue stress, worry and depression around my inability to work, as the department's lack of adequate systems implementation effectively denied me the opportunity to do so. The advice provided to me at the time I entered the GLP was palpably inadequate for the purpose to which I put it – namely, the determination as to whether or not the GLP offered the opportunity to establish a viable small business performing this service. The information on which I based this decision was that the GLP would employ “approx. 1500”¹ assessors around the country. The Department promoted that it would provide an “online booking service”, an “operational call centre”, adequate “marketing and servicing materials”, and pay invoices on a “30 day account basis”². All of the above were either dramatically wrong, intentionally or unintentionally false, or so far from accepted business practice as to make them inaccessible. Although Contracted I am yet to receive any materials from the Department, other than a few low- res pdfs which were emailed at the same time as my login to the Portal. All of the personal and business risk was placed squarely on the heads of the soleproprietors or business owners entering into a Contract with DEWHA, when the majority of problems were in fact created by the Department's mismanagement. That this state of affairs was allowed to develop, and when problems subsequently raised were ignored, indicates a clear case of gross misconduct on the part of the DEWHA officials concerned. To quote the vernacular: “Blind Freddy could have seen this coming”. ¹ From the GLP website ² From the Contract Senate Committee Submission: Mark Walker 22/3/2010 ² Administration of the Program from a pricing, probity and efficiency perspective Overview: Significant issues could have been avoided had the Government applied the basic risk management advice provided to it beforehand. The most mission-critical lack of such application created the excessive numbers of assessors which ultimately crashed the Call Centre and clogged the Admin systems not designed to cope with those excessive numbers. The critical piece of advice from the auditor who performed the Risk Management Assessment was to limit the number of assessors allowed to be trained to prevent exactly that scenario from occurring – too many assessors = systems overload. The lack of the application of this element of the risk management strategy created the situation where less scrupulous and (comparatively) unregulated training organisations had no vested interest in limiting the number of potential assessors trained and so, lacking appropriate advice or regulation from Government, attracted as many potential assessors as possible to their training courses. It's clear that the easing of the initially rigorous “prior qualifications” restriction on trainee assessors coming into the Program encouraged the creation of this situation by opening up the opportunity for persons with no previous qualifications, interest in or experience in either home building, design, or sustainability, to “train”, become accredited and Contracted. The lack of adequate training and, frankly, the blatant misuse of the GLP by certain less scrupulous operators, has also tacitly been allowed by the Government, as promised ongoing Audits of assessments have simply never taken place. It's quite clear from comments made by current and would-be assessors on various internet forums, and in personal conversations with the author, that the promise of significant monetary reward was the primary, if not sole motivation, for a significant number of assessors and business owners. Assisting householders and reducing the

country's greenhouse gas emissions were merely side issues to what appeared to be a fantastic opportunity to fleece the tax payers for personal gain. The GLP was a "rort" from day one. At least one large business operator, FieldForce, was given privileged access to the Department's systems, providing them with an unfair advantage over the majority of sole proprietor and small-business employers, forced to attempt to utilise the massively overloaded Call Centre. It is widely known that many organisations involved actively encouraged their employed assessors to perform in excess of 5 assessments per day, in as little time as it was possible to do so, and claims of half hour assessments and 'ghost' assessments are common. Senate Committee Submission: Mark Walker 22/3/2010

3 It is also clear that these many organisations blatantly breached the conflict of interest provisions of the Contract by encouraging their 'assessors' to up-sell products and services of their own or linked businesses, contrary to the specific terms of the Contract.³ I have personal knowledge of at least one such 'ghost' appointment in which the assessor never in fact visited the premises. I also had a conversation with one such business owner requesting me to provide his business card and a description of the services he provided, to householders on his behalf, for which I would receive commission. The basis on which the Government determined the amounts of the loan to be made available and Government subsidy thereof I have no actual knowledge of this process, but it appears from my own experience, contrary to Minister Garrett's statement that the "loans were unpopular"⁴, that this was, in fact, a popular component of the program. The basis on which his statement appears to have been made is that, at the time of making the statement, only 1100-odd Green Loans had been approved and paid by the Department⁵. Yet the moment he announced the axing of the loan component, the financial institutions, individual assessors and assessor organisations were flooded with requests from householders who did not wish to miss out on the opportunity. Add to this the approx. 110,000 householders who had received an assessment but were yet to receive the Assessment Report, from the Department, enabling them to apply for a Green Loan, and the Minister's statement is clearly fatuous at the least, if not actually disingenuous. Regulation of Home Sustainability Assessment practices, including the promotion of assessments There has been little or no regulation by the government. The promised Audit process has not yet been tendered, never mind implemented. As the pricing of the assessments was such that individual assessors would struggle to achieve adequate income to support marketing activities such as printing and advertising, only assessor-employing organisations were in a position to do so, and they almost invariably utilised an in-house call centre to cold-call prospective households for assessment leads. For organisations, this was the most cost-effective method of attracting business and supplying adequate workloads to their employees. For individual assessors, small local marketing campaigns were ineffective⁶, the vast majority of work coming from either doorknocking, local networking or personal referrals. The long-promised national marketing campaign by the Department never in fact eventuated. 3 Assessor Contract – section 17 4 Ministerial Statement; 19/02/10 5 Senate Estimates 6 Personal communications with the author Senate Committee Submission: Mark Walker 22/3/2010

4 The current restrictions on the number of assessments possible, which seriously restricts income and earnings potential, has effectively prevented small operators from advertising or marketing their services, as there is not enough income available to do so. Effectively, the cap, as it is now, prevents sole proprietors from establishing and running a viable

business. The Department's sole activity in this regard has been to remind assessors, from time to time, to utilise the Do Not Call Register when contacting Householders regarding assessments and other aspects of the GLP. And it is equally clear that some have not done so. Accreditation of Home Sustainability Assessors It's clear from statements made to assessors by ABSA staff and Board Members that ABSA based its accreditation fee on the expectation, provided by the Department, that the number of assessors to be accredited would be in the vicinity of 800-10007. It is therefore entirely inexplicable that the Department's officers totally failed to heed the warning from ABSA⁸ that the number of assessors was about to blow out, as in fact it did. Based on my previous experience of home energy assessments using near- identical software to that used on the GLP, with a lifetime of interest and study in the field, the 4-day training course for this program was woefully inadequate, and the quality of training materials provided left a lot to be desired. For example, the large ring-binder provided to me contained materials photocopied or downloaded, was poorly organised and had neither a Table of Contents nor page numbers, rendering it virtually useless as a reference tool. As previously mentioned, the removal of the initial restriction on prior qualifications allowed for an influx of under-qualified, uninterested, self-focused individuals whose only real motivation was accumulating capital as quickly as humanly possible. The lack of real regulation and lack of auditing of so-called training organisations, made a farce of the accreditation process. My own "trainer" admitted quite openly that he only became "green" when he saw how much money there was potentially to be made. He did the basics. He covered the minimalist curriculum, such as it was, but was keen to emphasise the money-making aspects of the program, rather than the potential greenhouse gas emission reductions. It was greed, pure and simple, that did for this program. DEWHA left the stable door open, and of course, human nature being what it is, the horse bolted. Ensuring value for money for taxpayers The fundamental premise behind the GLP was sound. While it did not overly encourage the take-up of higher cost energy reduction items such as solar PV, as it's predecessor scheme⁷ Direct Member communication from ABSA⁸ Personal email from Stephen Gallagher, ABSA, to Acting Director _____, 28/08/09 Senate Committee Submission: Mark Walker 22/3/2010⁵ did, this fact alone would provide better value for money for the taxpayers, from the point of view of minimising Government expenditure on the program. From the point of view of individual taxpayers, it was of far lesser value, and was essentially discriminatory in nature, as under the GLP, only those taxpayers who could qualify for a personal loan with a participating financial institution, were eligible for an application for a Green Loan. Ergo, the people who could benefit most from a reduction in their greenhouse gas emissions via a reduction in their electricity consumption and thus a reduction in their energy bills, were those least able to take advantage of the the GLP for this purpose. Many householders enquiring about the Program did not understand this, and were subsequently dismayed when they realised they could not afford an additional personal loan in the form of a Green Loan. Furthermore, the tool's operating algorithms were set up in such a way that only people with massively high consumption would get recommendations for such high end items as solar PV. Householders who had already made significant inroads into energy conservation did not get such recommendations, despite this being what they most wanted to do next, but could not afford to achieve. Waste, inefficiency and mismanagement within the program Waste is what the whole program has been about –

wasting money, wasting time, wasting resources. All those assessors and organisations who have spent their own money in training, marketing materials, advertising, business cards and equipment have largely wasted their money, as under the current structure, getting a Return On Investment from the Program as well as an adequate salary is well nigh impossible. I believe it is therefore incumbent on the Government to adequately recompense those who, through no fault of their own, have been misled by the Department and have suffered an actual loss, or even potential lack of earnings due to the Department's woeful mismanagement of the GLP. While the Minister and latterly the Senator in charge of the GLP have frequently commented on the clause in the contract in which the Department does not guarantee any level of work, there is incumbent in the nature of the Contract and other provisions of the Corporations Act and Competition Regulations the notion that both parties to the Contract behave in accordance with such legislation. Clearly the Department has not done so, as it has, through its mismanagement and unwillingness to rectify the situation, effectively prevented its Contracted assessors from working, by limiting their ability to obtain critical booking numbers that enabled them to perform assessments and thus earn an income. The Department's behaviour around the Christmas Closure period is an especially heinous example of the Department's total lack of regard for the welfare and wellbeing of its Contractors. Given less than 24 hours notice that the portal and call centre would close from December 21 to January 15, assessors were rightly outraged. Senate Committee Submission: Mark Walker 22/3/2010 6 In an attempt to placate the assessors, and in their inability to provide booking numbers due to failings in the software, the Department advised many assessors to "do the assessments anyway, and we'll give you the booking numbers later, send the requests via email". These "January email bookings" have largely been neither recognised, nor provided with booking numbers, much less paid, leaving many assessors seriously out of pocket for work they performed – with the best intentions and with the Department's tacit approval – and yet no solution has been offered to rectify this gross oversight.⁹ According to the best information obtainable the software cannot accept retrospective assessments nor, therefore, provide retrospective booking numbers for assessments already performed. The only solution proffered – by the Call Centre, not by the Department – has been to provide future booking numbers for past performed assessments. Effectively, assessors are being forced to give up either income from past assessments performed, or give up the opportunity to perform new appointments. Either way, a dead loss to the assessor and a complete waste of time and money. I cannot stress highly enough that virtually every aspect of this program has been thoroughly and completely mismanaged at every stage of the process by the Department. The incompetence is not just staggering, it is overwhelming. Ensuring the program achieves its stated aims of improving water and energy efficiency I am not familiar with the specifics of the Government's aims, but it is clear to me from my own experience and that of other committed independent assessors that there is a definite need for the provision of sustainability assessments to Australian householders. The lack of basic understanding of energy billing, energy consumption and the ways in which behaviours as much as appliances can minimise a household's overall energy consumption is alarming, to say the least. If I had a dollar for every time a householder has told me they run certain appliances at night "to get the off peak rate" I could retire to the Bahamas and live in luxury for the rest of my days. One of the greatest satisfactions for assessors

participating in this program is watching householders' faces when "the lights go on". And they do, frequently. From academic, anecdotal and ad hoc evidence it is clear there is a desire by the wider community to assist in whatever ways they can to reduce energy consumption, reduce carbon pollution, and ultimately reduce their household expenditure on energy. 9 Personal request in writing sent to 24/02/10; comments from other assessors Senate Committee Submission: Mark Walker 22/3/2010 7 Given recent reports that energy bills are set to rise some 60-odd percent over the next three years, it is incumbent on Government to do something to assist householders get the advice they need to minimise their consumption and thus reduce the impact of the future cost rise.10 But getting access to "independent" advice is well nigh impossible, as the greater majority of potential advisers are those with a commercial vested interest, such as solar HW or solar PV manufacturers and installers. There is too much specialised knowledge for most householders to grasp, and too much conflicting, or apparently conflicting, advice in the commercial marketplace. Most householders are far too busy to take the time to search online for information, and even if they do, much of what governments have made available is, necessarily, far too generalised for individual households. Only through the provision of a truly independent advice service such as that provided by properly trained and qualified independent Household Sustainability Assessors can this be achieved. But by and large, even with all of the problems associated with the program, those householders who engaged with their assessor and have made a personal commitment to reduce their energy consumption, cannot fail to do so to some measurable extent. In order to ensure this is achieved, an Audit program should be initiated and all householders who have had an assessment performed should be asked whether or not they felt it was useful and whether or not they felt their assessor was up to the task, and asked what aspects of the advice they intend to implement. Trainers should be re-tested, and those whose training is deemed suspect should provide a clue as to which assessors to investigate. Any assessor whose records indicate in excess of 5 assessments per day should be audited automatically. It simply is NOT possible to do an adequate assessment in this time frame. If necessary, any assessments found to have been less than adequately performed should be re-assessed in order to ensure that householders and taxpayers can rely on the Program achieving its aims. Consultation and advice received from financial institutions regarding their participation I am not privy to such information and cannot comment on this aspect. Employment and investment in Home Sustainability Assessments It's clear that far too many assessors have been employed on this Program, for all of the reasons stated previously. This was solely due to the incompetence and negligence of the Department, and will undoubtedly lead to a class action unless rectified adequately for those concerned. 10 SMH, 20-21 March 2010, Weekend Business, p3 Senate Committee Submission: Mark Walker 22/3/2010 8 However, it is important to make clear distinctions between the various groups of assessors. - those who were accredited and Contracted prior to 21 December 2009 - those accredited and Contracted since then who have been unable to work - those who have been accredited but not Contracted (who have an application for Contract in play) - those who have been accredited but do not have a Contract application in play - those who have trained but not been accredited and who have applications for accreditation in play - those who were employed under Organisation Contract rather than Individual Contract and, of them: - those who wish to be re-Contracted under an Individual Contract - those happy to remain

under an Organisation Contract The reason why these distinctions are important is that some of these groups require recompense, others require different or specific treatment by the Government, which may lead to further cases requiring compensation, and there are those who are content to move on provided the rules governing the assessment process are fine-tuned to enable them to make a living. Taking them in order: - those Contracted prior to 21 December have had or will have had the opportunity to earn sufficient income to recompense them for their outlays - those Contracted since 21 December, and who have not worked, may not wish to attempt to do so, and should be compensated for their outlays if not - those who are accredited but who have not received a Contract from the Department should be offered compensation to recompense them for their expenditure and offered the opportunity to leave the field and/or be retrained at the Government's expense - those assessors wishing to switch from an Organisation Contract to an Individual Contract, and who were employed prior to 21 December, should be given the opportunity to do so Ultimately, the stated aim of 5000 assessors is in and of itself unsustainable, as there simply isn't enough money available in the new 'budget' for the program to provide adequate work opportunity, even within the existing restrictions. The number of assessors needs to be reduced, through a combination of natural attrition (those disillusioned and leaving the field) and through compensation and removal of those for whom there can be no prospect of an ongoing or viable income. A 'minimum fee' must be regulated so that those employed by organisations receive a reasonable wage. This regulated fee should be not less than 75% of the Attendance Fee. The long-promised 'free upgrade' to Cert IV training for ongoing career opportunity should be offered to all Contracted assessors once the training program has been completed and made available¹¹. ¹¹ Personal statement by then Director to assessors in pilot program, May 2009 Senate Committee Submission: Mark Walker 22/3/2010 9

The effectiveness of the booking system The Call Centre, since the latest upheaval and addition of staff, has now achieved something like an acceptable level of timeliness of service. If the Call Centre is to continue as the principle port of call for assessors, householders and financial institutions, then minimum call response targets should be set and committed to and made public. One of the principle reasons the CC has not worked effectively is that it was always intended that bookings be made online directly by the assessors, with the CC only there as a back-up and to sort out any problems. This is the preferred option. Further to this, the issue of back-dating assessment numbers MUST be resolved in such a way that assessors do not lose past or future income. In other words, any assessor who has such completed assessments should be given new booking numbers for those assessments which do NOT form part of their ongoing capped assessment numbers. The current restrictions on assessment numbers are as follows: - limited to three per day - limited to a maximum of five per week (Monday to Sunday) - unable to replace a 'no-show' - able to replace a cancellation, in theory - assessors or their representative can make up to 10 bookings at a time within the 5 per week structure The sad reality of these restrictions is that they prevent assessors from earning a reasonable income. In principle, 5 completed assessments per week would generate only \$1000 in gross income, but the reality of running a sole-proprietor business is that once income tax and on-costs are removed, this amount is totally inadequate to support anyone seeking full-time employment in the industry. Effectively, the current restrictions are sending everyone broke. To rectify this situation, certain restrictions need to be reviewed and rectified. - the

limit of 3 per day needs to be lifted to 4 per day, with a minimum time of 2 hours. This will enable those seeking only part-time work to do so more efficiently, but without degrading the quality of assessments. It would also assist the viability of organisations employing assessors - limit of five per week needs to be raised to 7 or 8, for Individual Contract assessors only. Effectively, the five per week limit, which is uneconomic as it is, becomes more so if a householder cancels later in the week and that assessment is not able to be replaced before Sunday. One cancellation at the current level of 5 per week means a loss of 20% of income, two equals 40%. Increasing the limit would enable assessors to still make a living, at least, or to make a decent living through hard work

Senate Committee Submission: Mark Walker 22/3/2010 10 - for the same reason, the restriction on 'no shows' needs to be lifted. A "non attendance" provides payment of only 25% of the Attendance Fee, so it is imperative that assessors be given the opportunity to, at least, earn the maximum allowed, rather than the minimum possible - cancellations should be 'flagged' differently so that they can 'float' and be filled later Effectively, it is impossible to replace a cancelled booking late in the week, thereby the current restriction effectively denies assessors the opportunity to earn income. Allowing cancellations to 'float' enables assessors to fill the booking at a later date, without impacting other bookings and quotas, but without losing valuable and necessary income. - Only individual assessors should be allowed to make bookings, unless they are employed by an organisation which provides this service AND provides them with 75% of the Attendance Fee for any bookings made on their behalf

The effectiveness and timeliness of Home Sustainability Assessment reports being provided This needs to be improved dramatically. The current algorithms are so broad that it is impossible to 'trigger' needed recommendations and often, advice given to the Householder by the assessors is effectively contradicted by the official Assessment Report. Ironically it has been noted by assessors that those Households which have already made significant reductions in energy consumption, and who are desirous of and willing to purchase a solar PV system to improve further, are frequently unable to get a recommendation for this option, due to the logarithm and its assumptions. Some householders assessed in October 2009 are still waiting for their official Assessment Report. This is so incredibly inefficient it is ludicrous. Effectively the Department is in breach of its agreement with Householders in which it states quite clearly in the Terms and Conditions that the Report shall be mailed within 10 working days¹². This has, to my knowledge, never, ever, happened. The early reduction by the Government in the number of Green Loans to be offered, and subsequent discontinuation of the loans I am not privy to financial institutions' reasons for providing or withholding the provision of the opportunity for Green Loans, but anecdotally I have learned that they were swamped in the last weeks and were forced to restrict applications or they would not have been able to process the applications they already had by the Government imposed cut-off date.¹³

¹² Terms and Conditions on back of form signed by Householder ¹³ Personal communication, Newcastle Building Society

Senate Committee Submission: Mark Walker 22/3/2010 11 Homeowner actions for which Green Loans have been sought and approved This must be completely audited and every recipient made to demonstrate what sustainable improvements the money received has, in fact, been spent on. The level of evaluation of homeowner action following any Home Sustainability Assessment There was no provision within the initial set-up of the program for there to be any follow-up by the assessor. Notwithstanding this, many independent assessors have

not only followed up but have provided additional information to assist householders. When the new arrangements and the cancellation of the loan component was announced on 19 February, this involved many assessors in a costly and time-consuming ring-around to all their previous clients to ensure that any who desired to do so had begun the process to apply for the Green Loan. Government must effect such necessary audits of those assessed to ascertain whether, over time, savings and reductions of energy consumption have been made in order to quantify the achievements of the program. What advice was provided to the Government on the feasibility and effectiveness of the program, including to what degree the Government acted on this advice I cannot comment on this term of reference as I am not privy to such advice, other than that provided by ABSA to [redacted] regarding assessor numbers previously mentioned. I have sighted the actual email concerned and it is clear that ABSA was concerned, even if Mr [redacted] was not. Further I understand that the substance of my previous comment regarding the initial preprogram Risk Assessment being ignored is based on fact and is now on the public record. An analysis of the effectiveness of the program as a means to improve the water and energy efficiency of homes, including comparison with alternative policy measures It's my belief that this analysis will eventually vindicate the underlying premise of the program. From personal experience and anecdotal evidence from other assessors, householders are more often than not keen to implement the suggestions and advice of the sustainability assessor. Over time, their unavoidably increased awareness of the nature of "a sustainable home" will help to establish new, more sustainable, patterns of behaviour and will help drive the future purchase of more energy efficient appliances.

Senate Committee Submission: Mark Walker 22/3/2010 12 Consideration of measures to reduce or eliminate waste and mismanagement, and to ensure value for money for the remainder of the program In order to make the remaining 600,000 assessments more successful, and maximise the potential of the Program to effect changes in behaviours and energy savings in Australian households, the following need to be incorporated:

- Changes to the booking system as recommended will ensure that the best available assessment talent remains in the field providing the best possible assessment advice -
- Those households who had an assessment performed prior to the Minister's cancellation of the GL component should be encouraged to apply in order to maintain faith with the electorate, and to maximise the benefits to the emissions regime by accessing the willingness of those householders to commit -
- All assessments performed must be audited and if necessary, re-assessed -
- A report on the overall effectiveness of the scheme should be commissioned and delivered within 6 months of the completion of the scheme -
- As the Department has failed so spectacularly to advise and inform assessors, never mind seek any advice or assistance from those at the coal face, this should be rectified as part of the renewal process

Other matters for consideration It is my belief that the incompetence of the Department and its lack of professional oversight of this Program has caused many individuals to lose substantial sums of money attempting to enter a promising new career. - All those who are unable or unwilling to continue in the field should be offered compensation for their out of pocket expenses incurred in good faith In order to provide some support to the nascent industry, and to give those still in the field some hope for the future:

- The government should fast-track the implementation of the National Energy Efficiency Rating scheme (commonly referred to as 'Mandatory Disclosure') in order to ensure there is ongoing work and a career for those who have

committed to the industry - The government should fast track the establishment of a TAFE Cert IV in Sustainability Assessment and provide this to Contracted assessors free of charge as originally promised