

Rising power costs 'sending business to wall'

EXCLUSIVE

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More businesses in South Australia, struggling with higher power costs amid the Weatherill government's rush to a 50 per cent renewable energy target, are becoming insolvent, forensic accountants and industry say.

The South Australian parliament spent much of yesterday debating the state's power woes, with the government and opposition trading blame.

Opposition Leader Steven Marshall called for taxpayer spending on battery storage, while Premier Jay Weatherill quoted a 10-year-old opinion column written by Malcolm Turnbull in which the now Prime Minister described as "bullshit" suggestions that it was possible to cut carbon emissions without increasing the price of power.

Mr Weatherill did not directly support a claim made by Energy Minister Tom Koutsantonis on ABC radio that the government's planned "dramatic intervention" in the national electricity market would result in no more load-shedding blackouts. Mr Weatherill said he was proud of South Australia's "leadership role" in renewable energy generation as it was the "future for our nation".

But leading national solvency and forensic accountancy firm Worrells warned many struggling business owners in South Australia were being forced to choose between keeping their lights on



JAMES ELSBY

Restaurateur Sue Underwood

and paying the Australian Taxation Office. Worrells Adelaide partner Nick Cooper said more than 50 per cent of clients fell into this category.

"While rising electricity prices usually are not the sole reason the businesses are struggling, the higher bills are certainly causing cash-flow pressure," he said.

"We have seen a number of occasions where businesses have chosen to pay their power bill rather than the Tax Office. The owners say they cannot operate without electricity and believe they can always buy some time by delaying tax payments. Unfortunately, failure to pay tax debts has a snowball effect with increasing interest and penalties. These businesses then find themselves being pursued by the Tax Office for tax debts they cannot meet."

Mr Cooper said a number of businesses, particularly hoteliers, had told him they were facing a doubling of power costs in the

next year, a situation that would threaten their survival.

"Electricity is an essential service for these sorts of businesses and without it they cannot generate income," he said. "As a result, they will give priority to paying their power bills and defer payments to other creditors."

Restaurateur Sue Underwood was forced into liquidation in December when weekly power bills topped \$1000 for her Stumps Bar and Kitchen in Adelaide's Hyde Park. "Power costs were ridiculous ... it was a major factor in going into liquidation. I needed to pay those power bills first, to keep going, and then the tax debt became a bigger issue," she said.

Business SA chief executive Nigel McBride said the "sheer size of the increases in power costs goes beyond anything that most businesses have faced".

"When that business is already vulnerable because of other cost increases across the board, a strangled cash flow and hardening markets, it could certainly create a domino effect leading to failure," Mr McBride said.

Australian Hotels Association state general manager Ian Horne said power had "become a debilitating burden on business, an investment barrier and a jobs killer".

The Essential Services Commission and SA Power Networks will today face a parliamentary inquiry which has been broadened to investigate last month's load shedding blackout which affected 90,000 properties.

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