



























Table 2.3 -

<b><i>Whose views do you pay most attention to when it comes to taking decisions about the energy efficiency performance about your business?</i></b>	<b>Most attention</b>	<b>Second most attention</b>	<b>Total</b>
<i>Your business' operations manager</i>	32%	26%	58%
<i>Your business' sustainability manager</i>	36%	18%	54%
<i>Your business' CFO</i>	11%	16%	26%
<i>A member of your business' Board</i>	5%	18%	24%
<i>Your business' customers/consumers</i>	9%	8%	17%
<i>Employees of your business</i>	4%	8%	12%
<i>Government representatives</i>	3%	3%	5%
<i>An external financial analyst who reports on your business</i>	0%	3%	3%
<i>Other CEOs</i>	0%	1%	1%

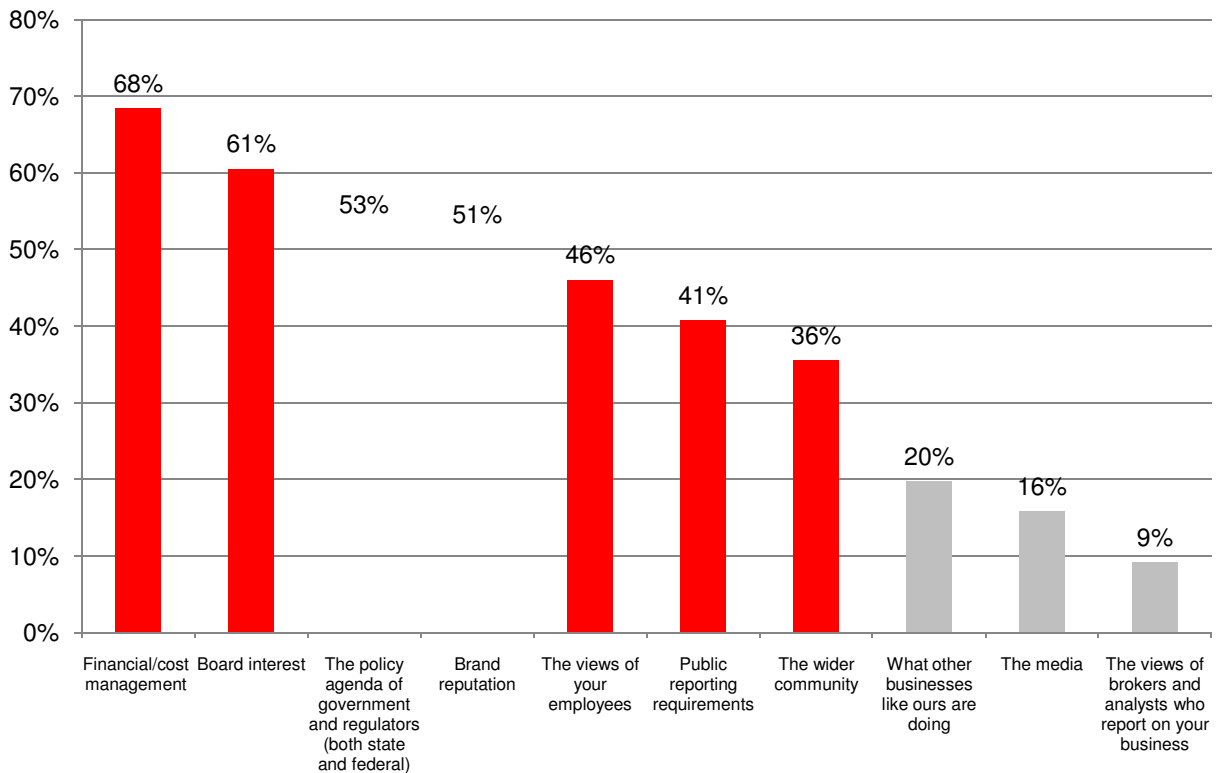
### 3 ENERGY EFFICIENCY: DRIVERS & VALUES

#### 3.1 Drivers of energy efficiency

*Financial and cost management* is the single issue most likely to be identified by C-Level executives as playing a very important role in their business' efforts to improve energy efficiency (68%). This is followed by the *interest of their boards* (61%), the *policy agenda of government and regulators (state and federal)* (53%) and *brand reputation* (51%).

Business leaders were less interested in *what other businesses like theirs were doing* (20%), the *media* (16%) or *the views of brokers and analysts that report on their businesses* (9%).

*Q: How important a role do the following play in your business' efforts to improve energy efficiency?*



##### 3.1.1 Variations by business size:

Businesses with over 1,500 employees were more likely to identify *brand reputation* (64% cf. 38%) and *governments' policy agendas* (64% cf. 41%) than those with fewer than 1,500 employees.

Conversely leaders of smaller businesses were more likely to identify *board interest* as very important to their efforts to improve energy efficiency, than larger businesses (70% cf. 51%)

Table 3.1

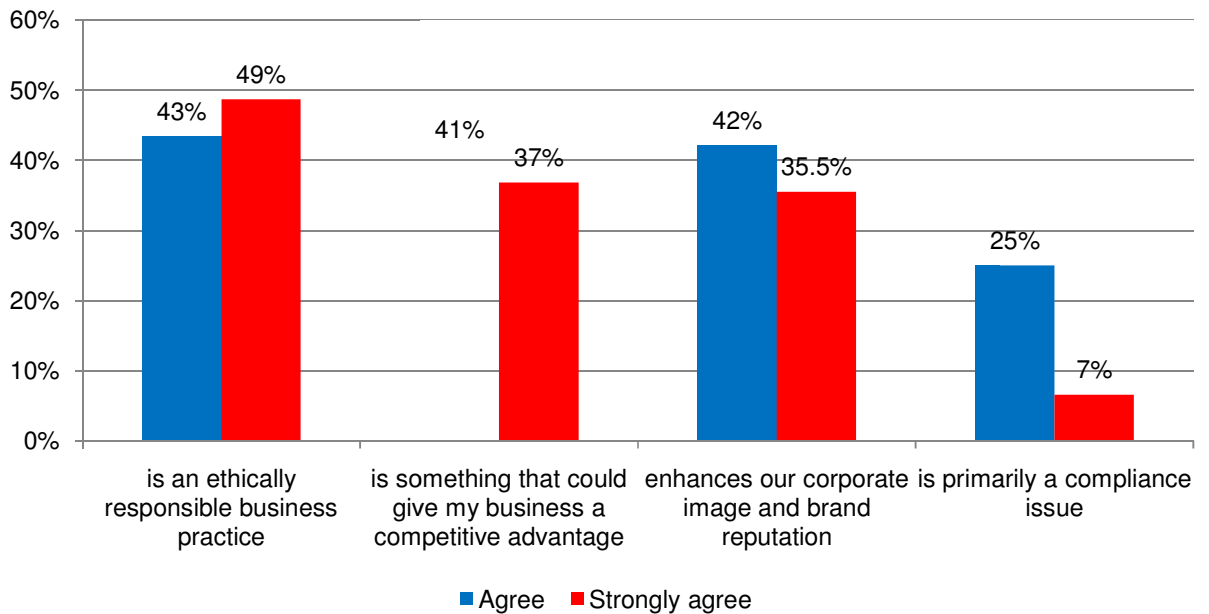
A very important role	
<i>Financial/cost management</i>	68%
<i>Board interest</i>	61%
<i>The policy agenda of government and regulators (both state and federal)</i>	53%
<i>Brand reputation</i>	51%
<i>The views of your employees</i>	46%
<i>Public reporting requirements</i>	41%
<i>The wider community</i>	36%
<i>What other businesses like ours are doing</i>	20%
<i>The media</i>	16%
<i>The views of brokers and analysts who report on your business</i>	9%

### 3.2 Values underpinning energy efficiency

The overwhelming majority of C-Level executives that participated in the study agree that energy efficiency is an *ethically responsible business practice* (92%) and more than three-quarters agree that it is both something that could give their business a *competitive advantage* and that it *enhances their corporate image* and brand reputation.

A third (32%) agreed that energy efficiency is *primarily a compliance issue* while 51% disagree.

Q: Do you agree or disagree that energy efficiency...



**3.2.1 Variations by importance of energy efficiency investment:**

Executives from companies that place a high importance on investment in improving energy efficiency are more likely to agree that energy efficiency *enhances their corporate image* (95.5% cf. 65%) and *is an opportunity for competitive advantage* (95.5% cf. 50%) than those who place low importance on investing in energy efficiency. They are also less likely to agree that it *is primarily a compliance issue* (14% cf. 30%)

**3.2.2 Variations by company size:**

Executives from companies that have more than 1,500 employees are more likely to agree that *energy efficiency enhances their corporate image* than those in smaller companies (90% cf. 65%). They are also more likely to disagree that it *is primarily a compliance issue* (61.5% cf. 40.5%).

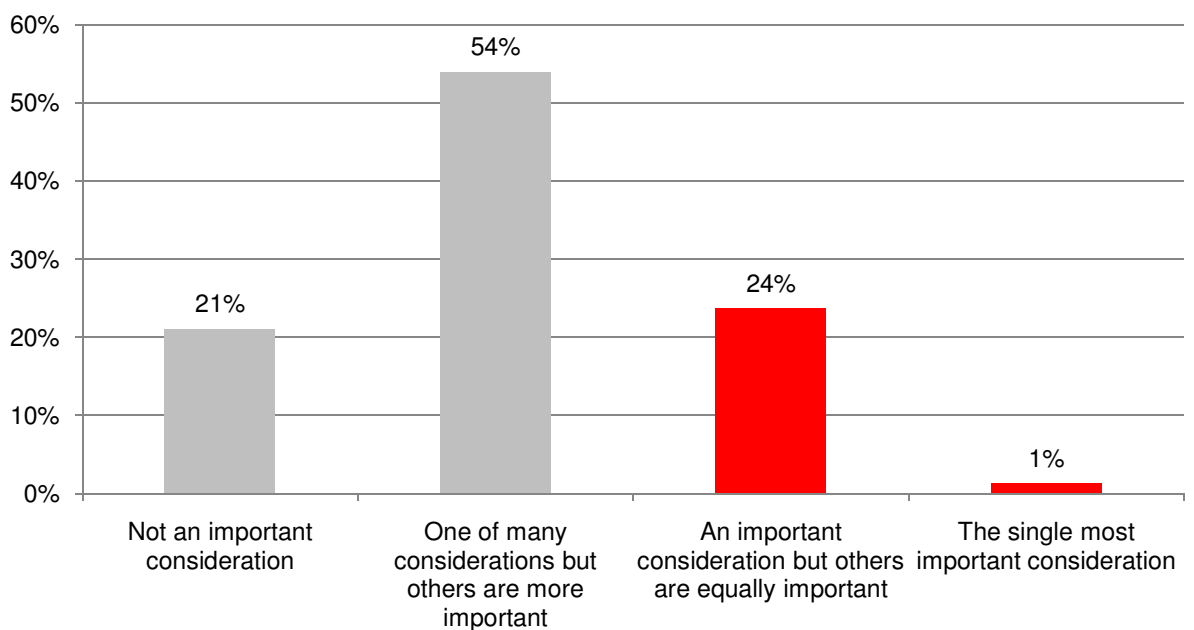
Table 3.2 -

<b>Energy efficiency...</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither</b>	<b>Agree</b>	<b>Strongly agree</b>
<i>is an ethically responsible business practice</i>	1%	0%	7%	43%	49%
<i>is something that could give my business a competitive advantage</i>	1%	1%	18%	41%	37%
<i>enhances our corporate image and brand reputation</i>	1%	0%	21%	42%	35.5%
<i>is primarily a compliance issue</i>	11%	41%	17%	25%	7%

### 3.3 Importance of suppliers' energy efficiency performance

A majority of C-Level executives (54%) that participated in this study said that the energy efficiency performance of their suppliers while an important consideration is *not the most important consideration they take into account when making a purchase decision and that there are others that are more important*. Only 1% of executives say that it is *the single most important consideration* while 21% say that *energy efficiency is not an important consideration* at all when selecting a supplier.

*Q: When you make procurement decisions in your business, how important is a supplier's energy efficiency performance?*



**3.3.1 Variations:**

None of the executives from companies that discuss energy efficiency on a weekly basis said that energy efficiency was *not an important consideration when considering procurement decisions* compared with 24% of those in companies that discuss energy efficiency less frequently.

Executives in companies that see investing in energy efficiency as a low priority for the coming 12 months are more likely to say that *the energy efficiency performance of a supplier is not an important consideration* than those that see it as extremely important (40% cf. 4.5%).

Table 3.3

<b><i>When you make procurement decisions in your business how important is a supplier's energy efficiency performance?</i></b>	
<i>The single most important consideration</i>	1%
<i>An important consideration but there are others of equal importance</i>	24%
<i>One of many considerations but there are others more importance</i>	54%
<i>Not an important consideration</i>	21%

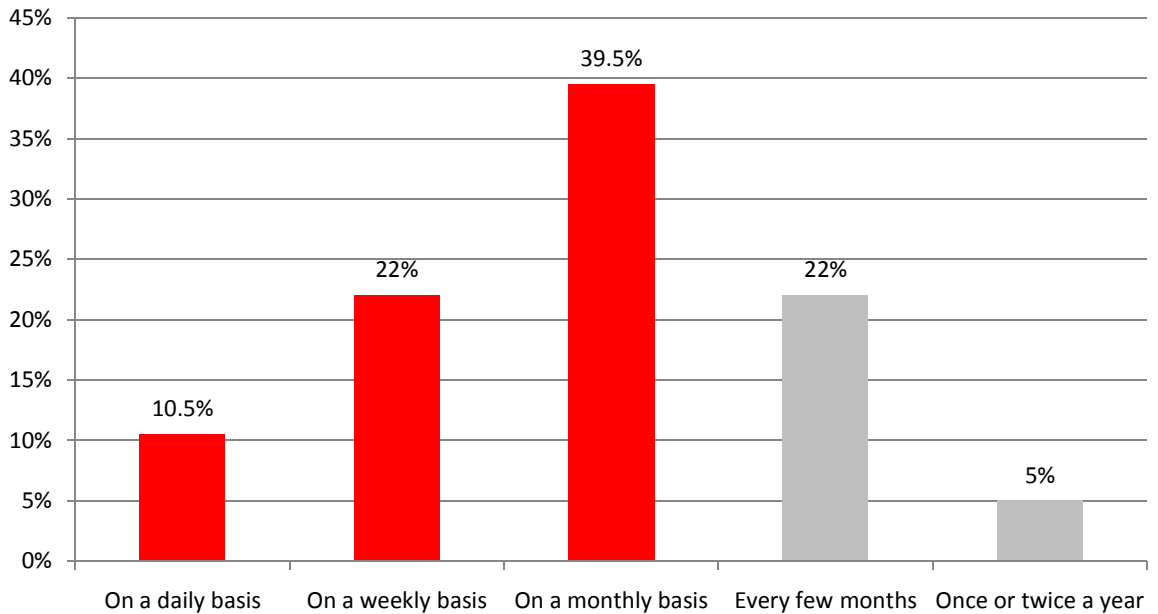
## 4 BUSINESS REALITIES

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### 4.1 Frequency of energy efficiency discussions

Most of the businesses that participated in the study discuss energy efficiency with their C-Level executives once a month or more (72%): 10.5% discuss it at least daily, 22% discuss it at least once a week and 39.5% discuss it on a monthly basis. A further 22% discuss energy efficiency every couple of months and in only 5% of businesses do C-Level executives discuss energy efficiency once or twice a year.

*Q: How often do you have discussions in relation to the energy efficiency performance of your business?*



#### 4.1.1 Variations by importance of energy efficiency investment:

Companies that see investment in energy efficiency as an extremely important investment priority are more likely to discuss energy efficiency at C-Level at least once a week than those that place little or no importance on investing in energy efficiency (45% cf. 30%).

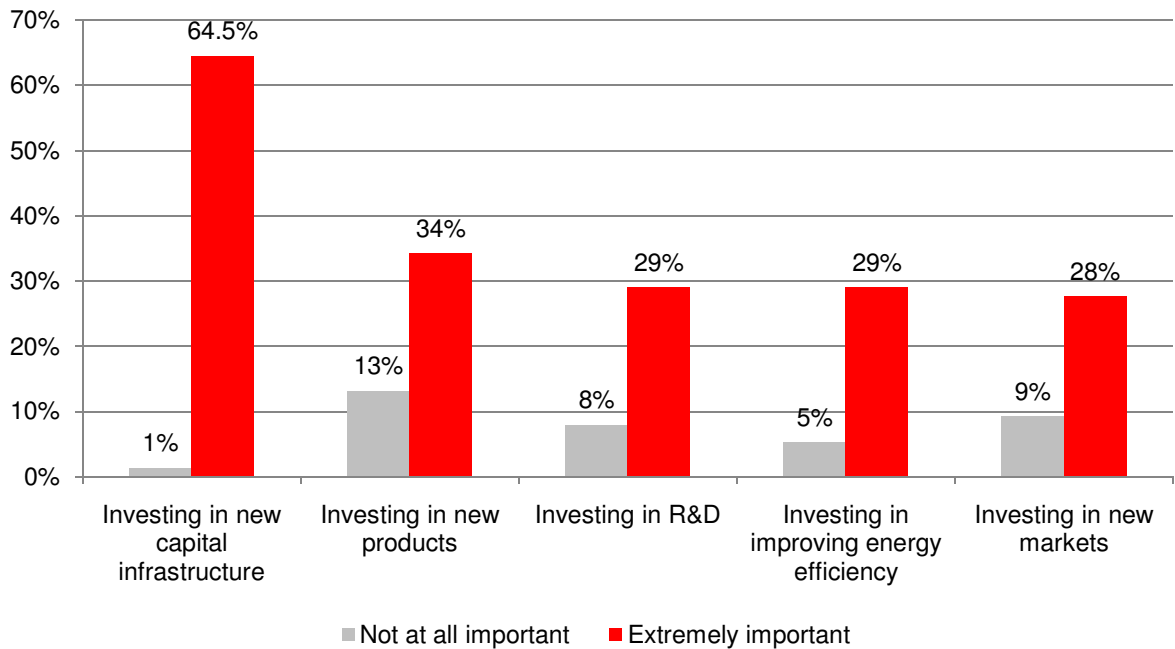
Table 4.1 -

<i>How often do you have discussions in relation to the energy efficiency performance of your business?</i>	
<i>On a daily basis</i>	10.5%
<i>On a weekly basis</i>	22%
<i>On a monthly basis</i>	39.5%
<i>Every few months</i>	22%
<i>Once or twice a year</i>	5%

#### **4.2 Business expenditure priorities**

Over the coming 12 months investment in new capital infrastructure is seen as extremely important to 64.5% of the C-Level executives who participated in this study – the highest result for all options tested. Just over a third of executives rate investing in new products as extremely important. Investing in research and development ranks joint third with investments in energy efficiency but fewer than half as many executives rate it as extremely important (both 29%). A similar proportion (28%) see investing in new markets as an extremely important area for expenditure in the next 12 months.

*Q: Thinking about your business' expenditure priorities over the coming 12 months, how important are the following areas of expenditure?*



#### **4.2.1 Variations by importance of investing in energy efficiency:**

Executives who see energy efficiency as an extremely important area for investment over the coming 12 months are also more likely to see investing in new products (45.5% cf. 30%) and investing in R & D (45.5% cf. 10%) as extremely important than businesses that see investing in energy efficiency as less important.

#### **4.2.2 Variations by business size:**

Executives from companies with more than 1,500 employees are more likely to see investing in new products (49% cf. 19%) and investing in R & D (46% cf. 30%) as extremely important than executives in companies with fewer than 1,500 employees.

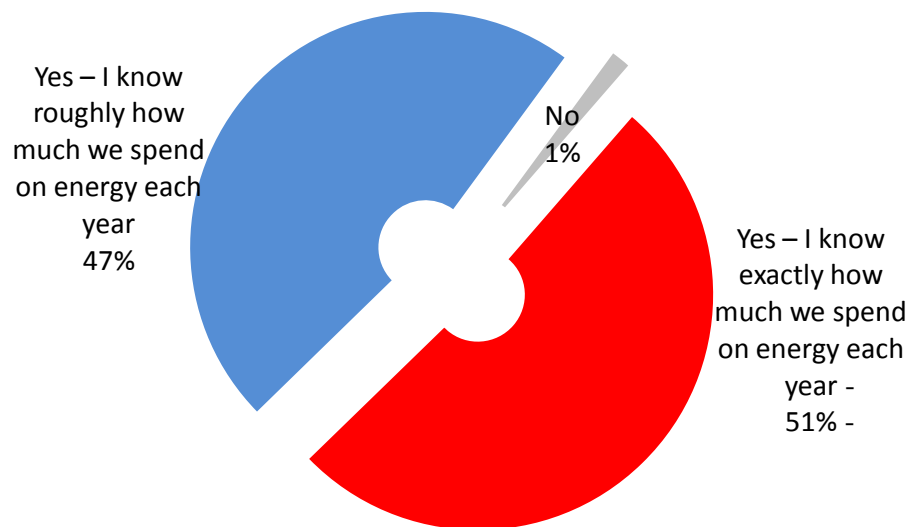
Table 4.2 -

<i>Expenditure priorities over the next 12 months...</i>	<b>Not at all important</b>	<b>Extremely important</b>
<i>Investing in new capital infrastructure</i>	1%	64.5%
<i>Investing in new products</i>	13%	34%
<i>Investing in R&amp;D</i>	8%	29%
<i>Investing in improving energy efficiency</i>	5%	29%
<i>Investing in new markets</i>	9%	28%

### 4.3 Awareness of energy expenditure

Just over half of all C-Level executives interviewed for this study (51%) say they know exactly how much their business spends on energy each year, while 47% say they know roughly how much their business spends and only 1% (one executive) admitted that they did not know how much their business spent on energy each year.

*Q: Are you aware of how much your business spends on energy each year?*



#### 4.3.1 Variations by frequency of energy efficiency discussions:

Executives from companies that discuss energy efficiency on a daily basis are more likely to know exactly how much their business spends on energy than those who discuss it less often (87.5% cf. 47%). Conversely those that discuss energy efficiency less often than once a week are more likely to only know roughly how much their business spends on energy \*51% cf. 12.5%)

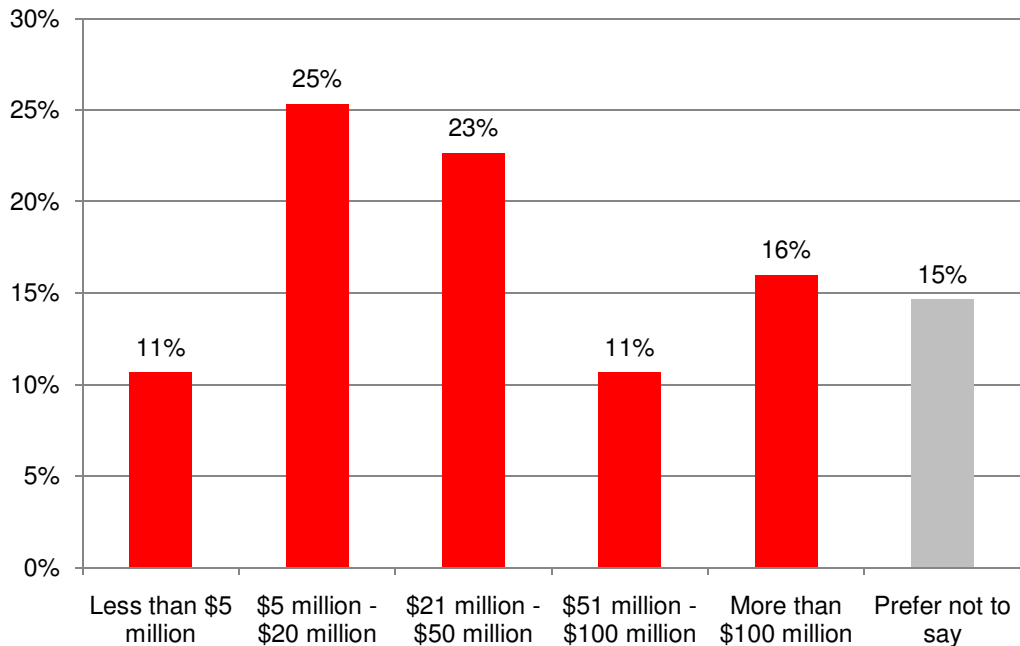
Table 4.3

<b>Are you aware of how much your business spends on energy each year?</b>	
Yes – I know exactly how much we spend on energy each year	51%
Yes – I know roughly how much we spend on energy each year	47%
No	1%

#### 4.4 Annual energy expenditure

Businesses that participated in the study spend on average just under \$50m a year on energy (\$46.5m), 11% spend less than \$5m, 25% spend between \$5m and \$20m, 23% spend between \$21m and \$50m, 11% spend between \$51m and \$100m and 16% spend over \$100m. One in six executives (15%) preferred not to disclose their business' annual energy spend.

*Q: How much does your company spend on energy each year?*



**4.4.1 Variations:**

Companies that oppose increased company disclosure of energy efficiency measures spend notably less on energy each year than those that support increased disclosure (\$21.3m cf. \$48.6m).

Companies with more than 1,500 employees spend more on energy each year than companied with fewer employees (\$51.8m cf. \$40.7m).

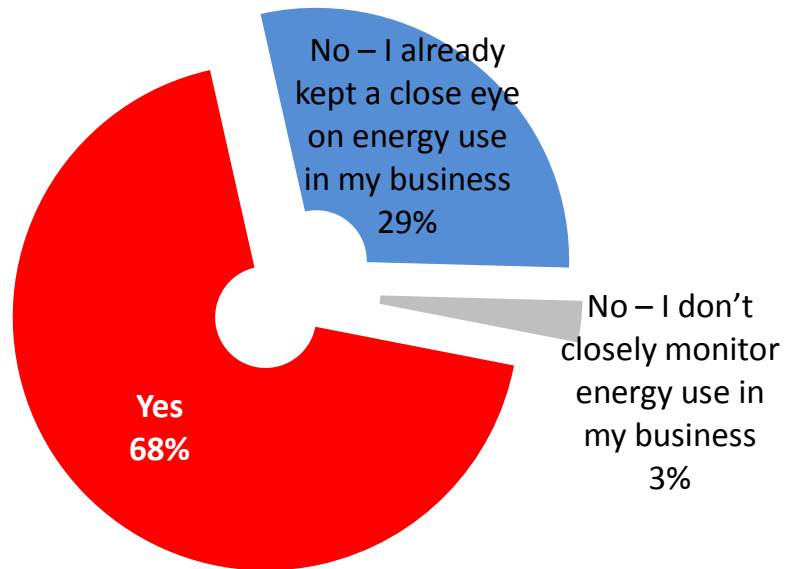
Table 4.4

<b>How much does your company spend on energy each year?</b>	
<i>Less than \$5 million</i>	11%
<i>\$5 million - \$20 million</i>	25%
<i>\$21 million - \$50 million</i>	23%
<i>\$51 million - \$100 million</i>	11%
<i>More than \$100 million</i>	16%
<i>Prefer not to say</i>	15%
Average energy spend	\$46.5m

**4.5 Increased awareness of energy efficiency**

68% of C-Level executives that participated in the study say that their awareness of energy use in their business increased since they began to participate in the Energy Efficiency Opportunities program. 29% said that they *already kept a close eye on energy use in their business* before the program, while only 3% said that they *did not closely monitor energy use in their business*.

*Q: Since your business started to participate in the Energy Efficiency Opportunities program with the Federal Government, has your awareness of your business' energy use increased?*



**4.5.1 Variations by importance of investing in energy efficiency:**

Executives in companies that have investment in energy efficiency as an extremely important priority for the coming 12 months are more likely to have already been *keeping a close eye on energy use in their business* than those who see investment in energy efficiency as less of a priority (54.5% cf. 25%).

Conversely those businesses that see energy investment as less of a priority are more likely to say that they now pay *more attention to energy use in their business* since participating in the program (70% cf. 45.5%).

Table 4.5

<i>Since your business started to participate in the Energy Efficiency Opportunities program with the federal government has your awareness of your business energy use increased?</i>	
Yes	68%
<i>No – I already kept a close eye on energy use in my business</i>	29%
<i>No – I don't closely monitor energy use in my business</i>	3%

## 5 PROMOTING ENERGY EFFICIENCY

### 5.1 Interest in having case put for energy efficiency

Three in ten c-level executives (30%) expressed interest in having someone come to put the case for energy efficiency directly to them. Those that did not were typically able to identify someone more junior and in an operational capacity to be a primary contact.

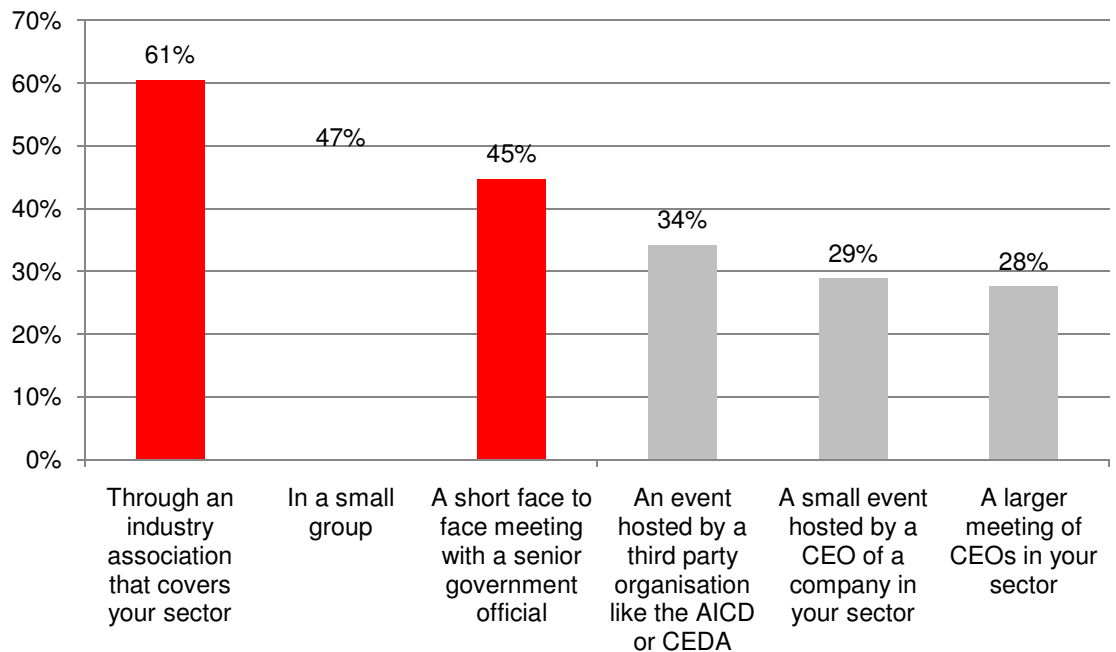
Executives explicitly ask for expert practical help from someone who specifically knows their sector – in contrast to generalised information or advice sessions. Executives are open to having their hand held but only by someone with genuine expertise in their sector.

### 5.2 Preferred forum for energy efficiency

Most C-Level executives want to talk about improving energy efficiency in their business through an industry association that covers their sector (61%). Just under half of executives want to talk in a small group (47%) and a similar proportion would like to talk in a short face to face meeting with senior government officials (45%).

Roughly a third would be interested in an event hosted by a third party like AICD or CEDA (34%), a small event hosted by a CEO of a company in their sector (29%) or a larger meeting of CEOs in their sector (28%).

*Q: What would be the best forum to talk to you about improving energy efficiency in your business?*



### 5.2.1 Variations: -

Executives from companies that discuss energy efficiency on a daily basis are less likely to be interested in attending a face to face meeting with a government official (13% cf. 49%) and more likely to be interested in attending an event hosted by a third party (50% cf. 33%).

Executives from organisations that see investing in energy efficiency as extremely important are more likely to be interested in attending an event hosted by a third party organisation (59% cf. 35%) and a small event hosted by a CEO of a company in your sector (41% cf. 20%).

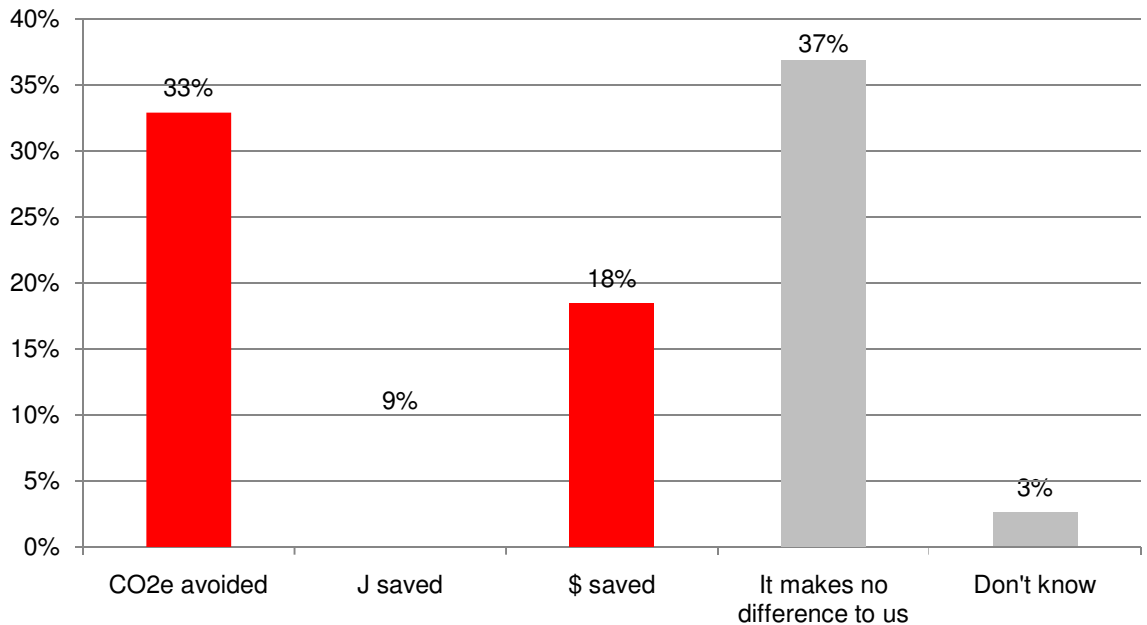
Table 5.2

<i>What would be the best forum to talk to you about improving energy efficiency in your business?</i>	
<i>Through an industry association that covers your sector</i>	61%
<i>In a small group</i>	47%
<i>A short face to face meeting with a senior government official</i>	45%
<i>An event hosted by a third party organisation like the AICD or CEDA</i>	34%
<i>A small event hosted by a CEO of a company in your sector</i>	29%
<i>A larger meeting of CEOs in your sector</i>	28%

### 5.3 Preferred reporting metrics

A third of C-Level executives (33%) that participated in the study would prefer to report to the Energy Efficiency Opportunities program in tonnes of CO<sub>2e</sub>, 18% would prefer to report in dollars saved, and 9% in Joules saved. A further third however (37%) say that it makes no difference to their business what metric they report in and 3% didn't know what their business would prefer to report in.

*Q: Would your company prefer to report to the Energy Efficiency Opportunities program in tonnes of CO<sub>2</sub> emissions, Joules of energy saved or in dollars saved through reduced energy expenditure?*



**5.3.1 Variations:**

Most executives in companies that discuss energy efficiency daily would strongly prefer to report in CO<sub>2e</sub>: 62.5% compared with 29% in companies that discuss it less frequently.

Executives in companies that see investing in energy efficiency as extremely important over the next 12 months are much more likely to want to report in CO<sub>2e</sub> (45.5% cf. 25%) than those that see that investment as less important and who instead are more likely to say that it makes no difference to their business what metric is chosen (45% cf. 27%).

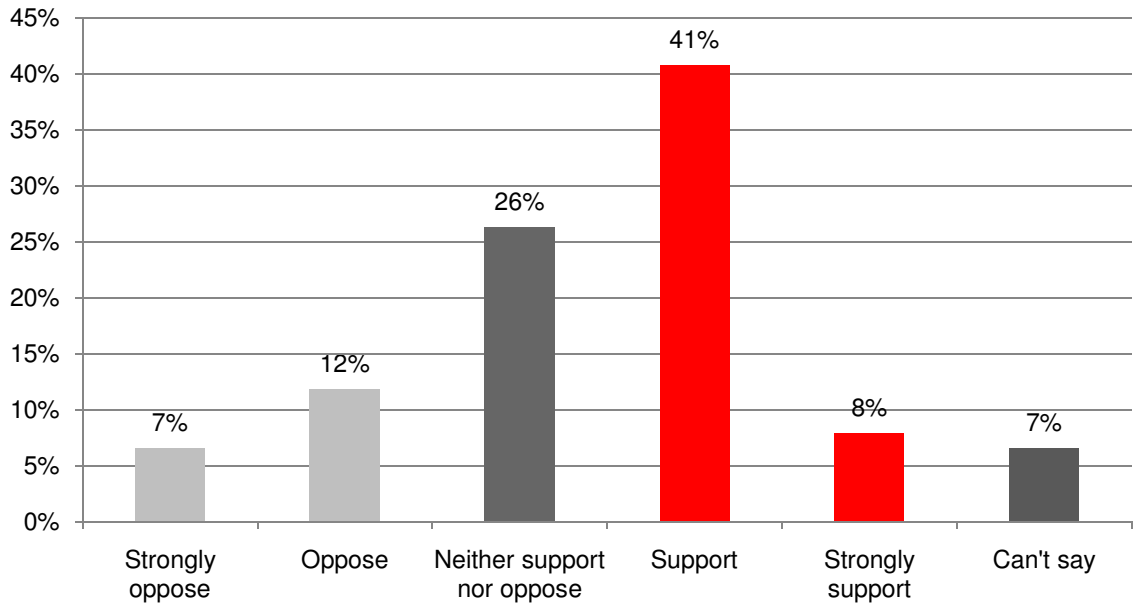
Table 5.3

<i>Would your company prefer to report to the Energy Efficiency Opportunities program in tonnes of CO<sub>2</sub> emissions, Joules of energy saved or in dollars saved through reduced energy expenditure?</i>	
<i>CO<sub>2e</sub> avoided</i>	33%
<i>\$ saved</i>	18%
<i>J saved</i>	9%
<i>It makes no difference to us</i>	37%
<i>Don't know</i>	3%

## 5.4 Increased company disclosure of energy efficiency measures

Just under half of the C-Level executives that participated in this study (49%) support increased company disclosure of energy efficiency measures – 41% support it and 8% strongly support it. 18% of executives oppose increased disclosure – 12% oppose and 7% strongly oppose – while 7% can't say whether they oppose it or not.

*Q: Do you support or oppose increased company disclosure of energy efficiency measures?*



### 5.4.1 Variations by frequency of energy efficiency discussions:

Executives that discuss energy efficiency on a daily basis are much more likely to oppose increased disclosure than those that discuss energy efficiency less frequently (62.5% cf. 13%).

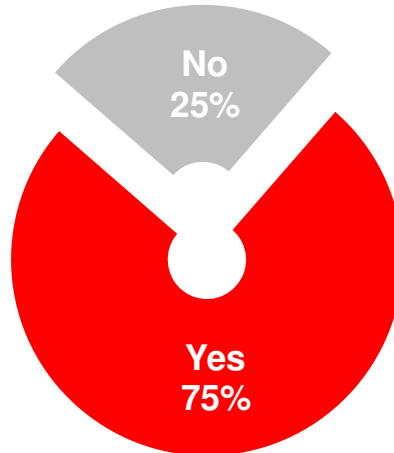
Table 5.4

<i>Do you support or oppose increased company disclosure of energy efficiency measures?</i>	
<i>Strongly oppose</i>	7%
<i>Oppose</i>	12%
<i>Neither support nor oppose</i>	26%
<i>Support</i>	41%
<i>Strongly support</i>	8%
<i>Can't say</i>	7%

### 5.5 Competitive awards for energy efficiency

Three quarters of C-Level executives that participated in the survey (75%) would support a competitive awards scheme that rewarded performance in energy efficiency in the business community.

*Q: Would you be in favour of a competitive awards scheme that rewarded performance in energy efficiency in the business community?*



#### 5.5.1 Variations:

Executives in companies that discuss energy efficiency on a daily basis are less likely to support an awards scheme than those that discuss energy efficiency less frequently (62% cf. 77%)

Executives in companies that do not support increased company disclosure of energy efficiency measures are less likely to support an awards scheme than those that do support increased disclosure (64% cf. 92%).

Table 5.5

<i>Would you be in favour of a competitive awards scheme that rewarded performance in energy efficiency in the business community?</i>	
Yes	75%
No	25%

## 6 QUALITATIVE RESULTS

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### 6.1 Overview

While the comments of CEOs and senior executives contacted varied, and varied by sector, a number of broad conclusions can be drawn from the qualitative part of the survey:

- It is clear that Energy Efficiency projects struggle for capital, even against projects with similar internal rate of return, and for logical reasons.
- Energy Efficiency also suffers from a “*perception prejudice*” of long pay- back periods.
- If government wants to influence companies’ internal investment decisions to achieve higher levels of spending on energy efficiency then companies expect financial incentives or other signals or influences such as a carbon price, or regulation, to bring it about.
- On non-financial help, CEOs and senior level executives want direct, expert, practical help for their company from someone who specifically knows their sector.

### 6.2 Key Issues

#### 6.2.1 Why isn’t energy efficiency a higher priority.

The survey asked respondents about their key expenditure priorities for the coming 12 months to see how investing in energy efficiency rated against investing in new products, research and development, new markets and new capital infrastructure. In a follow-up open-ended question, we made a point in our phone interviews, to drill down into reasons why energy efficiency wasn’t a higher priority.

Several comments stood out:

*“Energy Efficiency is hygiene, not a strategic issue, not a distinct point of difference with others...”*, said one CEO.

Another, from the mining sector, said: *“Energy Efficiency has to stack up against all competing capital investment needs. Energy Efficiency is viewed like other projects requiring a rate of return on investment. Some energy projects are not time critical like crumbling infrastructure. Issues like reputation, ethical responsibility are factors to consider, but are not necessarily drivers”*.

A CEO in the Electricity, Gas and Water sector, said that energy efficiency wasn’t rated as highly as other investment decisions *“...because all economic gains are made in the normal course of business and (Energy Efficiency projects) generally don’t offer transformational opportunities for the business”*.

It is also worth noting that some companies in the Manufacturing sector appear to be currently “*doing it tough*”. One said: “*Financial survival is our highest priority right now*”. So again, if government wishes to increase the uptake of energy efficiency in the sector, it would appear it needs to reinforce the need for financial incentives or other signals.

### 6.2.2 Incentives would lift corporate focus on energy efficiency

While company CEOs and other C-Level executives suggested all manner of incentives to lift Energy Efficiency as a priority, there was no “*silver bullet*”, even within sectors.

Interviewees were asked: What assistance or incentives would help ensure your business made energy efficiency a top level priority in the coming 12 months?

Across sectors, many business leaders felt that only marginal improvements could be made unless there was major investment in new capital items and new technology, and for that they would need government financial help.

Suggestions for financial incentives included; rebates, innovation funding, grants, cheap loans, offsets, increased depreciation allowances and feed-in tariffs. Other suggestions included putting a price on carbon, a consolidated and consistent reporting framework, government procurement preferences for energy efficient service providers, employee education and training, assistance for investigating/identifying energy efficiency opportunities, and legislation, regulation.

Companies in a number of sectors wanted help to identify energy efficiency opportunities in their businesses. One in the manufacturing sector suggested dollar for dollar funding to help the company do so.

Others in the manufacturing sector sought “*softer*” help, for example to have a benchmark by which they could rate their progress: “*It would be great if the Government could provide some kind of measure of performance in each industry sector. It is hard to know if all our efforts [are] good or behind where it should be. Sharing of ideas about what works in other plants or overseas, and assistance with employee actions, would be a great help*”, said one.

Some recognised that electricity and energy price rises will make energy efficiency more compelling, others asked for tailored information, case studies, information sharing, public recognition.

Several CEO’s also mentioned the need for certainty, consistency in government policy and measures.

### 6.2.3 Streamlining reporting

When asked if there was anything more the government could do to help companies pursue energy efficiency opportunities a strong theme in the responses related to duplication and the “*complexity*” and “*burden*” of reporting both Federally with NGERs and with State schemes.

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While this was not a specific criticism of the Department or of the EEO Program, two leaders in the manufacturing sector and another in transport, suggested the need for the streamlining or simplifying of reporting.

By several, this was strongly felt: For example, two CEO's agreed to be identified on this issue, while asking for confidentiality on the rest of the survey.

One was so keen to have his point registered that he asked at the outset of the survey whether there were any open-ended questions in it so that he could make his point about duplication. A dairy industry CEO said: *"I get confused by all the regulatory bodies, State and Federal and at the Federal level. It is not clear who is the single point of contact, this causes huge inefficiencies"*. The need for streamlining, he said was *"...because a lot of energy is going on duplication, for example, with the same thing being measured in different ways. The simpler it is, the more traction you'll get"*.

While a few CEOs said there was no need for government involvement in their businesses, these negatives need to be balanced by the quantitative finding that a solid 68% of respondents said participation in the EEO program had increased their awareness of their energy use. In a wry way, one of the CEOs we interviewed put it this way: *"You'd like to say we'd get there anyway, but a regulatory program does bring (energy efficiency) to the fore"*.

#### 6.2.4 The need for expert help

The clearest message of all, across all sectors, is business leaders' call for expert help from someone who knows their sector.

In response to the question *"Who would you want to see come and put the case for energy efficiency and what would be the most useful type of information presented?"*, 14 of 23 responses on this from CEOs and business leaders we contacted, said an expert on energy efficiency in their sector.

From manufacturing: *"Energy Efficiency is still a new area. If we want to build it into our company, where do we start? For us it is a corporate culture issue, so I want to see people who can articulate simply, with knowledge, on this major issue"*, and *"Someone who really understands our industry sector and the way we use energy"*. Another CEO in the sector said: *"Don't care who comes as long as it's free and they have real case studies and experiences to share and push us to best practice and cost savings"*.

From transport: *"Someone with case study experience relevant to our sector-transport and haulage: Could be Government but whoever it is they need to have the experience relevant to our industry"*. Another said: *"We'd be very happy to hear from government, but we'd like the people to have greater technical expertise, particularly ideas on practical application of capital expenditure. We'd also be interested to hear from other companies in similar sectors"*.

From Mining: *“The most useful information for me would be material that is relevant to the industry we work in”.*

#### 6.2.5 CEO engagement fora

The quantitative results suggest that 61% of business leaders believe that an industry association that covers their sector would be the best forum to talk to them about improving energy efficiency in their business.

The qualitative results tempered this outcome. When we drilled down and asked a number of CEOs about this, it seems they are more likely to send their relevant staff to these gatherings, but not necessarily to turn up to them themselves.

As one CEO said: *“I hesitate about going places where I’m meant to be the single expert. My role is to push priorities- it won’t work unless all my team is engaged”.*

It is interesting to note from the quantitative results that 47% of the C-Level executives said their preferred forum would be *“In a small group”*. Given the strong call for *“expert advice”* noted above, we suggest that CEOs are most likely to participate in individual specially arranged meetings of their executive team with an energy expert who has solid information and recommendations relevant to their sector and company.

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