



Addendum to the Submission of the Energy Policy Institute of Australia on Chapter 2 of the July 2015 Draft Report of the COAG Energy Council Governance Review Panel

Lack of Leadership is Creating Policy Uncertainty

The Energy Policy Institute is concerned that, despite a surfeit of capital in global capital markets, policy uncertainty is dampening investment in the energy industry in Australia. This has become a matter of serious political, economic and social concern

The Institute attributes much of Australia's energy policy uncertainty to the fact that nine governments are involved in setting policy and there is no real leadership by any one government.

The principal finding of the COAG Energy Council Governance Review Panel was that *"the Council and its SCO [Standing Committee of Officials] lack a focus on strategic direction and are not providing effective and active leadership..."*

The Institute agrees with this finding. At the same time, the Institute points out that a lack of leadership can only be addressed at the level of the Energy Council and the SCO, nowhere else.

The Review Panel's recommendations, limited as they are to management and procedural matters, will avoid and exacerbate the problem by putting further distance between the nine-member Energy Council and its three energy market institutions and by increasing red tape.

What Must Be Done?

The Institute considers that the Energy Council itself should be held to account by COAG Leaders to drive policy reform and that for this purpose the Energy Council needs to commit to a three-stage process:

- **First, Australia must adopt a long-term Australian energy vision**
– this should embody four key elements: (1) a resilient energy system, (2) export growth, (3) a low-carbon society and (4) innovation in energy production and supply.
- **Second, agreement on the Australian energy vision should be derived by an apolitical, bipartisan process** – this should involve participation by industry, the community and all levels of government, a process that is not vulnerable to electoral cycles.
- **Third, energy policy should be methodically, transparently and regularly reviewed over the long term** - which requires an institutional mechanism to be established for the purpose.

The Institute calls on the Review Panel to make recommendations to the Energy Council to commit to this three-stage reform process.

Respectfully submitted.

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