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Media Release

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Small business electricity bills are unsustainable

A new report released by Energy Consumers Australia, which tracks the electricity bills of small businesses, shows that electricity retail bills were up 22% in South Australia and the ACT in April, compared with the same time last year. In NSW, bills increased by 15%.

Energy Consumers Australia Acting CEO Lynne Gallagher says small businesses need relief from the high costs of electricity in their businesses.

“While major retailers have announced some relief from 1 July, with retail electricity prices for small business either flat or falling, the competitiveness of the small business sector and jobs depends on prices coming back down to more normal levels.

“Small business consumers are saying they want to be able to run a competitive small business, but electricity prices are making that harder and clearly this is having a negative impact across the small business sector.”

The report found that only in Queensland were bill increases less than double digit (4%) while average electricity bills for the typical small business fell slightly in Tasmania in the past year.

“Small businesses are telling us that trust in energy retailers has never been so low, and only one-third say the market is working in their interest.

“These businesses are telling us they are doing what they can to be energy efficient, but relatively few are using technology to manage their energy use.”

With the ACCC review of electricity prices due this week, Ms Gallagher said a ‘cultural shake up’ of the sector was expected to get companies focused on more affordable power.

“Prices have to come down and we need much more action on the part of retailers to help consumers manage their use.

“Less than half of small businesses tell us there is enough easily understood information available to them, or that they have the tools they need to manage their energy use.

“Retailers and other service providers should be working with businesses to provide them more opportunity to reward flexibility in their energy use where this is an option.”

Ms Gallagher said retailers have recently acknowledged they can do more to meet their customer’s expectations and while this was positive, consumers want to see outcomes.

“With electricity prices going up by double digits for many businesses in the past year, trust can only be re-built with consumers in this market when they start paying lower bills than they are today.”

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Background

There are approximately 1 million businesses classified as small energy customers under various jurisdictional thresholds of annual consumption in kilowatt hours. Yet there has been little evidence of what individually small business consumers might actually be paying for energy and how that is changing over time.

Increases in energy costs can adversely impact all businesses, large or small, undermining their long-term profitability and ability to offer employment and support the prosperity of the Australian community. Energy Consumers Australia commends the attention that has been brought to bear in the Australian Competition and Consumer Commissions Retail Electricity Pricing Inquiry, Preliminary Report on the unacceptable pressures facing Australian businesses and consumers as a result of the price increases over the past ten years.

Through ongoing work on the SME Retail Tariff Tracking Project Energy Consumers Australia continues to build the evidence base of the costs facing small business, particularly those that are energy intensive and are unable to pass on those costs. As in other markets, for competition to be effective the transparency of information is an important tool so that consumers can participate with confidence.

The analysis presented in this SME Retail Tariff Tracker Project Final Report analyses electricity and gas bill outcomes based on retail offers available in April 2018 and compares these with the same period a year earlier.

The full analysis in the SME Retail Tariff Tracker: Final Report June 2018 can be read [\[here\]](#).

The Colmar Brunton small business research report for the Australian Energy Market Commission's 2018 Retail Competition Review can be accessed [\[here\]](#).

The Australian Energy Market Commission's media release on small business findings in the 2018 Retail Competition Review can be accessed [\[here\]](#).