



THE HON BRENDAN O'CONNOR MP
Minister for Small Business

Dear Small Business Operator,

There is a lot of misinformation in the community about the impact of the carbon price. I am writing to make sure that you have the right information to confidently assess its effect on your small business operations.

The facts for small business are:

- There are no new forms to fill out.
- There are no new regulations to comply with.
- Most won't be significantly affected as they are not heavy consumers of gas or electricity.
- There is no carbon price charged on fuel for the typical small business car or van.
- There is no carbon price for heavy on-road transport until 1 July 2014.

The price paid for electricity by a typical small business is expected to rise by around 10 per cent and for most businesses electricity makes up 2 per cent or less of costs. In other words, for a small business with a total of \$100,000 of expenses per year, their electricity bill is expected to only rise by around \$4 per week because of carbon pricing. For further information see www.cleanenergyfuture.gov.au/your-electricity-bill.

It's important to remember that general significant increases in electricity prices have been primarily driven by investment in network infrastructure, the majority of which is owned by state governments. The carbon price has a modest additional impact.

You can find information on practical ways to reduce the energy bill for your business in the attached fact sheet as well as at www.cleanenergyfuture.gov.au/small-business and the Energy Efficiency Exchange website www.eex.gov.au.

The Government has also funded a number of business groups to roll out targeted energy efficiency information, which will help you manage your electricity costs. A list of successful applicants for Round 1 of the program can be found at www.climatechange.gov.au/energyefficiencyinformationgrants.

In addition, we have increased the small business instant asset write-off threshold to \$6,500. There's no limit to the number of items that can be written off in a financial year, making it easier for you to invest in more energy efficient equipment if you choose.

It is expected that in most cases you will pass on increases in energy costs to your customers. That is why the Government has put more money in the pocket of households, so that customers will still be able to comfortably support businesses such as yours. The tripling of the tax-free threshold – from \$6,000 to \$18,200 – will also directly benefit around 1.4 million small business owners who are sole traders or hold an interest in a partnership or operate through a trust.

The Australian Competition and Consumer Commission (ACCC) has put out guidance to help you understand your obligations in relation to claims about the impact of the carbon price and also how to challenge misleading claims that may be made by your suppliers. No new obligations are involved, you simply need to have confidence in any claims you make about the cause of any price rises. For further information see www.accc.gov.au/carbon.

There is also specialised information regarding the impact of the Clean Energy Future Plan on the waste sector and certain refrigerants that are particularly damaging for the environment at www.cleanenergyfuture.gov.au.

Putting a price on carbon is the most environmentally effective and cheapest way to cut pollution. We look forward to working with you to create our clean energy future, and to helping you take advantage of the new business opportunities it will bring.

Yours sincerely



Brendan O'Connor



Energy use transformation tips for small business

There are around 2.7 million small businesses in Australia and they are not required to pay the carbon price.

While there are a range of indirect impacts from carbon pricing on energy and other costs, it is important to realise that electricity costs have been rising in recent years irrespective of the carbon price. Transforming energy use in your small business will reduce these costs, lower your impact on the environment and improve your ability to operate in a low-carbon emissions economy.

These tips are designed to give you practical, effective advice which will work in most small business environments. Tailored advice for home-based businesses is also available. Most of these tips are about changing behaviour and will cost your business nothing to implement. Where there are costs involved, ensure that you consider whether purchases make financial sense for your business.

If you are considering purchasing more energy efficient equipment, you may be able to take advantage of the Government’s small business instant asset write-off. As of 1 July 2012 the instant asset write-off has been increased, enabling eligible small businesses to write-off depreciating assets costing less than \$6,500 in the income year in which they start to use the asset or have it installed ready for use. There is no limit to the number of items that can be written off in a financial year. Assets which cost \$6,500 or more can be allocated to the general small business pool and depreciated at a rate of 15 per cent in the year of allocation and 30 per cent in following years.

Your local energy provider is likely to have plenty more information available to further improve your energy efficiency. You may also like to check out www.livinggreener.gov.au and www.eex.gov.au for more detailed advice. A range of useful industry information on refrigeration and air conditioning and heating is available at www.airah.org.au.

Contents

- Heating & Cooling..... 2**
- Lighting..... 3**
- Office equipment..... 4**
- Refrigeration..... 5**
- Hot water..... 6**
- Compressed air..... 7**

Heating & Cooling

Heating and cooling is one of the biggest energy users for most small businesses. There are ways you can make your business cheaper to run and remain comfortable.

Climate control

As a guide, set your thermostat between 18 and 21°C in winter and 24°C in summer. Every extra degree warmer or cooler adds 5 to 10 per cent to your energy use. Turn off the system when the building is not in use.

Install insulation

Insulate the building, including the ceiling. This will assist in reducing heat loss in winter and keeping the building cool in summer.

Reduce heat loss and gain

Window shades and awnings help stop heat entering the building. Curtains and blinds can also be used to assist in heat reduction or heat retention, depending on the season.

Check for gaps

Check for gaps around windows and window seals. An easy way to check is to run your hand over window seals and any suspect cracks, if you feel air passing through, it's likely that air is escaping. There are many products available to draught-proof windows and doors.

Close doors

Doors left open or ajar will let warm/cool air in/out (which ever you don't want!). Consider installing automatic closers on external doors to prevent them being left ajar. Close doors to unused or un-air-conditioned rooms.

Keep maintenance up to date

Regularly maintaining air-conditioners and heaters will make sure they operate most efficiently.

Section off unused areas

Only heat or cool the rooms you use. Turn off vents and thermostats for unused areas.

Lighting

Many businesses could reduce the amount of energy they use for lighting by making smarter lighting choices, changing some habits and moving to more efficient technologies.

Use lights efficiently

Consider installing motion sensors in meeting or infrequently used rooms. This will ensure the lights are off when the room is not in use. Have staff turn off lights as they exit a room. Ensure that the last person to leave turns off all lighting that doesn't need to be on overnight.

Install energy-efficient lighting

Fluorescent bulbs or LEDs use 80 per cent less electricity than incandescent and halogen bulbs. Low voltage halogen spotlights are available for spot lighting.

Maintain lighting

Clean lights as required to reduce heat build-up and increase bulb life.

Take advantage of natural light

Open curtains and blinds during the day. Consider investing in a skylight. Painting interior walls light colours to reflect more light is another option.

Manage security lighting

Consider using movement or infrared sensors instead of leaving lights on all night.

Minimise illuminated signage

Determine running times for illuminated signs. Do they need to be using power all day and night? You can use a timer switch to turn them off during the day and when very few people are likely to view the sign overnight.

Office equipment

As our reliance on technology increases, choosing energy-efficient appliances becomes more important. It's not only about having the right product – how you use equipment can make a big difference. While the lowest price tag might seem the cheapest way to go, the running costs can add up to much more than you realise.

Use computers efficiently

Ensure staff members turn off computers and monitors when they leave for the day. You can adjust the power management option on individual computers (just search help) or on networked computers. Set up computers so standby mode is activated after a period of inactivity. Use black screens instead of active screen savers which use full power - screen savers don't save energy.

Buying computers

Depending on your business requirements, consider purchasing a laptop; they consume less energy than desktop computers. If for business purposes, this purchase could be written off under the small business instant asset write-off.

Using copiers, printers and faxes

Activate the standby feature so that when the equipment is not in use it will go into standby mode. Use a timer switch to automatically turn off large equipment overnight.

Refrigeration

Many small businesses may be able to reduce the amount of energy they use for refrigeration by making smarter choices, changing some habits and by regularly maintaining and cleaning fridges and freezers.

Choose the correct sized fridges and freezers

To ensure that you won't be using excess electricity cooling space you don't need, choose the right size fridge or freezer for your business needs and consider the energy efficiency of the appliances you purchase. Keep in mind that you may be able to write-off new purchases under the instant asset write-off. Some fridges have [synthetic greenhouse gases](#) in them which need to be replaced intermittently and attract an equivalent carbon price. There are fridges available that don't use these gases and businesses should factor this in to their purchase decisions.

Locate them properly

Position fridges and freezers away from heat sources. Ensure that fridges and freezers have sufficient air flow around motors, compressors and vents. This will allow hot air to escape.

Keep well stocked

Fridges and freezers operate most efficiently when at least two thirds full.

Keep maintenance and cleaning up to date

For most efficient operation, have refrigeration units, especially the fans, motors and other moving parts, cleaned regularly. Built up dust and ice will increase running costs. Check all seals, hinges and catches regularly. Damages or leaks will also increase the running cost of the refrigeration unit.

Spread food in the freezer

Spreading out food packages, rather than clumping them, allows the air to circulate better. This will decrease the amount of time and energy it takes to freeze the food.

Load sharing

Consider load sharing and whether you can condense stock into fewer refrigeration units and turn one off.

Keep cool room doors closed

Plastic strip curtains can also be used to prevent air loss when the cool room door is open.

Turn off refrigeration lighting

Turn off refrigeration lighting after hours and use thermal covers to insulate refrigeration units. This will reduce the energy required to keep stock cool when the refrigeration unit is not in active use.

Defrost

Defrost regularly as excess (more than 4-5mm) ice can reduce the efficiency of your refrigeration unit.

Hot water

Your small business may be able to reduce the amount of energy used for hot water by choosing new technologies, changing some habits, maintaining systems and fixing leaks.

Assess your existing hot water system

Chances are your building already had a hot water system before you moved in. Read up on it and have it inspected to see if it needs replacing. In some cases, the existing tank may be reusable with a new system.

Purchasing a new hot water system

Choose a system that best suits your budget, location and usage requirements. Systems that are too large for your needs will heat water that you won't use and will cost you more money to run. Research the type of systems available – your choice of an electric, gas solar or other system will depend on a range of factors including how much hot water you use, how you use it, existing energy sources (e.g. is natural gas available in your area or is there good sunshine), how much space you have to locate a system, your budget, operating costs, and your existing system. If your new hot water system costs less than \$6,500, you may be able to write it off under the small business instant asset write-off. Support for solar hot water heaters and heat pumps is also available under the [Renewable Energy Target](#).

Find the correct location

The placement of the hot water system can increase or decrease your power and water bills. Locate systems close to bathrooms and wet areas such as laundries, to keep pipework as short as possible. This will also help minimise heat loss.

Insulate your hot water system

Insulating hot water pipes and tanks will reduce heat loss and is an inexpensive way to reduce your energy bill. About 30 per cent of the energy used to heat water in storage hot water systems is wasted due to heat loss.

Service your system regularly

This ensures that any cracks or faulty parts can be dealt with promptly to save water leakages and energy consumption.

Consider turning off after hours

Turn off your system if it won't be used for an extended period of time, such as holidays. Consider turning off the hot water system overnight if you only require hot water during the day.

Check the temperature

Where available, check the thermostat is set to a level that's appropriate for the purpose of use. Setting the thermostat higher than required will increase your power bills and wastes energy. A general rule in storage systems is to set the temperature to at least 60°C to kill bacteria.

Install water saving devices

Appliances such as low flow nozzles and electronic sensors on taps will reduce the amount of water used.

Leaky Taps

Fix any leaky taps promptly.

Compressed air

There are many opportunities to save energy and money by better managing energy losses and leakages in compressed air systems for small businesses using compressed air.

Establish a maintenance program

Set up a system where equipment is inspected regularly. As an example, a blocked inlet air filter can result in energy losses of around 3 per cent.

Avoid inappropriate use of compressed air

Only use compressed air where it is necessary for the task. Activities such as dusting, cleaning up, drying and process cooling can be achieved in other ways.

Optimise pressure levels

Evaluate what pressure level is required for your operations and set the pressure level to this. Pressure above what is required can damage equipment and increase operating costs.