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Audience: research sector covering residential sustainability.

Thank you for the opportunity to present today on the Green Loans Program and other residential sustainability initiatives of the Australian Government.

The Australian Government believes there is no greater environmental challenge now facing our world and our nation than dangerous climate change. Australia is on the front line to suffer the impacts of climate change as a result of our increasing water scarcity, finely balanced natural environment and our large resources and energy sector.

With the average Australian household contributing many tonnes of greenhouse gases to the atmosphere each year the efficient use of energy and water is a particularly important strategy for households as it not only helps to reduce greenhouse gas emissions, but will help to buffer households from higher costs.

This paper outlines the strategic approach taken by the Australian Government to help households reduce their greenhouse gas emissions impact, whilst creating a more efficient economy and stimulating new green industries and jobs.

Australian households are genuinely concerned about the environment and are keen to make changes to address the most significant environmental impacts. Recent studies (Connection Research 2007) have found that almost 90% of people across all demographic groups (i.e. by age, location, income level and political persuasion) believe climate change is a significant problem.

Our research into renovation actions has also found that 65% of the population will implement some type of water or energy saving change in their home within the next 12 months.

Yet when we look at what they have done, or intend to do, we find that many of these people have not or are not planning to take a significant action to address their impact on the environment. From our evidence it appears that households are likely to take just a small bunch of fairly minor actions.

Why do we have such a disconnect between recognition of the problem and the actions we take?

Research carried out for the Department of Environment, Water, Heritage and the Arts, and research carried out by many other institutions, has identified two very significant barriers to the uptake of sustainable technologies and practices.

Many researchers have argued that the disconnect is due to: (a) the need to cut through the information overload to get trusted information; and (b) the high first cost of taking such action.

Of course there are a myriad of other and I would argue possibly less important barriers, such as the relative low cost of energy and water within the household budget, and the three month delay in utility bill feedback – a huge disconnect between

consumption and feedback. My economist friends would no doubt raise the market's failure to value environmental performance in property values as an barrier.

All barriers need to be addressed in their unique way but the two most important barriers stopping the wholesale renovation of Australian homes is the ability to pay for larger actions, and the ability to trust advice to invest large sums.

The Australian Government has recognised these two main barriers and has developed a suite of programs that firstly help non-expert households build their level of knowledge so they can feel confident in their decision making, and secondly make those decisions very affordable.

What are we doing about helping Australians with trusted information?

- Your Home guide materials – for several years now the Australian Government has been working with other governments and the home building and design industries to produce the ultimate guide to sustainable homes. Full of case studies and design ideas, the Your Home materials are very popular products with households and practitioners. While this information isn't tailored to the specific needs of households, it provides the technical reinforcement to other advice.
- Energy and water efficiency labels – a very trusted source of factual information to consumers. This government is committed to the roll-out of labels for more product types, combined with the banning of the worst performing products. Information at the point of purchase is potent.
- Online Portal – Many households don't know where to start so the idea of a trusted one stop shop for home and business sustainability information will be a great help to many Australians.
- Green Loan funded assessment services – under the Green Loans program we are rolling out Australia's largest ever home sustainability assessment service. We expect to provide high quality tailored advice to many hundreds of thousands of households. There could no better service to families than a trusted recognised expert coming to your home to give tailored advice.
- In the not too distant future the Australian Government will roll-out mandatory disclosure of environmental performance on the sale of property. Already in action in Canberra for over ten years, mandatory disclosure, that is the presentation of environmental performance information prior to sale, has allowed the market to reward those who have invested in a more sustainable home.

In total this is a massive multi-year investment in getting high quality trustworthy information to Australian households, giving greater confidence when making those more expensive and more substantially environmental actions.

The second barrier is a most expensive barrier for governments to address.

First cost is always a tricky barrier to overcome, for there are always other calls on the family budget. With this in mind the Australian Government is committed to the largest financial support program on environmental actions in Australia's history.

Financial support ranges from free insulation, to rebates for many energy and water saving products, to Renewable Energy Certificates for solar products, to zero cost

renovation loans, and a whole collection of Solar Cities, each with a unique range of incentives.

Those economists amongst us will recognise that what we have here is a net transfer of financial resources from energy production, particularly from industrial scale power plants, to the building sector with ultimately greater household resource efficiency. Not surprisingly, the more efficient we use our scarce energy and water resources for the same productivity, the faster the Australian economy can grow.

In this climate of economic concern we should never forget about the fantastic benefit in employment opportunities – the same multi-billion dollar investment in building sector energy efficiency has a larger jobs multiplier than industrial size energy production. Improvements in household energy efficiency create jobs immediately plus more jobs in the future through a more efficient and productive economy.

What exactly is the Australian Government doing to improve household efficiency?

The most significant of our programs is the recently announced \$3.9 billion Energy Efficient Homes package which is part of the \$42 billion Nation Building and Jobs Plan. The co-benefits are rapid growth in jobs to install insulation and solar hot water systems in many Australian homes, and of course excellent energy and greenhouse gas reduction outcomes.

Through the Government's \$3.9 billion Energy Efficient Homes Package, households can receive free ceiling insulation (capped at \$1,600) in the homes of eligible owner-occupiers, and owners of private rental properties can receive assistance of up to \$1,000 for insulation. In total this package will eventually install ceiling insulation in around 2.7 million homes across the country.

In our hot sunny climate solar energy technologies are crucial to Australia's future. The Solar Hot Water Rebate has been increased in size and availability and now provides a grant up to \$1,600 for the installation of solar hot water systems.

Shortly we'll roll out the Green Loans Program, with an army of trained home sustainability assessors providing tailored advice to hundreds of thousands of households, backed with zero-interest loans for those energy and water saving measures that can be put into place immediately. It's about setting Australian houses up for a low pollution future.

The Green Loans Program has developed and trialed training courses for professional home sustainability assessors, and already over 600 trainees have completed the course. We expect to train several thousand people to become the trusted experts to provide advice to households free of charge. This is the great feature of the program, any eligible household can book an expert to come and give them tailored advice and the Australian Government will pick up the tab.

More than that, once the household has chosen the renovation actions they want from the written report provided, they can get a government subsidised loan of up to \$10,000 for up to 4 years interest free. That's right the government will pay the full cost of interest direct to the financial institution and the household only pays back the principal. In many cases the dollar savings from lower energy and water bills will mean households get added asset value for their home at no cost to them during the four year loan period, and will enjoy many more years of operational savings.

The size and national nature of the Green Loans Program will provide many other benefits to the home sustainability assessment industry. For example we will be able

to establish nationally recognised qualifications for professional assessors, national accreditation that allows assessors to provide offer services freely across state borders, and even national standards on the scope of home sustainability assessments. All government and private sector organisations will be able to utilise the scheme to purchase assessment services from recognised qualified persons. In simple terms a quality guarantee to both households and service funding parties.

And finally we shouldn't forget the very large Solar Cities program which is trialing various energy efficiency options, time of day pricing and solar technologies on quite a large scale around the country.

Solar Cities are being established in Adelaide, Townsville, Blacktown, Alice Springs, Central Victoria, Perth and Coburg.

These programs are trialing systems now so that we have the information to better manage energy into the future, reduce greenhouse gases and protect Australia's environment. It is a partnership approach that involves all levels of Government, the private sector and the local community.

In this presentation I have shown how the Australian Government has taken a strategic approach to address the two most important barriers to the uptake of more sustainable technologies and practices.

The historically large program will provide high quality trusted information to consumers backed by reducing the high first cost of action, and will deliver the co-benefits of jobs, economic efficiencies and environmental improvement.

Thank you.