

The Hon Greg Combet AM MP
Federal Member for Charlton
Minister for Defence Materiel and Science
Minister Assisting the Minister for Climate Change and Energy Efficiency
PO Box 747
CARDIFF NSW 2285

9 April 2010

Dear Greg

HOME INSULATION PROGRAM

Neco is Australia's largest green retailer with over 3,000 products designed to help households and businesses reduce their environmental footprint. Our business is built around helping the environment so that future generations can enjoy the beauty of the world that we have been fortunate to inherit.

After lengthy deliberations, we decided to participate in the now defunct Home Insulation Program (HIP) as installing insulation is one of the most cost effective ways of reducing energy used for heating and cooling, which in turn reduces greenhouse gas emissions.

Our insulation business quickly grew, and over the six months that we participated in the HIP we:

- Directly and indirectly employed over 80 people
- Installed insulation in over 2,000 homes according to standards
- Issued over 3,100 written quotes to install insulation in eligible homes
- Visited over 9,800 homes to assess their eligibility for the insulation rebate
- Saved households approximately \$300,000 in heating and cooling bills per annum
- Reduced household carbon emissions by approximately 278,000 black balloons per annum

The early cessation of the HIP has effectively destroyed what was previously a flourishing business. We have gone from a workforce of 90 to a workforce of 10. We are in crippling debt and the bills keep coming in. We have not been paid on time by the Government, and as a result we have fallen behind on payments to our creditors. We didn't make any profit from the scheme as we had so many sunk set-up costs that we were planning to recoup this year. We are another example of a reputable business trying to do the right thing, only to be penalised by actions of a few.

I would like to make four points:

First, the worker assistance package is pathetic. It came too late – I laid-off 80 staff on 19th February, and the assistance package wasn't available until a month later. The package also requires me to fund the wages of employees for 2 days a week, which I cannot afford.

Second, no one in any government department has any idea about the new inspection program. Despite repeated calls to numerous departments, the only advice we have received is "check the website". We want to be involved in the inspection program because we are passionate about safety and exposing dodgy work, but there is no clear pathway to participation.

Third, the closed-door discussions around the details of the new insulation program plays directly into the hands of the big companies like Bradford and Fletchers. I'm hearing rumours that only Australian-made insulation will be able to be installed under the new program. This would be a disaster – what happens then to the 60,000m² of compliant insulation I have stored in various warehouses around Melbourne at great expense? What about all the other insulation like ours around the country?

And fourth, when are you going to make real assistance available to companies like mine? We invested in the HIP and did everything according to the book in good faith. Since 19th February I have incurred at least \$762,615.88 in insulation-related costs, with no insulation revenue coming in. It is my strong view that this is a bill the Australian Government should pick up, in addition to the \$250,000 for work completed owed to me by the Australian Government which is now overdue. As such, please find attached an invoice for payment by the Australian Government.

I recognise that you have a difficult task, and that you have an absolute mess to clean up. I also have an appreciation of how the corridors of power work, having spent 5 years working in various Australian Government departments. But I implore you to break the shackles of bureaucracy and act quickly to save companies like ours. The impact, as you can appreciate, is far more than just financial.

I look forward to your response.

Yours sincerely

Michael Tempany
Managing Director

Cc:

Greg Hunt
Federal Member for Flinders
Shadow Minister for Climate Action, Environment and Heritage

Mike Symon
Federal Member for Deakin



INVOICE

To: Australian Government
Parliament House
CANBERRA ACT 2600

From: Neco Holdings Pty Ltd
101-107 Whitehorse Road
BLACKBURN VIC 3130

Terms: PAYMENT OVERDUE

Item	Inc-GST
Compliant insulation sitting in storage	\$478,115.00
Shipping, Customs and Demurrage fees	\$247,384.88
Labour to unload insulation into offsite storage	\$8,000.00
Transport to take insulation to offsite storage	\$3,520.00
Offsite storage fees insulation	\$8,712.00
Shipping container rental	\$245.00
Insulation staffing costs	\$16,639.00
Total Amount Payable	\$762,615.88

Payment Details: BSB: 062-033
Account Number: 10352212
Account Name: Neco Holdings Pty Ltd

THANK YOU FOR YOUR BUSINESS