

# Power over their Power: Small Business Perspectives on Energy

Report for Energy Consumers Australia

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## Executive Summary

In March 2023, Energy Consumers Australia commissioned Small Biz Matters to conduct research into how small business engages with the energy sector and how those who support SMEs (advisors, industry associations, peak bodies and business leaders) advocate for small business in the policy space.

The primary purpose of the project was to hear from small businesses and their representatives first-hand about barriers and considerations for the energy transition, and proposed solutions. This information will enable Energy Consumers Australia to be a better advocate for small businesses on energy issues.

Small Biz Matters conducted more than 30 research interviews with peak business groups, industry associations, small business owners and government bodies.

This report sets out what we heard in relation to:

- The current barriers small businesses face to reducing energy costs and the barriers they face in transitioning towards a net zero future.
- The key considerations for policy makers when designing small business energy policy.

### What did we find?

Small businesses need power over their power.

Like households and large businesses, small businesses will play a major part in decarbonising the economy. However, it cannot be assumed that their timelines, decision making processes and pathways to reach this goal are the same.

There are four main barriers that all small businesses share when it comes to decarbonising, engaging in and benefiting from government energy policies:

1. **CHOICE:** Small businesses have less control over their energy choices than many households
2. **COST:** The cost of doing business is tightening business profits
3. **TIME:** Small businesses face time constraints when making significant changes
4. **ACCESS TO INFORMATION:** There is a lack of suitable information for small businesses.

These barriers are explored further in the report.

## What do we recommend?

There was a degree of consensus among small business peaks and representatives about what small businesses need to manage their energy bills and their energy usage now and into the future. We consider there are three main actions that will help small businesses to better manage their energy and to transition to a net-zero future:

1. Businesses need the right information, at the right time, from trusted sources. Governments should develop clear advice and tailored, relatable communications that take account of the diversity within the small business community and are delivered through trusted pathways.
2. Regulatory frameworks should consider the diversity of small businesses. Governments should develop fit for purpose regulation working with small business representative bodies, particularly in the areas of Environmental, Social and Governance (ESG) matters, embedded networks, and commercial leasing regulations.
3. Governments should provide appropriate options of practical financial assistance for small businesses to transition their energy use which considers the different needs of the small business sector.

## Who did we consult with?

- **National peak bodies** - including the Australian Industry Group, Australian Chamber of Commerce & Industry, Tech Council of Australia, National Farmers Federation, Business Council of Australia, Australian Retailers Association, Chartered Practising Accountants Australia, Digital Service Providers ANZ, Aust Food Advocacy Group, and the Council of Small Business Organisations Australia.
- **State peak bodies that have engaged in energy policy and regulatory decisions** - Business NSW, Tasmanian Small Business Council.
- **Organisations actively engaged in infrastructure and industry development** – including the Regional Australia Institute and the ACTU.
- **Small businesses with particular experience or expertise in the energy market** - including Your Leasing Co, Bite Me Bakehouse, The Energy Project, and Greener.
- **Ombudsmen who hear from small business about the problems they face** – including the Australian Small Business and Family Enterprise Ombudsman, and the Victorian Small Business Commissioner.

The report also considers recent research and policy recommendations including:

- The December 2022 Business NSW *Unfinished Business* report
- ACCC Inquiry into the National Electricity Market reports Aug19/Nov22
- The June 2023 Grattan Institute report; *Getting off Gas*
- Energy Consumers Australia's *Stepping Up* report
- *SME Energy Consumers Communications Research* prepared for Energy Consumers Australia Nov2023 by The Insight Centre

## 1. Current conditions and context for small business

Many small business owners are currently fighting on a number of fronts to keep their doors open. The soaring costs of inputs, rebuilding after the impacts of COVID, rising interest rates, the ongoing compliance burden, and the increasing costs of energy are making it increasingly difficult for many Australian small business owners to continue trading.

Small businesses are affected by a wide variety of external factors, from macroeconomic impacts such as unemployment or availability of workers, interest rates and global economic conditions, through to local issues such as population movements in and out of the area, council regulations or a big business employer closing its doors.

As with many of these external factors, small businesses see energy costs and net zero targets as out of their control. Those who have the ability or finances to adapt their time of day usage, buy energy efficient equipment, or have the time to research a new provider, have already done so. The rest risk being left behind.

The adaptations needed to make the energy transition, coupled with the increasing cost of energy bills in general, have significant impacts for small businesses. The impacts of new regulations and increasing costs need to be considered in the context of running a business. In particular, small business owners need time to plan for the future. That planning also needs to be based on accurate information, advice and support which is relevant to their business.

To encourage small businesses to be part of the government's net zero agenda, policy makers must recognise the diversity within the small business community, account for location, business structure and phase of growth, access and agency over energy use, and cash flow. Policies also need to consider innovative new and emerging business to come.

Similarly, retailers and the energy sector need to engage with small business representatives to explain the evolving nature of the energy sector and understand and mitigate the negative impacts on small businesses, their customers.

Small business cannot be grouped collectively into one homogenous collective, and advice cannot be generic. It must recognise the diversity within the small business community. Advice should be practical and relatable to the small business owner, accounting for differences in location, culture, industry trends, business structure, phase of growth, access and agency over energy, cash flow, and the current conditions.

Information needs to be easy to access and delivered through trusted pathways from which small businesses already source good advice – business advisors, industry associations, consultants, and to some degree, governments. The *SME Energy Consumers Communications Research* (Nov 2023) found that information that SME energy consumers receive is often from organisations or channels that they don't have high levels of trust in. Small business owners indicated technical specialists, accountants and business advisors as their sources of trusted information. They need expert advice as well as trusted advocates.<sup>1</sup>

<sup>1</sup> SME Energy Consumers Communications Research 2023 pg4

The Business NSW report has a comparable finding: "Business/engineering consultants and peak bodies were seen as being the most useful sources of advice (>50per cent report them being very or extremely useful), but fewer than 15 per cent of businesses had sought advice from those sources. In comparison, although energy companies and online research were identified as the least useful sources of advice (<40 per cent report them being very or extremely useful) these were by far the most commonly used sources of advice."<sup>2</sup>

Any policy for small business cannot be set in stone; it must adapt to the changing needs of the small business community and the evolving nature of the energy sector – it should be a map and compass rather than a linear journey.

## 2. What are the barriers to decarbonisation faced by small businesses?

Like households and large business, small businesses will play a major part in decarbonising the economy. However, it cannot be assumed that their timelines, decision making processes and pathways to reach this goal are in any way the same.

### **CHOICE: Small businesses have less control over their energy choices**

Small businesses have less access and agency over their energy decisions, and have different needs when compared to households. As such, they need to be considered differently in government policy and information. This may be because their premises is in an embedded network and they are limited in ability to create change, or because they need longer timelines to make decisions about equipment changes, or because they have more complex requirements for capital equipment financing.

Whilst to date many have done their best to reduce their energy consumption, as energy costs rise, some are unable to do so due to the time of day when equipment must be operated or the nature of their business. Others are unable to negotiate with a landlord to move to more affordable or cleaner energy options. Others are affected by location, which can limit choice. For example, small businesses in city centres often consider it impossible to access alternative energy sources such as batteries or solar.

Industry trends and attitudes can also be a barrier. According to interviews with the Australian Food Advocacy Body, the number one issue being discussed right now in hospitality is electrification. However, the sentiments remain that it is extremely difficult to transition to a different energy source because of the changes required to equipment, training, processes and operations of a business. It's not as simple as "cooking a different way". Cooking with electricity is considered by the industry to be inefficient and it will take a long time for the industry trends and perceptions to change.

<sup>2</sup> Business NSW Unfinished Business report pg7

### **COST: The cost of doing business is tightening business profits**

As the cost of doing business increases, the likelihood of a small business owner having access to the funds to invest in energy efficient equipment and adaptations decreases. Energy costs are just one of the inputs affecting profitability.

The Australian Retailers Association explained that their small business members were all experiencing increased input costs with stress levels around this issue worsening in the last 1 to 2 years.

The National Farmers Federation explained those with energy as a major cost were particularly concerned about this input. The Australian Food Advocacy body expressed that the concerns of their members were workforce shortages, international students' working limits, interest rate rises, minimum wage increase, and super increases, as well as the general cost of inputs.

Another barrier that came up repeatedly was that change is a cost to the business. In this 'cost of doing business' context, a clear value proposition for the energy transition must be articulated to small businesses to make both the time and financial investment worthwhile. The *SME Energy Consumers Communications Research* (Nov 2023) highlighted in its findings the significant role of perceived or actual barriers in preventing SMEs from taking action. 60% of small businesses agree that "if we don't act now to try and reduce our business's energy use, energy will cost us much more in the future however 32% believed that "the type of business means that it's hard to make changes" and 28% believed "it costs too much money to make the changes."<sup>3</sup>

### **TIME: Small businesses face time constraints when making significant changes**

A recurring theme in our engagements was that small businesses are time poor. Access to finance and cash flow are of course major considerations, or a small business may have already made a large investment in capital equipment and is now locked into a long-term finance contract. A lack of trained installers in certain areas affects when equipment can be installed and there are many cases where energy efficient equipment has not developed to an extent where the cost, time and change is worthwhile.

The timing of decisions to make change is also vastly different to households. Workflows, staff training and processes need to be adapted with the introduction of any new equipment. Efficiency gains and cost benefits must outweigh these changes in the business.

Change, particularly regulatory change over which the small business owner has no control, is challenging. Often, they are not aware when and how regulatory change affects them and it can hard to find the time to remove themselves from working in their business to research this information, particularly when it is from different sources and not meaningful to their business. The impact on small business is far greater than medium and big business; they possess adequate in house resources for change management.

<sup>3</sup> SME Energy Consumers Communications Research 2023 pg19

**ACCESS TO INFORMATION: There is a lack of suitable information for small businesses**

Further constricting a small business owner's ability to make an informed decision and put in place the best plan is the lack of consolidated, clear and reliable energy information from government. Many industry associations told us the only advice from government seems to be to "shop around" to save money on their energy bills and this takes time - time that a small business owner doesn't have.

In the Business NSW Unfinished Business report, 60.3% of small-to-medium enterprises sought advice on how to reduce their energy bill, and those who did found the information complex and it was difficult to know where to start.<sup>4</sup>

Adding to the complexity is the myriad of ways small businesses generally seek advice and the lack of consolidation of this advice – even between government agencies. For example, industry associations such as the Australian Retailers Association provide bespoke advice to their small business members through webinars, however, they also said some of their members were seeking information from retailers and their landlords, advice which was conflicted by vested interests. Technical specialists, private, professional networks and advocacy organisations were the most trusted sources of energy information and advice. However, 70% searched online and 60% searched through their energy provider despite the considerably lower levels of trust when it comes to being a source for advice on energy reduction.<sup>5</sup>

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<sup>4</sup> Business NSW Unfinished Business report pg32

<sup>5</sup> SME Energy Consumers Communications Research 2023 pg26/27

### 3. Key considerations for small business energy policy makers

Solving those problems is likely to require a consolidated and clear approach which recognises the needs of the diverse small business community. It will require different and targeted solutions delivered through trusted pathways via advisors and industry associations, so the small business is empowered to reach the best conclusion. There was a degree of consensus among small business peaks and representatives that this was what small businesses need to manage their energy bills and their energy usage now and into the future:

#### Clear advice, tailored communications

Small businesses seek energy advice from different sources and that information should be engaging and applicable to their business. The small business community is diverse and perceived as “too hard” to reach. Rather than attempting to speak to each business individually, there are ways to segment small businesses and channel the advice through the pathways which these groups know and trust. These include industry associations, advisors, local business leaders, community advocates and councils. This can depend on the industry or location but with good stakeholder engagement with these small business leaders, the right advice can reach those who seek and need it.

#### Communication needs to be clear and tailored to small business needs and priorities

To date, the focus of much of the communications from government in relation to energy, electrification and net zero targets has been directed towards households and big business. Much of the small business engagement and materials has been generated by industry groups. Providing relevant advice to businesses is expensive. Government needs to step in.

The Grattan Institute’s *Getting off Gas* report recommended funding long-term, targeted communications campaigns about the benefits and timetable for upgrading to all-electric.<sup>6</sup> Similarly, back in Aug 2019 the ACCC, in its Inquiry into the National Electricity Market report, recommended governments and market bodies develop specific electricity market awareness campaigns targeted at small business customers<sup>7</sup>. Unfortunately, there has been no progress at a Federal Government level to progress this recommendation.

Communications targeting small business need to differ in focus from communications aimed at households. According to interviews conducted with industry groups, most small businesses measure success in terms of building a profitable and family livelihood rather than measuring sustainability or behaviour which is environmentally altruistic. Information about energy should be relatable, fit into day-by-day tactical decisions, whilst articulating to the small business owner how these changes can assist the broader community to reach its targets. 53% of small business owners had searched for information or energy advice. Of these, over half did not easily find the right information for their circumstances, and for many the information found wasn’t necessarily relevant or easy to understand.<sup>8</sup>

<sup>6</sup> Grattan Institute report *Getting off gas* Jun2023 P37

<sup>7</sup> ACCC Inquiry into the National Electricity Market report Aug 2019 Pg135

<sup>8</sup> SME Energy Consumers Communications Research 2023 pg24

When tailoring messaging to small businesses, language should be encouraging and proactive. Communicating the positives is key to convincing small businesses that it is worthwhile taking the first steps.

Including industry associations in the codesign of materials is important to ensure Government content has clear, consistent messaging that makes sense in the small business context. Industry groups are best placed to offer advice and adapt these materials to be more relatable to their small business members.

### **Content must be relatable and account for the diversity of the small business community**

The National Farmers Federation stated that energy is definitely one of the top 5 concerns for small businesses, but it is dependent on the commodity produced; the more energy intensive, the more cost is hurting right now. Similar to high energy users in other industries, irrigators in the agriculture sector are more concerned about energy than other costs.

There will be small business communities which are more challenging to reach than others. Remote small farming businesses are isolated and generally mistrustful of government, according to the National Farmers Federation. The sentiment from this community is that government is “imposing” their ideals on farmers rather than encouraging them to be part of the process. It would therefore be beneficial for representative bodies to be involved in the codesign of policy and communication materials to bridge this divide. Content needs to be adjusted to the “risk appetite” of the reader.

Further, communications need to consider where the small business is in their life cycle:

- Prior to starting a business so they know the impact on their business of energy usage and costs and strategy to reduce this;
- During the transition phase as they adapt to the increasing cost of energy;
- As small businesses grow and continue to evaluate energy use and contribute to energy solutions.

Many small businesses are already well on their energy journey and have researched their next efficient energy investment having already recognised the impact of increasing energy costs on their bottom line. They may even be examining their supply chains to further reduce their impact. For these businesses, flexibility is required to work with their existing process.

However, for too many small businesses, energy is considered just another increasing cost input which is out of their control and so doesn't form part of their business planning, which they can control. Businesses experiencing the barriers listed above require structured support consisting of a framework with a clear timeline and targets to meet. This should be developed in an industry-led approach where government policy is co-designed with industry expertise providing meaningful solutions for business.

### **Communications must be delivered through trusted pathways**

Information, advice and support should be delivered via trusted pathways in an industry-led approach recognising the diversity of small businesses. The information needs to be clear, in language small businesses understand, and built on the natural processes for where businesses seek advice.

Small businesses access business advice from many sources including social media, peers, government websites, industry associations, local business groups, their advisors and consultants. Whilst the engagement channels need to be varied, the message must be consistent.

The Tasmanian Small Business Council and CPA Australia explained that businesses were increasingly seeking advice from State and Local Governments. The National Farmers Federation explained the value of peer advice, which was relied on as a channel for industry or area specific information. For some other industries, equipment manufacturers were a source of trusted product advice. Some small businesses explained that their industry association and accountant were the people they trust, not government at all.

One method to deliver communications through trusted pathways is through the use of white-labelled content. Industry groups value having access to white labelled content such as EDMs, pre-prepared social media posts, a single source of truth website to direct their members, and clear messaging which sets expectations, to which they can add more industry nuanced information such as case studies, their own logo, or suggested digital or financial solutions for their members. They can also work alongside government to deliver bespoke content through member webinars, newsletters and events.

This consolidates the messaging so all are on the “same page.” These industry bodies also provide government with delivery channels for their content. Including industry associations in the co-design of materials is important to ensure government content is consolidated, consistent and makes sense in the small business context.

### The different needs of regional, rural and remote Australia

Policy makers must consider the different needs of small businesses in regional, rural, and remote communities. As well as the small businesses in towns which support them, these areas are dominated by agricultural small businesses, which have different needs to those of their “town” colleagues. Critical to the considerations for these small businesses is their social and economic value to their community. Providing jobs, local economic development and income to one another, they are at its core; living and growing with their community.

The Tasmanian Small Business Council said that it is important to recognise the impact of small business loss on communities. If larger manufacturers leave Tasmania and move to the mainland due to increasing energy costs, small business supply chains and their communities will be drastically affected.

For farmers, another major concern is social licence and what is happening with land use. Whether it be waste disposal, transmission lines crossing farmland, solar panel farms or trees for carbon capture these are all issues of concern for the farming community. At the moment there is little regard for them in the engagement process. They want to be able to realise the benefit of new income streams, be actively engaged in the process and not be left behind.

Another major concern for agri-business, and regional, rural and remote businesses, is the speed of the transition and increasing expectation to electrify. The reality for these small businesses is very different compared to an urban-based business. Whilst they may have greater opportunity to be part of a community project or instal solar panels on a large roof space, the technology may not yet be

available to convert their machinery from diesel for example. Access to electricity is also a concern, especially for remote small businesses.

This highlights the need for flexible timelines for small businesses which operate in these circumstances. Business NSW's report highlighted the need to target the agricultural sector as they are least likely to seek advice,<sup>9</sup> and support needs to be tailored to different regions. For example, the needs of a Tasmanian salmon farmer differ from a sugar cane farmer in Northern Queensland. The government needs to do more to adjust the language and approach of its information to reach these business owners. This is why partnering with small business representative organisations is so important.

Small businesses in the agricultural sector are concerned about ongoing access to energy and are also concerned about a perceived expectation that they will have to convert from diesel to electric vehicles immediately. There is a lack of understanding about the amount of electricity needed to power electric machinery in remote locations. As Grattan Institute reports, farmers are waiting for zero-emission alternatives to become more cost effective<sup>10</sup>. For these businesses, access via aging regional infrastructure is as important as equipment purchase.

### Fit for purpose regulation

When researching key considerations for small business energy policy, one area echoed by many industry associations was the need to level the playing field between landlords and commercial tenants. Many agreed that disputes between parties relating to energy invariably were linked to poor regulation around the transparency in costs and leasing arrangements, particularly in embedded networks. ESG was also considered a "sleeper" issue with many small businesses in supply chains unaware on how this developing regulation could impact their business.

### Environment, Social and Governance (ESG) pressures on small business

As Environment, Social and Governance reporting becomes commonplace in supply chains, there is a huge risk that small businesses are largely unaware of these requirements, and as a result may miss out on contracts with government and big business. It is critical that the small business perspective be included in ESG planning, particularly in relation to reporting requirements so that these are practical and fit for purpose for small businesses.

Advisors will play an important role. CPA Australia has already seen ESG as a looming problem for small business<sup>11</sup> and has raised the concern as the focus on ESG grows. Most small businesses use small accountants, so it is important to include accounting groups representing small accounting practices in the development of ESG reporting requirements.

According to the Australian Chamber of Commerce and Industry, ESG and financial reporting requirements are growing concerns for the organisation's membership. Super funds, banks and capital investment companies are already examining their loan book for ESG accreditation. ACCI agrees that without a clear framework for ESG reporting which is meaningful for the small business community,

<sup>9</sup> Business NSW Unfinished Business Pg10

<sup>10</sup> Grattan Institute report Getting off gas Jun2023 Pg7

<sup>11</sup> CPA Australia, [Why a bigger focus on ESG could leave SMEs out in the cold](#)

they could miss out on valuable investment and growth opportunities and larger organisations could begin to make arbitrary decisions without considering small businesses in their supply chain.

The Australian Banking Association is another organisation which could be a valuable stakeholder when considering the needs of small business.

### **Embedded networks**

Being part of an embedded network can be a major barrier for a large number of small businesses. Being located in shopping centres, at the base of residential blocks or part of larger industrial complexes, can restrict their ability to make modifications to energy access, install energy efficient equipment or change providers. Although embedded networks are designed to collectively save the group on energy costs, it also limits their ability to adapt to the changing energy landscape.

The Australian Retailers Association in particular has expressed concern about the inequity for small business people in embedded network arrangements. The ACCC November 2022 report Inquiry into the National Electricity Market highlighted concern “that customers in embedded networks do not have the same ability to shop around and choose their retailer as other customers, nor do they receive the price protection of a default offer, outside of Victoria. We recommend the Default Market Offer price should apply to retailers’ prices for embedded network customers to offer them protection against high prices from the only retailer available to them.”<sup>12</sup>

Many small business people are not aware of the limitations of being part of an embedded network and are unsupported in their fight when trying to extract themselves.

Markups of 20-30% are not uncommon in embedded networks, and small business has no power in the relationship with the provider. In fact, it is estimated that 5000 small businesses in SA alone will miss out on the recently announced rebate on their energy bills.

### **Commercial leasing regulations**

Another consideration that would benefit small businesses is to better inform them of energy costs earlier in the process of lease negotiations; at the disclosure phase rather than at the point at which document is signed. Energy only appears on the lease document itself and it’s often in the fine print. The disclosure phase is more commonly relied on in court proceedings as an indicator for the provisions of outgoings, but presently there is no requirement to inform on energy costs, limitations on choice, or what profits are being made by the landlord.

The retail leases act is where regulatory changes could be the most impactful; it is after all written for tenants. There is currently a provision where the landlord must provide annual budget information but this varies from state to state. NSW and QLD are good examples of where the audit process is more robust; in other states it is not fully transparent.

If a stronger annual audit process were to be compulsory it can be independently checked so only the costs are being recouped. This would avoid price gouging by landlords.

<sup>12</sup> ACCC Inquiry into the National Electricity Market Nov2022

The Grattan Institute recommends that federal funding given to state and territory governments be tied to regulation implementation. Disclosure of energy performance at the point of sale or lease was agreed to by energy ministers in 2004, so implementing a previously agreed requirement for disclosure of building performance standards at the point of sale or lease<sup>13</sup> should be less complex.

## Practical and financial assistance

### Tax incentives, rebates, and access to finance

Industry trends, availability of energy efficient products, age of existing equipment, cash flow, access to finance, personal financial circumstances, timing of existing leases, make-good provisions, installation time are only some of the reasons small businesses have very different timelines to that of households and larger businesses when it comes to transitioning to cleaner energy options and electrification.

So, policies to encourage small businesses to transition to cleaner energy options and electrification require a nuanced approach.

In the *SME Energy Consumers Communications Research* (Nov 2023), 60% of small businesses agreed that if the government provided more financial incentives, they would do more to reduce the business's energy use.<sup>14</sup>

In researching this report, many peak bodies expressed frustration at the assumption by government that cost-of-living packages will assist small businesses as much as they do households. In fact, they do little to support small businesses beyond a short-term fix, and they don't go far enough to resolve the long-term issue of ever-increasing energy costs. According to CPA Australia, an unintended consequence of a short-term tax incentive is it artificially pushes up inflation due to the increase in short term demand for installers and equipment.

Tax incentives with no end date as a policy for encouraging small business energy investment should be the new normal, since the demand to transition to energy efficient products will continue for years to come. Low interest loans are also favourable; these could be delivered through the Clean Energy Finance Corporation. In this way, government would wear some of the cost of the massive investment small business will collectively be required to action. It is also important for government to resist the temptation to switch from temporary full expensing to instant asset write-offs which is less favourable according to the small business advisor community.

One funding suggestion by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is a concept of split incentives which follows a model in San Francisco, involving concessional finance distributed through councils. This funding would be provided to councils by the Federal Government through a grant system. Councils in turn would decide on the asset investment depending on their priorities in their area. This is great example of a low-cost loan option delivered through a place-based approach to incentivising investment.

<sup>13</sup> Grattan Institute report Getting off gas Jun2023 P30

<sup>14</sup> SME Energy Consumers Communications Research 2023 pg16

Business NSW's report agrees there is a need to establish a loan or grant program which will allow SMEs to overcome financial barriers<sup>15</sup> and that "there needs to be a recognition from government policy makers that the bottom line and efficiency of investments drives a lot of SME decisions.... 47% state funding was the obstacle".

One aspect of small business energy financial assistance on which all the research parties agreed was that we need to move beyond piecemeal announcements on energy efficiency to a coherent long term emissions reduction plan. The plan should set out logical stages over a sustained period of time. Businesses need long-term certainty to make the investments needed to achieve our emission reduction targets.

### The journey forward

As this report outlines, small businesses need specific, targeted assistance to manage their energy and to efficiently navigate the energy transition in a way that is least cost and easy to manage. The development of policies and assistance measures must be co-designed with those who best understand the impact on small business.

One way to do this, is through the creation of a Small Business Energy Technical Advisory Group by government. This would be an advisory body comprised of business peaks, small business industry groups, energy consultants and small businesses. This will provide advice to policy and decision makers on the future of small business energy policy. The TAG would share knowledge about the small business ecosystem and deepen relationships between industry associations, peak business groups and energy policy makers.

## 4. Conclusion

As the entire economy adapts to the climate crisis, climbing energy costs and regulatory changes will have a big impact on the small business community, dwarfing the conventional problems of workplace laws, tax, super, and industrial relations. If small businesses are not included in the codesign of the economy wide transition process, they will be disproportionately impacted and left behind – paying for the problem of increasing energy costs without having been part of the solution.

It is time for small business to work directly with government to solve the wicked problems of the energy transition, and to get the best outcomes for all involved.

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<sup>15</sup>Business NSW Unfinished Business Pg16

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