Fixing the energy crisis: a case for industry fund investment

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Industry superannuation funds stand ready to work with the Federal Government to drive productivity and help solve the nation’s energy crisis.

In a new discussion paper released today, Modernising electricity sectors, Industry Super Australia Chief Economist Stephen Anthony highlights some of the challenges facing Australia’s energy network, and makes the case for industry fund intervention.

“While the climate debate rages on, Australia’s ageing energy infrastructure continues to fall further and further behind the rest of the world. Much of the heavy industry has already gone, costing jobs and driving power costs up even further,” Mr Anthony said.

“The failure to achieve a consensus framework for emissions abatement, coupled with the subsidisation of renewables has seen wholesale prices triple over the decade and volatility reach stratospheric levels.

“If this policy inertia continues, regulatory uncertainty will continue to rise, allowing some investors to capitalise on price movements and maximise public subsidies to game the market. Something has to give and this is where industry super funds come in.”

Industry Super Australia Chair Greg Combet AM said industry super funds have the purpose and the capital to partner with Government to drive productivity and develop long-term solutions to otherwise intractable economic problems.

“In the event of continued stand-offs on energy policy making, far-sighted industry super funds can play a role,” Mr Combet said.

“With the best interests of their members at heart, industry super funds have the purpose, and the capital, to work with the Government to develop a long-term solution as investment partners.”

Mr Anthony said the consideration for investors and Government shouldn’t be one of renewables versus coal, but what the right mix of technology is now, and into the future.

“There is no single simple solution to Australia’s energy trilemma right now. There is no reason to exclude any of the major technological contenders – solar, wind, combined-cycle gas, pumped and even nuclear – from the current or future energy mix,” he said.

“The existing fleet of baseload generators need replacing, while there must be an agreed pathway to progressively phase out coal-fired generators.

“This is where industry funds can contribute. They can pre-empt future government decision-making to fill potholes in grids, replace existing network capacity, or develop innovative financial products that better helps to manage risks both here and overseas,” he said.

“Industry funds stand ready to help – but if action isn’t taken, we risk failing generations of Australians.”

The report can be accessed at https://www.industrysuper.com/media/modernising-electricity-sectors/

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