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Manager
Retail Electricity Supply and Pricing Inquiry
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

By email: retailelectricityinquiry@accc.gov.au

RETAIL ELECTRICITY SUPPLY AND PRICING INQUIRY

Dear sir or madam

Thank you for giving the Office of the NSW Small Business Commissioner (OSBC) the opportunity to comment on the Australian Competition and Consumer Commission's (ACCC) preliminary report (the report) for the Retail Electricity Supply and Prices Inquiry (the Inquiry).

The OSBC advocates on behalf of small businesses in NSW, provides mediation and dispute resolution services, and speaks up for small business in government.

The OSBC previously provided comment to the ACCC on its issue paper for the Inquiry and these comments are largely reflected in the report. Having now reviewed the ACCC report released on 16 October 2017, I would like to offer the following comments for your consideration:

Electricity pricing

The OSBC concurs with the report's finding that electricity price increases over the past ten years are placing Australian businesses (including small businesses) and consumers under "unacceptable pressure".

Taking into account the significant electricity price increases in NSW from July 2017, the OSBC is concerned by the prices faced by small electricity users (most small businesses), which have increased between 80 and 90 percent (in real terms) in the past ten years.

Importantly, these price increases have not been matched by increases in other areas of the economy or wage growth. As such, small businesses are being driven to reduce other costs across their business, including wages.

Hardship measures

While the prices paid by those small businesses that are defined as small 'customers' are generally comparable with residential customers, the report correctly points out

that small businesses do not receive all the consumer protections under the National Energy Retail Law such as access to hardship policies.

Although the OSBC understands that many electricity retailers already have existing processes in place to allow small business customers a level of flexibility when negotiating repayment of arrears, there is benefit in encouraging all retailers to consider ways they could reflect the Sustainable Payment Plans Framework in their engagement with small business customers experiencing payment difficulties.

Operational practices

The OSBC strongly supports the commitments made by electricity retailers in their meeting with the Prime Minister in August 2017, detailed in the report.

These initiatives, should they be successfully implemented, will not only ensure small businesses will be able to easily compare different offers from retailers but also require retailers to contact small businesses on standing offers to advise how much they can save on a better deal.

The OSBC suggests due consideration is given to extending the retailers' commitment that 'consumers on hardship programs will not lose any benefit or discount for late payment', to small businesses.

Easing the pressure on small businesses

The report notes that part of the solution to improving affordability will be achieved through lowering network costs and acknowledges this is likely to include moving towards the use of smart meters and cost reflective pricing.

The OSBC suggests proper consideration is given to designing cost reflective pricing tariffs in such a way that not only demonstrates a clear benefit to small businesses but also addresses the barriers that are currently limiting take-up.

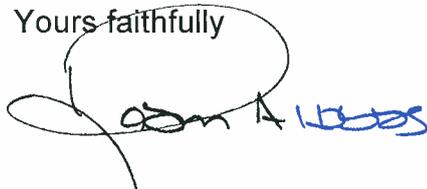
It is important to note that many small businesses may be limited in their ability to take advantage of cost reflective pricing if they are unable to change their electricity consumption and demand patterns (e.g. those small businesses that need to operate large refrigeration and air-conditioning systems).

Next steps

As the NSW Government agency that provides the voice for small business within government, the OSBC would welcome the opportunity to work closely with the ACCC for the remainder of the Inquiry to identify practical measures to ease the pressure of electricity prices on NSW small businesses.

If you require additional information or wish to discuss this matter further, please contact Alex Ferreira, Principal Advisor Advocacy and Strategic Projects, on 02 8222 4144.

Yours faithfully



Robyn Hobbs OAM

NSW Small Business Commissioner

16 November 2017