Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	21
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	HISP/FISP Expenditure		
Hansard Page EC:	EC 62		

Senator Birmingham asked:

Senator BIRMINGHAM—Along with the taxpayer. In relation to FISP, how much has been spent this financial year to date, on the department's best estimates?

Mr Bowles—I would have to take that on notice. I do not keep an up-to-date tally on all of those things. I can take that on notice and see where we are.

Senator BIRMINGHAM—There must be some type of recent report that was provided to Mr Comley, Finance, Treasury or somebody.

Mr Bowles—No, we do not have one at the table or even behind me, but I can take that on notice.

Answer:

In accordance with the Department's 2010-11 Portfolio Additional Estimates, the administered expenditure for the Home Insulation Program (HIP) is projected to be \$438.4 million for the 2010-11 financial year. This encapsulates expenditure for the HIP, Home Insulation Safety Program and Foil Insulation Safety Program.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	22
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	South Australian installations under the HIP		
Hansard Page EC:	EC 68		

Senator Birmingham asked:

Senator BIRMINGHAM—Do you have a cost as to how much you expect to be reimbursing the South Australian government?
Mr Bowles—No, I do not. As I said, that will be subject to separate negotiations with the South Australian government.
Senator BIRMINGHAM—Can you take that on notice, please?

Answer:

The South Australian Government (Department for Families and Communities and Housing SA) has advised that the total cost for inspecting and, if required, rectifying social housing dwellings insulated under the now discontinued Home Insulation Program is \$23,580.00 (GST inclusive).

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	23
Program:	1.2		
Division/Agency:	GPSD		
Торіс:	HIP – Claims against the Commonwealth		
Hansard Page EC:	EC 72		

Senator Birmingham asked:

Senator BIRMINGHAM—I am not necessarily asking whether Mr Comley or Mr Bowles should be managing that level of detail. But, as to whether the Commonwealth has got good value for money out of its contract, I am interested in some of those details. If Mr Bowles is able to get them then that would be of assistance. The last area is in relation to claims for compensation. Question No. 25, taken on notice, tells me that legal proceedings seeking damages for personal injury have been initiated against the Commonwealth in connection with the Home Insulation Program by one householder and one ceiling inspector. In addition, as at 12 November, the Commonwealth has received approximately 24 other claims for compensation which have yet to be resolved. Have those numbers changed and have any of those claims or actions been resolved?

Mr Bowles—Probably in the first two categories, I am not aware of any others in connection with the householder and the ceiling inspector. I think it is still one apiece. I think there are a few more in that second category. I would have to take it on notice. But I am pretty sure it is more than 24 at this stage. It is not significantly more, but I could not tell you off the top of my head. I can take that on notice.

Senator BIRMINGHAM—So there are no additional cases where legal proceedings have been initiated?

Mr Bowles—No, that is not what I said. I said that there are no more in those first two categories-the householder and the ceiling inspector- as far as I am aware. So there is one apiece, as in the answer. In the third lot there, where it talks about 24 other claims for compensation-is that right?

Senator BIRMINGHAM—That is right.

Mr Bowles—I believe there are more in that category, but I would have to take it on notice to tell you what they are. This would have been updated as of 12 November.

Answer:

Legal proceedings seeking damages for personal injury were initiated against the Commonwealth in connection with the Home Insulation Program (HIP) by one householder and one ceiling inspector. Both claims against the Commonwealth have been discontinued and no compensation was paid in either case. Two further claims for compensation in regard to personal injury in connection with the HIP have been made against the Commonwealth by householders. Those claims are being considered.

In addition, as at 15 March 2011, the Commonwealth has received approximately 54 other claims for compensation, three of which have been resolved. No compensation was paid in regard to the resolved matters.

All claims are being managed in accordance with the Commonwealth's usual processes.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	24
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Foil Insulation Safety Program		
Hansard Page EC:	Written		

Senator Birmingham asked:

With reference to the template for the Electrical Safety Inspection – Foil Insulation Record and Testing, provided in response to Senate Estimates Question on Notice No. 52 from the Budget Estimates 2010, please detail all data collated regarding:

- 1. 1.8 contractors being unable to gain access (expressed both as a number and a percentage)
- 2. 3.1 voltage being detected (expressed both as a number and a percentage)
- 3. 3.5 Insulation Resistance tests and measurements
- 4. 4.1 and 4.2 electrical defects identified during testing, and wiring defects (expressed both as a number and a percentage)
- 5. 4.4 to 4.10 observations on foil insulation installation
- 6. 6.1 testing and rectification completion (expressed both as a number and a percentage)

Answer:

The Australian Government is committed to publicly releasing more information on safety inspections at an appropriate time.

The Department of Climate Change and Energy Efficiency commissioned Booz & Company, a leading independent internationally recognised consultancy firm, to carry out an analysis of the safety inspection programs.

When this work has been considered by the Government it will be released publicly. A considered release of this information will provide the public with the confidence that the inspection programs are achieving their goals.

As at 27 February 2011, there have been around 43,000 households with foil insulation inspected.

Senate Standing Committee on Environment and Communications Legislation Committee Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	25
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HISP/FISP		
Hansard Page EC:	Written		

Senator Birmingham asked:

How many instances of substandard insulation or installation practices have been identified through inspections undertaken to date through either the Home Insulation Safety Program or Foil Insulation Safety Program?

Answer:

On 20 April 2011, the Australian Government released a suite of information relating to the outcomes of the safety inspection programs to date.

Further details of the inspection results are available at: <u>http://www.climatechange.gov.au/government/programs-and-rebates/hisp/news/inspection-data.aspx</u>.

Senate Standing Committee on Environment and Communications Legislation Committee Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	26
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Home Insulation Program		
Hansard Page EC:	Written		

Senator Birmingham asked:

Without simply providing a reference to the AusTenders website, please provide a full list of consultancies engaged as part of the Home Insulation Program, detailing names, the purpose of the consultancy, the cost and when it was done, as well as the expected completion date and actual completion date.

Answer:

From 3 September 2007, departments and agencies have been required to include on AusTender the details of those contracts which are consultancies and the reason for the consultancy, noting that departments have six weeks to report procurement contracts on AusTender.

The list of consultants that were engaged under the Home Insulation Program is therefore available on the AusTender website: <u>www.tenders.gov.au/</u>.

The AusTender website provides the most up to date list of consultancies at any point in time.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	27
Program:	1.2		
Division/Agency:	ESPD		
Topic:	REBS – SHWR		
Hansard Page EC:	Written		

Senator Birmingham asked:

- 1. How many payments, and for what total dollar amount, remain outstanding under the Renewable Energy Bonus Scheme Solar Hot Water Rebate?
- 2. What is the average processing time in relation to these payments?

Answer:

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- 1. There are no unpaid applications currently outside the eight week timeframe.
- 2. The average processing timeframe is eight weeks from receipt by the Department of a complete and eligible application.

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	28
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	Green Loans		
Hansard Page EC:	Written		

Senator Birmingham asked:

- 1. How many cases of fraudulent assessments under the Green Loans Program have been identified by the Department?
- 2. What actions have been taken in response to any fraudulent assessments having been identified?

Answer:

1. The Department takes a zero tolerance approach to fraud. In addition to costing taxpayers money, fraud reduces the effectiveness of Australian Government policies and programs. It is our responsibility to prevent program benefits and privileges from being misused.

One Green Loans case has been referred for investigation for suspected fraudulent activity. As this investigation is ongoing the Department is unable to comment any further.

2. Where a suspected instance of fraud or serious non-compliance arises, the issue is assessed to determine the most appropriate action. The Department employs a range of actions in these cases including suspension of contracts, termination of contracts, debt recovery and referral for investigation and possible prosecution.

In addition to the fraud investigation currently underway, further potential serious non-compliance cases have been identified and are subject to further investigation. Where fraud is suspected, it will be referred to the Department's fraud investigation section.

The Department is also undertaking further analysis of the relevant data to identify further compliance issues and to ensure debt is recovered where possible.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	29
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Green Loans		
Hansard Page EC:	Written		

Senator Birmingham asked:

- How many claims for payment have been lodged under the Green Loans program

 This financial year?
 - b. Over the life of the program?
- 2. How many of these claims for payment, and to what value, are outstanding or remain unresolved?

- 1. a. In the current financial year to 6 March 2011, 8,086 invoices have been paid.
 - b. Over the life of the program to 6 March 2011, 18,600 invoices have been paid.
- The Department is still receiving claims for outstanding assessments. As of 6 March 2011 there were 540 invoices awaiting processing for payment. The value of these invoices cannot be estimated until they are processed.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	30
Program:	1.2		
Division/Agency:	GPSD		
Topic:	Green Loans		
Hansard Page EC:	Written		

Senator Birmingham asked:

- 1. How many claims for compensation in relation to the Green Loans program has the Department received
 - a. This financial year?
 - b. Over the life of the program?
- 2. How many of these claims for compensation, and to what value, remain unresolved? What has been the total value of compensation both claimed and paid?

Answer:

- 1. a. This financial year, the Department has received approximately 201 claims seeking compensation associated with the Green Loans Program.
 - b. Over the life of the program, approximately 223 claims have been received.
- 2. As at 16 March 2011, 64 claims remain unresolved. These are being considered in accordance with the Commonwealth's usual processes. It would be inappropriate to disclose the value of compensation sought as these claims have not been substantiated and a number of the claims have not specified a particular amount.

Of the matters that have been classified as resolved, the majority of these claims were from uncontracted assessors under the Green Loans Program and were made under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme).

With the commencement of the Financial Assistance Scheme (FAS) for uncontracted assessors, those CDDA Scheme claims have been discontinued. Eligible uncontracted assessors will be able to apply for assistance under the FAS.

It would be inappropriate to disclose the total value of compensation claimed, as the claims have in most cases not been substantiated and a number of claims have not specified a particular amount.

To date the Department has not paid compensation to any of the claimants.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	31
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Green Loans		
Hansard Page EC:	Written		

Senator Birmingham asked:

What action is being taken to address advice having been provided to assessors, for example by email of July 2009 as identified in the ANAO's Performance Audit Report No. 9, 2010-11, that assessors were to be offered additional training at no cost?

Answer:

The Australian National Audit Office Performance Audit Report No. 9 2010-11 states: "Email advice to an assessor in July 2009 indicating that when an accredited training course is available, assessors will be offered the necessary additional training at no cost. In March 2010, DCCEE publically advised that this is not within current Government policy".

It is still not within current Australian Government policy to provide additional training at no cost to Home Sustainability Assessors.

However, the \$15 million Training Assistance Scheme will assist accredited assessors to further develop their professional skills and credentials. It will provide a refund of 50 per cent of the tuition fees (up to \$2,500 GST inclusive) for accredited assessors who enrol in the new Certificate IV in Home Sustainability Assessment.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	32
Program:	1.2		
Division/Agency:	GPSD		
Topic:	Green Loans		
Hansard Page EC:	Written		

Senator Birmingham asked:

With reference to a 25 January 2011 letter from Justin Hyland, General Counsel, to uncontracted Green Loans assessors advising of the discontinuation of CDDA Scheme claims:

- 1. Who determined that these CDDA Scheme claims were to be discontinued, and when was this decision taken?
- 2. Who approved Mr Hyland's letter being sent to those who had lodged claims?

Answer:

1. In establishing the Financial Assistance Scheme (FAS) for uncontracted Green Loans assessors, the Australian Government decided that Compensation for Detriment Caused by Defective Administration (CDDA) claims from uncontracted assessors would be discontinued. Clause 9 of the FAS Guidelines, which came into effect on 1 March 2011, titled *Relationship with the Australian Government Scheme for Compensation for Detriment Caused by Defective Administration*, sets out the Government's position in this regard.

CDDA is an avenue of last resort and is only available where there is no other avenue of redress. The consequence of having a FAS is that CDDA is no longer available.

2. Mr Hyland's letter to uncontracted assessors of 25 January 2011 provided information about the FAS and its effect in relation to certain CDDA claims. No specific approval was required to send the letter.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	33
Program:	1.2		
Division/Agency:	REED		
Торіс:	Prime Minister's Task Group on Energy Efficiency		
Hansard Page EC:	Written		

Senator Birmingham asked:

- 1. What consultation took place in the development of the Task Group's report?
- 2. Were workshops, public hearings and the like conducted?
- 3. If so, where and when?

Answer:

At the end of March 2010, the Prime Minister's Task Group on Energy Efficiency (the Task Group) released an Issues Paper which invited public submissions on key issues relevant to the terms of reference. Almost 200 submissions were received from individuals and organisations. The Task Group also undertook extensive consultations with key stakeholders and institutions including a series of national workshops and a four week online discussion forum. Discussions were also held with relevant experts and policy makers in the United States, United Kingdom, New Zealand and France.

The Task Group also worked closely with an Advisory Group, comprising representatives from the energy market bodies, industry, the Energy Retailers Association, the Climate Institute, the World Wildlife Fund, the Energy Efficiency Council, the Australian Council of Trade Unions, and the Australian Council of Social Service. The Advisory Group and the Task Group met regularly between March 2010 and July 2010.

The Task Group conducted a series of full-day consultation workshops in Brisbane, Melbourne, Perth and Sydney from 9-16 April 2010. Over 120 participants attended from a broad range of sectors including: heavy and light industry; energy; appliances and equipment; buildings and built environment; transport; state, territory and local government; and community.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	34
Program:	1.2		
Division/Agency:	REED		
Торіс:	Prime Minister's Task Group on Energy Efficiency		
Hansard Page EC:	Written		

Senator Birmingham asked:

- 1. What consultation is being or has been undertaken in the development of a Government response?
- 2. If public consultation was conducted in the development of the report, why does the Government feel the need to replicate the process in developing the Government response to the report?

Answer:

At the time the report was released, the Australian Government committed to consulting with stakeholders before formulating a response. The Department conducted consultation workshops in Sydney, Melbourne, Adelaide, Brisbane and Perth, in January and February 2011. Over 200 people attended. In addition, targeted meetings have been held with stakeholders.

Participants in the consultation workshops conducted by the Prime Minister's Task Group on Energy Efficiency (the Task Group) were asked to focus on how a step change in energy efficiency improvement across Australia's economy might be achieved. This information, along with other analysis, was considered by the Task Group, which then recommended five measures that could together deliver a step change. The Task Group report did not directly address the issue of implementation.

Participants in the workshops conducted by the Department were asked to react to the measures proposed by the Task Group, and to pinpoint issues that the Government should consider in deciding whether to adopt these measures. They were also asked to raise linkages and interaction with other policy areas and issues that might emerge during implementation.

Both sets of consultation will inform the Government's response, with emphasis placed on results from the workshops conducted in January and February 2011, and responses made by stakeholders to the report.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	35
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	South Australian installations under the HIP		
Hansard Page EC:	EC 67		

Senator Fisher asked:

Senator FISHER—Of those 3,303 inspected, how many homes were insulated by installers not licensed as they are required to be under the South Australian laws? Mr Bowles—I would have to take that on notice. We do not necessarily keep it in that sort of order.

Answer:

Of the 3,303 dwellings inspected in South Australia, 686 were insulated by installers not licensed in South Australia.

Where insulation installers have not complied with state law, it is the role of the relevant state authorities to hold them accountable.

The Department is cooperating with the South Australian Government by providing information regarding installers who operated in that state during the program.

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	36
Program:	1.2		
Division/Agency:	ESPD		
Topic:	South Australian HIP Installers		
Hansard Page EC:	EC 70		

Senator Fisher asked:

Senator FISHER—And of those, how many were insulated by unlicensed installers? **Mr Bowles**—I would have to take that part on notice. We may not be able to answer that, because we do not necessarily keep it in that sort of order, but we will see what we can do.

Answer:

Of the 204 householder initiated inspections undertaken in South Australia, 64 were insulated by installers not licensed under the South Australians laws.

Where insulation installers have not complied with state law, it is the role of the relevant state authorities to hold them accountable.

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	37
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HISP/FISP		
Hansard Page EC:	Written		

Senator Fisher asked:

Please provide a State by State breakdown of the number of homes inspected under the Home Insulation Safety Program and the Foil Insulation Safety Program.

Houses Inspected as at 9 March 2011		
State or Territory	Non-Foil Insulation	Foil Insulation
ACT	694	1
NSW	39,802	4,173
NT	133	221
QLD	27,188	37,905
SA	3,205	129
TAS	1,048	2
VIC	33,439	1,551
WA	2,900	72
National Total	108,409	44,054

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	38
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HISP/FISP		
Hansard Page EC:	Written		

Senator Fisher asked:

Please provide a state by state breakdown of the number of calls made to the insulation Safety Hotline requesting home inspections.

Answer:

Below is a state by state breakdown of the number of householder inspection requests, as of 9 March 2011, as a result of calls made to the insulation Safety Hotline.

State	Number of Calls
ACT	189
NSW	8,817
NT	67
QLD	5,294
SA	829
TAS	226
VIC	10,042
WA	1,055
Total	26,519

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	39
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HISP/FISP		
Hansard Page EC:	Written		

Senator Fisher asked:

Please provide a state by state breakdown of the number of home inspections undertaken as a result of calls to the insulation Safety Hotline.

Answer:

Below is a state by state breakdown of the number of home inspections undertaken as a result of calls to the insulation Safety Hotline, as of 9 March 2011.

State	Number of Inspections
ACT	155
NSW	6,257
NT	45
QLD	3,948
SA	685
TAS	148
VIC	8,432
WA	747
TOTAL	20,417

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	40
Program:	1.2		
Division/Agency:	REED		
Topic:	Building Energy Efficiency		
Hansard Page EC:	EC 75		

Senator Ludlam asked:

Senator LUDLAM—What you could maybe help us pull out, then, is what the estimated lifetime dwelling was for that study and whether discounting was used to basically eliminate or discount future benefit, because that is not clear to me on my reading.

Mr Comley—We can check on that, but I would be very surprised and it would be highly unusual not to discount the benefits, because they occur at a different time to the capital costs. **Senator LUDLAM**—Yes, and that is why we undergo schemes like the home insulation one, where we say, 'Actually, in theory-it was not in this instance-'it's worth insulating people's homes and giving them a leg-up, otherwise no-one is ever going to afford to capture those future benefits'. Anyway, I will leave it there. Obviously, we are not going to solve this one tonight. But, if it is possible for you to pull out for us how much the future benefits were discounted at least, that would be helpful.

Mr Comley—Sure.

Answer:

The Regulatory Impact Statement (RIS) for the proposal to revise the energy efficiency requirements for residential buildings in the 2010 edition of the Building Code of Australia assumed an average lifetime for dwellings of 40 years.

The RIS estimated the net impact on individual dwellings at a five and seven per cent discount rate. The sensitivity analysis of the estimated impacts also included testing of discount rates of three, nine and 11 per cent.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	41
Program:	1.2		
Division/Agency:	ESPD		
Topic:	QHI Installations		
Hansard Page EC:	EC 61		

Senator Troeth asked:

Senator TROETH—Did the government ever withhold any payments to that company, QHI Installations?

Mr Bowles—I could not tell you. I would have to take that on notice.

Senator TROETH—If you would—and, if it did, the reason for it as well. Had there been complaints about their workmanship at any other houses?

Mr Bowles—Not to my knowledge.

Senator TROETH—And how many houses did that company install insulation in? **Mr Bowles**—I do not have that: I would have to take that on notice.

Senator TROETH—If you would, and also how much they were paid for that. Mr Bowles—Yes, Senator.

Answer:

QHI Installations Pty Ltd was subcontracted by Vision and Network Australia Pty Ltd.

The Department has received 21 complaints concerning Vision and Network Australia Pty Ltd relating to insufficient or partial installations or installations that have not complied with Australian Standards.

In February 2010, the Department suspended 33 claims lodged by Vision and Network Australia Pty Ltd, subject to further compliance review. These claims were released for payment in April 2010.

As at 15 March 2011, the Department had received 2,108 claims totalling \$2,760,650 from Vision and Network Australia Pty Ltd.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	42
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	HIP – Company involved in fatality		
Hansard Page EC:	Written / EC 62		

Senator Troeth asked:

- 1. What compensation has the Government offered to the families of Mr Barnes?
- 2. Did the government ever withhold payments to the company? If so, why?
- 3. Have there been any complaints about their workmanship at any other houses?
- 4. How many houses did the company install insulation?
- 5. How much were they paid?
- 6. Does the company still exist?
- 7. Did the Government take any action to shut them down or to name and shame them as the previous Minister promised he would do against companies involved in dodgy or dangerous activities?

- 1. The Australian Government has not made any offers of compensation to the family of Mr Barnes. The Government has offered to assist with legal and travel costs if a Coronial Inquest is held. To date, no decision has been made on whether there will be a Coronial Inquest regarding the fatality.
- 2. The Department is not able to provide specific information with regards to an installer's non-compliance, as the information may affect compliance activities that are currently being undertaken.
- 2. Please refer to the response to part 2.
- 4. The Department has received 79 claims from Arrow Property Maintenance Pty Ltd for insulation installed under the Home Insulation Program (HIP).
- 5. Arrow Property Maintenance Pty Ltd received \$116,603.35 for claims lodged under the HIP.
- 6. According to Australian Securities Investments Commission data, the company is active.

7. Yes. The Government deregistered Arrow Property Maintenance Pty Ltd on 8 December 2009. The installer business was placed on the Deregistered Insulation Installers list, available online at: <u>www.climatechange.gov.au/en/government/programs-and-rebates/hisp/fraud-and-compliance/~/media/publications/homes/deregistered-installers.ashx</u>.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	43
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	HIP – Company involved in Mitchell Sweeney fatality		
Hansard Page EC:	Written / EC 62		

Senator Troeth asked:

- 1. What involvement is the Government playing in relation to the prosecution of the company in the case of Mitchell Sweeney?
- 2. Was the Government represented at the initial hearing against Mr Sweeney's employer on February 8th this year?
- 3. What happened at this hearing?
- 4. Did the government ever withhold payments to the company? If so, why?
- 5. Have there been any complaints about their workmanship at any other houses?
- 6. How many houses did the company install insulation?
- 7. How much were they paid?
- 8. Does the company still exist?
- 9. Did the Government take any action to shut them down or to name and shame them as the previous Minister promised he would do against companies involved in dodgy or dangerous activities?

- 1. Titan Insulations Pty Ltd are being prosecuted by the Queensland Government. The Australian Government has no involvement in the prosecution of Titan Insulations Pty Ltd, except to provide information relevant to their registration and involvement under the Home Insulation Program (HIP).
- No. The hearing due to take place on 8 February 2011 has been adjourned due to the flooding that occurred in Atherton. The hearing of the matter in Brisbane on 7 April 2011 was also adjourned to 5 May 2011. The Australian Government will not be represented at this hearing.
- 3. Please refer to response to part 2.
- 4. The Department stopped payment on 10 claims lodged by Titan Insulations Pty Ltd, subject to further review by the Department's Compliance team.

- 5. The Department has received four complaints concerning the quality of insulation installed by Titan Insulations Pty Ltd.
- 6. The Department has received 506 claims from Titan Insulations Pty Ltd for insulation installed under the HIP.
- 7. Titan Insulation Pty Ltd received \$663,600 for claims lodged under the HIP.
- 8. According to the Australian Securities and Investments Commission, Titan Insulations Pty Ltd is registered and active.
- 9. Titan Insulations Pty Ltd was deregistered from the HIP and listed on the Deregistered Insulation Installers list on 4 February 2010, for failure to comply with the Terms and Conditions of the HIP.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	44
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HISP/FISP		
Hansard Page EC:	Written / EC 71		

Senators Birmingham/Troeth asked:

- 1. How can you justify flying safety inspectors from Queensland to all the way to Western Australia?
- 2. Isn't this another massive waste in a wasteful \$2.45 billion program?
- 3. Can you tell us more about how many people you are flying around Australia to carry out safety inspections?
- 4. How many people had flying interstate?
- 5. How much are you spending on interstate trips for the safety program?
- 6. How much are you spending all up on the Home Insulation Safety Plan and the Foil Insulation Safety Program?
- 7. Given the enormous Queensland Flood Recovery effort underway, isn't it just plain wrong to be pulling people with trade skills out of the disaster zones and sending them to the other side of Australia (and at taxpayer's expense?).

Answer:

1. As at February 2011, the Department had contracted PricewaterhouseCoopers (PwC), a national organisation with experience in managing large-scale programs, for oversight and management of the inspections. The Department is not involved in the day-to-day arrangements of the inspection program nor the election and assignment of inspectors to achieve the required level of national coverage.

As at February 2011, inspections were determined using a risk-based approach developed by the Commonwealth Scientific and Industrial Research Organisation following detailed analysis of data associated with the program. As a consequence of these factors, it is sometimes required to temporarily reassign resources to particular areas. This is determined by detailed logistics planning by PwC and its subcontractors.

- 2. Householder safety is the Australian Government's highest priority in the implementation of the Home Insulation Safety Program (HISP). For this reason, all inspectors used in the safety program must have undergone suitable training in safe practices and inspection work. The commitment to provide an inspection to anyone who requests one does not discriminate by location. As a result, qualified inspectors are sometimes required to travel to regional and/or remote areas.
- 3. The Department does not fly people around Australia. However, where the contractor's logistics plan identifies the need to temporarily reassign resources, the Department will reimburse costs as per the conditions specified in the contract. In accordance with the logistics planning exercise, the contracted company will build a significant program of work in a geographic location before scheduling the activity. Where qualified inspectors are not available locally, an appropriately sized team will be deployed to the region to complete the required inspections.
- 4. In most cases, inspection teams are sourced from the local region by the organisations contracted to deliver safety inspections on behalf of the Government. Only qualified inspectors that have met specific requirements to work under the HISP are used to undertake inspections.

Around 40 trips involving flights have occurred to deliver over 2,000 inspections where qualified inspection teams were not available in the local region.

- 5. The Department does not book or pay for flights directly, it reimburses costs based on pre-approval of a detailed schedule. Analysis of these reimbursements identifies a total of approximately \$70,000 worth of air travel that has been undertaken throughout the life of the safety program.
- 6. When the safety inspection programs have been completed, the Government will publish information on the total funding that has been expended under the program.
- 7. The Department is not aware of any evidence to suggest that any of the HISP inspectors were or are engaged in the flood recovery work. In any event, this is a decision for the organisations responsible for undertaking inspections and the individual business operators.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	45
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HIP Installation Company		
Hansard Page EC:	Written		

Senator Troeth asked:

Last year, Minister Combet revealed the Government was investigating a company from northern NSW which had claimed nearly \$10m under the government program – and that some 100 complaints concerning electrification, damage to ceilings and roof coverings and phantom insulation were being investigated.

- 1. Can you tell us what happened to this company in question that claimed almost \$10m?
- 2. Was that the final tally or was it higher?
- 3. Was that the single biggest claiming company?
- 4. Can you please provide a detailed list of the top 20 companies that made claims, in terms of the total cost, and include name of the company, the dollars, the dates and where they were based and operated?

- 1. The Department notifies installer businesses of all issues of non-compliance with the Terms and Conditions of Registration and Program Guidelines that have been identified with insulation installed under the Home Insulation Program. Companies have the opportunity to provide the Department with evidence to show compliance. Where companies have not been able to show compliance, the Department has suspended payment of claims, or is in the process of seeking to recover funds from installer companies.
- 2. As at 14 March 2011, the installer business in question had submitted claims totalling \$10,551,372.
- 3. No.
- 4. Please refer to Attachment A, noting that specific company details and dates of operation have not been provided due to compliance activities currently underway.

Company	State	Claim Value
Company A	QLD	\$14,231,429.13
Company B	VIC	\$12,806,871.85
Company C	NSW	\$10,551,372.18
Company D	NSW	\$8,621,078.99
Company E	QLD	\$7,657,415.70
Company F	QLD	\$6,942,996.18
Company G	NSW	\$6,942,489.72
Company H	QLD	\$6,662,407.40
Company I	QLD	\$6,116,945.65
Company J	NSW	\$6,108,766.05
Company K	VIC	\$5,770,984.06
Company L	VIC	\$5,650,260.00
Company M	QLD	\$5,400,883.35
Company N	WA	\$5,377,580.71
Company O	QLD	\$4,846,885.65
Company P	QLD	\$4,841,864.72
Company Q	QLD	\$4,620,022.65
Company R	QLD	\$4,180,394.89
Company S	NSW	\$4,120,894.50
Company T	QLD	\$3,836,529.31

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	46
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Wagga House Fire Incident		
Hansard Page EC:	Written / EC 58		

Senator Troeth asked:

- 1. When was the insulation installed?
- 2. Who was the company?
- 3. Where was the company from?
- 4. Did the government ever withhold payments to the company? If so, why?
- 5. Have there been any complaints about their workmanship at any other houses?
- 6. Does the company still exist?
- 7. How many houses did the company install insulation?
- 8. How much were they paid?
- 9. a. Had this house been inspected under the random selection of the Home Insulation Safety Plan?
 - b. If so, when?
 - c. What were the results?
 - d. If not, why not?

Answer:

The Department is unable to provide answers to these questions as the matter is currently still under investigation by the New South Wales (NSW) Police.

The NSW Police are currently preparing a report for the Coroner.

The Department has not been advised of a finalisation date for this matter.

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	47
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	Wagga House Fire Incident		
Hansard Page EC:	Written		

Senator Troeth asked:

- 1. What does the Government know about the cause of the fire?
- 2. When did the Minister first find out that the house in which the three family members died had received insulation under his program?
- 3. When did the Minister publicly confirm the link?
- 4. How long was it between the Minister finding out about the fire and him revealing it?
- 5. Why did he hide the fact from the public?
- 6. Why did he not confirm it almost straight away as he did in relation to the fatal house-fire in Parkes in April last year?
- 7. How did the Government find out about the link in the first place?
- 8. Are there standard procedures to ensure that fire authorities make contact with the Government straight away to cross check against homes that received insulation?
- 9. Who received the first advice in the Department of the link?
- 10. How long was it before they told the Minister's office?
- 11. Who did they tell in the Minister's office?
- 12. Did the police specifically request that the link between the fatal house fire and the Government's Home Insulation Program NOT be made?
- 13. Who in the Police service made this request?
- 14. Did they instigate the request or did the request 'come as a result of discussions with the Department'?

- 1. The cause of the fire has not yet been determined. The Department is in direct contact with the Police and Fire Authorities in relation to this fire, and any fire related incident.
- 2-14. The Department provides regular advice to the Minister for Climate Change and Energy Efficiency and the Parliamentary Secretary for Climate Change and Energy Efficiency, in line with standard operating procedures for Government departments. Based on discussions with the relevant Authorities the Department provided formal advice to the Minister that a statement on the Wagga Wagga fire should not be made.

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	48
Program:	1.2		
Division/Agency:	ESPD		
Topic:	Wagga House Fire Incident		
Hansard Page EC:	Written		

Senator Troeth asked:

- 1. Where is the investigation up to?
- 2. Have investigators made a preliminary assessment as to the cause?
- 3. Have you at least had any indication as to the cause? For example, where did the fire start?
- 4. Can you rule out that it didn't start in the roof area, where the insulation was installed?

Answer:

The Department is unable to provide answers to these questions as the matter is currently still under investigation by the New South Wales (NSW) Police and the cause of the fire is yet to be formally determined.

The NSW Police are currently preparing a report for the Coroner.

The Department has not been advised of a finalisation date for this matter.

Senate Standing Committee on Environment and Communications Legislation Committee Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	49
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	Wagga House Fire Incident		
Hansard Page EC:	Written		

Senator Troeth asked:

- 1. Has the Minister made contact with any members of the family?
- 2. If not why not?

Answer:

- 1. No.
- 2. It would be inappropriate for the Minister to make contact with the family as the matter is still under investigation by the New South Wales (NSW) Police.

The NSW Police are currently preparing a report for the Coroner.

The Department has not been advised of a finalisation date for this matter.

Senate Standing Committee on Environment and Communications Legislation Committee Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	50
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HIP Fires		
Hansard Page EC:	Written / EC 59		

Senator Troeth asked:

- 1. How many house fires have now resulted from the Government's Home Insulation Program?
- 2. Why are we still getting reports of house fires, nearly a year after the program was shut down?
- 3. According to the Climate Change website: ", the Fire Brigade attended two new fire incidents linked to the Home Insulation Program in with one in Victoria in November 2012 and one in New South Wales in January 2011." Can you tell us more about these fires, which occurred just recently, in November last year, and January this year?
- 4. How long can the public expect the risk of house fires from dodgy insulation installations to continue?
- 5. Could the risk last for years?
- 6. How many years?
- 7. Can you provide a break-down of the fires, with details of the date, the location, a brief description of the extent of the damage, and a cost of the damage for each incident?
- 8. Can you at least tell us what the total damage cost has been?
- 9. In addition to the (at least) four people who have died as a result of the fire, can you inform us how many people have been injured, and the nature of such inquiries?

- 1. As at 20 April 2011, there have been 205 fire incidents where insulation was installed under the Home Insulation Program (HIP). Of these, 28 resulted in structural damage.
- 2. As indicated in the recently released Commonwealth Scientific and Industrial Research Organisation (CSIRO) report, the rate of fire incidents for HIP homes is not inconsistent with that for insulation-related fire incidents in pre-HIP homes.
- The Department has been advised that these fires caused no structural damage to the properties. Information relating to fire incidents is available on the Department's website at: <u>http://www.climatechange.gov.au/government/programs-and-rebates/hisp/news/incidents.aspx.</u>

- 4. There is a history of fire incidents in homes with insulation installed before the HIP. As identified in the recently released CSIRO and Booz & Company reports, the fire risk associated with insulation changes over time and can be impacted by a range of factors (for example, vermin or movement of the insulation) that have nothing to do with the original installation process.
- Many factors influence safety in insulated roofs. These factors were addressed in the recently released reports of the CSIRO and Booz & Company. Copies of these reports can be found at: <u>http://www.climatechange.gov.au/government/programs-and-rebates/hisp/reports.aspx</u>.
- 6. Please refer to the response to part 5.
- 7. Details of fire incidents are published at: <u>http://www.climatechange.gov.au/government/programs-and-rebates/hisp/news/incidents.aspx</u>
- 8. No. This is a matter between the household, the installer and their insurer.
- 9. At this point, there have been no fatalities attributable to fires formally associated with the HIP. Anecdotally, there have been minor injuries reported, but the Department has not been formally advised of any injuries resulting from fires.

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	51
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	Compensation		
Hansard Page EC:	Written		

Senator Troeth asked:

- 1. What compensation has the Government offered to the families of Mr Fuller and Miss Pridmore?
- 2. Did the government ever withhold payments to the company? If so, why?
- 3. Have there been any complaints about their workmanship at any other houses?
- 4. How many houses did the company install insulation?
- 5. How much were they paid?

- 1. The Australian Government has not made any offers of compensation to the families of Mr Fuller or Miss Pridmore. The Government has offered to assist with legal and travel costs if a Coronial Inquest is held. To date, no decision has been made on whether there will be a Coronial Inquest regarding the fatalities.
- 2. The Department is not able to provide specific information with regard to an installer's non-compliance, as the information may affect compliance activities that are currently being undertaken.
- 3. Please refer to the response to part 2.
- 4. As at 15 March 2011, the Department has received 2,108 claims for insulation installed under the Home Insulation Program (HIP) by the installer in question.
- 5. The installer in question received \$2,760,650.34 for claims lodged under the HIP.

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	52
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	HIP Fraud		
Hansard Page EC:	Written		

Senator Troeth asked:

EXAMPLE 1

Sent: Wednesday, 2 February 2011

Dear J,

Further to my phone call, a constituent contacted the electorate office in order to raise concern regarding the installation of ceiling insulation at his daughter's residence in Templestowe.

I understand Ms N was approached by a solar insulation company when the Federal Government's Home Insulation Scheme was active and offered her an extremely competitive price, which she accepted.

Ms N has the corresponding paperwork and contact details of the company.

Yesterday, Ms N was approached by another solar insulation company who offered to conduct a risk assessment/safety check of the ceiling insulation. The tradesman discovered that Ms N did not have any insulation in her roof, despite the original installers arriving with a large bundle of insulation on the day.

- 1. How come this kind of thing occurred?
- 2. Why are we still getting reports like this?
- 3. Can you tell me how many cases of such waste and rorting you received? In particular, cases where no insulation was installed at all; and how many reports all up you received of fabricated claims.
- 4. How much did such claims cost taxpayers?
- 5. Out of the 1.2 million or so homes which allegedly got insulation, how many installers were prosecuted by the Government for shonky operations?
- 6. How many were actually named and shamed, as Minister Garrett said they would be?
- 7. Can we get a full list and details of the offences they committed?
- 8. Is this list available to the public now?
- 9. If not, why not?

- 1. The Department takes all claims of non-compliance seriously and would welcome further details in relation to the example provided so that it can be properly investigated.
- 2. The Department is currently undertaking safety inspections on a minimum of 150,000 homes installed under the HIP with non-foil insulation. As these inspections are conducted, a small number of non-compliant claims continue to be identified.
- 3. The Department is not able to comment on cases under review as this may jeopardise further investigations being conducted by the Department.
- 4. Please refer to the response to part 3.
- 5. Over \$24,000,000 in payments are being withheld and over 2,000 debt recovery letters have been raised to date. On 2 March 2011, in a joint-agency investigation between the Department and the Australian Federal Police, 35 search warrants were executed across three states, targeting alleged fraudulent activity under the HIP. No further information can be provided as investigations are ongoing.
- 6. The Department is not able to comment on individual cases as this may jeopardise further investigations being conducted by the Department.
- Installer businesses were listed for failure to comply with the Terms and Conditions of Registration. The Deregistered Insulation Installers list is available at: <u>www.climatechange.gov.au/en/government/programs-and-rebates/hisp/fraud-andcompliance/~/media/publications/homes/deregistered-installers.ashx</u>.
- 8. Yes. The Deregistered Insulation Installers list is available at: <u>www.climatechange.gov.au/en/government/programs-and-rebates/hisp/fraud-and-</u> <u>compliance/~/media/publications/homes/deregistered-installers.ashx</u>.
- 9. Please refer to the response to part 8.

Additional Estimates 2010-2011, February 2011

Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	53
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	HIP Compensation		
Hansard Page EC:	Written		

Senator Troeth asked:

According to an answer to a Question on Notice received in recent days there despite there being 4 deaths, over 200 house fires and many businesses sent to the wall, we are led to believe not a single compensation claim has been lodged or paid.

- 1. Can you confirm this to be the case?
- 2. Why is this so?
- 3. What provision for compensation has been made:
 - a. For the families of the victims of those who perished?
 - b. For those whose houses burnt down or were damaged?

Answer:

- 1. As at 15 March 2011, the Australian Government has received approximately 60 claims for compensation. To date no claim for compensation has been paid.
- 2. Please refer to the response to part 1.
- 3. a. The Government has not made any offers of compensation to the families of the deceased installers. The Government has offered to assist with legal and travel costs if Coronial Inquests are held. To date, no decision has been made on whether there will be Coronial Inquests regarding the fatalities.
 - b. Installers who participated in the Home Insulation Program (HIP) were required to have property damage and public liability insurance. Most householders also maintain home insurance.

Where householders have sustained damage to their homes in connection with the installation of ceiling insulation under the HIP, those householders have generally been able to access insurance cover in regard to their loss. In appropriate cases, the Commonwealth has assisted householders with accessing an installer's insurance details.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	54
Program:	1.1		
Division/Agency:	CSMD		
Торіс:	HIP Abatement		
Hansard Page EC:	Written		

Senator Troeth asked:

Also, I want to explore the environmental claims which founded this program. When it was unveiled in 2009, the Prime Minister and the other members of the Gang of Four boasted that it would save 50 million tonnes of CO2.

- 1. What is the estimate now?
- 2. Given the enormous cost of the program, how much does that work out to in terms of cost-per-tonne in emissions abatement?
- 3. How does that compare with the promises under the Cash for Clunkers program?

Answer:

- 1. The Home Insulation Program (HIP) changed since announced by then Prime Minister, the Hon Kevin Rudd MP, and the Department now estimates the cumulative abatement from the HIP to be 14 megatonnes carbon dioxide equivalent (Mt CO₂-e) to 2020.
- 2. When financial savings accruing to households as a result of reduced energy bills are taken into account, the cost of abatement for the HIP is estimated to fall in the range of -155 and -50 per tonne of CO₂-e abated. This means that emissions reductions from the HIP are estimated to occur at a net saving to the economy of between 155 and 50 per tonne of abatement. Cost of abatement that is calculated including the savings to households is referred to as the resource cost of abatement.

If only Government spending is taken into account when estimating the cost of abatement (that is, savings to consumers are ignored), the cost of abatement (referred to as the fiscal cost of abatement) is estimated to be around \$160 per tonne of CO₂-e.

Where significant resource costs or savings in the economy are associated with a Government measure (such as is the case with the HIP), the resource cost of abatement provides the most appropriate measure of the cost-effectiveness of the program to the economy as a whole.

3. The Cleaner Car Rebate was not implemented.

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	67
Program:	1.2		
Division/Agency:	ESPD		
Topic:	HIP Incidents		
Hansard Page EC:	Written		

Senator Troeth asked:

Can you confirm whether the government or department are aware of any other deaths (other than those of Mitchell Sweeney, Marcus Wilson, Reuben Barnes and Matthew Fuller) or injuries which may in any way be linked to the Home Insulation Program?

Answer:

The Department is not aware of any other fatalities being linked to the discontinued Home Insulation Program.

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Answers to questions on notice

Climate Change and Energy Efficiency portfolio

Outcome:	1	Question No:	68
Program:	1.2		
Division/Agency:	ESPD		
Торіс:	Company Involved in Marcus Wilson Fatality		
Hansard Page EC:	EC 62		

Senator Troeth asked:

Senator TROETH—There are two other victims: Mitchell Sweeney; and Marcus Wilson, who died of heat stress, although I understand that no charges have been laid against anyone in relation to his death. If you have any information along similar question lines for those two incidents, could you provide them to me as well.

- 1. Did the Government ever withhold payments to the company?
- 2. If so what was the reason had there been complaints about their workmanship?
- 3. How many houses did that company install insulation in?
- 4. How much were they paid?
- 5. Does the company still exist?

Answer:

The response to this Question on Notice (QoN) focuses specifically on the installer company that employed Mr Wilson, as details on the company involved in Mitchell Sweeney's fatality are covered in the response to Additional Estimates QoN No. 43.

- 1. The Department is not able to provide specific information with regards to an installer's non-compliance, as the information may affect compliance activities that are currently being undertaken.
- 2. Please refer to the response to part 2.
- 3. The Department has received 606 claims from the company concerned for insulation installed under the Home Insulation Program (HIP).
- 4. The company concerned received \$903,200 for claims lodged under the HIP.
- 5. The Department understands that the business is still registered to trade in Queensland but is unable to advise if the company is still active in the industry.