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**To:** Committee Secretary  
Senate Standing Committee on Environment,  
Communications and the Arts  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

**Subject:** Submission to the Senate Inquiry into Save Our Solar (Solar Rebate Protection) Bill  
2008 [No. 2]

#### **Overview**

The imposition of a means test for the PVRP is threatening to devastate the domestic solar supply industry in Australia. Indeed, it threatens to set back the industry to a position where it will take years to recover lost ground the means test has inflicted.

Our company, M + H Power, is aware of at least one large solar enterprise whose very survival is threatened by the impact of the means test upon their business.

It is not uncommon to hear that turnovers for companies specializing in domestic solar supply have been slashed by 50% in the aftermath of the 2008 Federal Budget.

These are devastating figures particularly given the hard slog it took during the early years to establish the tenuous presence of solar electricity in the Australian marketplace.

Historically, solar was considered to economically unviable: the outlay was exorbitant and systems took a generation to pay for themselves, if ever. Buyers comprised mainly of those with the financial wherewithal to buy solar coupled a strong environmental consciences; some 50% of them were retirees, or 'empty nesters.'

The increase in the solar rebate to a maximum of \$8000 per household by Treasurer Peter Costello in the 2007 Federal Budget saw the domestic solar industry literally take off in spectacular fashion. For the first time, along with an increased and growing public awareness of the environmental virtues of solar electricity, it allowed many more households to access solar for as little as a \$5000 outlay, not much more than a credit card payment for most.

It was a long-awaited, much-welcomed breakthrough.

In many ways it did for domestic solar electricity what hire purchase did for the motor vehicle industry.

## **Specific**

While M + H Power is not reliant upon sales of solar electricity for its survival, it does nonetheless constitute an increasingly important aspect of our company's commercial activities, even to the extent that we will soon launch a separate solar division.

Our solar mainstay at present is the installation of stand alone solar power systems in remote areas across Australia. However, due to the significant increase in grid-connected solar sales across the country following Mr Costello's budget initiative in 2007 we have become increasingly aware of the potential of this commodity.

While not yet actively pursuing the domestic installations market, we have recently been approached by at least two large 'buying groups, where interested homeowners banded together to buy solar panels in bulk at discount prices.

The first group approached us in April of this year. It comprised of some 130 homeowners, all committed to buying panels from our company; a number of the group had already paid deposits in the expectation of being approved for the \$8000 rebate.

In the aftermath of Treasurer Wayne Swan's Federal Budget and the means testing announcement, more than half of the buying group withdrew their interest – because they knew they would not be eligible for the \$8000 rebate.

From this first-hand experience, we can confidently (but regretfully) state that the 'bounce' or momentum afforded the grid-connected solar industry by the Costello initiative has most decidedly stopped dead in its tracks.

Further, we were shocked on May 29 at claims by the Greens climate change spokesperson, Senator Christine Milne, a respected voice in the solar industry, that the federal government had admitted that the decision to means test the solar rebate was based on the opinion that the program had been 'too successful' with too many people taking it up and that the level of the means testing test was justified by a report by the Alternative Technology Association (ATA).

Senator Milne claimed that Climate Change Minister Penny Wong did not realise the ATA report had specified net after tax income but yet the government's decision was based on gross income. If so, Senator Wong has threatened the entire domestic solar industry on a clumsy mistake.

Senator Milne claims this blunder coupled with a total lack of consultation with the solar industry resulted in an edict that is rapidly bringing sectors of the solar market to its knees, a situation Senator Wong is reported as saying was 'disappointing' for some.

If true, Senator Wong's comment is, at best, insensitive. At worst it is utterly reprehensible and appalling. If Senator Wong thinks that when solar power company directors are faced with retrenching staff and possible bankruptcy they feel merely 'disappointed' then she must be living in a parallel universe.

That the previous solar rebate program was deemed 'too successful' beggars belief. How can a program that breathed vital oxygen into the solar electricity industry by allowing many hundreds of households all across Australia to 'go green' in keeping with the intent and spirit of Kyoto be 'too successful'?

The statement is nonsense to the extreme.

Our company makes it clear that it understands due to the increasing popularity of the previous scheme, the allocated budget was being exhausted. But for the Government to have reacted so bluntly in undermining the scheme, without consultation with the industry, was absurd. The solar industry could have come up with any number of sensible, viable alternatives - if only it had been asked.

It begs the question: Have we just seen the real Rudd government stand up? When faced with an economic issue versus a vital environmental one the numbers have won or crunched hands down.

The means testing edict is both unacceptable and tragic.

### **Conclusion**

M + H Power strongly suggest that at the least the means testing income limit be immediately increased to \$150,000 if not \$200,000. This would allow a resuscitation of the grid-connected solar industry.

Preferably means testing should be abandoned altogether.

This would allow the good people who work in solar industry to quickly regroup and again go about their environmentally worthy business of 'solarising Australia.'

Best Regards

A handwritten signature in black ink, appearing to read 'Mark Scupham', written in a cursive style.

Mark Scupham  
Business Manager  
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