



IT'S SCREWED UP OUR COUNTRY

NATALIE VIKHROV

Drakes Supermarkets boss John-Paul Drake has blasted the “rush to renewables” for soaring power bills which threaten the company’s growth.

Drakes, which employs 6000 people, has seen energy costs rocket from \$10m in 2023 to an estimated \$14.5m this year, and issued a grim warning about renewables “screwing up the country.”

Drakes was among iconic South Australian companies surveyed by TheAdvertiser to find the impact of crippling power bills – it revealed they are grappling with increases of up to 60 per cent.

Mr Drake said the business needed to remain competitive with Coles and Woolworths, which meant it could not increase the cost of goods to offset its rising bills.

He believed part of the reason for spiralling bills was Australia’s “rush” to renewables.

“I think this is the reason we are paying so much more for electricity, because we are trying to go all to renewables,” he said. “I think we have got to be very cautious about trying to be green and realise how much it has screwed up the whole of the country.”

The supermarket chain opened three new sites across the state in the past year but Mr Drake said without the burden of hefty power bills, they would be able to do more.

“It means we don’t grow as much, which means we can’t employ more people,” he said.

“It causes us to be very cautious about how we move forward, it makes us not as optimistic about what we can do.”

Businesses have told The Advertiser they are seeing significant jumps in their power prices when their contracts wrap up and they go to market for a new agreement.

Seeley International, which produce air conditioning and gas heaters, saw an almost 60 per cent increase in bills.

Group managing director Jon Seeley said their electricity use has remained fairly steady but bills have soared.

Mr Seeley said the company has had to increase prices to make up for the growing power costs.

“We have to regularly review our cost base, including power prices and wages and all other costs and we do have to pass on price increases through to our customers,” he said.

But he added they try to do this “as little as possible.”

Seeley has sought to modify its electricity use which includes investing in new, more efficient equipment.

Mr Seeley added they were looking at including solar in their factory extension works at Lonsdale but as a company with a “relatively energy intensive manufacturing process, even if we cover our roof with solar panels, it doesn’t make a huge difference.”

Angove Family Winemakers joint managing director Richard Angove said they have seen around a 45 per cent increase in power bills after they went to market for a new contract last November.

In recent years the company has about halved its grape intake which has reduced energy use. However Mr Angove said that has not been reflected in their growing power bills.

He said energy prices were an economy-wide problem leading to inflationary pressures for businesses across the board.

“The business environment has never been as tough, possibly with the exception of world wars,” he said.

“However, we’re resilient and we do have plans in place to create efficiencies where we can. We’re investigating more solar on our vineyard... we’re looking at improvements for better efficiencies.”

Meanwhile, Golden North Ice Cream has seen a 48.6 per cent increase in their bills.

Managing director Peter Adamo said in 2023, their average monthly bill was \$34,000. This year, it comes around \$50,000 per month.

He said while they haven’t passed on the increases to customers yet, if prices continue to go up “we won’t be able to absorb it.”

SA Energy Minister Tom Koutsantonis said the government was “acutely aware of the pressure on families and business.

“This government makes no apology for working hard to encourage new investment in energy projects including wind, solar, gas and of course hydrogen,” he said.

Federal Energy Minister Chris Bowen said the government is “working hard to bring down energy prices by delivering cheap reliable renewables into the grid, firmed by gas, batteries and pumped hydro.”

JUST WHY WE PAY SUCH A BIG PRICE ANALYSIS

- JOHN ROLFE

Since 1980, Adelaide’s consumer price index has risen by 436 per cent, which is very close to the national average.

Over the same time, the cost of electricity in Adelaide has gone up 1036 per cent. Across all state and territory capitals, the average electricity price increase has been 862 per cent.

These calculations are based on ABS data. There are no statewide figures. What can we deduce from this information?

Well, if you accept that electricity has endured more than its fair share of government intervention – which I would suggest is indisputable – then we can conclude that these efforts have made things worse, not better, across the nation. About twice as bad.

We can also make a case that South Australians in particular have been let down, given prices have accelerated so much faster in Adelaide than in other cities.

One of the big drivers of price increases over the past 15 years has been network upgrades. Improving the reliability of your power system makes abundant sense if it is the difference between hospitals and businesses being able to operate properly or not.

But in some instances in Australia network upgrades did little more than protect us against soft ice-cream once a year. And we paid a fortune for that protection because the bill for upgrading the network was re-couped through higher charges.

Environmental schemes and incentives have been another source of upward pressure.

As an example, overly generous feed-in tariffs were offered to encourage people to put solar on their rooftops. These incentives were funded by increasing bills, including those of people who couldn’t afford solar.

But too much was installed. Since 2020, in SA, rules have required solar inverters to be able to be switched off remotely to protect the stability of the grid.

Another major factor in price rises has been inconsistency in the approach federally by Labor and the Coalition. I

t cost more than one prime minister their job. And it has cost you a lot as well. I wish I could say the situation looks set to improve. But it doesn’t.