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WA Sustainable Energy Association Inc. (WA SEA)

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Mean test for industry – solar industry sinking on solar rebate cap.

The Rudd Government's introduction of a means test on the rebate on solar energy installations is killing an industry sparked to life by a measure introduced by the Howard Government last year, according to the WA Sustainable Energy Association Inc. (WA SEA).

In the 2008 Federal Budget, the Rudd Government restricted access to an \$8000 rebate to install solar panels, allowing only families earning less than \$100,000 per year to obtain the rebate.

"The rebate is not a tax refund nor is it a gift, but rather is meant to be a change agent – an incentive designed to both kick start a new industry, and to simultaneously create change in the way households source renewable energy. The rebate delivers more than a domestic energy source – it provides an incentive to a group of people willing to pay the gap to install solar panels and a group that will ultimately be ambassadors for change," says Dr Ray Wills, CEO of WA SEA.

"The change in the rebate – a measure introduced by Peter Costello in the 2007 Federal Budget – will close down the industry," says Dr Wills

The stimulus last year made a huge difference - at the end of the last financial year, there were only 233 systems installed in south-west WA (a few of which would have been added with the \$8000 rebate which started on the day of the budget announcement in May 2007). Since 1 July 2007, this has almost tripled with more than 600 systems now added to homes, representing around 1 megawatt of solar panels on homes connected to the south-west grid.

"This measure has almost entirely taken off-line those people interested in paying the gap of about \$300-\$4000 for installation, with the result that demand has crashed in just a couple of days. This may well spell lights out for a number of new businesses that have only been operating for less than six months."

"I am aware of companies where two thirds of their orders have been cancelled in the space of two days, another company that has today cancelled orders on container loads of solar panels, others saying they were about to bring on new staff but have now torn up letters of offer of employment, and others saying they will now have to consider retrenchments." says Dr Wills.

"The Rudd Government has got this one wrong. We must ensure incentives to change and respond to climate change and reduce greenhouse gas emissions are available to all. The rebate is a measure that supports a fledgling industry and one that helps create change in the community's uptake of sustainable energy," says Dr Wills.

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Editors notes:

1. Other news reports on-line - <http://news.google.com.au/news?hl=en&tab=ln&ie=UTF-8&ncl=1212484515>
2. The Western Australian Sustainable Energy Association Inc. (WA SEA) is the business peak body for the sustainable energy industry in Western Australia. www.wasea.com.au.