

21 March 2019

COSBOA Communique

Managing energy cost risk in small business

On 20 March, COSBOA conducted an Energy Summit in Melbourne to examine what could be done to address the problem of rising energy costs for Australia's 2 million small businesses.

The Federal Minister for Energy (the Hon. Angus Taylor MP) opened the summit and addresses were also received from the Shadow Minister for Climate Change and Energy (Mr Pat Conroy MP) and the Deputy Leader of the Australian Greens (Mr Adam Bandt MP).

The summit was attended by small business owners, industry associations, consumer bodies, electricity supply companies and other stakeholders. Delegates noted the following:

- 1. There is an urgent need for the Australian Parliament to develop a bipartisan approach to the future operation of the Australian energy market. The absence of such an approach represents a substantial risk of further sharp increases in energy prices for Australian households and small businesses alike.**
- 2. There is substantial body of research providing evidence that the sharp rise in energy prices experienced over the past two years has put a significant proportion of Australia's 3.3 million small to medium businesses under substantial financial pressure which, if repeated in future years, threatens the economic viability of many of these businesses.**
- 3. There are significant consumer challenges with the current operation of the Australian electricity market. These challenges include the need for improved market transparency and the establishment of 'consistent pricing mechanisms' to enable ready consumer comparison of energy costs – and are comprehensively discussed in the 2018 review of the Australian**

electricity market by the Australian Competition and Consumer Commission (ACCC)

- 4. Many of the recommendations of the ACCC's Report are inter-related suggesting that these recommendations are best advanced as a total package. Care should be taken in the advancement of individual recommendations to ensure that such action does not result in unintended adverse consequences for all electricity consumers.**

- 5. There is a significant opportunity for the small business community and energy retailers to work together (including collaboration between the Australian Energy Council, COSBOA and the Australian Small Business and Family Enterprise Ombudsman) to better empower small business owners to take control of the energy use and future energy cost risks. This opportunity is further strengthened by the establishment of new Programmes by the Australian Government in the areas of small business energy advice and capital grants for energy efficiency investments.**

- 6. While much of the discussion in recent years has focussed on the operation of national electricity markets, there is an emerging concern with the near-term availability of natural gas in Australia and this issue should be addressed by Australian Governments as a priority**

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