

Barrack Obama Saves the Australian Aged Care Industry!

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No one would have ever drawn the connection between Barrack Obama and the Australian Aged Care industry a few months ago but now the link is clear. Barrack Obama has committed the US to acting on climate change. Naturally he and the rest of the world who are working towards an agreement in Copenhagen later this year will aim for the easiest strategies for green house gas mitigation. What we call the 'low hanging fruit'.

When you consider the built environment contributes around 40% of the green house gas equation then a commonality appears. The built environment is one of the easiest and most cost effective areas to mitigate climate change. The methodology is efficiency. By making buildings, new or existing, more efficient, the world climate monster will be significantly sated and owners and operators of those buildings will also gain measurable and cost effective operational benefits.

Barrack Obama's rise to power has galvanised the world to take this action. Over the next few years massive changes to the way we design and operate new buildings and operate existing buildings will be forced upon us. Remember 98% of the built environment is already here. We can change the existing buildings and make them run more efficiently usually for an efficient price. We can do our bit for climate change and lots to our wallets at the same time.

The authorities though are coming down very quickly on inefficiency.

Already in the UK all commercial buildings must display an Energy Performance Certificate in their foyer. This certificate comes after a detailed audit of that building and identifies how poorly or how well that building performs. The Federal Government has recently tendered for companies to undertake that work for a similar energy performance certificate here in Australia... Building codes, government legislation, government programmes, carbon trading, market demand, funding criteria ...the list of government control and intervention is growing.....and growing.

Efficiency is the cheapest way to mitigate and remediate carbon so why wouldn't they. It is also the cheapest way for the facility owner or operator to make more money.

The win/win situation?

But there is one crucial imperative we cannot ignore that affects us all. Especially aged care operators.

The cost of electricity. When was the last time you checked your electricity bill. Not for how much you pay but for how much you were paying per Kw/h.?(Kilowatt per hour or one thousand watts per hour)

In NSW that rate is between 10-16c Kw/h.

In South Australia it ranges around 22-23c Kw/h.

But what will that power cost you next year or in five years time or in 20 years time?

Last week NSW power went up 20 per cent over night. One large Aged Care provider had their bill increased 20% overnight and was advised it would go up another 20% before July 1 2009. This is before the estimated (estimated not limited to) 18% carbon trading increase next year.

Davis Langdon the well known Cost Planners reported in July 2008 that operators should allow for a 10 per cent per year increase in power costs.

The Clean Energy Council suggest more like a 20% per year increase.

Spot futures for electricity at D-Cypha Trade electricity futures market this week (20.03.09) are around 65c/kw/h for 2012!

In Germany electrical power costs the equivalent of around 65c/kw/h .In the UK consumers pay around 45c Kw/h.

We are deluding ourselves if we think our power bills, which are the worlds cheapest, will stay that way for long.

The power grid in this country is so dilapidated and inefficient that we will have to pay for its rebuilding. Brown coal power stations will be phased out across the country over the next 10 years to help with carbon restrictions.

A 100 bed aged care facility built to comply with the current accreditation regulations will use around \$100,000 a year in power in 2009.

If power costs rise at 5% compound per year then in 20 years your power bill will be around \$300,000 per year .

If power costs rise at 15% compound per year, in 20 years your power bill will be approximately \$1.5 million per year. This is not a misprint! It is just simple mathematics.

Maximising efficiencies in an existing Aged Care facility can provide significant savings

In a recent level 3 Australian Standard energy audit Vim Sustainability undertook for an Aged Care provider for a facility completed in 2004 we indicated that we could save around \$50,000 per year, every year based on current power costs, for an initial one off expenditure of \$30,000!

Imagine what that \$50,000 saving will be worth in 20 years time?

Imagine how much could be saved if an audit was undertaken of a 10 or 20 or 30 year old facility?

In order to assist with implementing these measurable savings these savings Energy Management Partnerships should be considered.

Energy Management Partnerships are a new concept that are worth considering for your facility.

For a small fee an engineering consultant like Vim Sustainability will undertake a level 3 Australian Standard Audit of your facility.

Through detailed engineering analysis the range of efficiencies and savings can be detailed based on Cap Ex and Returns on Investment.

In certain cases subject to a range of criteria Vim Sustainability will partner with KM Group and will pay for the upfront rectification costs for the facility. In return they will share the benefits of reduced power bills with the facility for an agreed period of time.

Another win/win situation!

No upfront expense apart from the Audit costs. Significant savings achieved over the life of the facility for the facility.

In addition Vim and KM group will undertake ongoing back to base energy monitoring of your facility and will provide regular benchmarking reports as part of their proposal. This will enable your facility to measure the use of power or the amount of carbon being created and understand when the facility operating inefficiently or performing at its best. That way you will maximise your value from any money spent on energy or water use.

Vim Sustainability believes the Aged Care industry will benefit enormously from gaining an understanding of electricity and water usage levels. To do this Vim Sustainability and KM Group want to establish an energy efficiency benchmark for Aged Care.

Imagine the benefits of knowing where your facility sits compared to the industry benchmark?

An anonymous questionnaire will be accessible this month on the Aged Care Direct web site. Please fill it in and through this we will be able to gain a clear picture of industry electrical and water consumption levels and from that create a data base that will help guide the industry in efficiency solutions.

The Barrack Obama connection was not so obvious at the commencement of this article but now the link is clear. His commitment (and therefore America's) to doing something about climate change has provided direction throughout the world that will eventually lead to your facility becoming more energy efficient.

But after understanding the costs of inefficiency now and into the future, surely the time to become efficient is now not later.