



Energy Pricing Policy

29th December 2017

Suite 5, 1 Milton Parade, Malvern VIC 3144

P 1800 888 479 | **F** 03 9824 4022 | www.timber.asn.au | **ABN** 44 004 063 263 © Master Grocers Australia Limited

Purpose

Master Grocers Australia and Timber Merchants Australia (MGA TMA) is an association of family enterprises and privately-owned businesses who operate independent supermarkets, liquor stores, hardware outlets and timber supplies, who are committed to supporting each other and promoting the interests of the independent retail supermarket, liquor, hardware and timber industries.

MGA TMA is a high performing organisation, with a team of professional staff who are dedicated and committed to assisting the members in all aspects of their businesses. We strongly believe in promoting the interests of our members through advocating on their behalf with Federal and State Governments and other administrative organisations and associations, with the objective of achieving outcomes that contribute to the sustainability and success of their businesses.

MGA TMA has developed a series of policies on specific topics that represent the views of our organisation and that affect the livelihood and future growth of our members businesses. Each policy is based on the principles of fairness for employers, employees and the community.

Principles

MGA TMA considers the issue of energy pricing in the light of the following principles:

- MGA TMA understands that in some circumstances increases in energy prices are required and unavoidable;
- MGA TMA supports the need to maintain fairness and transparency for all consumers including our members when entering energy contracts and in dealings with energy providers;

Objectives

The objectives of this policy are as follows:

- To provide members with affordable energy deals so that they can remain sustainable;
- To ensure that our members are unhindered in their ability to operate their businesses profitably despite rising energy costs;
- To protect our members against any unnecessary implications resulting from the increase in energy costs; and
- To ensure our members understand Energy market complexities (offers and billing) and are fully aware of the reasons for energy price increases.

MGA TMA Position - Energy Pricing

1. Energy is not affordable

Energy costs have fast become the major issue of the day effecting MGA TMA members around the country. Energy costs are now the 2nd biggest cost to do business after wages and salaries. The increase experienced by businesses now is still sitting at above 200% for their retail component. The ever-increasing price has the capacity to hinder our member's businesses and could potentially result in the loss of employment and closure of businesses where increasing costs cannot be absorbed.

2. Competition does not mean lower prices

Competition in retail electricity markets should mean lower prices for consumers. However, retail electricity markets don't appear to be operating as effectively as they could and prices have not reduced.

3. The energy market, offers and billing are complex and confusing

The difficulties found by members in comparing electricity offers and bills often come from the different formats used by energy retailers for their retail quotations. This confusion makes it difficult for many small businesses to understand their usage and choose the most suitable provider. Instead, they are often tempted by advertised discounts and introductory offers which may not be to their benefit in the long term.

Note: - In October 2017, Master Grocers Australia conducted extensive research within its membership. Since February 2017 electricity prices have increased at a phenomenal rate adding more than \$100 million in costs to members businesses – largely manifested by members coming out of fair electricity contracts and committing to new contracts at new rates. State and Federal Governments must develop immediate policies to reduce the cost of essential utilities ie. Energy, or MGA members are at risk of losing more than 2200 staff members.

Jos de Bruin



CEO, MGA TMA