

# **Report of 21 May 2015 Meeting**

## **Royal Society**

### **Southern Highlands Branch**

**Speaker:** Robert Pritchard

**Topic:** The energy gods must be crazy

This was quite an unusual lecture for the Southern Highlands Branch of the Royal Society, in that the 60 person audience was addressed by a lawyer rather than by a prominent scientist. Robert Pritchard's address provided a very different viewpoint on the energy situation in Australia from those heard over recent years in our energy lectures. It was clear from the animated questioning and long applause at the end of the lecture that Pritchard's views had struck a nerve with many of those attending.

Robert Pritchard is Executive Director of the Energy Policy Institute. He is also Managing Director of Resources Law International, a Sydney-based consultancy in the energy and natural resources industries. He specializes in international energy policy and strategy. He was the founding Chairman of the Section on Energy and resources Law of the International Bar Association and served for nine years on the Finance Committee of the World Energy Council. He is the author of many publications in the field of energy and natural resources. With this fine background, he was well suited to present his viewpoint of the energy situation in Australia.

Pritchard's Energy Policy Institute of Australia is an independent, apolitical, energy policy body with three main goals. The first is to promote an investment climate in Australia in which capital may be safely invested and which will ensure that Australian industry remains internationally competitive. The second is to support free market choices within a sound national and global policy framework, while the third seeks to align all government policies to underpin the sustainability of energy supply.

With these goals clearly enunciated, the Energy Policy Institute was a natural participant in the commentary process for the Energy White Paper (EWP) released by the Australian government in 2015. His view was that although the final document is replete with a wide range of policy principles and recommendations, it is also replete with an unacceptably high level of unresolved issues.

Pritchard believe that energy policy in Australia has been rendered irrelevant to investors, because it is no longer either reliable or predictable. He says that the principal explanation is an excessive level of politicization of energy issues which has created policy uncertainty for investors. This is a matter of serious political, economic and social concern. Another explanation, unique to Australia, is that too many Parliaments are involved and there are limits to what can be achieved by 'cooperative federalism'. Pritchard believes that energy policy in Australia will remain irrelevant until it can be

lifted to ‘investment grade’, involving a long-term Australian energy vision. This long-term vision he believes must 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.

Robert Pritchard had a lot to say about the damaging effects of competing domestic policies on the energy picture in Australia, where for example, consensus among the state and federal governments has been well nigh unattainable. He despaired at the huge chasm between the requirement for energy investment to be of a very long-term nature to ensure that the massive capital outlays involved are well invested, and the nature of the short-term lives of successive governments and parliaments. His views of the effects of short-term government policies acting completely contrary to the needs of high capital projects being implemented over 20-40 years were clearly reflected in his closing comments when he invoked the words of American theologian Reinhold Niebuhr’s Serenity Prayer:

*God, grant me the serenity to accept the things I cannot change,  
The courage to change the things I can,  
And the wisdom to know the difference.*

Anne Wood

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