

# **Carbon tax passes the Senate: How SMEs can prepare**

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Small- and medium-sized enterprises might not be among the hundreds of businesses directly targeted by the carbon tax, but they still need to prepare for its introduction next July, experts say.

Freddy Sharpe, chief executive of Climate Friendly which works with organisations include SMEs to help them understand their carbon footprint, says there are no new measurement, accounting or auditing requirements for small business – though they are advised to keep a close eye on their suppliers.

Here is *SmartCompany's* advice on how SMEs ought to prepare for the carbon tax's introduction in July:

## **Keep an eye on suppliers**

Just as some people tried to take advantage of people's lack of knowledge about price rises when the goods and services tax was introduced, Sharpe expects some businesses to try and overstate the impact of the tax on prices.

"I encourage everybody, consumers and businesses, to keep a close eye on their suppliers. Take nothing at face value. The danger is if companies claim price increases are due to carbon pricing, which is not true, then people will lose confidence in the tax."

## **Consider your pricing now**

Although Sharpe says the bulk of energy price rises will be mainly due to maintenance and upgrades by energy retailers, the Government has flagged a rise in energy prices of up to 10% under the tax. SMEs should consider how much of the rise they are willing to wear and how much they will pass on, given the Government has delivered billions in compensation through increased pensions and tax cuts to pay for increased prices.

In a speech yesterday, ACCC chairman Rod Sims said if a business is "not confident about the claim that is being made to you by the supplier, we would expect you to check, and seek further information from the supplier in order to satisfy yourself that the increase is

due to carbon pricing. If you think you are being misled by the supplier, you should report it to the ACCC."

### **Audit your energy consumption**

Sharpe says commonsense will deliver three-quarters of energy savings, with simple measures like turning off your standby appliances making a big difference to power usage and therefore bills.

"Energy efficiency is the main game – use less energy, save money on your input costs," Sharpe says. "Even new measures that might require some input might quickly pay for itself. There is also plenty of free software out there to help SMEs audit their consumption."

### **Consider clean energy and offsetting**

Companies looking for the marketing and branding benefits of being an environmentally friendly business should consider Government-approved green power, Sharpe says. If an SME is looking to be a leader in this area, they should consider offsetting their emissions. There are also benefits for attracting employees, he says.

### **Think about the future**

Sharpe says with the world heading towards a low-carbon future, investors will be concerned about high-polluting companies, including small businesses. Taking action now leaves you better placed to attract investors and protect shareholders, Sharpe says.

### **Find out what Government support is out there for small business**

The Institute of Chartered Accountants' manager of sustainability Geraldine Margarey says small business should investigate what support is out there for small business through the transition.

CPA Australia adds that business should investigate Government incentives to encourage investment in low emissions technology and incorporate those incentives, together with the carbon price into their capital investment analysis. "For example, shifting to low emissions plant may be more costly than their higher emissions alternative at the

time of purchase, but the mix of incentives and the carbon price may make the low emissions alternative a more attractive investment over the life of the asset," it says.

### **Watch what you say, and write, once it is in force**

Sims also noted yesterday that misleading comments to customers about the reasons for a particular price rise are covered under the law.

"So, let's imagine a staff member in your café says to customers: 'All the prices on our menu have increased because of the carbon price.' If you have no factual basis to back that claim it is, on the face of it, false and misleading to say that the prices have increased because of carbon pricing," Sims said.