

Govt policy hurt failed firm

BY MICHAEL INMAN

15 Jan, 2012 01:00 AM

ONE OF Canberra's largest retail renewable energy firms went into external administration owing more than \$750,000 last week as the fallout from the collapse of the ACT solar market continued.

The insolvency firm tasked with cleaning up the financial mess has partly blamed the ACT Government's abandoned feed-in tariff, the incentive scheme that offered premium prices to householders for the solar electricity they generated.

Enviro Friendly Products filed papers to go into administration with the Australian Securities and Investment Commission on January 6. The Canberra company opened in 2005, with its base listed as Lyneham on the ASIC register.

Owner David Payne was not available for comment this week, but the Sunday Canberra Times reported in July that the company was forced to sack half-a-dozen staff. It is understood up to 12 staff have lost their jobs with the closure. Worrells Solvency and Forensic Accountants partner Stephen Hundy said more than \$750,000 was owed.

He said the exact number and value of creditors had not been established.

"Further investigations are required in relation to the reasons for insolvency of the company," Mr Hundy said.

"It appears that there have been several factors which have affected the company including the changes to government feed-in tariff schemes that adversely impacted on sales."

The ACT Government controversially and suddenly stopped the solar feed-in tariff in May after the 15-megawatt cap had already been breached by 8MW.

The scheme was subsequently reinstated in July, but closed again days later.

The ACT Government said the termination of the feed-in tariff scheme was not to blame for industry bankruptcies.

A spokeswoman for the acting Environment Minister Katy Gallagher said, "The feed-in tariff did contribute in part to growth in the ACT solar market; however, interest was predominantly driven by the high level of assistance offered by the Federal Government's Solar Credits program,"

"This had the effect of rapidly expanding the local market through the short-term entry of interstate suppliers."

She said industry players, a number of whom aired "get-in-quick" advertisements that overheated the market, should have planned for the end of the tariff.

ACT Greens climate change spokesman Shane Rattenbury was supportive of the feed-in tariff scheme but said the Government should have softened the fall for local businesses.

Australian Solar Energy Society chief executive John Grimes said the closure was part of an Australia-wide downturn even though solar was cheaper than ever.



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