



Make It Cheaper Pty Ltd.
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26 July 2019

Alex Reed

Adjudication@accc.gov.au

Australian Competition & Consumer Commission

Level 2, 23 Marcus Clarke Street Canberra 2601

Dear Mr Reed

RE: Submission in relation to interim authorisation by Clubs Australia to collectively bargain - AA1000444

I would like to thank you for the opportunity to provide an interim submission on behalf of Make it Cheaper as a listed interested party to the Clubs Australia application for authorisation to collectively bargain with suppliers (AA1000444).

A brief overview of replies to the consideration factors of the authorisation are listed in this interim submission. Make it Cheaper will provide a more detailed submission with supporting internal and third-party data in the final submission prior to the 10 July deadline.

About Make it Cheaper Pty Ltd

Make it Cheaper provides commercial energy broking and consultancy services to assist business energy customers tender for and select competitive energy contracts.

Typically, this applies to customers using more than 100 megawatt hours (Mwh) of electricity annually across a single site or grouped across multiple sites. These customers are known as Commercial and Industrial (C&I) energy customers.

A related comparison service for smaller commercial energy users is also provided at no cost to businesses under the large energy consumption threshold. In this case, Make it Cheaper compares business energy plans from a panel of partnered energy retailers, and receives a retailer commission for every customer referred and switched to them. These customers are known as SME energy customers.

Supporting Considerations for Interim Authorisation

Harm to the applicant and other parties if interim authorisation is not granted

The absence of a supportive partnership agreement and ability to collectively engage with Make it Cheaper energy broking and comparison services increases the perceived difficulties of engaging in the energy market for members of Clubs Australia.

Awareness and understanding of the business energy market and pricing is low in general – it is common for businesses to fail to actively negotiate with energy retailers and run the risk of defaulting to expensive default market offers when no action is taken.

The perceived ease or difficulty of engaging in the energy pricing market is a key barrier to the member organisations of Clubs Australia in comparing competitive retailer offers. In the absence on interim authorisation, it is likely many Clubs Australia members will not actively engage in the market at all, causing their energy costs to be higher than necessary.

Possible benefit and detriment to the public

Rising energy prices represent a key operating cost pressure for hospitality businesses and barrier for further investment that may support additional jobs, lower prices for consumers and other economic opportunities.

Energy supply at the retailer level is a unique market where the product is not differentiated by quality or other distinguishing features. The usage and supply prices charged from the available market is largely dependent on the extent to which business customers actively engage with competing energy retailers to secure cheaper prices.

The more that commercial energy users engage Make it Cheaper to help them secure appropriate and competitive pricing deals with energy retailers, the lower these cost pressures will be, which can be passed onto the general public in the form of lower prices and other benefits.

Urgency of the matter

From 1 July, new price caps known as the Default Market Offer (DMO) will apply to certain types of energy contracts in New South Wales, South East QLD and South Australia. A similar scheme in Victoria known as the Victorian Default Offer (VDO) will also apply from the same date. Both schemes will be replacing existing standing offer contracts for SME customers and will automatically reduce their rates.

Make it Cheaper believes these changes will create significant confusion in the market, and cause Clubs Australia businesses to inadvertently believe they are not able to reduce their rates even further with a market offer comparison. Chair of the Australian Energy Regulator, Paul Conboy, [has stated](#) that market offers are almost always cheaper than the DMO, however, the implications of this is unlikely to be readily understood by most business energy customers.

It is important that access to Make it Cheaper's services among Clubs Australia businesses is made widely available and accessible to the applicant collectively as a group, so that we can assist as many businesses during this regulatory transition period.

1 July is also a common contract end date for C&I customers, and failure to re-contract directly or via a broker will mean those plan will switch to higher priced default rates.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Fred van der Tang', with a stylized flourish at the end.

Fred van der Tang
Chief Executive Officer
Make it Cheaper Pty Ltd