

Ref: 11.1.26 — 13 July 2018

COAG Energy Council Secretariat
Department of Environment and Energy
GPO Box 787
CANBERRA ACT 2601

Dear Sir / Madam

RE: Submission – Draft Detailed Design of the National Energy Guarantee

As the peak business organisation representing manufacturers and suppliers of dental products, the Australian Dental Industry Association (ADIA) takes this opportunity to tender advice concerning the Energy Security Board's (ESB) draft detailed design of the National Energy Guarantee (NEG).

ADIA's member businesses supply more than ninety-five percent of the products used by dentists and allied oral health professionals nation-wide. ADIA's approach to policy advocacy places significant emphasis on ensuring that member businesses support activities to influence the commercial, technical, and regulatory environment in which the dental industry operates. It is in this context that we can advise that the position set out below can be considered to represent that of the entire sector.

Businesses that manufacture and supply dental products, especially small businesses, have over the last few years contended with both significant increases in energy prices as well as instances of localised energy supply unreliability. These combine to make it more difficult for small businesses to invest in sustainable growth and create jobs. Consider the following advice from a small business in the dental industry;

"I would say the unreliability and increasing price of electricity are among the largest barriers to investing in our business. I've seen our energy overheads increase by 25% over the past 12 months. Worse still, last summer we experienced blackouts once or twice a month. On one occasion we lost power for three-quarters of a day which cost our business \$20,000. This essentially wiped out the net benefit of the Government's \$20,000 instant asset tax write-off which was supposed to help us invest and grow."

It is in this context that ADIA joins the Australian Chamber of Commerce and Industry (AusChamber) in applauding the Australian Government's and ESB's development of the NEG as a long-term, bipartisan, nationally agreed policy solution to help guide investment in the electricity generation sector.



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However, both ADIA and AusChamber note that while the NEG contains an emissions target and reliability obligation, it does not contain a cost target or obligation. For manufacturers and small businesses in Australia's dental industry, the success of the NEG will rely upon seeing real-world reductions in the cost of energy and, as such, the ESB should develop a cost reduction target to serve as its core objective.

Relevant to this is the report into energy supply and pricing released on 11 July 2018 by the Australian Competition and Consumer Commission (ACCC). The report makes a number of wide-ranging recommendations that focus on improving competition and efficiency in the energy supply-chain which, if implemented alongside the NEG, will ultimately result in lower energy costs for Australia's dental product manufacturers and suppliers.

Given the above, ADIA joins AusChamber in seeking a commitment from federal, state and territory governments, collectively and individually, to implement policies that will lead to a reduction in energy costs in the short-term. These policies should be accompanied by an estimate of the extent to which they will reduce costs, a timeframe for their prioritised implementation, and a means of publicly monitoring progress and verifying outcomes achieved.

As the TGA continues its deliberations with respect to this matter, if there is a need to seek further guidance please contact myself via email at [REDACTED] or by telephone on [REDACTED]

Yours faithfully

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