

10 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 authorisation by Clubs Australia to collectively bargain - AA1000444

I would like to thank you for the opportunity to provide a 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).

About Make it Cheaper Pty Ltd

Make it Cheaper provides commercial energy broking and consultancy services to assist business energy customers to 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, receiving 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 authorisation is not granted

The absence of a supportive partnership agreement and ability to collectively engage with an energy broking and comparison service such as Make it Cheaper increases the perceived difficulty 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. We often see C&I energy customers failing to actively negotiate supply terms with energy retailers at contract renewal time, or overlook the process entirely typically defaulting to more expensive energy rates.

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. So, in the absence of authorisation being granted, it is likely many Clubs Australia members will not engage in the market at all, risking their energy costs to be higher than necessary.

Make it Cheaper has been able to identify estimated energy bill savings of more than \$600,000 since January 2018, so believe that an authority to collectively bargain will encourage a greater number of clubs to engage in the business energy market.

Possible benefit and detriment to the public

Rising energy prices represent a significant operating cost pressure for hospitality businesses and a potential barrier to lower prices for consumers or further investment that may support additional jobs and other economic opportunities. Energy supply at 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 2019, new price caps known as the Default Market Offer (DMO) 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) also applies from the same date.

Make it Cheaper believes these changes have created significant confusion in the market and will potentially cause Clubs Australia businesses to inadvertently believe they are automatically accessing the best rates available. The reality is that in many cases the new offers can be reduced further through 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 awareness of Make it Cheaper's services among Clubs Australia businesses is widely accessible to the collective group, enabling us to advise on effective energy procurement strategies and assist as many Clubs Australia businesses as possible during the period of authorization.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Fred van der Tang', with a large, stylized initial 'F' to the left.

Fred van der Tang

Chief Executive Officer

Make it Cheaper Pty Ltd