

COSBOA'S RESPONSES TO SENATOR MCKENZIE'S QUESTIONS ON NOTICE

Senate Select Committee on Productivity in Australia

Questions on notice from Senator the Hon Bridget McKenzie

- 1. *Has the government consulted with COSBOA on the development and implementation of the National Fuel Security Plan and how it may impact small businesses?***

COSBOA has not been specifically consulted regarding the development of the National Fuel Security Plan (**Plan**). However, alongside other industry peak bodies, we currently meet with Government weekly to provide feedback on how small business is experiencing the impact of fuel supply and cost uncertainty. This channel also provides an avenue to discuss how the Plan is currently impacting small business and the likely effects as events progress.

- 2. *Have there been any discussions between COSBOA and the government on whether or not small businesses would be impacted by fuel rationing under Level 4 of the National Fuel Security Plan?***

No, at this stage, COSBOA has not had any specific discussions of the nature described above.

- 3. *To your understanding, is small business considered by the government to be a 'critical sector' when it comes to the prioritisation of fuel supplies under Level 4 of the National Fuel Security Plan?***

Per our response to questions 1 and 2, we have not been involved in specific discussions on this topic, and we are not able to speculate on what the government's consideration of critical sector is like to be for the purposes of the Level 4 of the Plan.

- 4. *If not small business as a whole, are there any particular industry sectors within small business which the government has advised would be considered 'critical sectors'?***

Government has not yet advised COSBOA which industries would be considered 'critical sectors' across industry sectors although we understand that certain services are prescribed by Federal and state legislation which we are in the process of analysing.

- 5. *Has COSBOA done an assessment of the impact fuel rationing would have on small businesses if they were not able to get access to fuel when it is needed?***

COSBOA has not yet explicitly undertaken such an exercise. We are in regular contact with our members (who are industry association peak bodies) regarding the impact

of current fuel cost and supply issues on their small business members. From our inquiries with members, it is clear that the impact of fuel rationing that prevented small businesses, their staff and customers, from accessing fuel would, for the most part, have an extreme and detrimental impact. Specific impacts would be industry specific and have either be:

- a direct impact (e.g. through fuel costs and other input costs) particularly affecting small businesses involved in transport and logistics, agribusiness, construction and trades; or
- indirect (e.g. impact on consumer discretionary spending) affecting everything from cafes and restaurants, hairdressing and personal services as consumers have less to spend

6. *In your assessment, what has been the impact on small business of both the increase in fuel prices and the shortage of diesel and unleaded since the start of the conflict in Iran?*

a. *Has small business generally experienced delays in receiving goods due to the fuel crisis?*

Speaking generally, the answer is yes however, given the depth and breadth of small businesses across the economy and industry sectors, it is fair to say the impact will be felt differently depending on sector and also location, with regional, rural and remote areas likely to experience greater delays due to location logistics.

b. *Have input prices gone up and to what extent?*

Yes, input costs have increased but the extent to which products and services are impacted depends heavily on industry and can vary widely. We know that trades such as plumbing are seeing significant input cost rises in relation to pipes which manufactured from fuel derivatives. In a recent poll asking small businesses which factors are likely to have the biggest impact on their business in the next 12 months, 45 percent indicated that it would be the impact of the fuel crisis and business input costs.

c. *Have small businesses been able to pass on those cost increases?*

Again, the ability to pass on costs is industry specific but at the micro level will relate more specifically to the nature of contractual arrangements entered into by any particular business. COSBOA understands, for example, that small businesses often have much more personal relationships with their customers/clients than larger businesses and can be more reticent about passing on costs, however, we are hearing anecdotally that those small

businesses will only be able to hold off passing on costs for so long, particularly for example in the independent grocery sector where many larger competitors have already passed on their increased fuel/transport costs through price increases. Consumers may also be witnessing increased signage in cafes etc notifying of temporary increases in prices to alleviate effects of significantly difficult trading conditions.

7. *The Fair Work Commission has approved an order for payment of fuel levies to truck drives to cover the rising cost of diesel. Was COSBOA represented in those considerations at Fair Work and what impact with the order have on small businesses who contract transport businesses?*

COSBOA confirms that it was engaged in the Fair Work Commission process and undertook a review of the *Fair Work Amendment (Fairer Fuel) Bill 2026* when it was introduced on 26 March 2026 and coordinated with its employer peak body members to ensure the small business perspective was represented in the policy response and to advocate for:

- time-limited emergency power; and
- proportionate treatment for small businesses within the order.

COSBOA considers the impacts of the Bill on small businesses fall into 3 categories:

- Small businesses that engage a transport company, owner-driver, courier, or logistics provider are likely to face higher freight costs as the order permits adjustments through higher base rates, fuel levies, reimbursements, or offsets. Transport costs are rising and will be reviewed more frequently rather than annually, or quarterly and small businesses may expect new fuel levy line items or upward rate adjustments on invoices, with limited capacity to negotiate.
- Small retail businesses that engage a delivery driver, may be a "primary party" or "secondary party" under the order and subject to its rate adjustment requirements. Many small businesses captured by the order will not be aware of their obligations, particularly given the speed at which it was enacted.
- Small businesses that are not road transport businesses and sit at the top of a contractual chain are exempt from the obligation to ensure that increased payments flow through to subcontractors and drivers further down the chain. However, they remain fully subject to the order in relation to their own direct transport arrangements so whilst the exemption reduces administrative burden, it does not reduce cost exposure.