

FINAL REPORT

Small Steps. Bright Future.

JUNE 2024



Acknowledgement of Country

89 Degrees East acknowledges Aboriginal and Torres Strait Islander peoples as the traditional custodians of the lands where we live, learn and work. We acknowledge and pay respect to Elders past and present and recognise that sovereignty was never ceded.

This report was prepared on Bundjalung, Turrbal and Yuggera country.

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Executive Summary

The small business community is being crippled by energy hardship and needs more and better targeted support if it is to make the energy transition to Net Zero.

The Small Steps. Bright Future. research shines a light on small business and their experience of energy hardship and the energy transition. Headline findings from the research show:

- More than 1 in 3 SMEs are experiencing energy hardship, which is more than post-covid lockdown impacts. SMEs operating within a shopping centre or embedded network are most at risk and overall half of SMEs are reporting a negative financial impact over the last 12 months
- A clear link between the experience of energy hardship and the type of energy used. SMEs experiencing energy hardship typically include industries with fixed, shopfront or intensive energy costs including retail/shops, restaurants/café and using power for cleaning and laundry.
- Rising energy costs is the number one factor impacting the financial situation of SMEs. 1 in 5 SMEs report difficulty paying their energy bills on time and in full.
- Most SMEs report they have not yet taken any steps towards the energy transition, this is particularly the case for micro SMEs. Where actions are underway they are most likely to be installing solar panels and implementing energy efficiency practices.
- High priority energy efficiency actions for SMEs include changing the way energy is used to be more efficient, comparing better renewable energy deals and using smart energy efficient equipment and appliances.
- There is limited knowledge about what's required for businesses to transition to renewable energy, with more than a third reporting low knowledge and half reporting a medium level of knowledge. Only 12% report having high knowledge. However, there is a real interest and appetite for resources and advice to support SMEs with the energy transition.



Executive Summary (cont...)

The research provides the data and evidence to develop a powerful yet practical segmentation framework and informed customer journey mapping resources that can be used to target advice and support for small businesses more tactically and more effectively.

Three segments within the small business community have been identified:



Fixed – representing 19 percent of the survey sample, Fixed SMEs face high levels of financial hardship. They have a medium to high level of understanding about what’s required to switch their business to renewable energy, but facetime and financial barriers. 1 in 3 have not taken steps towards net zero. They typically operate within a shopping centre or embedded network, experiencing limitations with landlords and building management.



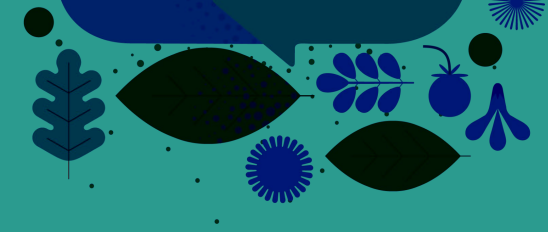
Swifts– representing 38 per cent of the sample, Swift SMEs believe that taking action on using smart and energy-efficient equipment and appliances is a high priority for their business, and are most likely to already have implemented energy efficiency practices in their business. They know there are long term cost savings associated with switching to renewable energy and that it will reduce their energy costs. They are typically larger SMEs, and are less constrained by shopping centre limitations, with more control over their physical space.



Agiles – representing 43 percent of the sample, Agile SMEs are the least likely to be taking steps in the energy transition. They are also least likely to have experienced energy hardship in the last 12 months. Taking steps towards the energy transition is seen as a low priority, and switching to renewables doesn’t feel like it is worth the effort and investment. They are typically smaller or micro businesses and close to half operate in a home-based premise.



Executive Summary (cont...)



The segmentation shows in stark relief that there is no one size fits all approach that will work across the spectrum of small business. But what it and the customer journey mapping does do, is illuminate the opportunities for tactical interventions that can move SMEs within each segment further along the energy transition journey.

Notwithstanding the need for this nuanced tactical approach, the conduct of the whole research project did also provide the opportunity to identify more strategic recommendations.

STRATEGIC RECOMMENDATIONS

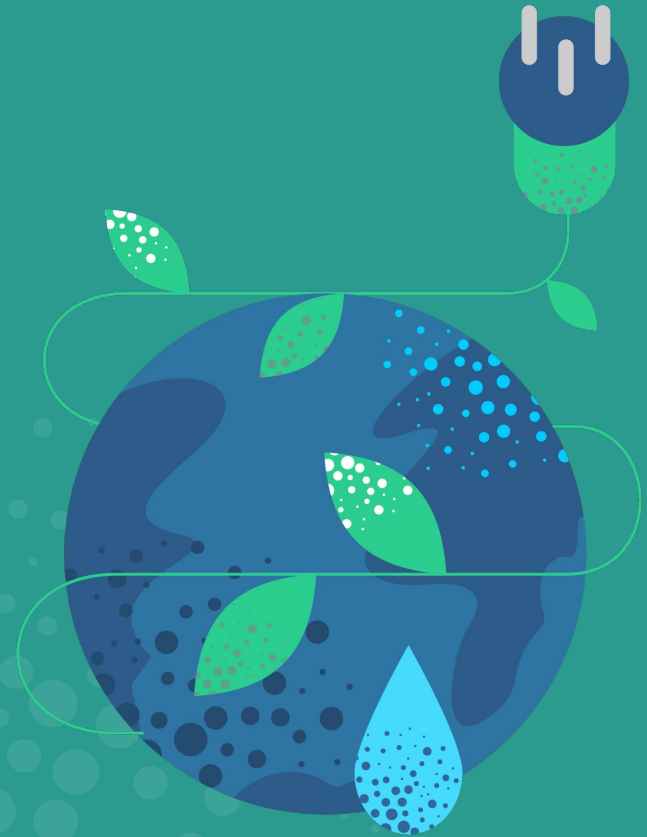
- **Getting the governance right** – Energy hardship is impacting small businesses right now and is a significant barrier to energy transition. To ensure a dedicated and joined up approach to this immediate issue across jurisdictions, small business energy transition should become a standing item and ongoing focus within the Energy Climate Change Ministerial Council governance framework.
- **Enabling the energy transition** – A one-size-fits-all approach to energy transition is likely to miss the mark for many small businesses. And while there is limited knowledge about how to make the transition, there is an appetite for advice, support and change. To meet these needs world should commence on:
 - establishing a small business energy transition portal. The design of this AI powered tool would integrate the research and evidence from this project to ensure users are provided the right information and advice at the right time.
 - Augmenting the small business energy transition portal with energy transition navigators providing an advisory service that understands the transition and the differing needs and motivations of small business and who could provide tailored plans and advice to small business.
 - Establishing a time-limited podcast featuring experts, decision-makers but also small business success stories, would provide a platform to demystify the transition, share good practices and tell the relatable story about how small business can be at the forefront of the transition.



Executive Summary (cont...)

STRATEGIC RECOMMENDATIONS

- **Targeted and immediate steps** – Using the tools and resources of the Small Steps. Bright Future. research, pilot interventions targeting highly motivated and at-risk small business segments should be developed (or existing programs reconfigured). This work should be developed in consultation with ECA, COSBOA and other relevant stakeholders.
- **Professional education as a communication channel** – The energy transition will be an ongoing challenge for small business. To ensure consistent and high quality advice to small businesses over this lengthy reform challenge, work should commence on the development and accreditation of basic energy efficiency education for business professionals, business owners and practice managers.





This Report

The Council of Small Business Organisations of Australia (CoSBOA), backed by Energy Consumers Australia and supported by 89 Degrees East, has developed a new small business segmentation framework to better understand the experience of small business and the energy transition during periods of energy hardship.

A national quantitative survey was conducted in early 2024 with small and medium-sized business owners and managers. The survey data was then segmented. The segmentation framework was tested with small businesses and customer journey maps for each of the three segments developed. The framework and the customer journey maps are designed to provide the basis with which to better understand and support small business on their energy transition and journey to Net Zero. They have also underpinned the development of guides and resources that can be used to assist small business and which are attached to this report.

The full research report is attached at Appendix 1. It is a deep dive into the survey results and the segmentation analysis. It also outlines the research methodology in detail.

Customer journey maps for each of the three segments are attached at Appendix 2. The customer journey maps provide a powerful insight into the journey and experience of small businesses within each segment as they grapple with the energy transition. The customer journey maps are a resource in their own right and can be used to better understand the needs of small business and target interventions to support them.



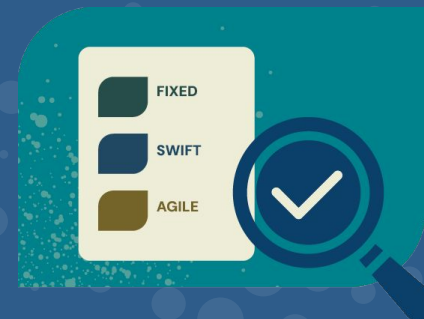


This Report (cont)

As part of the research, a number of compelling case studies bringing to life the experience of the energy transition for small businesses were recorded. These real-life examples illuminate what's working now and what isn't, and are provided at Appendix 3 as a standalone resource that help tell a small business story.

The research findings have been presented at various forums and are now publicly available. They are attached Appendix 4 and provide a succinct overview of the research approach, key findings and segmentation framework.

The segmentation framework and customer journey maps have been used to develop three guides for three separate audiences that can be used to support small business. The first is a guide for policymakers within government to assist with the design of new initiatives to support the energy transition and is included at Appendix 5. The second is a guide for use by commercial landlords and property managers that identifies where and how landlords can work with their tenants on mutually beneficial energy outcomes and is included at Appendix 6. The third is a guide for financial counsellors, accountants and bookkeepers who work with small business clients and outlines how they can factor this segmentation advice into their work, and is included at Appendix 7.



Findings and Recommendations

**Small Steps.
Bright Future.**





Findings and Recommendations

Getting Governance Right

Finding

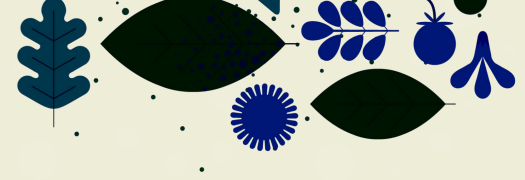
Energy hardship is an immediate and significant barrier to energy transition. More than 1 in 3 SMEs have experienced energy hardship in the last 12 months which is more than that experienced in the aftermath of Covid. Interest rate rises, increased rents and mortgages, increases in cost of goods, decreased customer demand and extreme weather in the last 12 months are all compounding this hardship.

Recommendation

Enabling energy transition for small business is critical to achieving Net Zero goals and alleviating energy hardship for small business. Working within the Energy Climate Change Ministerial Council governance framework and existing working groups, small business energy transition should become a standing item and ongoing focus across jurisdictions. The three small business consumer segmentations should be applied to the design of federal, state and local government energy transition incentives and schemes for small business, to ensure more targeted and effective outcomes and deliver taxpayer value for money.

Funding considerations

Commonwealth entities have long been subject to an annual efficiency dividend to provide managers and policymakers with a financial incentive to continually seek new or more efficient ways of carrying out ongoing government business. However a similar incentive, a Small Business Transition Dividend, should be considered to provide the “carrot” for federal, state and local governments to develop small business-friendly policies supporting Net Zero.



Energy Transition Steps

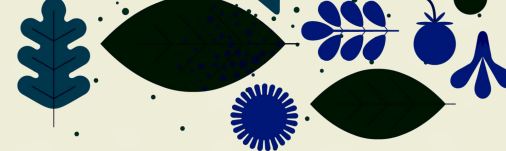
Finding

The small business sector is diverse and at different points in the energy transition, with different needs, motivations and opportunities for change. A one-size-fits-all approach is likely to miss the mark for many small businesses. There is limited knowledge about how to make the transition. But there is an appetite for advice, support and change.

Recommendation

Establish a small business energy transition portal that allows small business to self diagnose which segment they most align with. This AI powered tool would integrate the three segments and their relevant customer journey maps to ensure the tool identified the range of services and advice currently available and which are most appropriate to their needs to their segment and to where they are on the energy transition. This would provide the right information and advice at the right time for small business. To support this work, ECA, COSBOA and state, federal and local jurisdictions would work together to review and build out the range of incentives and programs that best support each segment.

This approach could be augmented with the establishment of energy transition navigators providing an advisory service that understands the transition and the differing needs and motivations of small business and who could provide tailored plans and advice to small business.



Energy Transition Steps (cont...)

Recommendation Small businesses need to see themselves in the energy transition. There are already plenty of good news stories in this field. Establishing a time-limited **podcast** run featuring experts, decision-makers but also small business success stories, would provide a platform to demystify the transition, share good practices and tell the relatable story about how small business can be at the forefront of the transition. The podcast would be stand-alone series, auspiced by COSBOA, ECA and the government.

Recommendation Tailored support for high-risk segments is likely to pay dividends. Specific intervention programs for high-risk segments like the Fixed group, would address their unique challenges such as shopping centre constraints and financial hardship. Personalised consulting services will help these businesses navigate their energy transition and identify the most effective solutions for their specific circumstances.

Funding Considerations An AI-powered small business energy transition portal could be trialled as a pilot, co-funded by corporate partners and government. For example a small scale pilot aimed at 'at-risk high-priority' small business segments could be developed and delivered by a number of Australian tech companies within a year and for less than \$2 million.



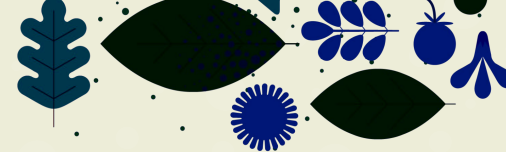
Targeted and immediate efforts

Finding

The research shows there is a link between energy transition, energy hardship and the type of energy used. SMEs who have experienced energy hardship in the last 12 months typically include industries with fixed, shopfront or intensive energy costs including retail/shops, restaurants/café and using power for cleaning and laundry. SMEs operating within a shopping centre or embedded network are most at risk of experiencing energy hardship. Using energy more efficiently is a priority for these small business. The highest priority energy efficiency actions for SMEs to take is changing the way energy is used to be more efficient, comparing better renewable energy deals and using smart energy efficient equipment and appliances.

Recommendation

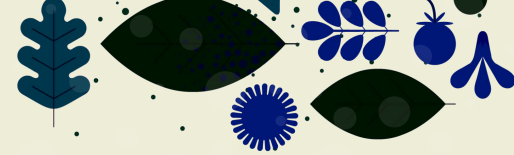
There is an opportunity for immediate effort to be targeted at small business sectors with complex and high energy usage, in targeted industries with energy efficiency advice and other enabling interventions that will help to reduce energy costs and deliver long-term savings for business. **Industries most at risk should be the immediate priority.** SMEs using power for retail/shop and manufacturing are more motivated to take steps for energy efficiency, and transition to renewable sources, creating an opportunity to target strategies by motivation level and energy usage.



Targeted and immediate efforts (cont...)

Recommendation At the ECMC level, using the tools and resources of the Small Steps. Bright Future. tools, pilot interventions directed at particular industry / ies within the segments most motivated for change, experiencing energy hardship should be developed and endorsed (or existing programs reconfigured). It should target highly motivated and at-risk small business, and be developed in consultation with ECA, COSBOA and other relevant stakeholders, with a view to becoming an exemplar intervention that others could then be adapted or modelled on

Funding Considerations For relatively little additional cost, the Small Steps. Bright Future. toolkits and guides can be adapted into online templates, checklists and quizzes that can be white labelled so that any accountant, bookkeeper, landlord or policymaker maker to own and use.



Findings and Recommendations

Professional Education as a Communication Channel

Finding

Many small business owners do not know what they do not know about energy transition. Just over a quarter (26%) of small businesses surveyed did not even know if they were interested in resources, advice and support services that would help their business through the energy transition to renewable energy. Small businesses sought advice from a range of sources including business coaches, the ATO, energy retailers and Google searches.

There is an important role for targeted education, advice, support and resources to help small businesses through the energy transition.

Recommendation

The challenge for energy transition is the ongoing education of small businesses over many years. Similar to recent developments in small business cyber security, the development and accreditation of basic energy efficiency education for business professionals, business owners and practice managers should be investigated as soon as possible. For example, doctors must complete 50 hours of continuing professional development each year across different activities, and the cyber security program, Cyber Wardens, is accredited for one CPD hour. Bookkeepers and accountants – the key advisors to small businesses – must also complete compulsory continuing education, making them a critical education channel to small businesses.

Funding considerations

Working with professional education accreditation specialists, a free pilot e-learning course targeting one to two high-risk small business segments could be designed and developed for as little as \$900,000. With corporate sponsorship such as banks, energy retailers and tech companies, this pilot would serve as a proof-of-concept for a wider energy transition education tool across industries and professions.

Appendices

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Appendix 1:

Customer Journey Map to Net Zero

Deliverable: 5 page A4 Landscape PDF

CASE STUDIES:
Small Business Energy Stories

Small Steps. Bright Future.

JUNE 2024



SMALL BUSINESS ORGANISATIONS AUSTRALIA

89% SMALL BUSINESS ENERGY EFFICIENCY

1. SME Customer journey to Net Zero

FIXED segment 19%

Stage	Assessments and Incentives	Education & Research	Making Decisions
1	Identify energy needs and opportunities for savings. Understand government incentives and rebates.	Research energy efficiency measures and technologies. Consult with energy experts.	Compare energy efficiency options and costs. Make a decision on the best option.
2	Apply for government incentives and rebates. Implement energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Implement the chosen energy efficiency measures. Track progress and savings.
3	Monitor energy usage and performance. Review energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Review energy usage and performance. Make adjustments as needed.

2. SME Customer journey to Net Zero

SWIFTS segment 38%

Stage	Assessments and Incentives	Education & Research	Making Decisions
1	Identify energy needs and opportunities for savings. Understand government incentives and rebates.	Research energy efficiency measures and technologies. Consult with energy experts.	Compare energy efficiency options and costs. Make a decision on the best option.
2	Apply for government incentives and rebates. Implement energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Implement the chosen energy efficiency measures. Track progress and savings.
3	Monitor energy usage and performance. Review energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Review energy usage and performance. Make adjustments as needed.


3. SME Customer journey to Net Zero

AGILES segment 43%

Stage	Assessments and Incentives	Education & Research	Making Decisions
1	Identify energy needs and opportunities for savings. Understand government incentives and rebates.	Research energy efficiency measures and technologies. Consult with energy experts.	Compare energy efficiency options and costs. Make a decision on the best option.
2	Apply for government incentives and rebates. Implement energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Implement the chosen energy efficiency measures. Track progress and savings.
3	Monitor energy usage and performance. Review energy efficiency measures.	Engage with energy experts for advice and support. Monitor energy usage and performance.	Review energy usage and performance. Make adjustments as needed.

Sources

- Small Business Energy Efficiency Research and Innovation (SBEERI) research report
- Energy Commission Australia - www.energy.gov.au
- Small Business Energy Efficiency (SBEERI) research report
- Australian Government Energy Consumer Manifesto - www.energy.gov.au/energy-consumer-manifesto
- Australian Renewable Energy Agency (ARENA) - www.arena.gov.au
- Department of Industry, Science and Energy - www.industry.gov.au
- Department of Climate Change, Energy and the Environment - www.climate.gov.au
- Renewable Energy Act - www.legislation.gov.au/idx/instr/compil/1311400



Appendix 2:

Case Studies – Small Business energy stories

Deliverable: 5 page A4 Landscape PDF

Small Steps. Bright Future.

Customer Journey Map to Net Zero

JUNE 2024



SMALL BUSINESS ORGANISATIONS AUSTRALIA

89% CLEAN STRATEGY DELIVERED

CASE STUDY 1

Leslie, Hairdressing salon owner - Terranville, ACT

FIXED 19%



Leslie's hair salon in Terranville, ACT, has been a family business for several years. The salon is a small business with a loyal customer base. Leslie has been looking for ways to reduce energy costs and improve the salon's energy efficiency. She has implemented several energy-saving measures, including LED lighting, energy-efficient hairdryers, and a programmable thermostat. These measures have resulted in a 19% reduction in energy costs, which has allowed Leslie to invest in other business improvements and keep her prices competitive.

CASE STUDY 2

Yael, Bookkeeper - eastern suburbs of Sydney

AGILES 43%



Yael is a bookkeeper in the eastern suburbs of Sydney. She has been looking for ways to reduce energy costs and improve the energy efficiency of her home office. She has implemented several energy-saving measures, including LED lighting, energy-efficient appliances, and a programmable thermostat. These measures have resulted in a 43% reduction in energy costs, which has allowed Yael to invest in other business improvements and keep her prices competitive.

CASE STUDY 3

Aeva, Travel agent - Ancliffe Sydney

SWIFTS 98%



Aeva is a travel agent in Ancliffe, Sydney. She has been looking for ways to reduce energy costs and improve the energy efficiency of her home office. She has implemented several energy-saving measures, including LED lighting, energy-efficient appliances, and a programmable thermostat. These measures have resulted in a 98% reduction in energy costs, which has allowed Aeva to invest in other business improvements and keep her prices competitive.

CASE STUDY 4

Fiba, Light commercial and residential air conditioning - Adelaide

AGILES 43%



Fiba is a light commercial and residential air conditioning business in Adelaide. They have been looking for ways to reduce energy costs and improve the energy efficiency of their business. They have implemented several energy-saving measures, including LED lighting, energy-efficient appliances, and a programmable thermostat. These measures have resulted in a 43% reduction in energy costs, which has allowed Fiba to invest in other business improvements and keep their prices competitive.

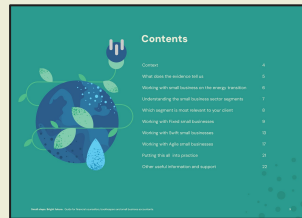
Appendix 3:

Guide for financial counsellors, bookkeepers and small business accountants



Deliverable: 22 page A4 Landscape PDF

Note: Can be set up to be professionally printed as A4 landscape booklet with minor adjustments.



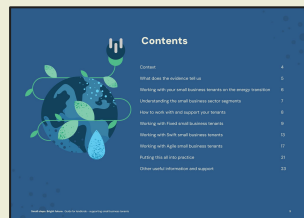
Sample pages

Appendix 4: Guide for Landlords – supporting small business tenants



Deliverable: 23 page A4 Landscape PDF

Note: Can be set up to be professionally printed as A4 landscape booklet with minor adjustments.



Sample pages

Appendix 5: Guide for policy makers



Deliverable: 22 page A4 Landscape PDF

Note: Can be set up to be professionally printed as A4 landscape booklet with minor adjustments.

Sample pages

Appendix 6:

One Pagers (Fixed, Swift, Agile)

Segment Characteristics

FIXED

Motivation: Medium
Ability: Medium to High
Opportunity: Medium

Portrait Profile

Fixed SMEs have a medium level of motivation towards the energy transition. Close to 1 in 2 have not taken steps towards net zero (52%), the main actions taken are focused on implementing energy efficiency practices (27%) and installing solar panels or renewable energy systems (25%). Changing the way energy is used to be more efficient is seen as a 'medium' level priority (56%), second as to installing rooftop solar panels (5% medium priority), improving building & fixed appliances (6%) and adoption of an EV (4%). This segment over scores on this agreement that 'switching to renewable energy is important for my business' (47% agree).

This segment has a medium to high level of knowledge about what's required to switch their business to renewable energy (54% medium knowledge and 32% high knowledge). This segment face financial barriers (66% agree the financial outlay of transitioning will be difficult) and time barriers (68% agree it's time consuming and complicated). This segment has faced the highest level of energy hardship in the last 12 months (71% experienced energy hardship).

SMEs in this segment have moderate access to funds (44%), and 28% have high access to funds. Close to 3 in 5 (63%) operate within a shopping centre or embedded network, experiencing limitations with landlords and building management.

Case Study

Pam's a business owner in her 60s in the hospitality and tourism industry, located in a shopping centre in Brisbane. She has been in business for almost 15 years and has 10-19 employees. Her main energy use is coming from the store and her average annual energy cost is classed as medium (between \$3,000 and \$7500/year).

Rising energy costs have negatively impacted Pam's business's financial situation and she has found it quite difficult to pay her energy bills in the last 12 months. Her only strategy to cope with financial hardship when paying her energy bills has been to delay payment. The financial strain of paying energy bills is an ongoing concern for Pam.

For Pam, energy efficiency actions are largely a low priority. To date, she has not made a move towards renewable energy or to reduce the business's carbon emissions output and feels disappointed to do so. She is somewhat prioritising changing the way energy is used in her business to make it more efficient but does not feel that switching to renewables will help reduce her energy costs for one month (the investment). Pam believes transitioning her business to renewable energy would be expensive and hard to justify financially, as well as being complicated and time-consuming.

Pam feels she lacks the financial resources to fund an energy transition and is unsure of where to access information or tools to support the business's transition to renewable energy. She would prefer to access support services to transition to renewables through government sources.

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Segment Characteristics

SWIFTS

Motivation: High
Ability: Medium to High
Opportunity: Medium to High

Portrait Profile

The Swift segment believes that taking action to using smart and energy efficient equipment and appliances is a high priority for their business (67% high priority), installing rooftop panels (38% high priority), adopting energy to use on time varying rates (27%) using energy efficiency real time tracking platforms (16%) are most likely to be implementing a net zero plan to reduce emissions (15%). They are most likely to already have implemented energy efficiency practices in their business (29%).

SMEs in this segment agree that the long term cost savings associated with switching to renewable energy is worth the effort and involvement (53%), and it will help their finances by reducing energy costs (52%). The level of knowledge about what's required for their business is moderate (54% medium knowledge level) only 10% have high knowledge. 1 in 3 have experienced energy hardship (33%) in the last 12 months.

SMEs have moderate to high access to funds to support the energy transition and are larger SMEs (employees 20-99 staff). These SMEs are most likely operating on a single site (65%) or multiple sites (32%) and are less constrained by shopping centre limitations. Most have a rooftop and more control to implement energy efficiency practices.

Case Study

Taylor, is in his 20s and has 20-49 employees in his manufacturing and wholesale business. His business is based in Melbourne operating out of a single site, and he has been in business for less than five years. He is not sure whether the business is registered with its own energy tariff and the business's energy expense is considered medium, costing between \$3,000 to \$7500 per year.

The rising cost of energy has had an impact on the business's financial situation, but paying energy bills has remained quite easy. Taylor is not concerned about the business's ability to pay energy bills.

Taylor has implemented a few energy efficient practices into the business, such as upgrading the light systems and implementing smart building technologies. Taylor has a few key priorities for the business's energy efficiency actions. His priorities include changing the way energy is used to be more efficient, using energy efficient equipment and appliances and using energy efficiency real time tracking platforms. Taylor has both the financial capacity to access funds to move to renewable energy and has been able to access advice and support to transition the business.

Taylor feels he is somewhat knowledgeable about the process of switching to renewable energy. Taylor believes every business needs to play their part in contributing to their own emissions in order to reduce climate change impacts. He also thinks the effort and investment in renewable energy is a financial benefit in the long term. Taylor has received information about transitioning to renewables and reducing energy use through his financial counsellor and online and feels the quality and clarification of advice and support services is pretty good.

SMALL BUSINESS ORGANISATIONS AUSTRALIA

Segment Characteristics

AGILES

Motivation: Low
Ability: Low
Opportunity: Low

Portrait Profile

The Agile segment is least likely to be taking steps in the energy transition and is least likely to have experienced energy hardship in the last 12 months. More than 2 in 3 SMEs in this segment have not taken any action yet (67%), and only 1% have implemented energy efficiency practices in their business.

Taking steps towards the energy transition is seen as a low priority for more actions except for comparing renewable energy deals (42% medium priority) and changing the way energy is used to be more efficient (42% medium priority). This segment is less likely to agree that there are long term cost savings and that switching to renewables is worth the effort and investment (23% agree), and only 26% agree switching to renewable energy is important for my business reputation (18% agree). Energy use is lower, primarily to power the office and lights, with a higher representation of SMEs employed 1-9 people (67%). This segment has a lower level of knowledge of what's required in the energy transition (33% low knowledge).

Financial opportunity to fund the energy transition is low, with only 14% report that they have good access to funds to support the change and 42% report their access to funds is low. Close to half SMEs operate in a home-based premise (46%) so are looking for initiatives for home and business.

Case Study

Anita is a business owner in his 50s in the building and construction industry. He employs between one and four people and is based in Perth and has been in business for close to 20 years. Anita's business rents between \$3,000 and \$7,500 per year on energy costs on average, which is considered a medium cost.

The main energy consumption in the business goes towards powering the office, including lights and computers. Rising energy costs have impacted the business's financial situation, but not drastically. Anita has not experienced financial difficulty paying energy bills over the last 12 months, but is quite concerned about the business's ability to pay energy bills in the next 12 months.

Anita has not made changes to his business to reduce energy use or to switch to renewables. But she is a priority. Her high priority actions items include comparing better renewable energy deals and installing rooftop solar panels or onsite battery storage. Anita feels he is somewhat knowledgeable about switching to renewable energy. Anita thinks that it is time consuming, complicated and financially challenging to move to renewable energy in his business. However, he believes that it is important that every business plays their part towards net zero emissions and that there will be long-term savings.

Anita does not currently feel that his business has access to funds to support the energy transition and is not sure where to go to find advice and support for this transition. He is open to accessing this information through the EPA, his accountant, government services or a retailer, or direct from energy providers. Anita feels that the quality and clarity of services and information available to assist businesses to transition to renewable energy is quite poor.

SMALL BUSINESS ORGANISATIONS AUSTRALIA

Deliverable: 3 x single A4 Portrait PDFs

Appendix 7:

Small steps. Bright Future

Research Findings Two-Pager

Small steps. Bright future.

Supporting small businesses to net zero and beyond

This project was funded by Energy Consumers Australia as part of its grants process for consumer advocacy projects and research projects for the benefit of households and small business energy consumers.

The views expressed in this report do not necessarily reflect the views of Energy Consumers Australia.

Background

The Small Steps, Bright Future research project sheds a light on the understanding of small business and their experiences of the energy transition. Funded by Energy Consumers Australia and in collaboration with the COSSBA member network, this ground-breaking work seeks to develop a research framework for understanding small business segments including their motivation, ability and opportunity for energy transition.

The project seeks to empower small businesses navigating Australia's journey to net zero by discussing the intricacies of energy hardship and identifying pathways out of it.

Research Approach




A national quantitative survey was conducted amongst over 400 small and medium business owners and managers in January 2024. The survey was in field between Thursday 18th January to Friday 26th January 2024 with 400 small business owners and managers aged over 18 years completing a 10 minute length online survey. This research study builds on the ECA Small Business Energy study from 2022 which explored the energy hardship risks and contributing factors related to the COVID-19 pandemic.

Respondents were recruited from a quality consumer and business opt-in panel provider, TED Rewards, with distribution based on state and territory representation. The sector of small businesses with higher level of participation in the research included retail small business owners (13%), building and construction (9%), other services (9%) and health & medical (6%) and financial services and manufacturing and processes (7% each).

Almost half of SMEs are yet to take steps towards the energy transition

There is a linkage between energy/hardship and the type of energy used. SMEs who have experienced energy hardship in the last 12 months (54%) are more likely to use fossil fuels compared to those who have not experienced energy hardship (46%).	→	It will be important to support SMEs with complex & high energy usage or targeted industries with energy efficiency advice.
More than 1 in 5 SMEs have experienced energy hardship in the last 12 months (24%) which is more than post-cooled (lockdown) impacts. SMEs operating within a shopping centre or embedded network are most at risk (62% experiencing energy hardship). Overall 51% of SMEs report a negative financial impact over the last 12 months.	→	SMEs have been impacted financially by interest rate rises, increased costs and most significantly, increased cost of goods, decreased customer demand and extreme weather in the last 12 months.
Rising energy costs is the number one factor which has impacted businesses financial situation in the last 12 months (85% identified it as rising energy costs). 1 in 5 SMEs (20%) report difficulty paying their energy bills on time and in full over the last 12 months.	→	With rising energy costs and increased costs of business, SMEs need energy efficiency solutions that will help to reduce energy costs and deliver long term savings for business.
Most SMEs reported that they have not yet taken any steps towards the energy transition (44%). This is higher for micro-SMEs with 4 components (66%). The steps most reported to be underway are installing solar panels (27%) and implementing energy efficiency practices (24%).	→	SMEs using power for retail/food and manufacturing are more motivated to take steps for energy efficiency and transition to renewable sources.
The highest priority energy efficiency actions for SMEs to take to change the way energy is used to be more efficient, conserve better renewable energy costs and using smart energy efficient equipment and appliances.	→	SMEs are looking for energy efficiency solutions to use energy more efficiently and find the best renewable energy deal. The key barrier to the transition is the financial outlay.
There is limited knowledge about what's required for businesses to transition to renewable energy with 28% reporting low knowledge and 52% medium level of knowledge. Only 12% report having high knowledge. There is high interest in resources, advice and support that would help SMEs in the energy transition.	→	An important role for targeted education, advice, support and resources to help small businesses through the energy transition.

<p>Segment Characteristics FIXED</p> <p>Portrait Profile</p> <p>Fixed SMEs have a medium level of motivation towards the energy transition. Close to 1 in 3 have not taken steps towards the energy transition (27%) and installing solar panels or renewable energy systems (25%). Changing the way energy is used to be more efficient is their top priority (27%) and they are most likely to take steps to install solar panels (26% medium priority). Improving building & fixed appliances (9%) and adoption of an EV (6%). This segment on their own effort switching to renewable energy is important for net business reputation (74% agree).</p> <p>This segment has a medium to high level of knowledge about what's required to switch their business to renewable energy (54% medium knowledge and 20% high knowledge). This segment face financial barriers (66% agree the financial outlay of transitioning will be difficult) and firm barriers (54% agree it's time consuming and complicated). This segment has faced the highest level of energy hardship in the last 12 months (71% experienced energy hardship).</p> <p>SMEs in this segment have moderate access to funds (44%) and 28% have high access to funds. Close to 3 in 5 (63%) operate within a shopping centre or embedded network, experiencing limitations with landlords and building management.</p>	<p>Motivation: Medium Ability: Medium to High Opportunity: Medium</p> 
<p>Segment Characteristics SWIFTS</p> <p>Portrait Profile</p> <p>The Swift segment believes that taking action on using smart and energy efficient equipment and appliances is a high priority for their business (71% high priority), installing rooftop panels (51% high priority), adjusting energy use to be more energy efficient (72%), using energy efficiently and time tracking software (52%) and are most likely to implement energy efficiency practices in their business (29%).</p> <p>SMEs in this segment agree that the long term cost savings associated with switching to renewable energy is worth the effort and investment (55%), and will help their transition to renewable energy costs (56%).</p> <p>The level of knowledge about what's required for their business is moderate (54% medium knowledge level only 10% high knowledge). 1 in 3 have experienced energy hardship (24%) in the last 12 months.</p> <p>SMEs have moderate to high access to funds to support the energy transition and are larger SMEs, employing 10-249 staff. These SMEs are most likely operating on a shopping centre or embedded network (52%) and are also constrained by shopping centre limitations. Most have a rooftop and more control to implement energy efficiency practices.</p>	<p>Motivation: High Ability: Medium Opportunity: High</p> 
<p>Segment Characteristics AGILES</p> <p>Portrait Profile</p> <p>The Agile segment is least likely to be taking steps in the energy transition and is least likely to have experienced energy hardship in the last 12 months. More than 1 in 3 SMEs in this segment have not taken any action yet (47%) and only 16% have implemented energy efficiency practices in their business.</p> <p>Taking steps towards the energy transition is seen as a low priority for most actions, except for comparing renewable energy deals (42% medium priority) and down the way energy is used to be more efficient (24% medium priority). This segment is less likely to agree that there are long term cost savings and that switching to renewables is worth the effort and investment (21% agree), and only 28% agree switching to renewable energy is worth the effort for their business reputation (51% agree). This segment has a lower priority to power the office and lifts with a higher representation of SMEs employing 1-4 people (77%). This segment has a lower level of knowledge about what's required for the energy transition (28% medium knowledge).</p> <p>Financial opportunity to fund the energy transition is low, with only 14% report that they have good access to funds to support the change, and 45% report their access to funds is low. Close to half SMEs operate in a more liberal market (54%) and are looking for incentives for home and business.</p>	<p>Motivation: Low Ability: Low Opportunity: Low</p> 

Deliverable: A4 Portrait PDF 2pg

Additional provided documents



Small Steps Bright Future summary public presentation

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Small Steps_Bright Future_Research Report_Technical_7.2.2024

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Small steps. Bright future. South Australia Case Study

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Research Launch Media Insights

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Panel Discussion

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Thank you.

