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Small Business Tax Unit
Treasury
Langton Crescent
Parkes ACT 2600

To whom it may concern

The Business Council of Australia welcomes the opportunity to make a submission to the Small Business Energy Incentive exposure draft legislation. Improving the energy performance of small businesses is critical as they face the biggest financial barriers to improved performance, are the 'engine room' of the economy and need to keep their energy input costs down to survive.

The Small Business Energy Incentive, alongside the Skills and Training Boost and Technology Investment Boost, is consistent with calls for a 20 per cent investment allowance in the BCA's [2023-24 Budget Submission](#). It will support small businesses in improving their energy efficiency and reducing their energy bills, while supporting Australia's broader transition to a lower carbon economy. It also complements other measures such as the Energy Efficiency Grants for Small and Medium Sized Enterprises.

The exposure draft legislation should ensure there is clarity and certainty around eligible assets, particularly the definition of a "reasonably comparable" asset. For example, while energy efficiency is crucial, consideration should be given to a broader range of factors when assessing whether assets are "reasonably comparable". This includes the suitability of the asset for the eligible business in terms of cost, size, compatibility within their premises etc. This will provide businesses with the confidence and certainty to invest, minimise compliance and administration issues, and ensure the policy can best meet its policy intent. Consideration should also be given to extending the policy to 30 June 2025 to provide more time for businesses to plan and make their investments.

Australia's transition to a net zero economy will require a mix of policies to improve both energy production (the supply side) and energy performance (the demand side). The Small Business Energy Incentive will be one element that supports the transition towards a nationally integrated energy system that delivers affordable, reliable and clean energy to Australian households and businesses.

Yours sincerely



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