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Senate Economics Legislation Committee
Lodged via online portal.

Submission to the Senate Economics Legislation Committee Inquiry into the Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023

Dear Chair,

Energy Consumers Australia appreciates the opportunity to comment on the Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023 [Provisions]. We believe that the Government has an important role to play in supporting small businesses to electrify and save on their energy bills.

Energy is an essential service for running a small business, and it is also a major cost. Our June 2023 Energy Consumer Sentiment Survey shows that 63% of small business consumers are concerned that their electricity and gas will become unaffordable in the next three years.¹ However, while small business support for net zero is relatively strong, with 53% of consumers supportive or very supportive (and a further 33% neutral), only 13% are confident that they fully understand the net zero implications for their business.² It is therefore crucial that the small business community is considered at the co-design phase of energy policy.

This submission responds to Schedule 1 and Schedule 2 of the Provisions. Both Schedules only apply after the equipment is installed, so it is likely that only businessowners who have already started this process will be able to take advantage of the schemes, given the short deadline of 30 June 2024. To ensure more small businesses are able to install energy efficient products and contribute to Australia's net zero goals, we recommend extending the deadlines to *at least* 30 June 2025.

Further, as noted in our submission to the Senate Economics References Committee's Inquiry into Residential Electrification, there is a need for a future inquiry to understand and support how small businesses will decarbonise.³ Small businesses need the policy certainty of a long-term plan, to ensure they can benefit from Australia's journey to net zero.

Schedule 1 – \$20,000 instant asset write-off for small business entities

While we welcome this measure, we suggest small businesses will be more likely to purchase energy efficient products if given sufficient time and an appropriate level of financial incentive.

Firstly, we recommend that the program timeline is extended to *at least* 30 June 2025 to allow small businesses time to access this opportunity. Energy efficient equipment is a significant purchase for many small businesses, particularly in the current economic climate. An extension would recognise that realistically, timelines for small businesses may often be longer and more complex than those of households.

¹ <https://ecss.energyconsumersaustralia.com.au/sentiment-survey-june-2023/featured-content-small-business-sentiment-june-2023/>

² https://www.businessnsw.com/content/dam/nswbc/businessnsw/thought-leadership/November_2022_ECA_Survey_Report_low-res.pdf p 11.

³ <https://energyconsumersaustralia.com.au/publications/residential-electrification-inquiry-submission>



For example, a small business owner often has to research the right equipment, acquire finance, train workers, install, and change processes to accommodate energy efficient products. Supply chain issues also continue to affect equipment access.

Additionally, we recommend that a higher threshold is considered. This will provide a greater incentive for businesses to consider and install energy efficient equipment, particularly when weighed against the time and complexities often associated with installing new equipment.

Schedule 2 – Small business energy incentive

We previously provided recommendations on this measure in our individual and joint submission to the exposure draft legislation to introduce the Small Business Energy Incentive.⁴ While we welcome this measure as a positive step for small businesses, we reiterate some critical changes would maximise take-up by, and provide long-term certainty for, the small business community.

These include:

- Extending the program timeline to *at least* 30 June 2025;
- Ensuring small businesses have access to the right advice from trusted pathways;
- Aligning the incentive with other small business energy efficiency schemes; and
- Including future incentives as part of a long-term plan to ensure small business needs are met in the energy transition.

Please see our attached submissions, for further details on these recommendations.

We have also attached Business NSW's report *Unfinished Business*, which was funded by Energy Consumers Australia. This research sought to better understand the challenges facing small business in navigating the energy system, and the report provides recommendations for policymakers regarding the future design of small business-oriented energy policies.

If you have any questions or require further detail, please contact Alexi Boyd at alexiboyd@energyconsumersaustralia.com.au

Yours sincerely,

Jaqueline Crawshaw
Director Policy, Energy Services and Markets

⁴ https://energyconsumersaustralia.com.au/wp-content/uploads/20230717_Submission-to-Treasury-on-Small-Business-Incentive-Scheme.pdf; <https://treasury.gov.au/sites/default/files/2023-08/c2023-402752-joint-submission-.pdf>



Attachments:

Energy Consumers Australia Submission to Small Business Energy Incentive by Energy Consumers Australia, July 2023.

Joint submission of the Small Business Energy Incentive Exposure Draft by AI Group et al., July 2023.

Unfinished Business by Business NSW, December 2022.