AIRAH Summit 2013
Meeting report

Prepared by:
The Australian Institute of Refrigeration Air Conditioning and Heating

AIRAH Strategic aim #1 - Claim the sustainability space
Claim the sustainability space

Prepared and Co-ordinated by

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About AIRAH

AIRAH is the recognised voice of the Australian air conditioning, refrigeration and heating industry. We aim to minimise the environmental footprint of our vital sector through communication, education and encouraging best practice.

AIRAH – Strategic Aims

Claim the sustainability space
Through its conferences, publications, manuals and training, AIRAH will educate and motivate the HVAC&R industry and related fields about achieving sustainability. Many organisations talk about sustainability as a concept. Our aim is to be the HVAC&R organisation whose values are aligned with sustainability in a practical sense

Close the skills gaps
At a time of rapid change of new technology and standards and a shifting regulatory landscape, AIRAH will provide appropriate and relevant professional development for HVAC&R industry personnel, and work alongside government and other providers to ensure the voids, where they exist in formal training, are filled.

Inform regulation and policy decisions
As the key industry organisation representing HVAC&R in Australia, it is essential AIRAH collaborate with government at both the state and federal levels. In this way the collective skills and specialist knowledge contained with the Institute can better inform the decisions that affect society in general and the HVAC&R industry in particular.

Build and engage membership
AIRAH will become the institute of choice for HVAC&R professionals in Australia. This means ensuring that formal connection with AIRAH provides benefits – actual and intangible – that are valuable, worthwhile and attractive to our members throughout their professional lives.
AIRAH Summit 2013 – Meeting report

Summit Date       Wednesday 27th March 2013
Time               9:00am to 4:00pm
Location           Australia Room, Novotel Melbourne On Collins
                   270 Collins Street, Melbourne
Chair              Bryon Price
Host               Phil Wilkinson
Facilitator        Michael McCann

Background
AIRAH convened the 2013 Summit 12 months after the first Summit hosted by AIRAH. At that time the industry appeared to be relatively ill prepared for the introduction of the carbon equivalent levy and was facing structural changes and pressure on a number of fronts. Following the first Summit AIRAH commenced the work of preparing an industry road map with the aim of identifying the most important elements of a critical path, and the resources required to support all sectors of the industry make as rapid a change as possible to a low-emissions HVAC&R industry.

The 2013 Summit was convened to update the broader industry on the progress with this work and to get direct responses to a number of issues and on the process that AIRAH had developed to author the roadmap.

The 35 members of the industry and government who attended the day endorsed both the process and the content of the road map so far and on the basis of the positive support for the project AIRAH will continue in developing this strategic plan for change.

Attendees
Vince Aherne (AIRAH), John Anderson (Engineers Australia), Peter Brodribb (Expert Group), Rachael Clarke (DRET), Paul Cooper (University of Wollongong), Neil Cox (AIRAH), Matthew Dadswell (DSEWPAC), Gary Davies (AREMA), Colin Doyle (CESA), Tim Edwards (ARA), Glenn Evans (ARC), Jonathan Fryer (AIRAH), Ken Gardner (MPMSAA), Mike Hettrick (Refrigerants Australia), Gabor Hilton (RWTA), John Keegan (Enterprise Connect), Kevin Lee (Standards Australia Committee ME-06), Melissa Lopez (DSEWPAC), Michael McCann (Thinkwell Australia), John McCormack (RRA), Gene McGlynn (DRET), Noel Munkman (E-Oz), Sumit Oberoi (AMCA), Kevin O'Shea (RACCA), Bob Paton(MSA), Bryon Price (AIRAH), Rachel Short
(DSEWPAC), Thinh Tran (PIC), Heather White (AIRAH), Dr Stephen White (CSIRO), Phil Wilkinson (AIRAH), Paul Wright (RAC TAC).

**Apologies**

Jason VanBallegooyen (DSIIRTE), Peter Kinsella (CIBSE ANZ), Jatinder Masson (ARWA), Larry Moore (NECA), Sean Treweek (AIRAH).

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**1. Welcome**

Phil Wilkinson thanked all attendees for coming and for their support and input during the previous stages of the discussion paper/roadmap project. He said the primary purpose of today’s summit was to present an outline the work completed to date and for industry, as a whole, to review the progress and direction of the work as a follow on from the 2012 summit. Phil Wilkinson asked participants to give a short introduction of themselves and the interests that they represented and then introduced the summit chair Bryon Price and handed over to Bryon to officially open the meeting.

**2. Opening remarks**

Bryon Price opened the meeting by thanking all attendees for committing the time and resources to participate in the summit. He said the purpose of the summit was not to debate the why of low-emission HVAC&R but rather to focus on the “what” and the “how” of low-emissions. He noted that it was clear that the industry had a responsibility to address its own emissions and make the transition to low-emission practices and put it in terms of a social contract.
As well as having a responsibility it was also clear that the industry had the capacity and the capability to assist the transition and it was in the area of “what needs to be done” and “how it should be done” that industry can add most value to the transition processes. He acknowledged the considerable background work that had gone into the discussion paper and draft roadmap and the sense of goodwill evident at the summit towards continuing this work. He handed over to Michael McCann to provide some preliminary data to remind attendees of why they were here.

3. **Quantifying emissions**

Michael McCann outlined a project that Thinkwell Australia and Expert Group were developing with DSEWPaC; a second edition or update of the “Cold Hard Facts” report. He presented some early indicative statistics from the project but noted that the numbers were not finalised and were subject to change and should remain confidential until the final report was published by the department (expected July 2013).

Given the size of the statistics presented, even if they reduced after further analysis and refinement, it was clear that the industry had a significant role to play if Australia is to reduce its national GHG emissions. The data presented reinforced the need for a transition to low-emission HVAC&R.
4. The roadmap project to date

Phil Wilkinson provided a short summary of the work completed to date on the low-emission transition roadmap:

- The AIRAH Summit 2012 and the Communiqué to Government highlighting the immediate issues.
- AIRAH/Industry addressing immediate information issues through AIRAH/DSEWPaC Fact Sheets, AIRAH/Enterprise Connect Seminar Series, national refrigeration conference, division seminars and industry communication channels.
- AIRAH/Industry addressing immediate safety issues through revision of AS/NZS 1677 and development of CoP for flammable refrigerants (currently available for industry review).
- Some of the new issues are being addressed but many of the historical issues are being left unaddressed.
- The AIRAH Summit 2013, the discussion paper, and the draft roadmap.

The industry was still fragmented in many ways and needed to develop clear and sustainable directions and strategies for a transition to low-emission HVAC&R. AIRAH, with the assistance of many of the stakeholders in the room had developed a plan, or the first cut of a plan, and are calling it PRIME. The content of PRIME had been developed through the discussion paper process and Vince Aherne was asked to provide a short summary of the development of that document. All attendees were provided with a copy of the first draft of the PRIME Roadmap; PRIME represents the 5 pathways to transition.
5. The Discussion Paper

Vince Aherne first thanked the authors of the discussion paper; all of the contributors who were listed in the Acknowledgements section, many of whom were in the room. He outlined the development of the document from a 5 page scoping paper to a 50 page bare bones paper to a 100 page draft discussion paper that was issued for public and industry review.

During the review period AIRAH asked industry and commentators to not focus on the issues and the underlying reasons for them but rather to instead focus on the solutions or potential solutions that they see for their sector and the industry as a whole. There was significant international interest and support for the discussion paper noted, including comments from overseas interests including USA, European, SE Asia and the United Nations.

Over 75 submissions were received and the final discussion paper listed in excess of 200 solutions proposed by all facets of the industry including technical service providers and the organisations that represent them, education and training interests, owners and end users, local/state/commonwealth government. There were many different areas of focus as well as many similarities and some duplication. It was these solutions that were reviewed by industry stakeholders in the development of PRIME.
6. Developing PRIME

All attendees were provided with a copy of the first cut of the PRIME Roadmap. Phil Wilkinson provided a short outline of how the solutions had been sorted and prioritized for the PRIME Roadmap:

- All proposed solutions from the discussion paper were sorted into 5 categories; Professionalism, Regulation, Information, Measurement and Emission abatement (PRIME).
- A single survey was then developed for each category.
- 4 questions were asked for each solution; Priority (High, Medium, Low, Zero), Potential for emission reduction (High, Medium, Low, Zero), Complexity of the proposed solution (Simple, Involved, Complex, Highly complex) and the resources the organisation might be able to contribute (Expertise, Resources, funding, can’t help). The responses received were used to filter and prioritise the proposed solutions.
- 13 Industry organisations were offered to complete the survey, 8 were able to complete, (some organisations did not want to skew the results).
- Responses were filtered first by priority and then by potential emissions abetment.
- Any result with over 70% consensus for high priority and high emissions reduction potential were grouped into priority 1.
- Any result between 50 and 70% were grouped into priority 2 (some borderline solutions needed further discussion, see item 7).
- Any result below 50% were grouped into priority 3 (red). These low priority solutions are not currently sufficiently supported for inclusion into PRIME.
- Complexity (timelines) and Resources (who can help) filters would be used to further analyse the priorities. Co-dependencies also needed to be analysed which may alter some priorities.
• Solutions colour coded red (for low priority) may not be dead. Any stakeholder that strongly believed a solution priority should be changed could document the reason why and how the solution might be resourced and implemented to be reincorporated back into the roadmap.

What attendees looked at was the “first cut” of the PRIME priorities. More work needs to be done in the presentation and analysis of the draft roadmap. In particular there were 13 proposed solutions sitting on the cusp between priority 1 and priority 2 (colour coded orange) and it was proposed that these be considered by delegates to determine the most appropriate priority, i.e. 1 or 2.

Summit delegates – L to R, Heather White, Gabor Hilton, Peter Brodribb, Kevin O’Shea, Paul Wright, Melissa Lopez, Phil Wilkinson

7. Review of borderline high priority solutions
Michael McCann led the discussion to consider the 13 borderline proposed solutions to determine where they should be located within the roadmap, priority 1 or priority 2. The following priorities were agreed on a consensus basis.

• Priority 1 - Design engagement and feedback – High priority (high potential for emission reduction)
• Priority 1 - Mandatory Commissioning in NCC – High priority (high potential for emission reduction)
• Priority 2 - Encourage State regulators to mandate NCC EE maintenance – Medium priority (Highly complex)
• Priority 2 - Mandatory disclosure for all government buildings – Medium priority (Highly complex at state level)
• Priority 2 - Mandatory safety audit of +10 year old systems – Medium priority (Highly complex)
• Priority 1 - Information solutions (5 off) – All agreed as high priority (at this stage)
• Priority 1 - HVAC system rating – High priority (high potential for emission reduction, calculating cool)
• Priority 2 - Rating tool “custom-made” refrigeration – Medium priority (highly complex, low emission reduction)
• Priority 1 - Procurement best practice guidelines – High priority (high potential for emission reduction, simple)
• Priority 1 - Total design approach to supermarket refrigeration/air conditioning – High priority (high potential for emission reduction, complex)

The “first cut” PRIME document has been updated to reflect these decisions.

8. Resourcing PRIME
The PRIME roadmap was still very much under development and a work in progress however it was appropriate that all attendees consider how some or all of these initiatives could be resourced.

Michael McCann split the room into 5 groups. Each group was asked to spend 15 minutes brainstorming ideas on how to generate resources to move the PRIME solutions forward. A notional $10 million was suggested as a target amount. Each group was requested to record and report on their ideas.

The suggestions offered through this brainstorming process could generally be listed under the headings of:
• Government contributions and support – from existing income streams.
• Sponsorship by industry and government – program or individual project sponsorship and branding opportunities.
• Levies and taxes – a range of possibilities were offered.
• In-kind contributions of intellectual property, research and development, management and expertise.
• User pays initiatives – resourcing should come from all those that benefit from the program.

The full list of suggestions made on the day is provided for reference in Appendix A.

9. Industry comments
Meeting attendees had many opportunities to comment during the summit and the following are some of the main points raised:

• The process for the development of the roadmap, the methodology used, the transparency adopted and the consensus building activities were commended.
• Given the particular interests of particular industry organisations there was some potential for the survey results to be skewed however it was recognised that the 70% / 50% consensus criteria for priority 1 / priority 2 offset these risks somewhat.
• The vision, aspirations and key messages of PRIME need to be simple, clear and well articulated for both Government, industry and end users.
• End users and operators are critical to the success of a transition to low-emission practices so the methods of delivery and dissemination of information is critical to the program’s success.
• More emphasis needed to be placed on strategic development of the whole plan and quantifying both the costs and benefits of individual actions and solutions.
• Many industry comments expressed a high level of goodwill and support for the PRIME project and process that were used to develop it.

10. Next steps
Phil Wilkinson briefly outlined the next steps that AIRAH have committed to:

• AIRAH would circulate an electronic copy of the ‘First Cut’ of the PRIME Roadmap to all attendees.
• AIRAH would document the minutes from today’s meeting.
• AIRAH would develop the draft of the PRIME Roadmap, which would look at streamlining and simplifying the plan layout to make it more accessible. AIRAH would also identify co-dependencies, define potential project deliverables and assess project complexities/timelines, and identify individual project resources where possible.
• AIRAH would also identify other projects and initiatives with the potential to meet or compliment PRIME objectives.

Once the PRIME roadmap had been finalised (within six to eight weeks) industry would need to consider the best mechanism for driving the program and individual projects forward.

Some of the options to be considered included:

• Set up a steering group to oversee the development and rollout of PRIME.
• Create task groups to develop strategy resources and implementation pathways for particular streams, i.e. a group for each pathway; Professionalism, Regulation, Information, Measurement and Emission abatement
• Create task groups to develop strategy resources and implementation pathways for particular projects.

All of these issues would need to be considered by industry once the PRIME roadmap had been developed to its next stage.

11. Summit close
Bryon Price closed the meeting by thanking all attendees for committing the time and resources to participate in the Summit. He said all attendees were now much better informed about the process being used to develop the transition roadmap, and a better understanding of what needs to be done to deliver such a transition program to industry. The industry stakeholders collected in the room can now see themselves, both literally and figuratively, as an industry wide collective with an emerging identity with both opportunity and responsibility.

The opportunities reside in the challenges that the intention to change puts ahead of the industry. The responsibilities reside in finding the resources to make change happen and in having the foresight and discipline to measure the effect of the changes.

The high level of goodwill, capability and passion that existed in the room was particularly noted. Goodwill to do the best thing for the industry and the nation, the considerable
capability of the industry and its people to get things done, and the passion evident within the people for their industry. He closed the meeting by hoping that all stakeholders leave as an enthusiastic believer in the potential of PRIME and that AIRAH can count on attendee’s involvement and support as PRIME is further developed, refined and rolled out.

The meeting closed at 4pm.

L-R Tim Edwards, Peter Brodribb, Matthew Dadswell, Phil Wilkinson (back), Gabor Hilton, Melissa Lopez, Colin Doyle, Sumit Oberoi (rear), Thinh Tran, Professor Paul Cooper, Vincent Aherne, Glenn Evans, Paul Wright, Kevin Lee, Michael McCann, Gary Davies, John McCormack, Mike Hettrick (front), Dr Stephen White, Heather White, Noel Munkman, John Keegan, Jonathan Fryer, Bryon Price, Bob Paton, Rachel Short, Kevin O’Shea.

Not pictured
Neil Cox, John Anderson, Rachael Clarke, Ken Gardner, Gene McGlynn
Appendix A – Results of the resourcing brainstorming exercise

The following potential sources of funding were identified by the groups when asked the question: “How would you source $10 million/annum of resources to rollout PRIME initiatives to the industry.”

Government – Funding from new or existing Government income
- Government hand back a percentage of the equivalent carbon levy to fund PRIME in the national interest.
- Treasury budget allocation.
- Education – NWDF has $500 Million over three years – work out how to access X% of that.
- Identify current govt initiatives and see where they fit with PRIME objectives.
- Approach green funds (Low carbon Australia? – government funds).
- ARC – more licences – collect revenue from it.
- TAFE – assess more people for licences – revenue raising.
- Request charity status (tax free donation status) for industry contributions to PRIME.

Sponsors – Pass the hat around (part industry, part government)
- CRC, cooperate, in-kind and funding.
- OEM to advertise on prime.
- Prime sponsorship, branding of individual projects and activities.
- Project sponsorship – eg calculating cool.

Levies and taxes – mandatory fees on products or services
- Licensing – ARC licences, additional levy / License fee / accreditation fee ($140 per licence holder).
- RRA – additional levy or access some of the $9 million collected in a typical year.
- RRA –Redirection of funds allocated to destruction programs $87 million over 3 years.
- Membership levies on industry association members.
- Property councils levy.
- Refrigerant service tax (RST); similar concept to GST – go towards a product stewardship scheme.
- SGG Levy II or Levy on ALL refrigerants, $/kg.
- Manufacturers and importers – appliance/equipment levy or levy of $X on all pre-charged equipment.
- Energy suppliers contribution – Levy on electricity charges (.0X%).
- Existing fridge buy-back schemes, add a charge.
- Product stewardship / End of Life fees.
- Levy the refrigerant molecule.
• Research what Dairy Australia do to collect their levy.
• Approach state regulators that collect levies.

In-kind contributions – Including expertise, resources, governance and intellectual property
• In-kind expertise – put value on it.
• In-kind management by association executives – allow $200hr x X hours/yr x Y people.
• Existing resources (papers, guides, programs) that are offered by industry.
• Academics – in-kind R&D.
• Recognise R&D done by the likes of WW/Coles – approx. $5million/yr.
• Contribution of government owned IP
• Industry R and D e-solutions
• ARBS support / leverage for profile of PRIME
• Initial public offering on PRIME

User pays – End user will benefit from improvements, resourcing should come from them?
• Approach super funds (ISPTs etc) –they have a strong corporate/social responsibility.
• Approach businesses that stand to benefit from prime – eg Woolworths / Coles/ IGA / Aldi
• Funding from energy networks / electricity retail companies to recognise and support demand management issues and improvements.
• Universities are big building owners – approach them for funding – they stand to gain from PRIME.
• PRIME sponsorship - Approach companies that can make money from PRIME for sponsorship.
• Funding charge – eg meat and livestock industry – $ per head.
• Vehicle registration $1 per rego (vehicle air conditioning).
• Recoup costs from training income – from training developed around PRIME.

Other
• Mandatory requirement to maintain skills – pay to train – income to PRIME ($140/licence holder).
• Self funded solutions – identify activities that have commerciality – i.e. make money from the results of the development (accreditation etc?).
• OEM manufacturers – advertising – eg AIRAH current model.
• Franchise the PRIME logo (GBCA?).
• R and D sponsored through philanthropy.

Additional notes:
• Industry may well be “all levied out”.
• PRIME needs to be national, so state based solutions may not be appropriate.
• PRIME needs to be measured.
• Can’t rely on Government for resources.
• There needs to be transparent best practice governance in place for funds management.
• Levies require legislation/regulation and funds are collected and held by government, access may not be simple/meet industry needs.
• Note CRC for Low Carbon Living - $100 million research fund ($35 million cash).