



Australian Government

Department of Climate Change and Energy Efficiency

**Submission to the Senate Standing Committee on Environment,
Communications and the Arts**

Inquiry into the Green Loans Program

Submission by:

**The Australian Government Department of Climate Change
and Energy Efficiency**

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OVERVIEW

The Australian Government Department of Climate Change and Energy Efficiency (the Department) welcomes the opportunity to make a submission to the Senate Standing Committee on Environment, Communication and the Arts for the purposes of its inquiry into the Green Loans Program. In doing so, it draws the attention of the Committee to the Machinery of Government changes of 8 March 2010 (announced by the Prime Minister on 26 February 2010) which transferred responsibility for the Green Loans Program from the Department of the Environment, Water, Heritage and the Arts (DEWHA) to the newly created Department of Climate Change and Energy Efficiency (DCCEE).

The Green Loans Program

The Green Loans Program was announced as part of the Government's *Solar, Green Energy and Water Renovations Plan for Australian Households* election commitment. Funding for the Program was announced in the 2008-09 Budget.

The Green Loans Program was originally designed to assist Australian families with up to 200,000 low interest loans to improve the energy and water efficiency of their homes.

The key objectives of the program were to:

- encourage wide-scale improvement of energy and water efficiency in the existing housing stock;
- provide sound advice to households on the most appropriate actions to reduce the environmental impact of operating their home;
- provide financial assistance to households to gain access to the resources they need to invest in energy and water efficient technologies; and
- reduce annual greenhouse gas emissions.

In light of the Government's \$4 billion investment in energy efficiency, lower interest rates and major shifts in the global financial markets, changes were announced to the Program in May 2009 to provide for up to 75,000 loans and place a greater emphasis on trained assessors to provide:

- face-to-face advice on the best energy and water efficiency actions which householders should take;
- professional home sustainability assessment reports;
- advice to direct householders to existing rebate assistance schemes; and
- advice on accessing loans to achieve enhanced energy and water efficiency in the home.

The Program commenced with a national rollout on 1 July 2009, providing:

- 360,000 free home sustainability assessments by qualified home sustainability assessors resulting in the provision of a tailored report with key recommendations for reducing energy and water use;
- up to 75,000 interest-free Green Loans for loan amounts up to \$10,000, for a maximum of four years, for householders to implement the changes recommended through the home sustainability assessment; and

- a Green Rewards Card valued at \$50 to households with completed assessment reports to enable them to buy low-cost items to improve energy and water efficiency.

The experience of the first six months of the Program led the Government to announce further changes on 19 February 2010, including:

- an additional 600,000 home sustainability assessments, on top of the 360,000 assessments already available under the Program;
- a cap of 5,000 on the number of assessors who would be contracted to deliver household sustainability assessments under the Program;
- a weekly cap of 15,000 assessment bookings and a daily and weekly cap per assessor of three and five assessments respectively;
- changed booking arrangements such that each booking call to the call centre can only be made by or on behalf of individual assessors, in addition to householders; and
- discontinuation of the loans component of the Program from 22 March 2010.

On 10 March 2010, the Minister for Climate Change, Energy Efficiency and Water delivered a Ministerial Statement to the Parliament on the Green Loans Program. In this statement, the Minister outlined some of the challenges experienced in delivering the Program to date, the subsequent changes referred to above and the ongoing work of the Department to improve delivery of the Program. A copy of the Ministerial Statement is provided for the Committee's information at [Attachment A](#).

How the Program works

The Program is built around a home sustainability assessment, which is undertaken by a trained assessor using a home sustainability calculator. Assessors are accredited by an industry body, currently the Association of Building Sustainability Assessors (ABSA). Industry accreditation is a requirement for assessors to be contracted by the Department to undertake home sustainability assessments under the Program.

The training program for assessors was developed by ABSA under contract from DEWHA.

Bookings for home sustainability assessments are managed by the Department through a call centre. Assessors are paid directly by the Department on invoice. The home sustainability assessment report is then sent by the Department to the relevant household.

Up until March 2010, a householder could also apply for an interest-free loan for items identified in the home sustainability assessment report. Agreements existed with 24 financial institutions to cover payment of the interest and administrative costs of loans, and for the financial institutions to report on loans approved.

Under the Green Loans Program:

- The householder, or an assessor on a householder's behalf, books a home sustainability assessment by calling the call centre.
- The designated assessor visits the household at the pre-arranged time and enters details about the home into the calculator and discusses with the householder ways to save energy and water. The assessment is provided free of charge to the household.

- The householder receives a home sustainability assessment which includes an action plan with the key recommendations for reducing energy and water use. There are up to 49 potential recommendations which vary with each house. They include behavioural actions and physical improvements to the house.
- The report contains a list of up to ten items which, prior to 22 March 2010, were eligible to be purchased with the assistance of a Green Loan.
- Up until March 2010, the householder could have chosen to approach one of the participating financial partners to apply for an interest-free loan to assist in the purchase of ‘eligible items’.
- The householder may also choose to access one of the Government’s energy efficiency schemes, for example the Solar Hot Water Rebate scheme or up until 19 February 2010, home insulation under the Home Insulation Program. Similar programs exist at the state/territory level.

RESPONSES TO THE TERMS OF REFERENCE

The Australian Government Green Loans Program

The Department has sought to address the Terms of Reference under five themes: Loans, Home Sustainability Assessments, Assessors, Program Management, and Evaluation.

Loans

The original Program announced in the 2008-09 Budget included the provision of 200,000 low-interest loans up to a maximum of \$10,000.

In light of the Government's \$4 billion investment in energy efficiency, lower interest rates and major shifts in the global financial markets, changes were announced to the Program in the 2009-10 Budget including a reduction in the number of loans over the life of the program to 75,000 with a maximum limit of \$10,000 over four years.

By the end of 2009, 24 financial partners had signed a Subsidy Deed to provide loans under the Program.

The interest subsidy to the financial institution was determined on the basis of the Reserve Bank of Australia's official cash rate on the date of application plus up to 500 basis points interest premium to cover the institution's borrowing cost.

Guidelines for the Program indicated that subsidised loans would be available until 31 March 2013 or until available funding is exhausted.

As with any other loan products, terms and conditions were made available to the householder before they made a commitment. The householder must have met the lending requirements of the financial institution before a Green Loan was issued.

The experience of the first six months of the Program led the Government to announce changes to the Program on 19 February 2010, including the discontinuation of the loans component on 22 March 2010. This followed the low take-up of loans experienced to that date under the Program. As at 4 April 2010, participating financial institutions reported that 2,527 loans had been issued to householders.

Factors contributing to householders' decisions in relation to the take-up of loans are likely to have included:

- householders' reluctance to take out loans due to the global financial situation;
- householders choosing to fund low-cost changes from their own resources;
- householders choosing to adopt no-cost behavioural changes (this may include simple behavioural changes such as having shorter showers and turning off equipment when not in use);
- householders not meeting the financial partners' lending requirements; and
- householders choosing to apply for rebates under other government programs at the Commonwealth, state/territory or local level.

Following the Government's announcement of 19 February 2010, loans under the Program were discontinued from 22 March 2010 in line with the standard Subsidy Deed in place with financial institutions. A number of financial institutions ceased taking new applications for Green Loans prior to this date, instead choosing to focus on processing the loan applications they already had to hand. This was appropriately a matter for each financial institution to determine having regard to the volume of applications still to be processed and finalised prior to the 22 March 2010 deadline.

Homeowner actions funded by loans

Applicants were required to sign a Green Loan Declaration that the loan funds received from the financial institution would only be used for eligible actions as identified in a valid assessment report.

As at 14 April 2010 the top ten items/recommendations funded through loans included:

- Photovoltaics
- Hot water systems (including electric and gas boosted solar or heat pumps)
- Rainwater tanks
- New fridge
- Ceiling insulation
- Shading (windows, sails, awnings, etc)
- Heavy drapes or equivalent
- Ceiling fans
- Double glazing
- Shower, bath and toilet (dual flush or composting toilet)

Home Sustainability Assessments

The home sustainability assessment process includes four main activities:

- booking of the assessment by the householder using the phone booking service, or through an assessor who has been contracted to undertake assessments for the Program;
- free home inspection and assessment by an assessor;
- provision of initial advice to the household by the assessor; and
- receipt of an assessment report.

When the Program commenced on 1 July 2009, 360,000 free home sustainability assessments were to be provided to households which met the eligibility criteria set out in the Program Guidelines. This increased to over 900,000 assessments on 19 February 2010 when the Government announced that the loans component of the Program would be discontinued in order to boost assessment availability.

The home sustainability assessment is conducted by an assessor contracted by the Department to undertake assessments for the Program (these contracts shifted from DEWHA to DCCEE under the Machinery of Government changes of 8 March 2010). The assessment would typically involve the physical inspection of major energy and water systems relating to thermal comfort, water heating, lighting, refrigeration, cooking, entertainment, water consumption, and waste management. Data about each of the energy and water systems and about how the

household interacts with those systems is collected during the assessment and provided to the Department. The length of the assessment will be impacted by the amount of information available, the size of the property and the number of energy and water systems to be considered.

As at 4 April 2010, 348,480 home sustainability assessments had been booked and, of these, 255,233 had been completed.

Assessment bookings

Bookings for home sustainability assessments are made through a call centre managed by the Department.

From September 2009, assessors received regular updates on assessment bookings via the Program website and assessor e-newsletters.

Throughout January 2010 there was significant pressure on the booking centre which resulted in delays for assessors. Staffing levels were increased at the booking centre and email bookings were allowed for a limited time to reduce pressure on the booking centre. Up to 35,000 bookings a week were being made during January and February 2010.

On 19 February 2010, the Government announced changes to the booking arrangements for assessments, including:

- a cap of 15,000 bookings per week;
- a limit of no more than three assessments per assessor per day;
- a limit of no more than five assessments per assessor per week; and
- bookings cannot be transferred or on-sold between assessors.

A separate line for enquiries to reduce pressure on the booking centre was also established.

Caps were introduced to improve the quality of assessments being completed, to provide greater certainty about the duration of the Program, and to ensure that workload is shared more equitably amongst assessors.

These changes significantly reduced wait times at the booking centre.

Assessment reports

On 10 March 2010, the Government acknowledged that there had been delays in households receiving their home sustainability assessment reports. As at 28 February 2010, around 84,000 reports had been sent to households. Around 100,000 reports had been submitted but not yet sent to households.

The Government has indicated that performance, in terms of the time it takes for households to receive their report after having an assessment completed, must be significantly improved. The Department now has arrangements in place with a new mail distribution centre to despatch completed assessment reports at a faster rate. The Department is also considering what other actions can be taken to improve performance in this area.

Green Rewards Cards

As the Minister stated in her address on 10 March 2010, when the Green Loans Program was rolled-out in July 2009, households receiving a home sustainability assessment were eligible for a \$50 Green Rewards Card.

However, no Green Rewards Cards have been distributed to households to date.

Assessors

Assessor accreditation

Only accredited home sustainability assessors can be contracted to conduct assessments for the Green Loans Program. To become accredited, home sustainability assessors must have undertaken the Professional Home Sustainability Assessment course and be registered with an assessor accrediting organisation. The assessor accreditation body for the Program is the Association of Building Sustainability Assessors (ABSA) which operates under the Department's Protocol for Assessor Accrediting Organisations. In line with the terms of the Protocol, assessors must provide evidence of their qualifications and experience to ABSA prior to receiving accreditation.

Accredited assessors who are seeking to conduct assessment services for the Green Loans Program are required to sign a contract to:

- agree to provide assessment services according to the necessary standard including meeting the requirements of the Assessor Code of Professional Practice; and
- provide assessment services for the rates published in the Schedule of Fees.

Assessors have received a \$200 assessment fee for each assessment from the Government under the Program.

The focus of the Green Loans Program has always been to assist households to become more energy and water efficient. The decision to undertake training and seek accreditation as an assessor has always been a commercial decision made by individuals.

Clause 3.2 of assessor contracts states that: *"The Assessor acknowledges that there is no guarantee or assurance:*

- (a) of any particular volume of business under this Contract or the Program; or*
- (b) that the Assessor will receive any bookings to undertake any Assessments".*

On 4 February 2010, the Department commenced an audit of ABSA's accreditation processes with the support of PricewaterhouseCoopers. This audit will review ABSA's procedures to ensure that ABSA is meeting its obligations under the program, including:

- ascertaining that all assessors are suitably qualified and experienced people;
- conducting federal police checks;
- facilitating professional indemnity insurance; and
- conducting quality assurance checks on assessment services under the program.

This audit is due to conclude shortly.

Assessor numbers

On 8 May 2009, the Government indicated that there were 1,000 home sustainability assessors ready to begin work under the Green Loans Program from 1 July 2009.

Due to the overwhelming industry response to the Program, ABSA placed a moratorium on the accreditation of new assessors in November 2009. Only those people who had completed their training by 24 December 2009 and had submitted an application to ABSA by 21 January 2010 would be assessed for accreditation. A significant increase in applications to ABSA from prospective assessors occurred following announcement of the moratorium.

ABSA's figures indicate that there are approximately 7,500 people, including those already contracted to the Department, who have completed assessor training and been accredited with ABSA. A further 1,800 people have completed training but have not been accredited.

There are currently around 4,000 assessors contracted by the Department under the Program.

On 19 February 2010, the Government announced a cap of 5,000 on the number of assessors participating in the Program. This will ensure a sustainable level of assessment activity for contracted assessors.

The Government will consider the findings of announced reviews into contractual arrangements and procurement under the Program, and into accreditation processes before proceeding to finalise additional assessor contracts.

Training

In late 2008, the non-accredited Professional Home Sustainability Assessment (PHSA) training course was developed to meet the immediate need for skilled home sustainability assessors. Working in conjunction with the Department of Education, Employment and Workplace Relations, DEWHA contracted the Construction and Property Services Industry Skills Council in May 2009 to develop a nationally endorsed qualification for assessors. The qualification has yet to be endorsed by the National Quality Council.

In the interim, the Department is examining mechanisms to assure and improve the professional standard of assessors contracted under the Program.

Assessor invoices

In line with Government requirements, the Department aims to pay all correctly submitted invoices within 30 days. The 30-day timeframe for payment applies from the date at which a complete and correct invoice is received.

Some delays in relation to the payment of invoices have been experienced by some assessors, while there have also been problems with some assessors submitting incorrect invoices.

To address the problems with invoicing, a template has been developed for assessors to use, along with a step-by-step guide to filling in the template. Departmental staff have also been

contacting assessors directly if they have submitted an incorrect invoice to explain what needs to be fixed. These practices will continue.

In addition, the Department is allocating additional resources to invoicing. As a result, the throughput of invoices has increased by 50 percent in recent weeks. Overtime shifts are planned until the backlog of invoices has been cleared.

The Department has also established a dedicated invoicing inbox to further reduce delays.

Program Management

The Green Loans Program has been very popular with very high demand for bookings for home sustainability assessments. This level of interest has created challenges for the administration of the Program and the Government has acknowledged that some problems have been experienced.

A number of reviews have been put in place to examine these problems and to improve the delivery of the Program into the future:

- An independent external process of inquiry has been commissioned in relation to contractual agreements and procurement processes entered into during the final design and implementation of the Green Loans Program. This inquiry is underway and is due to report in April 2010.
- The Government initiated an audit of the assessor accreditation process and adherence to the terms of the Protocol for Assessor Accrediting Organisations between the Department and Association of Building Sustainability Assessors as the accrediting organisation. This is being conducted by external audit firm PricewaterhouseCoopers and is due to conclude shortly.
- The Australian National Audit Office has started a performance audit of the Green Loans Program. The Auditor General currently expects to complete this audit in the second half of the year.
- Existing audit and compliance activities for the Green Loans Program have been expanded to include an audit of the quality of home sustainability assessment reports to ensure that assessors are meeting their obligations under the Program, to ensure subsidised loans have only been applied to eligible items, and to ensure assessor organisations have complied with the terms and conditions of their contracts.

A dedicated enquiries line has also been established in addition to the booking call centre to specifically manage issues and general enquiries.

Evaluation

An evaluation is planned for the Program in the context of:

- its objectives and whether or not these have been adequately met;
- gathering information about energy efficiency actions taken at the household level;
- value for money for taxpayers more broadly in the context of the success of the Program;
and
- its success in abating greenhouse gas emissions.

The evaluation of the Program will include a survey of households to determine actions implemented following receipt of the home sustainability assessment report, and the source of funding for those actions (whether this be a Green Loan, other government assistance or within a householder's own resources).

As noted above, there are also a range of reviews and audits already underway which will provide valuable information about the delivery of the Program to date.

REFERENCES

Anthony Albanese MP, Shadow Minister for Infrastructure and Water; Peter Garrett MP, Shadow Minister for Climate Change, Environment and Heritage; Kevin Rudd MP, Federal Labor Leader. *'Federal Labor's Solar, Green Energy and Water Renovations Plan for Australian Households'* Media release. 29 April 2007.

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Australian Government. *'Green Loans Program Guidelines 2009'*. <http://www.environment.gov.au/greenloans/guidelines/index.html>

The Hon Peter Garrett AM MP, Minister for the Environment, Heritage and the Arts, *'Australian Homes to benefit from Green Loans rollout'*. Media release, 8 May 2009. <http://www.environment.gov.au/minister/garrett/2009/mr20090508.html>

The Hon Peter Garrett AM MP, Minister for the Environment, Heritage and the Arts, *'Green Loans for Aussie Homes.'* Media release, 13 May 2008. <http://www.environment.gov.au/minister/garrett/2008/index.html>

The Hon Peter Garrett AM MP, Minister for the Environment, Heritage and the Arts, *'Significant changes to Commonwealth Environmental Programs'*. Media release, 19 February 2010. <http://www.environment.gov.au/minister/garrett/2010/mr20100219.html>

Senator the Hon Penny Wong, Minister for Climate Change, Energy Efficiency and Water, *'Green Loans Program'*. Ministerial Statement. 10 March 2010. <http://www.climatechange.gov.au/minister/wong/2010/major-speeches/March/sp20100310.aspx>

TERMS OF REFERENCE

Senate Inquiry into the Green Loans Program

Terms of Reference

That the following matters be referred to the Environment, Communications and the Arts References Committee for inquiry and report by 21 June 2010:

(a) the Government's Green Loans Program (the program), with particular reference to:

(i) the administration of the program from a pricing, probity and efficiency perspective, including:

- (A) the basis on which the Government determined the amounts of the loan to be made available and Government subsidy thereof,
- (B) regulation of Home Sustainability Assessment practices, including the promotion of assessments,
- (C) accreditation of Home Sustainability Assessors,
- (D) ensuring value for money for taxpayers,
- (E) waste, inefficiency and mismanagement within the program,
- (F) ensuring the program achieves its stated aims of improving water and energy efficiency, and
- (G) the consultation and advice received from financial institutions regarding their participation,

(ii) an examination of:

- (A) employment and investment in Home Sustainability Assessments resulting from the program, including that resulting from Government statements regarding the number of accredited assessors,
- (B) the effectiveness of the booking system,
- (C) the effectiveness and timeliness of Home Sustainability Assessment reports being provided,
- (D) the early reduction by the Government in the number of Green Loans to be offered, and subsequent discontinuation of the loans, including by financial institutions in advance of the Government's announced date of discontinuation,
- (E) homeowner actions for which Green Loans have been sought and approved,
- (F) the level of evaluation of homeowner action following any Home Sustainability Assessment, and
- (G) 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, and

(iii) 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;

(b) consideration of measures to reduce or eliminate waste and mismanagement, and to ensure value for money for the remainder of the program, noting the commitment of funding for an

additional 600,000 free Home Sustainability Assessments despite the discontinuation of the loans; and

(c) other related matters.

Statement by the Minister for Climate Change, Energy Efficiency and Water, Senator the Hon Penny Wong

Green Loans Program

10/03/2010

INTRODUCTION

As the Senate would be aware, two days ago I was sworn in as the Minister for Climate Change, Energy Efficiency and Water, adding energy efficiency to my existing portfolio responsibilities.

This change recognises the inextricable link between the challenge of becoming more energy efficient and the challenge of tackling climate change.

This change also means that the energy efficiency programs previously administered by the Department of the Environment, Water, Heritage and the Arts will now be delivered by the new Department of Climate Change and Energy Efficiency.

One such program for which I am now responsible is the Green Loans Program.

This Program recognises the public benefit in helping households identify how they can improve their efficiency and reduce their impact on the climate and the environment.

There has been strong demand for this. Australians want to do their bit. We should be finding ways to help them.

Nevertheless, there have been problems with this Program.

Given that reality, I have asked my new department for a frank assessment of the Program's status and design.

In the meantime, I am conscious of the concerns that have been raised by the community, and by Members and Senators.

I therefore believe it is appropriate to update the Senate on the current situation with the Green Loans Program.

When the Green Loans Program was launched in July 2009, it was intended to have three components aimed at assisting Australian households to improve their energy and water efficiency.

The first was a free home sustainability assessment. A trained assessor visits the home and talks with householders about the sustainability of the home and their current practices. The

assessor then compiles an assessment report indicating what the householder might do to save energy and water, and to improve their sustainability.

The second was a \$50 Green Rewards Card for households who had participated in a home sustainability assessment. This was for the purchase of small items to improve efficiency, for example energy efficient light globes and the like.

The third was access to an interest free Green Loan, for amounts of up to \$10,000 over a maximum period of four years.

The experience of the first six months of the Green Loans Program led the Government to announce significant changes to the Program on 19 February 2010:

An additional 600,000 assessments, on top of the 360,000 assessments already available under the Program;

A cap of 5000 on the number of assessors who would be contracted to deliver household sustainability assessments under the Program;

A weekly cap of 15,000 assessment bookings and a daily and weekly cap per assessor of three and five assessments respectively;

Changed booking arrangements such that each booking call to the call centre can only be made by or on behalf of individual assessors; and

Discontinuation of the loans component of the Program.

The Government began implementing these changes from 19 February 2010. In line with agreements between the Government and relevant financial institutions, loans under the Program will be discontinued from 22 March 2010.

As I said, there have been a number of problems with this Program.

It is apparent that the Program had a number of design flaws, and that aspects of the Program have not been administered to the standard that the Government and community expects.

Since assuming responsibility for this program, I have put in place an immediate process to fully identify and get to the bottom of these problems.

My priority in the coming weeks and months is to deliver on the fundamental policy objective: to provide high-quality, timely and useful sustainability assessments to Australian households.

In order to do that, it is important to address the issues with the program, issues that have become evident to me over the past week through the complaints I've heard from households and Green Loans assessors.

I will deal with each of these issues in turn.

Household sustainability assessment reports

First, to the issue of household sustainability assessment reports.

As at 28 February 2010, 305,327 home sustainability assessments had been booked and, of these, 210, 864 had been completed. This is clearly a very popular element of the program.

However, only around 84,000 reports produced as a result of those home sustainability assessments had been sent out to households (as of 28 February 2010).

There are currently around 100,000 reports that have been submitted to the Department of the Environment, Water, Heritage and the Arts but which had not yet been sent out to households at the time responsibility moved to the Department of Climate Change and Energy Efficiency.

The remaining reports have not yet been submitted to the Department by assessors following completion of the home sustainability assessment.

The delay in sending reports is unacceptable. Performance, in terms of the time it takes for households to receive their report after having an assessment completed, must be significantly improved.

I have asked my Department for further advice on what actions can be taken to improve performance in this area.

Number of assessors

Second, to the number of assessors.

Currently, there are around 4000 assessors contracted to the Department to conduct home sustainability assessments under the Green Loans Program.

The Government's changes to the Program on 19 February indicated that the number of assessors to be contracted under the Program would be capped at 5000.

For an assessor to be contracted under the Program, they must first complete a set training course and seek accreditation through the Association of Building Sustainability Assessors or ABSA. Then they can apply to the Department to be contracted to take part in the Green Loans Program.

I am advised that ABSA's figures indicate that there are approximately 7500 people, including those already contracted, who have completed assessor training and been accredited with ABSA. I understand ABSA figures estimate approximately a further 1800 people have completed training but have not been accredited.

Clearly, this is a very difficult situation, with more accredited assessors than available contracts. It is a hard fact that there are going to be people who are accredited who won't be contracted under the program.

Payment of assessors

Third, the prompt payment of invoices is another area that has attracted criticism. I understand there are more than 1500 invoices currently in hand and that work is underway to process those quickly.

In line with Government requirements, my Department will be working toward having all correctly submitted invoices paid within 30 days.

I understand that only a very small percentage of correct invoices received to date from assessors - less than 4 per cent - have been paid outside the 30 day period.

It is apparent that many assessors are experiencing delays in payment. It is also clear that part of the problem appears to lie in ensuring that each invoice contains the correct information so it can be processed.

Around 50 per cent of invoices received by DEWHA have been incorrect or incomplete when first submitted, creating delays in payment. This figure, while still too high, is an improvement on earlier figures indicating around 70 per cent of invoices were incorrect or incomplete when first submitted. The 30-day timeframe for payment applies from the date at which a complete and correct invoice is received.

To address the problems with invoicing, DEWHA developed a template for assessors to use, along with a step-by-step guide to filling in the template.

Departmental staff have also been contacting assessors directly if they have submitted an incorrect invoice to explain what needs to be fixed.

These practices will continue under my new Department.

Given the large number of invoices currently on hand and expected in coming weeks, I have asked my Department to provide additional resources to ensure that correct invoices are paid within the required timeframes.

I have also asked my Department to hold discussions with ABSA about how it can assist its members to submit correct invoices.

Green Rewards Cards

Fourth, when the Green Loans Program was rolled-out in July 2009, households receiving a home sustainability assessment were eligible for a \$50 Green Rewards Card.

However, no Green Rewards Cards have been distributed to households to date.

I have asked my Department to provide further detail on how this might be addressed quickly, and will consider this matter further when I receive that advice.

Applications for Green Loans

Fifth, there is the issue of the loans themselves. In the first six months of the program there was a low uptake of loans.

This was due to a number of factors, including the slowness with which assessment reports were made available to households and a potentially lower appetite to enter into debt in the latter half of last year given the Global Financial Crisis.

As at 28 February 2010, participating financial institutions advised that they had received 2864 applications for Green Loans and had approved 1705.

DEWHA has been working, and my Department will continue to work, with the financial institutions to assist in processing applications before 22 March 2010, which is the cut off date

for loans to have been approved and contracts signed, in line with the Government's announcement on the discontinuation of this component of the Program.

I am aware that a number of financial institutions have stopped taking new applications for Green Loans, instead choosing to focus on processing the loan applications they already have to hand ahead of the 22 March 2010 deadline.

As at 28 February, I am advised that all correct invoices received from the financial institutions had been paid.

Hotlines

Sixth, the Government understands that there are many households and assessors seeking information on the Green Loans program at the moment.

There are currently two call centres operating for the Program.

The booking hotline receives bookings for assessments from assessors and households, and provides advice to financial institutions. As at 3 March 2010, the average wait time for the booking centre was less than 10 seconds for all categories of callers, and the maximum wait time was less than two minutes.

The second hotline was established on 20 February to provide information on the changes to the program.

On 20 February and 21 February, the call centre performed outbound calls to inform assessors of the changes to the program. Since 22 February, the call centre has been receiving inbound calls. The demand for information through the information hotline has been considerable. The average wait time for callers is down to less than 3 minutes at this point in time.

The Department has also set up a centralised process for dealing with written enquiries, via the Contact Us tab on the Green Loans website.

Unfortunately, due to the volume of written enquiries received, particularly since the Program changes were announced, the time taken to respond to these enquiries has been considerable.

To give you an idea of scale, DEWHA received more than 7500 written enquiries over the period 25 February – 9 March 2010 – that's significantly more enquiries than were received over the course of several months previously.

I understand that people may be frustrated about the timeliness of responses to e-mail and online queries.

I have asked the Secretary of my Department to consider the need for additional resources in this area to ensure enquiries are responded to within reasonable timeframes.

I would ask households and assessors to bear with the Government as we work through the many outstanding enquiries.

The Government will endeavour to make information on the Program available via the internet, the information line, and via direct communications with assessors as we work through the implementation issues associated with this program.

Household assessments

Seventh, it is important that this program has a stronger compliance and audit component to ensure that assessments have been properly completed.

I have asked the Secretary to ensure that existing compliance and audit activity for this program is expanded and fast-tracked and that further advice be provided to me on this issue as soon as possible.

We have an obligation to ensure that public funds are being used responsibly, and for the intended purpose.

Training standards of assessors

Eighth, there has also been some criticism of the quality of training provided to assessors by training organisations.

This is of particular concern to me because it goes to the public confidence in the quality of the assessment reports which households are receiving, and in the program itself.

The compliance regime which I have directed the Department to expand will be focusing on the quality of assessment reports provided by assessors. This will be important information to help us identify the risk of assessors not meeting their obligations under their contract.

I have also asked my Department to provide me with options to assure and improve the professional standard of assessors contracted to the program.

Work is already in train to put in place a nationally accredited training module for assessors.

The timing of this is subject to Commonwealth and State and Territory processes in the training sphere and is likely to be some months away.

Because this accredited training module is still some time away, I intend to explore interim mechanisms to improve confidence in assessors' professional standards as soon as possible.

NEXT STEPS

So it is obvious, from the information I've provided today, that the challenges for the Green Loans Program are many.

The Government acknowledges these challenges. The problems which exist are not acceptable and that is why I am taking steps to address them.

As I have indicated, I have asked my Department to provide significant additional resources to: address the backlog of assessment reports not yet provided to households;

- reduce any delay in payment of correct invoices from assessors, and ensure assessors are informed of correct invoicing techniques;

- expand and fast-track the compliance regime for the program to ensure quality assessments are being provided;
- provide me with advice on interim steps to assure and improve the professional standards of assessors;
- provide me with advice regarding the Green Rewards Card; and
- further improve customer service standards by ensuring the wait times on telephone hotlines remain as low as possible, and that there is significant improvement in the time taken to respond to email and online enquiries.

These are significant problems to overcome, and they may take some time to address.

However, I have made it clear that these problems should be rectified as soon as possible. Addressing these issues is only the beginning of a process of improvement in this area.

There are a number of reviews currently underway which will provide additional information to the Government on what further action, if any, ought to be taken.

Stakeholder consultation

Soon, I will meet with representatives from the assessor industry body, ABSA, for the first time to discuss this program.

I will also be meeting with assessors to discuss their concerns.

I want to signal now that the way in which I intend to address the many problems with this program is to engage fully with its stakeholders. I want to work with them to help resolve these problems.

Reviews underway

Prior to the Green Loans Program moving into my Portfolio, Minister Garrett had instructed the Secretary of the Department of the Environment, Water, Heritage and the Arts to immediately implement an independent external process of inquiry in relation to all contractual agreements and procurement processes entered into during the final design and implementation of the Green Loans program.

This inquiry is underway and will report in April 2010.

Minister Garrett also initiated an audit of the assessor accreditation process and adherence to the terms of the Protocol for Assessor Accrediting Organisations between the Department and ABSA as the accrediting organisation. This is being conducted by external audit firm PricewaterhouseCoopers. This audit is due to conclude shortly.

Further, the Australian National Audit Office has started a performance audit of the Green Loans Program. The Auditor General currently expects to complete this audit in the second half of the year.

Management of this program in the short term needs to have regard to both the timelines of these reviews and the issues these reviews have been set up to consider.

Approximately four thousand assessors are presently contracted to take part in the program. As I have outlined, the Government is reviewing the relevant contracts and processes to ensure assessors currently contracted to conduct assessments are meeting all of the Program requirements, and will take further action as is necessary.

I also intend to take the opportunity to consider the findings of the reviews into contractual arrangements and procurement under this program, and into accreditation processes before proceeding to finalise additional assessor contracts.

This will enable the outcomes of the reviews to inform both subsequent and current contracting arrangements.

In the meantime, new bookings will continue to be accepted, existing assessors contracted under the program can continue to complete assessments in line with the cap of 5 assessments per week and 3 assessments per day, and households that have booked assessments will continue to receive their assessments.

The Government is committed to delivering programs that are effective and deliver value for money. In regards to the Green Loans Program, I will be working quickly to achieve these objectives.