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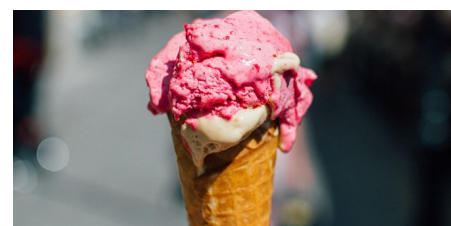
Peter Strong: Cut to the chase on reducing energy prices for small businesses

PETER STRONG / Tuesday, September 11, 2018



Last week the new Minister for "Reducing Electricity Prices", Angus Taylor, outlined his vision for addressing the national crisis in energy affordability. He acknowledged the complex responses and interventions of the last few years have left us with a mess and he is

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determined to fix it — and fix it quickly — with practical actions.

Last week the Council of Small Business Organisations Australia (COSBOA) also outlined our plan for how small businesses can and should be getting a better deal on energy prices — practical actions that would lead to immediate results.

A national snapshot of nearly 200 small business owners reveals rising energy prices are threatening the viability of the sector, with one in two owners reporting they would struggle to absorb costs and stay in business if the past two years of price rises is repeated in the future. About 12% of small businesses surveyed fear their business will be forced to close if the recent rises in energy costs continued at the same level.

Our research also confirms the findings of the recent report from the Australian Competition and Consumer Commission on energy pricing, with story after story revealing that small business owners are frustrated by their inability to reduce their energy bills, and anxious about their business's future viability as a result of Australia's ongoing energy price crisis.

Businesses that are most vulnerable to energy bill shocks — and those with the least control over implementing any savings measures — are those in rented premises and sole traders. Without the market power of bigger business, or the ability to negotiate better deals, it is those operating on the smallest profit margins that are being most affected by the price gouging that the Minister, and the ACCC, acknowledge as being rife across the energy sector.

Put simply, increased electricity prices are forcing small business owners to rethink their future. Given the small business sector employs more than 5 million Australians, such a rethink is not good for the national economy.

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One small business owner we spoke to in Queensland talked of his frustration with operating in a non-competitive energy market; similar to Western Australia and the Northern Territory, there are large parts of Queensland with only one retailer. He stated rising energy costs were literally forcing him to consider closing the doors on his two ten pin bowling alleys for good.

An accommodation business on the far north coast of New South Wales told us their energy bills are double what had been forecasted, and there are only limited options for switching retailers.

In both cases, the owners had sought external independent advice to help with lowering their prices, but neither were in a position to make the major investment required to generate alternative energy sources – and so the challenges continue.

The feedback COSBOA was received from small business owners is that switching electricity providers for businesses outside of Australia's capital cities is simply not a viable option.

Drawing on the evidence from the national snapshot of small business owners, COSBOA has identified the following three areas of immediate action, which we urge the Minister to consider:

- **Empowering small business with better information:** Developing a one-stop-shop of information highly targeted to small business with industry-specific information and advice. While there are a range of government and commercial resources available, they are inevitably aimed at either households or some 'generic' business customers. Small business wants to hear from trusted sources, with industry-specific solutions and case studies;
- **Benchmarking tool:** Greater tracking and information-gathering of average small business energy costs by industry and location would enable small businesses to benchmark themselves against similar businesses'

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benchmark themselves against similar businesses energy usage and costs. Currently, all the data is held by the retailers, leaving small business guessing whether what they're being offered is really competitive, or just more sales talk. The Minister's commitment to establishing a mandatory code of conduct for price comparison sites is a good starting point, but needs to be backed up with additional support for business owners who simply don't have the time, or necessarily the expertise, to undertake the level of research required to make sure they are getting the best deal; and

- **Support for small business tenants:** Following the proposal of Senator Tim Storer to give additional incentives to landlords of residential properties, COSBOA believes the government should consider similar measures for commercial landlords and ensure that energy savings are passed onto their tenants. These tenants are the least able to control or modify their premises, and in many cases their business operations, to optimise their energy efficiency. They are at the whim of landlords who have no incentive to invest in either solar technology, or in upgrading premises to prevent energy loss in winter or heat gain in summer.

For its part, COSBOA is also seeking to work directly and constructively with Australia's electricity retailers to explore practical options for reducing the burden of rising electricity costs on Australia's small business sector.

COSBOA is convinced the 'new generation' of Liberal leaders is committed to delivering on a new generation of energy policy. We just hope that small businesses are brought along on the ride this time, not left standing on the sidelines where the energy sector can choose once again to ignore our very real needs to keep the lights on and keep paying the bills.

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Peter Strong

Peter Strong is chief executive of the [Council of Small Business of Australia](#).



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