

Chapter 2

Impact of the Means Test

2.1 This chapter investigates the effect of the introduction of a means test, which was immediately implemented following the unexpected 13 May Budget announcement, on Australia's solar industry, solar uptake and impact on carbon emissions. It examines the rationale behind the Government's decision, demonstrating that the Government's lack of consultation on the initiative was made worse by a failure to undertake any analysis of the impact of the decision. Finally, this chapter will discuss the Save Our Solar [Solar Rebate Protection] Bill 2008 [No. 2] currently before the Senate for consideration.

Industry

2.2 Submissions and witness statements provided to the Committee over the course of this inquiry have indicated that the Labor Government's decision to impose a means test on eligibility for rebates has had a devastating effect on Australia's solar industry. More than 150 submissions have been received by the Committee, primarily from small businesses and environmentally conscious households, virtually all of which have been critical of the policy introduced by the Government and the manner in which it was introduced.

2.3 The most immediate impact of the announcement of the means test and the reduction of the program from five years of funding to only three years was an immediate loss of certainty and confidence in the industry¹. Under the previous government, the program was set over a five year period, with a personal assurance from the then-Prime Minister that more funds would be made available if required. With Mr Rudd campaigning for the November 2007 election on environmental issues, the solar industry felt confident that it would continue its growth under a new government. This confidence was betrayed with the sudden introduction of the means test. Mr Mitra Ardron, General Manager of Beyond Building Energy, noted that:

...for an industry to grow it needs certainty and the current rebate scheme provides anything but certainty. In our sales process, we have to tell customers whether there is a rebate available, however we do not know – from one month to the next – whether the rebates are still going to be there.²

2.4 Mr Garrett, the responsible Minister, did little to ease the concerns of industry when speaking at the recent Appropriate Technology Retailers Association of Australia (ATRAA) conference resulting in continued uncertainty.

1 For example, see EcoSouth Solar, *Submission 37*, p. 1.

2 Beyond Building Energy, *Submission 88*, p. 1.

I was actually there at that talk. To be honest, the industry spent the rest of that day—the last day of the conference—trying to understand exactly what had been said. I am sorry; I do not have the exact quote. Someone would have to find it for me. But the statement was: we expect to meet demand in the current program. Unfortunately, you can interpret that in a multitude of different ways, including the current program, meaning 6,000 people. I speak for everyone in the industry, our competitors as well I believe, in saying everyone was in turmoil and nobody knew whether that statement actually meant the rebates would continue beyond the next week.³

2.5 As a direct result of the loss of certainty within the solar industry, plans to build capacity have stalled. Under the Coalition Government's uncapped rebate, the solar industry was able to grow. Given Mr Rudd's stated dedication to environmental issues prior to the election, industry fully expected to continue to grow as it did under the previous government and:

- Build inventory to sustainable levels to support their dealer networks.
- Provide the investment to train and educate the new breed of installers necessary to meet the challenges.
- Provide employment to all levels of the industry.
- Attract the investment to the industry necessary for growth
- Increase the volumes that allow better buying power and reduction in costs.
- Enable us to plan the supply chain better with production schedules to bring full container loads more frequently and cost effectively.⁴

2.6 Plans for capacity building have instead ceased. At the time of the Budget announcement, businesses and individuals such as Mr Lee Rigley were in the process of business planning. That planning was disrupted by the Budget announcement, which caused the withdrawal of interest of potential customers due to the means test.⁵

2.7 It has become plain during this inquiry that the impact of the means test on businesses has led to many questioning their viability:

The decision to means test the solar PV rebate has all but stopped my business in its tracks. Customer desire has almost disappeared over night. I have no new orders for solar installation, since the means test. I am currently considering what to do with my business as a result of the means test decision.⁶

3 Mr Mitra Ardron, Beyond Building Energy, *Committee Hansard*, 11 August 2008, p. 35.

4 Solar Sales Pty Ltd, *Submission 69*, p. 1.

5 Mr Lee Rigley, *Submission 135*, p. 1.

6 SunWise Electrics, *Submission 28*, p. 1.

2.8 Given Australia's potential to become a world leader in the supply of solar energy due to its volume of sunlight hours, the Coalition considers the decision to means test the rebate to be short-sighted at best.

2.9 The Rudd Government has failed to consider its decision to means test the rebate in human terms. Under the previous Government's generous scheme, BCSE accreditations rose 2-3 fold.⁷ The Clean Energy Council, Australia's national clean energy peak body, notes that:

Data collected in a sample of twenty member companies in the two weeks following the budget announcements advised of the following employment impacts:

- Decisions to engage staff had been put on hold or abandoned;
- Contractors and staff had hours reduced; and
- Staff had been let go.

This has been confirmed again recently by some industry representatives who advise that in areas where there has been a profound negative impact (in the order of an 80% reduction in volume of work) there has been a reduction in staff numbers or at the very least, a halt to further investment in the business and a review of existing resources.⁸

2.10 This means that a significant number of people will need to find alternative or additional sources of employment to meet their financial commitments, a difficult task when Australians are already suffering under high cost of living pressures.

2.11 According to witnesses to this Senate inquiry, the introduction of the means test - and particularly a means test significantly lower than other Government means tests on rebates, such as the Baby Bonus at \$150,000 – came as an unpleasant surprise to industry. This has led to feelings of betrayal by a government that had claimed to have excellent environmental credentials:

I, and I speak for many small business owners in the industry, feel that whilst the signing of the Kyoto Protocol was a nice symbolic gesture, when it came to doing something that really made a difference, the Government not only failed to do something that kept the status quo, but have gutted a scheme that made a positive difference to "working families", to our solar industry and to climate change.⁹

2.12 The Budget announcement directly contradicted the impression given by the then Leader of the Opposition, Mr Kevin Rudd, that he was committed to supporting renewable energy. In March 2007, Mr Rudd, visited the Co-director of Solartec

7 Conergy Pty Ltd, *Submission 98*, p. 2.

8 Clean Energy Council, *Submission 131*, pp 1-2.

9 Self Sufficiency Supplies Pty Ltd, *Submission 121*, p. 1.

Renewables, Mr Phillip May, to highlight his climate change credentials. In conversation with Mr May, Mr Rudd used:

...words to the effect that the renewable energy industry and solar in particular would be heavily supported if the Rudd government got into power—which they did. It is my understanding that there was going to be a means cap. From what I recall, that was going to be at the \$250,000 mark. That would not have made much difference...Bringing in the \$100,000 means cap has totally gutted the industry...¹⁰

2.13 Mr May's fellow Co-Director, Ms Sophia Moody, appearing before this inquiry, spoke of the heartbreak that followed the means test announcement¹¹, exacerbated by the lack of prior notice:

Senator BIRMINGHAM—...did he give any indication that this type of measure might be forthcoming in a change of government?

Mr May—No, we had no warning at all.

Ms Moody—It was quite the opposite, actually. He was very supportive of the industry. He was saying, 'Yes, we need solar panels on rooftops.' He was doing the whole big pre-election spiel, basically.¹²

2.14 The Rudd Government has also compromised the Solar Cities Program, introduced by the previous government, which also provided employment within the solar industry. The aim of that program is to gather information to be able to manage energy into the future, including reducing greenhouse gas emissions. The website for the Department of the Environment, Water, Heritage and the Arts which manages this program describes the scheme as 'a partnership approach that involves all levels of government, the private sector and the local community'.¹³

2.15 However, the Government has directly jeopardised the success of the program through the means test introduction. The Clean Energy Council notes that:

Industry representatives have advised that the intention of this program when introduced, was to inform future energy policy through providing a stream of data and learnings over the life of the program. If annual changes are introduced, the benefit of this data will be negated as it will not be comparable, and therefore not useful in informing future energy policy.¹⁴

10 Mr Phillip May, Co-Director, Solartec Renewables, *Committee Hansard*, 25 July 2008, p. 4.

11 Ms Sophia Moody, Co-Director Solartec Renewables, *Committee Hansard*, 25 July 2008, p. 4.

12 *Committee Hansard*, 25 July 2008, p. 4.

13 Department of the Environment, Water, Heritage and the Arts, <http://www.environment.gov.au/settlements/solarcities/> (accessed 12 August 2008).

14 Clean Energy Council, *Submission 131*, p. 5.

2.16 Mr Brad Shone, Energy Policy Manager of the Australian Technical Association (ATA) also notes that the rebate was factored in to the cost of projects by Solar Cities, compromising the program's success.¹⁵

2.17 Despite the evidence provided to the Committee that the means test has been detrimental, The Hon. Peter Garrett, Minister for Environment, Water, Heritage and the Arts has declined to ease the burden now crippling what had become a vibrant and growing industry under the Howard Government by refusing to eliminate the means test.

Effect on the uptake of solar panels

2.18 An overwhelming sense of disappointment and anger was conveyed to the Committee from ordinary Australians no longer able to proceed with the installation of solar panels. Many submitters indicated that they held ordinary jobs, had children to support and mortgages, and were by no means wealthy. Concern for the environment had led them to investigate purchasing solar panels – something only possible with the help of a rebate from the government, as described by Mr Tony Hansen, who states that installing PV cells with the rebate, when added to a mortgage debt is:

...now not feasible. If the Government thinks that the "rich" earning over \$100,000 were only going to install the PV cells with the view to reducing their energy costs they are wrong, the cost of the cells even with the rebate will take years to be recouped. The people who were going to install the cells were going to do so for the environment and the government rebate made the idea feasible.¹⁶

2.19 The anger felt toward the government for their back handed decision was evident in numerous other submissions, particularly because of the apparent hypocrisy in ratifying the Kyoto Protocol while failing to support the local renewable energy industry:

The government also claims to support committed efforts to reducing carbon emissions, but I believe the introduction of means testing to the Solar Rebate program is not coherent with the claimed motives of the government.¹⁷

On the one hand, Mr Rudd has demonstrated to the world his agreement with the issues and signed the Kyoto Protocol, but one has to question his sincerity when on the other hand he places a means test on the solar rebate scheme.¹⁸

15 Alternative Technology Association, *Submission 52*, p. 4.

16 *Submission 24*, p. 1.

17 Mr Hugo Figgis, *Submission 6*, p. 1.

18 Mr Ian and Mrs Frances Toogood, *Submission 7*, p. 1.

I also struggle with the contradiction of our nation finally ratifying the Kyoto Protocol and then our Government introducing this means test on the rebate. It makes no sense to sign such an agreement and then put the entire solar industry into disarray.¹⁹

2.20 Installing photovoltaic cells is an expensive undertaking involving high upfront costs. The City of Darebin hosts solar forums to encourage the installation of photovoltaic cells and recently surveyed attendees at one such forum:

Senator BIRMINGHAM—Did you ask those 70 people what would stop them from undertaking solar?

Ms Hynes—The biggest barriers to inputting solar were the upfront costs. Obviously rebates would help with those.²⁰

2.21 Feedback to the Committee indicated that the Budget means test announcement has resulted in an avalanche of cancellations from customers who had already signed contracts and paid deposits for installation such as Mr Julian James:

We had signed a contract with Solar Wind Systems to provide the system and paid our deposit. Unfortunately the means test was introduced during this time and [we] were no longer eligible for the rebate. We had to pull out of the contract and get our deposit back.²¹

2.22 The impact of this phenomenon on solar businesses has been significant:

I have had numerous orders cancelled...²²

...when the means test was announced we had around 15 cancellations of appointments and had 10 signed customers whose paperwork was not done, withdraw.²³

I contacted those customers and informed them of the changes. Of those 17 customers, 14 of them were not eligible for the rebate any more, and none of them have decided to go ahead with installing a PV system on their home. The most frustrating thing is that 7 of these customers had earned between \$100k and \$108k in the last financial year...²⁴

2.23 During its inquiry, the Committee heard of the growth in bulk purchase plans, whereby an installer undertakes to put PV panels on roofs across a neighbourhood at a discounted price provided that a certain quota of households sign up to the plan. The means test resulted in a significant number of customers withdrawing from these bulk

19 Ms Susan Grant, *Submission 10*, p. 2.

20 Ms Libby Hynes, City of Darebin, *Committee Hansard*, 28 July 2008, p. 31.

21 *Submission 2*, p. 1.

22 Mr Todd Healey, *Submission 106*, p. 1.

23 Adelaide Hills Solar and Solar Depot, *Submission 11*, p. 1.

24 Environment Shop, *Submission 12*, p. 1.

purchase plans;²⁵ in some instances, the bulk purchase project has been abandoned. BSR Constructions undertook to complete a bulk installation at Beachmere Sands Lifestyle Resort, an over 55s independent living community, with retirees living on fixed incomes. Mr George Papallo of BSR noted that 'The massive support for installing the PVCs provided the residents with a greater purchasing power, ensuring value for money for everyone'. He went on to say that:

Unfortunately though, since the Federal Government's recent decision to introduce a means test for the installation of solar panels we will no longer be able to implement this beneficial approach to saving energy due to cost restraints that will now affect a number of residents.²⁶

2.24 Despite Mr Garrett's public statement that the means test is 'good public policy to make sure that it [the rebate] goes to families that need it most',²⁷ it appears to have backfired on the solar industry, with those earning over the \$100,000 threshold unable to afford PV without government support:

Initially, I thought the means test wouldn't deter families earning over \$100,000, to continue to install solar power grid connect systems. However NOT one customer has installed or intends to install a system, that hasn't applied for the \$8000 government rebate.²⁸

2.25 Estimates vary among installers, but the Clean Energy Council says that the reported impact of orders has varied from pre-announcement days up to 80%.²⁹ Mr Ric Brazzale, Managing Director of Green Energy Trading attributes this to the fact that 'customers willing to invest in PV typically had a family disposable income in excess of \$100,000'.³⁰ The 'families that need it most', as Mr Garrett claims, are therefore *less* likely to adopt solar clean energy.

2.26 During the course of this inquiry, the Department of the Environment, Water, Heritage and the Arts produced figures on applications for the rebate since the May Budget. These figures indicate that applications for the rebate have risen since the announcement:

- for the six week period up to 8 February 2008, the average number of applications received weekly was 178;
- for the six week period leading up to the 2008-09 Budget, the average number of applications received weekly was 324; and

25 M & H Power, *Submission 71*, p. 2.

26 BSR Constructions, *Submission 78*, p. 3.

27 The Hon Peter Garrett AM, *Doorstop interview*, ATRAA Conference, 2 August 2008, <http://www.petargarrett.com.au/595.aspx> (accessed 13 August 2008)

28 Blackmore's Power and Water, *Submission 32*, p. 1.

29 Clean Energy Council, *Submission 131*, p. 3.

30 Green Energy Trading, *Submission 100*, p. 2.

- for the six week period up to 11 July 2008, the average number of applications received weekly was 544.³¹

2.27 These figures are misleading in relation to the success of the means tested rebate. Mr Ardron noted that Mr Garrett's figures may well be a result of the nervousness from industry and concerns around the continuity of the rebates. He notes that this is because of fears of how long the rebate is going to last:

In fact, at the ATRRA conference there were rumours going around that the rebates had already run out. One installer had been unofficially told, 'Do not bother sending in your application because there are not any left.'³²

2.28 Given that industry figures indicate that the majority of those installing PV earn over \$100,000, there are also serious concerns over the sustainability of these current applications from lower income groups. The aura of uncertainty may well be forcing those in a position to install PV who earn under the means tested amount to move sooner than they had intended for fear of missing out on a rebate at all. This 'rush' is likely to have a finite span. Mr Shone of the ATA also presents the following argument:

ATA believes that, over time, there will most certainly be a drop-off in applications for the rebate. However, this might not be apparent in the rebate uptake statistics in the short term for a number of reasons:

- Many people may have believed the means test started in the new financial year, so may have tried to get applications in before the end of June, oblivious of the fact that the means test commenced on Budget night.
- Some families' household incomes may have been below \$100,000 during the 2006/07 financial year, yet they may have been expecting them to be higher than \$100,000 in 2007/08, and as a result they might have been applying before June 30th 2008.
- Increased publicity of the SHCP following the government's decision could have made people aware of the availability of the \$8000 rebate, and hence an increased take-up rate might be experienced momentarily.

As a result, we encourage the Committee to take a long term view of the statistics and not rely on the uptake figures from immediately after the announcement. We feel that any short-term spike in applications which may have resulted from the above effects won't be borne out over time.³³

2.29 As previously mentioned, bulk purchase groups are becoming an increasing presence in the solar industry. As a result of PV being made available at a discount

31 Department, of Environment, Water, Heritage and the Arts, *Submission 147*, p. 4.

32 Mr Mitra Ardron, Beyond Building Energy, *Committee Hansard*, 11 August 2008, p. 31.

33 Alternative Technology Association, *Submission 52*, p. 3.

price, it will become increasingly easy for those able to claim the rebate to afford solar panels. However, evidence given to the Committee suggests that those who join one of these plans are likely to install smaller, 1 kW systems only, given that their finances are unlikely to be able to stretch to accommodate the expenses associated with larger systems.

2.30 These bulk purchase schemes, now driven overwhelmingly by households installing systems of the smallest possible size, are also likely to be a cause of the increase in application numbers. The Committee heard evidence of a program coordinated by the Queensland Government for a bulk installation of 1,000 PV systems at the minimum 1 kW size. It is highly likely this program has artificially inflated the numbers. However, the Queensland Government refused to make a submission or appear before the Committee despite requests to do.

2.31 In light of the arguments above, made by industry experts, it is impossible for the Rudd Labor Government to claim that the means testing has, and will continue to have, a positive impact, either for the solar industry in Australia or for the environment.

2.32 While it is the Coalition's position that any use of clean solar power is better than none, it is logical and makes more financial sense to maximise the benefits of bulk purchasing groups by abolishing the means test and allowing those with additional disposable income to invest in larger systems, while taking advantage of discounted prices.

Impact on emissions reductions

2.33 Evidence of the effect on emissions reductions resulting from the means test has been provided to the Committee through reports from installers who note that their inquiries and installations have significantly reduced. Conergy Pty Ltd sums up succinctly:

The reduction in PV panels distributed around the country means the emission reductions occur at a greatly reduced rate. Isn't the idea to have as many solar panels on rooves in order to reduce our emissions? Emissions are not means tested so why should the rebate be means tested?³⁴

2.34 One of the stated aims of the Howard Government upon introducing the PVRP was to reduce Australia's harmful greenhouse gas emissions. With the \$8,000 rebate as an incentive, households on average installed PV systems of larger than 1kW, thereby outlaying a significant amount of money themselves to ensure a greater reduction of their carbon footprint and an increased benefit to the environment.

34 Conergy Pty Ltd, *Submission 98*, p. 4.

2.35 The introduction of the means test removed any government incentive for those households that can most afford to install larger systems. As a result, industry expressed fears that the rebate would now only drive the installation of small systems:

We have a major concern that what will happen now is it will drive, if you like, the lowest common denominator, a roll-out of smaller, one kilowatt systems and it is not going to leverage customer demand.³⁵

2.36 The concerns of industry proved to be accurate when the Department of Environment, Water, Heritage and the Arts produced figures for the Committee proving that the size of system purchased has decreased from an average 1.57 kW over the life of the program down to 1.24 kW since the introduction of the means test.³⁶ Evidence from the solar industry confirms this, with one installer noting that 'customers who do go ahead with installations are ordering smaller systems of around 1kW'.³⁷ Mr May notes that 'if someone has a higher income, they generally are going to put a bigger system in...so you are getting a greater carbon offset'.³⁸

2.37 In terms of increasing the benefit to the environment, it is clear that the more watts that a system can generate, the better. Mr May informed the Committee that it would take approximately a 4kW system to offset the amount of kilowatt hours generated by the average house in the ACT or NSW.³⁹ The figures provided by the Department indicate that, since the May Budget announcement, Australians are moving further away, rather than closer, to the goal of offsetting all of their carbon usage. The figures also demonstrate that each kW of renewable power generated will effectively cost 20 per cent more under the Rudd Government than under the previous Coalition Government, which is a direct result of the means test introduced with no consultation with industry or economic modelling.

2.38 The betrayal that many submitters and witnesses felt about the impact of this policy when contrasted with the stated environmental objectives of the Rudd Government was clearly enunciated by Dean Mighell, State Secretary, Electrical Trades Union, Southern States Branch:

The Rudd Government does not appear to be serious about tackling global warming. Rudd's claim that 'climate change is the great moral challenge of our age' has clearly been forgotten or blatantly disregarded.⁴⁰

35 Mr Ric Brazzale, Green Energy Trading, *Committee Hansard*, 28 July 2008, p. 39.

36 Mr Stephen Oxley, Department of the Environment, Water, Heritage and the Arts, *Committee Hansard*, 11 August 2008, p. 20.

37 SolarQuip, *Submission 118*, p. 1.

38 Mr Phillip May, Co-Director, Solartec Renewables, *Committee Hansard*, 25 July 2008, p. 4.

39 Mr Phillip May, Co-Director, Solartec Renewables, *Committee Hansard*, 25 July 2008, pp 3-4.

40 Electrical Trades Union – Southern States Branch, *Submission 101*, p. 3.

Consultation, modelling and analysis

2.39 The Government failed to consult with industry prior to implementing the means test. Evidence from the Department indicates that there was no modelling of the effect of the means test prior to the Budget announcement, and the lack of consultation denied the renewable energy industry, and in particular the solar industry, the opportunity to make an informed submission to the Government about the expected effects of the decision. This comes in spite of the Clean Energy Council approaching Government on behalf of its members to raise issues within the industry. In failing to use this available resource, it is possible to interpret the Government's silence as an unwillingness to act in the best interests of the solar industry for reasons unknown. Despite this, the Clean Energy Council remains 'keen to work constructively with Government to ensure a strong and sustainable Australian PV industry'.⁴¹ The Coalition suggests that the Government accept this offer.

2.40 In a doorstep interview at the recent ATRAA conference, Mr Garrett himself appeared to contradict the evidence provided to the Committee that no consultation took place prior to the announcement, when he stated that 'I am absolutely committed to making sure that we make decisions on the basis of reliable and accurate information...'⁴²

2.41 Irresponsibly, Minister Garrett has failed to undertake research into the effect of the means test on the solar industry in the months following the announcement:

Senator BIRMINGHAM—What research is the department undertaking in terms of the impact on industry? Senator Parry was mentioning companies that are laying off staff and there are different stories that we are getting from various companies with regard to the impact. Has the department initiated or has it undertaken any research in terms of what is happening in the industry?

Mr Oxley—That is not an area of analysis that the department has undertaken.⁴³

2.42 Since Minister Garrett chooses not to seek reliable and accurate information from industry or the general public, industry employment and capacity has suffered, and average households committed to helping the environment through the uptake of clean and renewable energy are now no longer supported to do so.

41 Clean Energy Council, *Submission 131*, p. 4.

42 The Hon Peter Garrett AM, *Doorstop interview*, ATRAA Conference, 2 August 2008, <http://www.petergarrett.com.au/595.aspx> (accessed 13 August 2008)

43 Mr Stephen Oxley, Department of the Environment, Water, Heritage and the Arts, *Committee Hansard*, 11 August 2008, p. 29.

Government cooperation with inquiry

2.43 Coalition Senators wish to record their disgust at the contemptuous manner in which the Minister for the Environment, Heritage and the Arts, Hon Peter Garrett AO MP, treated this inquiry. Departmental officials were scheduled to appear before the Committee in Canberra on 25 July but the evening prior to the hearing, at 6.13pm, the officials advised the secretariat in an email that 'the Minister has asked that the Department defer its submission and appearance before the inquiry'.⁴⁴ This was a disruptive intervention by the minister. It hampered the committee's work by delaying the availability of information not just to committee members, but to witnesses who would have been able to help assess the impact of the government's policy announcement. It also severely inconvenienced committee members who had travelled from several States in the expectation of being able to put questions to the Department. As a result, Coalition Senators became concerned that a summons might be necessary, to ensure the committee could get information that was vital to its inquiry.⁴⁵

2.44 Similar contempt appears to have been shown for the solar industry, already reeling from the introduction of the means test with Conergy indicating:

We have always been able to get access to these figures with a quick call to the Department. On the most recent phone call, we and others who called were told, the Department was "instructed from above not to release any information regarding installations for the solar rebate".⁴⁶

The Bill

2.45 The Save Our Solar [Solar Rebate Protection] Bill 2008 [No. 2] was introduced to make provisions for the better operation of the solar rebate scheme. The current Solar Homes and Communities program administered by Government has no legislative basis. As a result of this, changes to the solar rebate were not subject to Parliamentary scrutiny or potential disallowance. This bill will require the responsible Minister to develop guidelines for the Plan, done via legislative instrument under the Legislative Instruments Act 2003. If the bill is passed, both the Senate and the House of Representatives will examine and approve the guidelines.

2.46 Given the universal criticism of the introduction of the means test by the Rudd Government from consumers, industry, environment groups and minor parties – in addition to the Coalition Opposition – it is clear the Rudd Government cannot be trusted to set the right regulatory framework for this program. This bill will ensure they cannot do so in isolation of industry comment, community sentiment or expert opinion.

44 Mr Michael Preece, Department of the Environment, Water, Heritage and the Arts, *Email to ECA Committee*, 24 July 2008.

45 Senator Ian McDonald, *Proof Committee Hansard*, 28 July 2007, p. 73.

46 Conergy Pty Limited, *Submission 98*, p. 3.

2.47 The lack of consultation, modelling and analysis prior to the implementation of the means test has necessitated the introduction of the bill. The Rudd Government failed in its responsibility to the Australian people and the solar industry by their lack of care to ensure that the SHCP would work to the benefit of the solar industry and maximise environmental outcomes.

2.48 The key strength of the bill lies in Clause 6 which requires continuity of the Plan. As a result, the Government will have no option but to consult widely on proposed guidelines, and present appropriate and measured guidelines.

Recommendation 1

2.49 The Coalition Senators recommend that the bill be passed.

