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RESEARCH REPORT

Elected Representatives and Democratic Innovation

***A study of responses to citizens' juries embedded in the NSW
Parliament's Public Accounts Committee***

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For:

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Executive Summary

Elected representatives are a central feature of contemporary democracies. Their engagement and support is crucial for successful democratic innovation. While this might be obvious for those interested in electoral reform, it seems less so for advocates of inclusive forms of public deliberation. Indeed remarkably little is known about how elected officials view innovative deliberative processes involving everyday citizens.

This report presents the findings of a study exploring the responses of elected representatives to two citizens' juries that were embedded in the New South Wales Parliament's Public Accounts Committee (PAC) Inquiry into the economics of energy generation.

The research involved studying how elected representatives associated with the PAC responded to the citizens' juries. Response here is understood in an expansive sense; it refers to the views of Members of Parliament (MPs) before and after the deliberative processes, as well as to their behaviour in and around the process. Qualitative methods were employed including semi-structured interviews, direct observations, and document analysis of minutes, and relevant reports.

The research finds that despite some initial reservations, most MPs associated with the PAC Inquiry became more supportive of the citizens' juries once they had observed the deliberative process, and read the citizens' policy recommendations. Overall most MPs interviewed believed that the citizens' juries had added value to their own deliberations, and to their final report to Parliament because they provided a nuanced picture of community attitudes on energy issues. They saw particular value in hearing the considered opinions of a group of citizens, beyond the voices of those with organised or vested interests. MPs also identified how the citizens' juries expanded the way they understood the public consequences of energy policy decisions, and how such processes could be used to generate public legitimacy for future policy decisions. There were, however, some concerns expressed about the sampling procedure used in the citizens' jury methodology, and the capacity of the participating citizens to represent the views of the broader 'uninformed' community.

For newDemocracy, the funder of this research project, there are at least seven key lessons emerging from this study.

1. The experiential component of incorporating the citizens' juries into the PAC inquiry was powerful for most elected representatives.

Lesson: Elected officials are more supportive of mini-publics once they have had the opportunity to observe and experience a deliberative process involving everyday citizens.

2. One of the appeals of mini-publics for MPs was that it offered them a broader perspective on how the public view a complex policy issue, beyond the concerns expressed in their electorates.

Lesson: Mini-publics enable MPs to hear from a broader set of publics than they would normally hear from, which is crucial when they are deliberating on policy issues of state or national significance.

3. The role of the chair of the PAC in enabling and championing the citizens' juries was crucial in bringing on board other elected representatives.

Lesson: Successful mini-publics need a committed champion who can work closely with the conveners, and communicate with any sceptical parties.

4. The need for mini-publics to be independent, and to be perceived as independent, was considered essential by MPs.

Lesson: Independent and non-partisanship organisations, such as newDemocracy, play a vital role in instigating and convening mini-publics, especially in highly politicised contexts.

5. Most elected representatives did not appreciate the deliberative and educational contribution of mini-publics. In particular there were misunderstandings about how the process worked and at times the scientific language appeared to distract and be unhelpful.

Lesson: To minimise confusion and misinterpretation, the use of scientific language should be minimised when describing mini-publics, particularly when referring to the selection process and the 'representativeness' of the participating citizens.

6. Prior to the citizens' juries, some MPs assumed that everyday citizens are disinterested in complex policy issues, and that their primary concern is to keep energy prices low.

Lesson: Effort should go into demonstrating that everyday citizens do care about complex issues, and want to participate in their governance.

7. The broader democratic potential of mini-publics tends to be under-valued or under-appreciated by elected representatives.

Lesson: There is a need to understand further the resistance of MPs to devolving or sharing power.

Introduction

Deliberative processes involving everyday citizens, also known as 'mini-publics', such as citizens' juries, are now being considered by governments around the world as innovative procedures for public engagement. Mini-publics differ from conventional community consultation in that they typically engage randomly selected citizens in a two- to three-day process in which participants learn about a complex policy issue, deliberate and then develop a set of recommendations for policy makers.

Australia has been a particular leader in experimenting with mini-publics, particularly at the local and state level (Carson and Hartz-Karp, 2005; Dryzek, 2009). While significant progress has been made in terms of the *design* and *conduct* of mini-publics (Fung and Wright, 2003; Gastil and Levine, 2005), little is known about their *influence* on political institutions and decisions (Hendriks, 2011). Indeed there has been a call for the next generation of research on deliberative democracy to extend beyond studying what goes on inside mini-publics to consider how they connect to the broader democratic system (Pateman, 2012; Thompson, 2008).

Deliberative democrats see significant potential in connecting mini-publics to elected representatives and their institutions. For example, scholars advocate using mini-publics:

- as a guide to how an informed public would vote (Fishkin 2009);
- to thicken the communication between constituents and their representatives (Fung 2006);
- as a supplement to existing forms of representation (Urbinati & Warren 2008); and
- as institutions attached to the formal legislature (Leib 2004).

Another possible way to connect policy deliberations amongst elected representatives and those involving the broader public is to integrate mini-publics into parliamentary or congressional committees. This project considers this possibility by studying a parliamentary inquiry in Australia that undertook a series of citizens' juries as part of its public consultation process. The project's findings speak to broader debates on the prospects (and limitations) of integrating deliberative innovations into the formal institutions of representative democracy.

Background

How do elected officials view mini-publics? Do they see value in engaging everyday citizens in the political process via structured forums of deliberation? These questions have received surprisingly little attention in deliberative democracy scholarship, particularly in the Australian context.

To date, two types of research on elected officials and deliberative processes involving citizens appear to exist.

The first type has explored what elected officials think of deliberative processes in general, typically in the absence of any exposure to a practical process. What this research indicates is that in the abstract elected officials tend to support the ideals of public deliberation but have difficulty imagining how it might work in the real world. A recent study in the US involving twenty-four state legislators and senior staff for federal legislators found that elected officials are highly sceptical about the feasibility of public deliberation (Nabatchi and Farrar, 2011). These results also reveal that elected officials need exposure to deliberative processes before they can judge their potential value.

The second type of research on elected officials and deliberative process involving citizens has sought to examine their perspectives on a specific engagement project. The focus here has been to assess the level of impact or awareness that a particular mini-public has made on parliamentarians. To date, this has been predominantly based on large-scale survey research, where MPs have been asked to complete a questionnaire on the process and then assess its impacts. A significant limitation of survey research is low response rates, especially given the time demands on elected representatives. For example, one study in Germany sent out a questionnaire to 668 elected members of the German Federal Parliament asking them about a mini-public (a consensus conference) on genetic diagnostics. Only 78 politicians returned the questionnaire (12% response rate), of which only 19% knew of the mini-public (Schöfer, 2003, pp. 61-4).

The author has conducted some interviews with elected members of parliament in Germany and the Netherlands (Hendriks, 2008, 2009a, 2009b, 2011). What this research suggests is that elected representatives tend to be supportive of deliberative processes, to the extent that the citizens' recommendations support their policy position. This finding is consistent with attitudes towards public engagement at the local government level (Copus, 2012).

The significance of the research reported here is that it represents one of the first studies to empirically examine how elected representatives view, and respond to, a mini-public that is embedded in one of their own deliberative institutions – a parliamentary committee. The study draws on in-depth qualitative interviews with elected officials who had direct exposure to, and engagement with, a series of mini-publics. The research concentrated on the elected representatives who are members of the NSW Public Accounts Committee, which convened a series of citizens' juries as part of its inquiry into the economics of energy generation (see PAC 2012).

The PAC Energy Inquiry and its Consultative Processes

The Public Accounts Committee (PAC) of the NSW Parliament is concerned with issues of public accountability. One of its primary functions is to follow up on reports from the Auditor General. From time to time, the PAC is also asked by the Parliament or by a Minister to examine a particular policy issue. In late 2011, the NSW Minister for Resources and Energy (then, the Hon Chris Hartcher) requested that the PAC undertake an inquiry into comparable economics of energy generation in New South Wales (referred to hereafter as 'the Energy Inquiry'). In particular, the Energy Inquiry was asked to consider (PAC 2012, p. vi):

- "the mix of energy sources used in New South Wales;
- a comparison of NSW's energy mix with other jurisdictions both in Australia and overseas;
- issues relating to long term energy security in New South Wales;
- the potential for NSW sourcing energy interstate;
- the potential for, and barriers to, development of alternative forms of energy generation (e.g. tidal, geothermal) in New South Wales; and,
- best practice in alternative energy generation in other jurisdictions."

In terms of membership, the committee is composed of elected representatives, drawn from political parties in similar proportions to that in the lower house of Parliament (the Legislative Assembly). During the 2012 sitting year, the PAC committee was composed of six MPs: three Liberal party members, one National party member, one member of the Australian Labor Party ('the opposition'), and one independent member.

In terms of public engagement, the PAC typically calls for written public submissions, and in some cases conducts public hearings where select groups or individuals are invited to present to the committee. As part of the Energy Inquiry the committee undertook a number of consultations including:

- Convened two public hearings (with invited witnesses and the public able to view the deliberations in the gallery), transcripts publicly available
- Called for submissions via a newspaper advertisement (received 39 submissions), submissions publicly available
- Three site visits (coal power station, gas fired power station and a wind farm).

In addition to these conventional consultative processes, the committee Chair (Mr. Jonathan O'Dea) was interested in experimenting for the first time with a mini-public to explore broader community views on energy issues. With the support of the committee, the Chair sought advice from the newDemocracy foundation – an independent non-partisan research foundation interested in democratic innovation.

With the assistance of newDemocracy, a mini-public process was subsequently incorporated into the Energy Inquiry. The participatory design involved two concurrent citizens' juries: one run in an urban centre (Sydney); and the another in a rural centre (Tamworth) (see Appendix A). Both juries met four-five times over a ten week period between June and August 2012. In total 54 citizens participated across both groups. The citizens were drawn from responses to invitations sent to 8000 randomly selected citizens in the Sydney and Tamworth region.

The remit of both citizens' juries was the same, and more specific than that of PAC's. The citizens were asked to (Tamworth Jury, 2012, p.1):

Agree on an order of preference, barriers to adoption (including financial aspects and public perception issues) and recommended course of action with regard to alternative forms of energy generation in NSW.

The juries also had their own online forum (password access only) where they engaged in discussions and could download relevant information such as submissions and hearings. According to the PAC report (2012, p.3), 54 participants in the forum accessed 2089 documents.

After several months of deliberation the juries each produced a report, which were considered by the PAC at its meeting on 6 September 2012.

Further details on the design of the citizens' juries is provided in Appendix A, and the final reports of the two juries can be found in Appendix B (See also PAC 2012).

Research Aims, Scope and Approach

The central question guiding the research project was *how do elected representatives respond to mini-publics?* Mini-publics are inclusive participatory processes that engage everyday citizens in policy deliberations (Fung 2007). In this project, 'response' refers to views of elected representatives *before* and *after* the mini-public, as well as to their behaviour in and around the process. The research also examined the way in which elected representatives consider the experiences and outcomes from a mini-public in relation to other sources of policy advice and influence. In other words, it explicitly explored the level of attention the citizens' recommendations received in the subsequent PAC and parliamentary deliberations.

The empirical data was collected in three separate phases, as outlined in Table 1. The project employed qualitative research methods including semi-structured interviews with members of the PAC committee (and the convener of the project from newDemocracy), direct observation of elected representatives at one of the citizens' juries, and follow-up meeting (luncheon event) with MPs and citizens, and document analysis of minutes of PAC minutes, its final report, and parliamentary Hansard.

Table 1: Data collection – phases, aims and methods

Data Collection Phase	Aims	Methods
A. Before the citizens' juries	<ul style="list-style-type: none"> to examine how MPs view their role as a representative, and their relationship to the public and citizen engagement to assess their level of understanding of the PAC deliberative process to explore the expectations and key concerns of MPs <i>before</i> the citizens' juries 	<ul style="list-style-type: none"> semi-structured interviews with MPs directly associated with PAC (14 June 2012) document analysis of relevant PAC documents
B. During the citizens' jury (Tamworth)	<ul style="list-style-type: none"> to examine how MPs behave in and around the citizens' juries 	<ul style="list-style-type: none"> direct observation of MPs at the Tamworth citizens' jury (20-21 August 2012)
C. After the citizens' juries	<ul style="list-style-type: none"> to explore the perspectives of MPs <i>after</i> the citizens' juries to assess the impact of the citizens' juries on the work of MPs, and their relationship to public to identify suggestions/lessons that MPs might have about the role and future of mini-publics in Australia 	<ul style="list-style-type: none"> direct observations of a luncheon with MPs and some of the citizens (25 October 2012) semi-structured interviews with MPs directly associated with PAC (15 November 2012) document analysis of the citizen reports, the final PAC report, and parliamentary Hansard

In total 13 interviews were conducted between June and November 2012; seven interviews before the citizens' juries (six MPs, and one interview with the newDemocracy), and six interviews after the citizens' juries (six MPs). All but one interview took place in the parliamentary offices of the elected representative in the NSW parliament. Interviews averaged 45 minutes in length. All interviews were transcribed and analysed together with observation notes and relevant parliamentary and policy documents.

Key Findings

Elected representatives and their relationship to the public

Interviewees were asked 'how do they currently engage with the public?'. Responses indicate that in most cases elected representatives approach public engagement activities in an informal and unstructured manner. The elected representatives considered in this project adopt various mechanisms for 'connecting with' the public. For example, they:

- receive letters, emails, public submissions from interested members of the public (mostly from within their electorate but sometimes from outside)
- participate in local community events, for example, at schools, public hearings
- communicate with their communities through newsletters, and on the web via emails, twitter, websites, and blogs
- reach out to the 'broader community' by being present at train stations, shopping malls, rural pubs, and convening 'cup of coffee sessions'.

The importance of connecting to their electorate was described as 'core business' by some representatives, while for others, it was seen as only a marginal activity. All interviewees commented on the challenge of trying to hear from, and connect with, the 'silent majority'. Yet none of the representatives interviewed appear to take a particularly systematic or sophisticated approach to public engagement, in contrast to the kind of community engagement strategies that one might find in a government department or business organisation. Instead they rely on the community coming to them, or if they take an 'active' approach to connecting with their constituents it is through word of mouth, contacts, and networks, rather than through structured, organised consultation activities. In this sense the citizens' juries attached to the PAC's Energy Inquiry were viewed as novel, and interpreted more as a research method to gauge community sentiment rather than as a process to engage citizens in decision-making (a theme revisited below).

It is also worth noting the language used by elected representatives when referring to various publics. Of particular interest for this research is the way elected representatives described 'the broader public', for example, they referred to 'the silent majority', the 'disengaged', or 'the random public' (described as self-selected people with time).

Expectations and concerns of elected representatives (*before the citizens' juries*)

The general view of elected representatives *before* the citizens' juries is best described as 'cautious optimism'. Most were genuinely intrigued by the process, and curious how it would work out. Overall the citizens' juries were understood as a means to gather information or conduct research on community views as opposed to a process designed to engage citizens in democratic decision-making. The common analogy given was a focus group that offered how an "informed" public might feel about an issue.

The most optimistic elected representatives saw the citizens' juries as an opportunity to re-engage with the community that is very disconnected with the political process. The process was also viewed as something that could potentially 'rebuild community trust' in politicians and political institutions. A crucial component of this trust building was that the juries were conducted by a body independent of politicians and parliament. As one MP explained (MP3, 14 June 2012):

I think it's got to be run by an independent body. I don't think our communities will ever accept politicians not doing it for their own ulterior motive. People don't trust politicians.

Before the citizens' juries, most of the MPs valued the newDemocracy project because of the kinds of participants it sought to engage. This is captured by the following quote (MP2, 14 June 2012):

In a process like this you are going to pick up at that community level some real issues than if you started at the advocacy groups and above, you would never really pick up until very late in the policy adoption process.

Most of the MPs valued a process that was going to tap into the 'everyday public' and that got beyond the views of those with vested interests. As one MP put it (MP3, 14 June 2012):

It needs to be people who haven't written in to say, let me be involved, it needs to be people who don't have an agenda. It's got to be just the average people involved in the process so that they are giving you their average everyday responses... you don't want people with agendas... because you won't get a feel for what the average person thinks.

While most of the MPs interviewed seem to value connecting with everyday citizens (as opposed to interest groups), there was a notable absence of any comments about the deliberative value of the mini-publics.

Some concerns were expressed about the citizens' juries. The strongest criticism was about the methodology of the jury process, in particular the sampling of the citizens. For example, one MP considered the sampling procedure highly problematic because the involved citizens had been "treated with information" and therefore their perspectives could not be "extrapolated to a broader group" (MP1, 14 June 2012). Under this interpretation, the jury process was viewed as a kind of poll with a very limited sample of the public whose views had been corrupted through the process. The suggestion here was that the sample was not randomised enough and that the participating citizens were "self-selected individuals that have enough time to spend and have been treated with information..." This concern is further captured by the following quote (MP1, 14 June 2012):

The fundamental flaw in the process is that they [the citizens] will have turned into the loud minority and not the silent minority.

Concerns were also expressed that the citizens' juries were very resource intensive for such a small sample. For example (MP1, 14 June 2012):

It seems that newDemocracy is going to a lot of effort and resources to actually look at something that will actually only tell us what 40 or 80 or 100 people actually say about it, when each of us in our electorate can go and talk to that many people about it....

In other words, the citizens' juries were interpreted as an expensive kind of focus group.

The other concern that deserves mention is that the democratic value of the citizens' juries was questioned on the grounds that the established system of representative democracy is a trusted and effective (albeit cumbersome) system. As one MP put it (MP1, 14 June 2012):

Aren't I as an MP representative of the people?...and as a Parliament we're actually representative of people already.

This concern resonates with the criticisms expressed by political elites in the media in response to Julia Gillard's proposal in 2010 to conduct a Citizens' Assembly on Climate Change (see Boswell et al. 2013; Carson 2010).

It is worth noting that no concerns were expressed by MPs (prior to the juries) about the capacity or willingness of everyday citizens, nor were there any technocratic concerns that 'energy policy is the domain of experts'.

Summary of expectations of MPs **before** the citizens' juries

<p><i>Potential value:</i></p> <ul style="list-style-type: none"> - conversation with the public - reengagement of the public in politics and in policy issues - better policy considerations - useful means to increase trust in parliament, and politicians 	<p><i>Potential concerns:</i></p> <ul style="list-style-type: none"> - unscientific sample - citizens unrepresentative of population because they have been exposed to information - compete with representative democracy - populist - dysfunctional group dynamics - opportunities to be fed misinformation - high expectations of citizens - cooption by organisers
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Engaging with the citizens during the citizens' jury (Tamworth)

A number of the MPs attended the citizens' juries; two attended the Sydney jury, and four attended the Tamworth Jury. For this research project, observations were made of how the MPs engaged and responded to the Tamworth Jury (second meeting), which was held 20-21 June 2012.



Photo 1: Media involvement prior to the Tamworth citizens' jury

The Tamworth visit was approached as a public relations opportunity. In addition to two pre-recorded radio interviews, several press meetings were arranged with the local newspaper and two regional television news teams (see Photo 1). This part of the Tamworth visit had a show like quality to it; the 'performance' of the MPs was highly staged before the media. The 'sound bites' presented to the media emphasised the policy issues under deliberation (e.g. energy economics) rather than the novelty of the engagement process and the role of the citizens.

The MPs attending the Tamworth citizens' jury (the second of four meetings for the citizens) approached the citizens' jury as just another community function. However, when

they began to observe, and engage with the citizens they began to appreciate that they were interacting with a well informed public who took their remit very seriously. Based on comments from several MPs during and after the process, the MPs who had observed the citizens' jury appeared to be genuinely surprised and even 'inspired' by the experience. They were particularly impressed with the level of knowledge of the citizens on energy issues, and the content of what the citizens were discussing. According to one MP: "The citizens knew much more about the topic that I did!"

The emphasis of their concerns and their fascinations with the process centred around *who* the citizens were – their 'ordinariness', their diversity and their degree of knowledge on the subject matters – rather than the way they deliberated and what they were discussing. One possible reason for this is that the elected representatives attending the Tamworth citizens' jury had little direct exposure to citizens deliberating, including their interactions while formulating their recommendations. Instead, during most of the period that the MPs were present, the citizens were listening to an information session with expert presenters (and this was via an electronic link up) (see Photo 2). Interestingly, it was the presenters (rather than the citizens) that grabbed the attention of some MPs; with a few making comments after the jury about how they would like to hear from similar experts to inform their own deliberations.



Photo 2: Expert presentation at the Tamworth citizens' jury

When asked whether the trip to Tamworth was of value to the PAC, one MP explained (MP2, 15 Nov 2012):

Yeah, I think it was valuable and I think that it's a good model to follow in public life as well. ... the fact that we were asking them and that so many Members of Parliament came to the consultation, that they felt valued in the time that they were giving to this process. That was an overwhelming view that I formed as I sat round the various tables. So I think that can't be underestimated, the power of that, in the terms of getting good community feedback for policy outcomes. So they really felt empowered by that; and it was a very strong view that I formed there that was coming back to me.

In early September 2012, the citizens submitted their final recommendations to the PAC committee in the form of two reports – one from the Sydney Jury, and one from the Tamworth Jury (see Appendix B). PAC considered the reports at their meeting on 6 September 2012. On 25 October 2012 there was an informal luncheon with citizens and MPs. All but one member of the PAC committee attended the luncheon, together with approximately fifteen of the citizens who had participated in the juries, as well as secretariat staff and representatives from newDemocracy. The Chair of the PAC thanked the citizens for their reports, and stressed the value of their recommendations to the PAC deliberations. In response the citizens stated that they would participate again and expressed a strong desire for more opportunities to engage in political debate.

Reflections of elected representatives (*after the citizens' juries*)

On 15 November 2012, another round of interviews was conducted with the same MPs to explore their reflections on the citizens' juries, and to consider how things might have been conducted differently. It is important to note that the final report had not yet been publicly released at this stage.

Overall assessment of the citizens' juries?

After the citizens' juries, most of the MPs interviewed were very positive about the experience. It was described by variously as "a great initiative", an "interesting exercise" and a "terrific success". As one MP summarised (MP4, 15 Nov 2012):

The general feeling from the Committee was that it was a very useful process and that it was one which opens up the Committee's deliberations to considering a perspective, i.e., sort of, a random public perspective, which would otherwise not be expressed for consideration as part of the Committee's deliberations.

The interviews did reveal, however, that some of the MPs were not entirely convinced that the citizens' juries had added value to the PAC inquiry. For example, the citizens' recommendations were described by two different MPs as "predictable and not surprising", and for such a complex topic as energy, "how could they come up with radically different recommendations?"

Another concern expressed by a few of the MPs was the lack of diversity of the participants, especially young people. One MP continued to have problems with the methodology of the jury process, particularly the sampling procedure. Again the concern expressed was that the citizens (and their recommendations) were not reflective of what "the NSW public thinks". Instead they were described as "highly motivated people" who through the process had been informed and exposed to "group think" (MP1, 15 Nov 2013). Focus groups with particular target groups were put forward as a more viable and cost-effective method for assessing public opinion.

The impact of the citizens' juries recommendations on PAC deliberations?

In terms of what impact the citizens' recommendations had on the PAC's own internal deliberations, there were mixed impressions. Some thought that the citizens' reports had made significant impact on the committee's deliberations. For example (MP2, 15 Nov 2012):

It's definitely played a role and I think it's heightened the awareness of a direct democratic approach ... Members of Parliament do have that direct involvement with community members, but this is done in a structured way and I think, when I read the recommendations ... there's no doubt that it's had a good influence, bottom up, into many of the recommendations and the commentary within the report that will ultimately be tabled at Parliament.

Most of the MPs stated that the citizens' juries offered specific value to their final PAC report, one that could not be captured in existing submissions. There were, however, differences of opinion in terms of exactly how much weight the juries' reports received in relation to other submissions. According to one MP, the citizens' recommendations had received more attention than other submissions (MP4, 15 Nov 2012):

I would say that the citizens' jury processes have had a large influence in terms of the overall report more so than any other individual source. But, as I said, the committee exercises, as it should do, its own mind, on a range of issues.

A number of MPs remarked how the content of the final report would have been different without the juries' input. For example (MP3, 15 Nov 2015):

I think – on the coal seam gas area, I think that we would've probably had different language in that section... They also weren't pricing focused, that wasn't the be all and end all of it. So, yeah, I think it gives this document a different angle than it would've had if it'd just been purely based on public submissions, public hearings and our own investigation of going out to industry.

One MP also commented on the collective power that the juries' reports had say over submissions from individuals (MP3, 15 Nov 2012):

I think that people in this group who might have been inclined to write a submission – I think their voice has been much more loudly heard as part of this group, than if they would've written their own submission.

As to why the citizens' recommendations might have received more weight than other submissions, one MP explained (MP2, 15 Nov 2012):

Why the citizens' feedback received such a weighting is because they're not the usual suspects. They're delivering, without any vested interest, their circumstances, their opinions, their impacts, based on the way they see it. And it is valuable because it's happened in this format in a structured and more detailed way than we see often when policies are being debated or reports are being delivered.

There was also a sense of obligation that the MPs felt towards the citizens (especially having interacted with many of them at the juries). As one MP explained (MP4, 15 Nov 2012): "I think there was an obligation to treat the process and output with respect". Another MP explained how he wanted to send a message of gratitude to the citizens in the report (MP3, 15 Nov 2015):

I wanted to basically say to these people, yeah, we heard what you said and we thank you for the time you gave, you didn't have to do it, you didn't have to give up your weekends but you were part of this process and we acknowledge it by making sure you know we heard you.... I wouldn't normally have that attitude to public submissions.

Two MPs said that while the citizens' reports had been considered by PAC they did not think that they had been given more weight than other submission.

It was not clear that all the MPs had read the citizens recommendations. For example, one MP said the report was valuable because it brought out a "consumer perspective" and served as a reminder that we need to keep energy costs as low as possible. Yet reducing energy prices was not a major focus in either of the citizens' reports; instead they were more interested in seeing more flexible pricing structures to encourage consumers to be more energy efficient (such as time of day tariff options) and that pricing incorporates environmental costs (see Appendix B).

Success factors?

When asked what were the success factors in this project, several MPs suggested that it was a combination of the independence of the conveners (newDemocracy), and the championing of the PAC Chair. As one MP described (MP3, 15 Nov 2012): “They needed each other to facilitate it happening”. This symbiotic relationship between an independent “process champion” (here, newDemocracy), and an “enabling leader” (here, the PAC Chair), has been identified by Carson (2005) as an important factor in successful democratic innovation. Interestingly one MP suggested that the relationship at times may have been too close, where the Chair maybe have become too much of a ‘process champion’, but it was also acknowledged that it is a tricky balancing act.

Another reason offered by MPs for why the committee took the citizens’ juries and their recommendations so seriously was the bi-partisan and collaborative nature of the PAC itself. As one MP put it (MP3, 15 Nov 2012):

Our committee’s good, I don’t see a lot of people trying to use the committee for political benefit at the PAC... both the independent and the opposition members on the committee work very well with us; they don’t necessarily try to be political... there wasn’t a hidden agenda by anybody – and that we would take on board what the citizens’ jury came back with without trying to use it for political ends. There would be other committees that it wouldn’t work in, there would be other members in committees where you wouldn’t trust the committee to do it because you’d be worried that they would use certain members of the committee. So, I think it does come down to a matter of trust, if you’ve got a committee where the membership trusts each other, that you’re actually working for the reasons it’s there – the parliamentary capacity rather than a political capacity, I think it can work effectively.

As another explained (MP2, 15 Nov 2012):

I think our committee structure’s a very positive one and one that is pretty much bipartisan. When it cuts across government or an opposition policy, is when they’re in a difficult position, but I think they contribute in a pretty constructive way through the committees, far more than would happen on the floor of Parliament, for example.

The value of mini-publics to our political system?

Having viewed a mini-public and considered the citizens’ recommendations, the MPs were asked to reflect on what (if anything) these processes might add to our political system. A number of arguments were put forward by MPs as to why we might value mini-publics.

First, mini-publics provide valuable insights into community attitudes. For example (MP2, 15 Nov 2012):

They can provide a very powerful reflection on what the community’s attitude is on issues.

Second, the quality of citizen input was also highlighted by several MPs as a valuable feature of mini-publics. The fact that the citizens’ reports are based on considered views was highlighted by one MP as very valuable (MP2, 15 Nov 2012):

What community members tend to write to you is about is price impacts or the immediate concern they have of affordability or capacity to pay. But when you deal with these forums, they’re actually considering the whole issue and the broader context ... So there’s a much more considered position and they have the time and they’re bouncing off others and listening to experts. It’s a more considered view than perhaps a reaction to something when you’re writing to your local member about one aspect of the particular problem...

Third, mini-publics can expand the way MPs think about the public, and the public consequences of policy decisions. For example (MP2, 15 Nov 2012):

I think it [the new Democracy process] has added some new dimensions. Also it delivers a practical approach that people see. In other words, how they're impacted when they deliver their verdict. I think that broadens the thinking of committee members and Members of Parliament. And I see that as highly valuable, because one of the criticisms that I hear is that governments make decisions without knowing what the impacts of those decisions are going to be. And I think forums like this is when you're putting these to the communities, they will give you their experience, or the experience of their friends or family members or others about how these things would impact upon them. That does make for better policy, there's no doubt about that, because it pre-empts impacts that perhaps haven't been considered.

Fourth, some MPs argued that mini-publics overcome a key flaw in conventional community consultation processes. For example (MP6, 15 Nov 2012):

The flaw in those is that when you advertise for people to come and when you call for members of the public to come and give a view on a particular subject matter naturally human nature being what it is, the majority of people who will come will be those who have an interest and often it's a personal or a vested interest which is not a bad thing but it means that you don't get a disinterested and objective community cross sectional viewpoint. I'm confident that while it's not perfect, the methods that the New Democracy Foundation employs to attempt to get a cross section of community interest is as good as anything else that's out there at the moment.

Fifth, some MPs saw that the value of mini-publics was in their capacity to generate legitimacy for decision makers. For example (MP6, 15 Nov 2012):

I see that they have particular value for decision makers in garnering public opinion on a particular matter because it also helps the fact that they are a wide representative cross section, independently chosen also gives great integrity to the decision once it's made if it's true to the verdict of the citizens jury. You can say with some impunity after you've made the decision, this is what the citizens jury chose independently, they were a representative cross section, objective - my decision reflects their verdict and it gives the decision maker some impunity in that regard.

Finally, for some MPs the main value of mini-publics was in their capacity to 'test' public opinion on a policy, or on a controversial local issue. Here mini-publics were equated with that of an opinion poll.

Where to locate mini-publics institutionally?

On the question of where should mini-publics be located (if at all) in our political system, there were mixed views. Most interviewees considered that deliberative processes engaging citizens could play a role in parliament. As one MP explained (MP4, 15 Nov 2012):

Parliament consults, likes to consult, so consultation is not a new thing, but the notion of consulting a random group of people through a deliberative process is something that we don't do. The closest thing that we do, is I suppose, would be that we might have done in the past is in unusual circumstances, is have focus groups or something like that, but a focus group is quite appropriate on a simple topic, ... but it's not random, and it's also not deliberative process...whereas in a jury process it's about educating them to come up with an informed view, not just a snapshot, or superficial response, and that is very important. Where this sort of process, I think, works, is where there is a relatively complex challenge or question or reference point, or terms of reference. If it was simple you wouldn't need to have the extensive deliberative process, you could deal with it, probably, in an hour or two

in a focus group. The other thing is, which is important, whatever the consultation process is, is to get that randomness, which is more reflective of the real public's views.

Here the suggestion is that mini-publics are ideal for complex policy issues. Yet several other MPs felt that the topic for consideration by the citizens should be clear and simple, arguing that energy economics was probably not a good choice in this respect.

Others took a more cautious view suggesting that deliberative processes with citizens have a place to play in contemporary Australian politics, but that the “true democracy” lies in the role of elected representatives.

There was also a strong view put forward by one MP that mini-publics should not be institutionalised, but instead be seen as part of the tool kit of participatory processes for connecting with the public. For example (MP3, 15 Nov 2012):

If you tried to do this on everything, the wheels of government would just slow down so much... so that's why I think it should be ... part of the tool kit - a committee or an MP or a minister can go, yeah on this issue I'd really like to test the water in a different way, let's use that newDemocracy type of interaction, a grass roots engagement and let's get a feel of the sort of response we get on this occasion.

Part of the resistance to institutionalising mini-publics was that they could be misused by the bureaucracy and government, and this would undermine their perceived credibility and independence (MP3, 15 Nov 2012):

At the moment it is seen as being completely credible, completely at arm's length of the bureaucracy and of government. And it's being used as a tool of government to get a feel at the grass roots level of community, whether we're right or wrong on a policy or in a direction. If you institutionalise the arrangements, I think it takes away from what it is.

Possible improvements?

In terms of possible improvements, MPs believed that the process had been well conducted but suggested that more could have been done to facilitate the engagement of young people, for example by paying participants an honorarium. Other MPs suggested that the technology used at the forums could have also been improved.

The direct interaction with the MPs at the juries was considered very successful and powerful for the citizens. One MP suggested that more face-to-face contact with the citizen could have been useful (MP2, 15 Nov 2012):

The other thing they loved is sitting face-to-face, table-to-table with the MPs. Probably some more time for that next time, in a logistical sense because I was surprised how much they really loved that. They really felt that they were being valued by being given that opportunity to speak to so many members of Parliament. It was more than I'd anticipated would be the case, in terms of how much they liked that.

Summary of reflections of MPs **after** the mini-publics

Value: <ul style="list-style-type: none"> - hearing from those 'without an agenda', 'without a vested interest' - interesting 'barometer of public opinion' - better than a poll - challenging suggestions that made us think - as a means to add credibility to committee process - to rebuild trust in politicians and parliament 	Limitations: <ul style="list-style-type: none"> - some of the recommendations predictable and 'a little naïve' - concerns about the diversity of citizens <ul style="list-style-type: none"> ○ not random – too much self-selection ○ not-representative - not suitable for complex topics - always potential for manipulation by conveners or by commissioning body
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Impact of citizens' juries on the final PAC report

The committee released their final report in late November 2012 (PAC 2012). The committee made 24 recommendations. Most significantly it recommended the continuation of the privatisation of electricity generation. This is in accordance with existing government policy, and in support of the Electricity Generator Assets (authorized transactions) that was passed during the course of the PAC inquiry (p. x). It also recommended that the government avoid subsidising alternative energy at a commercial scale. It did, however, support R&D. Nuclear power was proposed as an issue that the Minister needs to raise with the Commonwealth Standing Council on Energy and Resources. It is noteworthy that nuclear was one of the main recommendations that got picked up by the media.

What citizen' recommendations featured in the PAC Report?

Overall, the citizens' juries and their recommendations featured significantly throughout the final PAC report. The citizens' reports were included as appendices in main PAC report, and their recommendations were summarized in Chapter 5. Various elements of the citizens' recommendations were also integrated, and taken up throughout the report. For example (PAC 2012):

- recommendation 8 (of 24) explicitly calls on the NSW government to convene more deliberative democracy processes.
That the NSW Government consider undertaking deliberative democracy processes to consult with the NSW public on policy issues where appropriate.
- recommendation 12 (of 24) explicitly refers to a recommendation of the Sydney citizens' jury
That the Minister for Resources and Energy write to the relevant Commonwealth Government ministers to convey the Sydney Citizens' Policy Jury recommendation that electricity network extensions to renewable energy resources should be funded by Commonwealth Government's Clean Energy Finance Corporation.
- several other recommendations are related to issues of concern to consumers such as demand management, providing greater opportunities for consumers to participate in the market.

There are number of references throughout the report to consultation and community engagement themes. For example (PAC 2012):

- "Their views informed the Committee's deliberations, and are also referred to in the main body of this Report. The committee was particularly impressed by the commitment which the participants [the citizens] showed to the process, and the

generosity they showed in giving their time. The committee has recommended that the NSW government consider adopting similar process in other areas of policy where appropriate.” (p. ix)

- “The reports provided by the two Citizens’ Policy Juries were very helpful in that they provided community input directly to the Committee. The recommendations and other comments made in the reports were considered by the Committee in its deliberations.” (p. 87)
- “The committee believes that there is considerable scope for Government to undertake similar consultative and deliberative processes with randomly selected members of the public on other controversial issues in the future.” (p. 87)

The PAC report also noted differences between the Sydney and Tamworth juries, for example, on nuclear energy. The committee sided with the Sydney jury in calling for the Minister to raise the issue of nuclear power generation in the COAG’s Standing Council on Energy and Resources.¹

The committee took on board a number of non-controversial recommendations such as giving environmental considerations a higher priority, increasing demand management approaches, and boosting consumer education protection for disadvantaged consumers. It also accepted (cautiously) the fact that the “current grid design is based on centralised power generation”. However, it did not go so far as to accept the Sydney jury’s recommendation that the state create “legislative change to support and enable decentralised energy production” (Sydney Jury, 2012, p.2.).

What citizens’ recommendations were not accepted by the PAC?

It is useful to consider what recommendations and issues raised by the citizens were not accepted by the PAC in its report. Some of the more controversial/radical proposals were noted but not explicitly accepted, others were noted and rejected. Five themes deserve particular mention.

1. Fundamental problems with the existing electricity sector in NSW are noted but not explicitly addressed. For example, the Tamworth Jury argued (2012, p. 8): “existing coal-fired power stations are reaching decommission dates and are in receipt of subsidies that provide them with a significant commercial advantage over non-fossil fuel generators”. This concern was noted in the PAC report (p. 15), but the committee did not explicitly address how the state government should correct this market distortion except to say that (2012, p. 87): “subsidisation of black coal by the NSW Government through the development of the Cobbora mine is not consistent with a free market approach. The Committee therefore believes that the NSW government should sell or lease the mine.” The PAC report does not address the broader issue of market distortion that the citizens were concerned about including the historical advantages that coal fired power stations have had in terms of low costs capital, subsidised supporting infrastructure (such as rail, ports and so on), and low cost coal contracts that emerging renewable technologies have not had.

2. Ambitious targets for renewables are noted but not endorsed. The Tamworth Jury explicitly recommended a more ambitious set of targets for renewable energy that would go well beyond the national Renewable Energy Target (20% renewable energy by 2020). The PAC report mentions the Jury’s proposed targets, but rejects the idea that

¹ According to the SCER’s website (2013): “The Council of Australian Governments’ (COAG) Standing Council on Energy and Resources (SCER) is responsible for pursuing priority issues of national significance in the energy and resources sectors and progressing the key reform elements of the former Ministerial Council on Mineral and Petroleum Resources and the Ministerial Council on Energy.”

governments should intervene in the market. In other words, it rejects the idea of further subsidies to the renewables sector, but is supportive of the idea of more R&D.

3. Some issues of ‘public concern’ were reduced to ‘lack of public information’.

Some themes of concern to the citizens, such as their rejection of coal seam gas production due to their lack of confidence in the technology (Tamworth), or their suggestion for ‘stricter regulatory controls’ (Sydney) were addressed in terms of providing the public with more accurate information. Consider, for example, the PAC recommendation number 9 (PAC 2012, p. 110): “That the NSW Government conduct a public education campaign providing up-to-date and accurate information about the economic and environmental risks, relevant government regulations, and benefits of coal seam gas production in New South Wales”. The rationale for this is that coal seam gas is explicitly seen as an important resource for affordable energy in NSW as well as other economic benefits. So the committee notes public concerns, but explains that these have been addressed through a number of inquiries that have led to increased control and regulation of the coal seam gas sector (PAC 2012, p. 109-10).

4. Avoidance of politically controversial topics. Some issues were explicitly avoided altogether, due to their politically controversial nature. For example, the Tamworth Jury recommended that the state government retain ownership of the electricity network (poles and wires), and that it “exercise due diligence with respect to this natural monopoly” (2012, p. 3). On this matter the committee simply stated (PAC 2012, p. 67): “The committee notes that the possibility of selling NSW transmission and distribution businesses has been canvassed extensively in other forums, and makes no recommendation in relation to this issue”

5. Differences on the role of the state in electricity sector. There are some notable differences between the citizens’ views on the role of the state in the electricity sector, and that of the PAC’s. For example, both citizens’ juries see a role for the government in facilitating and regulating the market to provide a level playing field for renewables, and for protecting the environment. For example, the Sydney Jury’s report states that (2012, p. 7): “Government regulation is the best way of rapidly introducing new energy technologies”, and that regulation is need to “allow decentralised generation”. The Tamworth Jury report refers to a “guided market approach” (2012, p.2-3), in which “the government needs to reduce subsidisation of coal-fired electricity generation” but the state needs to “retain ownership of the network (poles and wires). Yet the PAC report recommends further privatization of energy generation, and shows a clear preference for the market to operate as freely as possible. There are, however, excerpts in the report that suggest that the government sees a role for some regulation, for example, (2012, p. 28) “... the appropriate role of Government is to regulate the market and to create an enabling environment for investment and development of new technologies”. The question is whether the current level of regulation is adequate enough? The citizens in both juries seem to think that governments could play a more active role in regulating the sector to enable greater investment of renewables.

Overall assessment of the impact of the citizens’ recommendations on the PAC

Overall the citizens’ reports had considerable impact on those issues that did not encounter any “complicating factors”. As one MP explained (MP2, 15 Nov 2012):

The citizens’ reports certainly did have an impact and when there’s no complicating factors, then it often finds its way into the recommendation or part of the recommendation as well.

Here there is an honest admission that the citizens’ reports had an impact to the extent that they did not compromise existing government policy, or party positions.

In comparison with other mini-public projects, the citizens' juries and their recommendations had considerable impact on the final PAC report (e.g. Goodin and Drzyek, 2006). There are several possible explanation for this. First, the novelty of the process, as the following quote explains (MP4, 15 Nov 2012):

I think, through the report we've actually given them [the juries] consciously far greater attention than any other stakeholder, and that's partly a function of the fact that, I think, there is a novelty and we have talked about that as a novel process in the report. We have dedicated a part of the report to actually explaining and talking about that process, unlike any of the other inputs. We've actually included the two "stakeholder" submissions [jury reports], if you call them that, as appendix of the report, everyone else has just listed their name and the like.

Second, the Chair played a significant role in shaping the structure of the report, and crafting the text together with the Secretariat. The Chair's role in the process has been considerable and he has championed the mini-public from its inception. Without his commitment to the process, and constant mentoring of his committee members, it is unlikely that they juries would have featured so prominently in the report.

Third, the committee felt a sense of obligation to respond to the citizens, given their extensive efforts. As one MP explains (MP3, 15 Nov 2012):

Of course you can't agree with everything that the citizens' jury put forward but that's the whole reason why you want to be honest...and say to them, look, we know you said this but that part's not going into the report. But in other areas what we did act on this... it was important that people reading it could go, oh, yeah, they did pick up on our issues here. So they can say, yeah, it wasn't a waste of time.

This need to publicly defend the process was also evident when the PAC report was tabled in Parliament. Five of the six PAC members (including those most sceptical of the juries) stood up in Parliament and congratulated the committee, and the citizens for their contributions to the report. In other words, in the public arena all the MPs were keen to be seen to be supporting the use of the mini-public in this instance.

Impact of the citizens' juries on the NSW Government

In June 2013, the NSW Government formally responded to the PAC's report (see NSW Government 2013).

In relation to Recommendation 6 (that the government consider deliberative democracy processes in community consultation activities), the Government refers to two examples of how it is allowing a stronger community voice in to energy policy debates. It cites that it supports the development of a consumer advocacy body, and the establishment of a 'Have your say website' (a database of all community consultation activities taking place in NSW). Both examples are a long way from the interactive and inclusive forms of public participation that advocates of deliberative democracy support.

In relation to the need to provide the public with more accurate information on coal seam gas, the Government points to the need for industry to engage communities as well.

In relation to the substantive recommendation made by the Sydney Jury to source funds from the Commonwealth via its Clean Energy Finance Corporation for electricity network expansions, the Government defers to a Review currently being undertaken by the Australian Energy Market Commission (Transmission Framework Review). It says that if funding does become available then it will explore CEFC funding with the Commonwealth.

Conclusions and Key Lessons for newDemocracy

Overall, elected representatives considered in this research were generally supportive of deliberative processes engaging citizens. This contrasts with American research in which elected officials tend to be more sceptical of the value of participatory processes that engage directly with the broader public (see Nabatchi & Farrar 2011). In this project, the MPs became champions of a mini-public because it was embedded in one of their own deliberative institutions – the Public Accounts Committee of the NSW Parliament. In this capacity, MPs were exposed to the rationale of the process design and were able to directly witness how a citizens' jury process works in practice.

The findings from this research suggest that for most MPs the exposure to the 'deliberative experience' was an eye opener. Despite some initial reservations, most MPs associated with the PAC Energy Inquiry became more supportive of the citizens' juries once they had observed the deliberative process, and read the citizens' policy recommendations. Overall most MPs interviewed believed that the citizens' juries had added value to their own deliberations, and to their final report to Parliament because they provided a nuanced picture of community attitudes towards energy issues. They saw particular value in hearing the considered opinions of a group of citizens, beyond the voices of those with organised or vested interests. MPs also identified how the citizens' juries expanded the way they understood the public consequences of energy policy decisions, and how such processes could be used to generate public legitimacy for future policy decisions. There were, however, some remaining concerns expressed about the sampling procedure used in the citizens' jury methodology, and the capacity of the participating citizens to represent the views of the broader 'uninformed' community.

On the whole elected representatives considered in this research value mini-publics not so much as a mechanism for democracy, but rather as a means to get a clearer picture of what a broader sample of the community think on an issue. One MP explained how he supported these kinds of processes over, say, a citizen initiated referenda, because they do not involve handing over power.

There are at least seven key lessons emerging from this research for newDemocracy.

1. The experiential component of incorporating the citizens' juries into the PAC inquiry was powerful for most elected representatives.

Lesson: Elected officials are more supportive of mini-publics once they have had the opportunity to observe and experience a deliberative process involving everyday citizens.

2. One of the appeals of mini-publics for MPs was that it offered them a broader perspective on how the public view a complex policy issue, beyond the concerns expressed in their electorates.

Lesson: Mini-publics enable MPs to hear from a broader set of publics than they would normally hear from, which is crucial when they are deliberating on policy issues of state or national significance.

3. The role of the chair of the PAC in enabling and championing the citizens' juries was crucial in bringing on board other elected representatives.

Lesson: Successful mini-publics need a committed champion who can work closely with the conveners, and communicate with any sceptical parties.

4. The need for mini-publics to be independent, and to be perceived as independent, was considered essential by MPs.

Lesson: Independent and non-partisanship organisations, such as newDemocracy, play a vital role in instigating and convening mini-publics, especially in highly politicised contexts.

5. Most elected representatives did not appreciate the deliberative and educational contribution of mini-publics. In particular there were misunderstandings about how the process worked and at times the scientific language appeared to distract and be unhelpful.

Lesson: To minimise confusion and misinterpretation, the use of scientific language should be minimised when describing mini-publics, particularly when referring to the selection process and the 'representativeness' of the participating citizens.

6. Prior to the citizens' juries, some MPs assumed that everyday citizens are disinterested in complex policy issues, and that their primary concern is to keep energy prices low.

Lesson: Effort should go into demonstrating that everyday citizens do care about complex issues, and want to participate in their governance.

7. The broader democratic potential of mini-publics tends to be under-valued or under-appreciated by elected representatives.

Lesson: There is a need to understand further the resistance of MPs to devolving or sharing power.

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**Appendix A: newDemocracy's Process Design Overview for
Citizen Engagement for the NSW Public Accounts
Committee's Energy Economic Inquiry 2012**

NSW PARLIAMENT LEGISLATIVE ASSEMBLY PUBLIC ACCOUNTS COMMITTEE

PROCESS DESIGN OVERVIEW:

IDENTIFYING THE VIEW OF AN INFORMED PUBLIC: ENERGY ECONOMICS AND SECURITY IN NSW

Overview

The Public Accounts Committee (PAC) has commenced an inquiry into the comparable economics of electricity generation.

The contentious nature of the subject matter can be expected to have an impact on the public acceptance of the Committee's findings. Item 5 in the Terms of Reference is likely to be the source of the greatest contention and is proposed as the topic for this deliberative process.

The newDemocracy Foundation (NDF) will provide a design for public deliberation with the objective of providing a method which is viewed as a reflection of community views rather than as a partisan exercise.

Traditional models of decision making and community engagement tend to reward those with a specific interest: i.e. the loudest voices dominate. This process will use random selection of NSW citizens to deliver the most representative sample possible of the community - a miniature population – in order to determine what everyday citizens would recommend given sufficient time and information.

Objective

The objective of this process is to return an agreed community view on item 5 from the Terms of Reference, being:

the potential for, and barriers to, development of alternative forms of energy generation (eg: tidal, geothermal) in NSW.

This question is posed slightly differently below (pg 3) so as to have broader appeal when soliciting the sample thus encouraging broader participation.

It is noted that in this context 'energy' refers to electricity generation.

Methodology

It is proposed that a two Citizens' Policy Juries of 45 participants will be convened for a 2½ month process: one in metropolitan Sydney and one in Tamworth.

Invitations will be extended to a catchment area spanning an agreed number of electorates appropriate to each of the Sydney and Tamworth located processes. Reimbursement of transport costs is being explored so as to avoid excluding participants who may find this a hardship.

Random selection will be used to identify participants as a means of securing a descriptively representative sample of the community. Stratification will be used to ensure a mix of metro/regional participants and age groups are represented.

Selection of Participants

Invitations for each Citizens' Policy Jury would be issued to a sample of 4,000 citizens randomly drawn from the electoral roll. Invitations will explain the process and ask the citizen to decide to opt in to be eligible for selection in the Policy Jury. *(10% response rate required, 20% expected)*

From positive responses, samples are drawn electronically based on pre-agreed stratification goals: recommended as being age and residential location. The objective is to achieve a group descriptively representative of the community even if one subset of the community responds disproportionately to the initial invitation.

This sample (and 5 reserves) will be sent a comprehensive schedule and explanatory kit of pre-reading, with the output being for them to provide a final acceptance allowing NDF to finalise the jury.

While it is recommended a modest per diem payment be announced after this final confirmation and provided at the conclusion of the process it is understood that the PAC budget does not allow for this. For a regional event to be viable reimbursement of travel costs is highly desirable and NDF is evaluating this.

The group is convened solely for this process: any future Policy Jury should recommence a fresh selection process.

Preparation and Information Process

Information and judgment are required to reach decisions. We operate these panels because the judgment of random samples (or mini-publics) has been shown to achieve very high levels of public trust. It is thus imperative that the method of provision of information to the groups does not erode that trust.

Prior to the Policy Jury's first meeting, a background document will be circulated to the panellists: this should be the entirety of the executive summaries from the submissions made to the Committee (with full submissions available to read upon request). This is the baseline content for deliberation. NDF also proposes that a call for summary submissions (one page) will be made through mainstream print media – giving companies, interest groups, expert groups and citizens the chance to contribute. However, throughout the meeting process the Jury is able to request a submission or an appearance from experts of their choosing (as well as hearing more from a submission contributor). It is understood that the Jury would be requesting attendance in its own capacity, not under the authority of the PAC, which has statutory powers related to its role as a parliamentary body.

The CSIRO have confirmed their interest in ensuring ready access to expertise as required.

It is recommended that an online discussion forum (for the use of the Jury, but visible to the public) be operated as part of the process.

What is the status of the Citizens' Policy Jury?

The Citizens' Policy Jury is not a parliamentary proceeding and would not attract parliamentary privilege. However, the Committee highly values public input and considers that the process will be an integral component of the inquiry.

What Does the Citizens' Policy Jury Decide?

It is important that the limit of the group's decision-making authority is pre-agreed and clearly conveyed.

It is proposed that the remit of the jury is to reach agreement on:

The order of preference, barriers to adoption (including financial aspects and public perception issues) and recommended course of action with regard to alternative forms of energy generation (eg: tidal, geothermal) in NSW.

In terms of authority, it is proposed that:

The Public Accounts Committee undertakes that the Jury's recommendations will be provided to the NSW Government as part of the Committee's final report.

Early agreement by the Public Accounts Committee on these two points is the most critical element to the success of the process.

Participants will be advised that the report will be debated in parliament.

What Constitutes a Decision?

In order to shift the public mindset from adversarial, two party, either/or contests and convey a message of broad based support for the recommendations, the Foundation suggests a 75% supermajority be required for a final decision from the group. In practice, citizens' panels tend to reach consensus (or group consent) positions with minority voices included in any report; they rarely need to go to a vote.

Operations

A skilled facilitator has been identified for the Sydney process who is accredited by the International Association of Public Participation who will provide services pro bono. NDF will meet costs associated with the Tamworth event.

Assistance in creating the documentation and facilitating expert appearances will be provided by a Foundation volunteer in conjunction with the CSIRO.

Meetings would take place within either Parliament facilities during business hours or the University of Sydney as venues available at negligible cost. Advice is being sought with regard to an appropriate venue in Tamworth.

Costing Outline

Key cost areas involved for the PAC are the use of Parliament's facilities and printing costs. It is understood the PAC is unable to fund catering, postage, per diems, transport or consultant costs but can advise on costs and distribute electronic mail.

Process design, selection, and provision of facilitators will be at the Foundation's cost.

Key Issues to be managed:

- Interface with subject matter experts to ensure accessibility and availability for participation.
- Interest group buy-in (explicit invitation for inclusion in the preparation of background information is suggested).
- Preparation and assembly of background information (assuming that to some extent the submissions received will inform this process).
- Communication task (this will end up being an education campaign for the broader community as well as a communications task).

DRAFT TIMELINE FOR 2012 DELIBERATIVE PROCESS:

ENERGY ECONOMICS AND SECURITY IN NSW AN INQUIRY BY THE PUBLIC ACCOUNTS COMMITTEE OF NSW PARLIAMENT

Topic: ***The order of preference, barriers to adoption (including financial aspects and public perception issues) and recommended course of action with regard to alternative forms of energy generation (eg: tidal, geothermal) in NSW.***

Start –3 months	Research Committee preparatory planning session. Key topics: <ul style="list-style-type: none"> ➤ Agree Academic Oversight Representatives. ➤ Identify required background materials for inclusion. ➤ Revise/ amend/ review this program. ➤ Final budget approval by each party. ➤ Agree ideal timings for PAC representatives to attend metro and regional jury assemblies.
Start –80 days	Invitation sent to a random sample of 4,000 citizens drawn from the electoral roll for <u>each</u> Policy Jury. Estimated 20% positive response rate. Briefing of independent, skilled lead facilitator(s). Selection of online platform services (including moderators)
Start -60 days	First round selection to secure representatives. <ul style="list-style-type: none"> ➤ Seeking 45 panellists per Policy Jury (45 + 5 reserves is ideal). ➤ Explanation of commitment required: attendance at all elements of process, including potential online discussion presence. ➤ Stratified random sample to deliver descriptive match to community (NDF to provide technology/ expertise).
Start -30 days	Finalisation of participants. Provision of welcome kit of materials. Potential to open up online discussion environment for participants.
Start -14 days	Media briefing to explain process.
Day 1 (all dates TBC – June proposed) (Full day required, Saturday suggested)	Opening day: The First Assembly – The Learning Phase. <ul style="list-style-type: none"> ➤ Introduction of the topic upon which they will deliberate: understanding remit and authority. Explanation of influence and context: what will be done with the results the groups produce. ➤ Introduction of the process, and its precedents; understanding the inevitability of bias & importance of constructive, critical thinking/doing. ➤ Agreement on group guidelines for participation. ➤ Jury sessions with 2-3 expert speakers driven by each group's online discussions prior to meeting. Includes open Q&A.

	<ul style="list-style-type: none"> ➤ Group to identify speakers sought for future assemblies. ➤ Ensure familiarity with and acceptability of online tools
Day 14 (4 hours approx.)	<p>The Second Assembly – Understanding</p> <p>Deliberative focus is on the public submissions and on the juries’ own online idea formulation and exploration of challenge at hand.</p> <p>It is envisaged that 4-6 expert speakers will appear in-person or via Skype.</p> <p>Ongoing online discourse among the panellists is encouraged during the “away” period.</p>
Day 16	<p><i>Convenors’ Review: do the participants need more time or assistance to come to a full understanding of their choices? Potential to extend meeting schedule at this point.</i></p>
Day 28 (Full day reqd)	<p>The Third Assembly – Reflect. Discuss. Deliberate.</p> <p>There is no fixed output from the session: the goal is to provide a face to face forum for the representatives to reconvene to discuss their views in small groups. The facilitator should encourage groups to move toward commencing the prioritisation task.</p>
Day 42	<p>The Final Assembly – Reaching Consensus.</p> <p>Delivery of a prioritised list of energy preferences, the barriers that exist, and the recommended course of actions of the Policy Jury for each (with a record kept of minority views).</p> <p>Recommendation(s) must be Specific, Measurable, Actionable, Realistic and with a Time horizon.</p> <p>Presentation of recommendations to Public Accounts Committee.</p>
Day 44	<p>Post event debrief and agreement on Action Items.</p>

Appendix B: Citizens' Jury Reports (Sydney and Tamworth)

RECOMMENDATIONS ON ENERGY ECONOMICS AND SECURITY IN NSW

SYDNEY CITIZENS' POLICY JURY

August 2012

Opening Statement

The Sydney Citizens' Policy Jury members wish to express their thanks to the NSW Parliament Legislative Assembly Public Accounts Committee for the opportunity to present our recommendations for your consideration and evaluation.

Remit

The Public Accounts Committee tasked the Sydney Citizens' Policy Jury with the following remit:

Agree on an order of preference, barriers to adoption (including financial aspects and public perception issues) and recommended course of action with regard to alternative forms of energy generation in NSW.

Executive Summary

As part of the extensive research and evaluation process undertaken, which included presenters from various fields of expertise and industry, careful consideration of the Remit was undertaken by the Sydney Citizens' Policy Jury.

The Sydney Citizens' Policy Jury unanimously concluded that the challenge is not to agree an order of preference, but instead to create certainty so that all renewable technologies have a chance to compete on merit. The biggest barrier is location and the connection to the grid. We offer five recommendations which we hope the NSW Government will adopt to address this, and are confident that this would secure the future energy requirements for the State.

Priority Recommendations

Underpinning our recommendation is one key fact and the Jury's unanimous belief.

Approximately 90% of the energy generation in New South Wales relies on the burning of fossil fuels which is the primary cause of increased greenhouse gases.

There needs to be an increased utilisation of renewable energy beyond current Federal targets.

Develop Resource Zones

- The grid is currently not structured to incorporate the rich renewable resources throughout regional NSW. (Reference: The CSIRO submission maps NSW's energy opportunity).
- Many of these sources of renewable energy are a long distance from the existing grid, making them currently uneconomic to develop.
- The Jury **recommends** that the current grid be extended to these sources of renewable energy when required and should be funded by the Federal Government's Renewable Energy Fund.
- The NSW Government would foster economic development in regional areas to promote growth and investment, by pursuing this recommendation.

Facilitate Demand Management

- Demand Management will allow efficient handling of peak loads by prioritised load shedding.
- This is an achievable short term objective that will be facilitated by a Smart Grid.
- The Jury **recommends** that the NSW Government urgently prioritise development of a Smart Grid.

Encourage Decentralised Generation

- The Jury **recommends** legislative change to support and enable decentralised energy production. This is an 'on the grid' or 'off the grid' option, as appropriate.

Funding, Pricing and Regulation

The Jury **recommends** that the NSW Government:

- Provide long term legislative certainty for investment in renewables.
- Legislate to ensure transparency in billing, i.e., the specifics of what do we pay for.
- Legislate to allow 'time of day' and other flexible tariff options.
- Legislate equitable access to the grid for all renewable energy providers.
- Initiate discussion to include pricing and environment in the national energy objectives.

Nuclear debate

- The Jury recommends that the NSW Government initiate informed public discussion regarding emerging nuclear technologies, e.g., Thorium, as an energy source.

Salient facts and Assumptions to Support Recommendations

The recommendations are supported by the following Salient Facts and Assumptions.

Key Facts

- Approximately 90% of power produced in NSW today comes from fossil fuel sources. This was noted by a broad range of expert witnesses.
- Federal Government regulations require that 20% of our energy must be supplied by renewable, with the additional requirement of reducing greenhouse gas emissions by 5% on 2000 levels.
- Transmission and additional generation infrastructure is responsible for around half of a residential household power bill, as noted by CSIRO and AGL speakers.

Resource Zones

- From mapping of available renewable resources, it is possible to identify renewable resource zones.^{1 2 3}
- Establishment of resource zones will help to minimise the cost of extending the grid to remote areas, to minimise the cost to the renewable energy investor.

The Grid

▪ Demand Management (Peak Loads)

- Peak loads are caused by increased utilisation of equipment such as air conditioners and heaters.
- The Jury was positively disposed to the submission from the Total Environment Centre, which stated demand side participation can be particularly effective. [Reference: Submission 11 – page 3, note 4]
- Technology exists to control load, by turning on and off thermostatically controlled household, industrial and commercial equipment.
- The King Island submission and presentation was favourably received by the Jury.
- Time of day charging and load shedding are enabled by the installation of smart meters and a smart grid (Reference: Submission 14 by AGL - page 4 and 113).

¹ [CSIRO 'Unlocking Australia's energy potential'](#)

² [Grenatec- PAEI-Aust East Timor Report](#)

³ [University of Melbourne 'Zero Carbon Australia Stationary Energy Plan'](#)

- The Smart Grid is necessary to enable individual households, industrial and commercial users to be able to generate power from a variety of renewable sources and that power can be sold back to the grid.
- Further incentives should be established to encourage the installation of renewable energy generators once the Smart Grid is operational.
- Encourage the use of storage facilities to store excess renewable energy generated in individual households and commercial and industrial facilities (e.g. Electric Car & Lithium Ion batteries).
- The peak load demand is driven by high utilisation of certain appliances during approximately only 10 days per annum.
- The implementation of all these initiatives requires a process of dialogue, education and communication with consumers.

▪ ***Decentralised Generation***

- Tasmania Hydro has implemented the King Island Renewable Energy Integration Project (KIREIP)⁴, a decentralised generation program to support the energy requirements of the island's approximately 2000 inhabitants.
- The KIREIP project balances a mix of existing renewable energy resources with the inclusion of Bio Diesel, Vanadium Redox Battery (VRB), Wind farm expansion, Uninterruptible Power Supply Class Diesel Engine (D-UPS) and an Energy Storage System.
- As outlined in the project overview, 'the project...is aiming to develop a world leading power system on King Island. KIREIP will result in the use of renewable energy for over 65% of the island's energy needs, and will reduce CO² emission by more than 95%'.
- The King Island Model is a good example of a decentralised power supply for small communities and has the potential to be explored in NSW. In addition to the clever use of new technology, a feature of this model was the strong community consultation used as part of the process.

⁴ www.kingislandrenewableenergy.com.au

Funding, Pricing and Regulation

- Market forces will drive where money and capital are needed to make profit.
- Government can encourage and facilitate direction for the market.
- The rooftop solar PV program resulted in a glut of renewable energy certificates which may take two years to clear, which has an impact on large scale renewable investment, as noted by Pacific Hydro speaker.
- There is no conclusive proof that the corporate sector run power generators better than the government, as noted by the speaker from AGL.
- Retailers are prohibited from offering innovative or flexible tariff options which encourage reduced consumption.
- State Governments earn royalty on income from fossil fuels.
- Energy zones can reduce transmission investment costs.
- Peak prices can justify investment in energy storage.

Nuclear

- The unanimous view of the Jury was that the proposed issue of nuclear power generation should not be dismissed. A minority view (10%) supported starting deployment in the immediate future. While this view was not shared, the Jury was in agreement that the topic should be discussed in greater detail with the Australian public.
- The Jury recommends that the NSW Government initiate informed public discussion into the viability of emerging nuclear technologies, e.g., Thorium, as an energy source for future power stations.
- This would be on a medium to long term timeframe and would be in conjunction with the development of education programs, dependent on the outcomes of the public discussions.

Why did the Jury reach this decision?

- Australia is uniquely situated from a geological and political stability perspective, to utilise its substantial existing resources of thorium deposits for the development of future power stations. These power stations, in comparison to the more established nuclear technologies, would be more cost effective, have a lower carbon footprint, and safer processes that produce minimal waste with significant reduction in the risk of development of weapons.
- Smaller modular plants have the potential for ease of installation and site flexibility, with lower capital construction costs.

Environmental / General

- The importance of the environment is lost in most discussion about energy, in particular with national energy objectives.
- By 2020, 20% of our energy must be supplied by renewable, with the additional requirement of reducing Greenhouse Gas emissions by 5% on 2000 levels.
- Environmental and emission concerns will continue to drive the requirement for a greater share of renewable energy increases but they have not resulted in increased productivity (IPART).
- Reducing emissions while continuing to burn coal will necessarily encourage newer technologies and further research into carbon capture and storage.
- Public anxiety about coal seam gas exploration and production requires strict regulatory controls to limit damage to prime agricultural land and aquifers, and more heavily populated areas, i.e. Sydney basin region.
- As NSW is part of the National Energy Market (NEM), it is understood that any future changes to NSW's energy supply and distribution will affect the NEM.
- Coal and Gas will continue to provide base load and intermediate power for the short term future, but aging coal plants should not be replaced.
- Decoupling providers and networks will help eliminate the incentive for networks to increase profit by increasing usage.
- Short and longer term energy targets will need to be established to provide market certainty.
- Government regulation is the best way of rapidly introducing new energy technologies.
- Reference: CSIRO 'Unlocking Australia's Resource Potential' fully lists capital, OEM and Recurrent costs for each energy type.

Conclusion

The Jury concluded that the challenge is not to agree an order of preference, but instead to create certainty so that all renewable technologies have a chance to compete on merit. The biggest barrier is location and the connection to the grid, regulation which inhibits innovative technologies connecting to the grid and inflexible pricing models which stop incentive based plans being offered.

We offered five key recommendations which will:

- ✓ create investment certainty across all renewables through an expansion of the grid to a CSIRO identified 'Resource Zone'
- ✓ allow for the innovative practice of Demand Management to be applied
- ✓ regulate to allow decentralised generation
- ✓ reform pricing to allow for time of day and flexible tariff options
- ✓ start a discussion about advanced nuclear technology

We thank the Committee for the opportunity to explore this topic in depth and with access to a wide range of expertise. We appreciate the chance to be heard and look forward to your response.

Thank you
Sydney Citizens' Policy Jury

Clearing the Air

Recommendations of the New England Citizens' Jury on Energy Economics and Security in New South Wales.

For:

**The New South Wales Parliament Legislative Assembly Public
Accounts Committee**

Deliberations concluded August 2012

Clarification of Remit

The Public Accounts Committee provided the Citizens' Jury with the following remit:

Agree on an order of preference, barriers to adoption (including financial aspects and public perception issues) and recommended course of action with regard to alternative forms of energy generation in NSW

After consideration of this remit, inclusive of presentations by several experts representing particular interests and knowledge bases relevant to the subject of the concerns of the Public Accounts Committee, the New England Citizens' Policy Jury decided to critically revisit the above remit.

Specifically, the Citizens' Policy Jury reached the conclusion that the requirement to 'agree on an order of preference ... with regard to alternative forms of energy generation in NSW' presupposed that the optimal mechanism of choosing a so-called 'order of preference' generation resides in a process of political decision-making. On the contrary, after a review of the available evidence, we determined that the take-up of alternative energy forms is best determined by what we will denote as a 'guided market approach'.

Nevertheless, the Citizens' Policy Jury did determine three fundamental parameters of this approach with respect to the so-called 'order of preference', namely:

1. That pre-existing interference of pricing signals, particularly with respect to non-renewable energy sources (specifically, coal) ought to be addressed as soon as possible;
2. That adoption of alternative forms of energy generation be guided by triple bottom-line sustainability (economic; social; environmental) as determined by the largely pre-existing regulatory framework;
3. That the broader Community does not currently have confidence in either uranium-based nuclear energy generation or coal seam gas extraction technologies, and that until such time as the community's confidence level improves significantly in respect to both these technologies, they are not recommended for inclusion in any energy generation mix for NSW.

Executive Summary

It was the determination of the New England Citizens' Policy Jury that considerable diversity of alternative energy generation sources has already been invested in NSW and indeed more generally. Further, this suite of technologies provides solid grounds for optimism with respect to moving toward a future based upon a higher reliance on renewable energy. Nevertheless, the New England Citizens' Policy Jury did identify several barriers to the adoption of these technologies, namely:

1. The aforementioned market distortion created by the State Government's subsidisation of coal-fired electricity generation in NSW. In the opinion of the New England Citizens' Policy Jury, the NSW Government is in a unique position to decouple the negative political economies generated by this subsidisation – over time – and as such assist in moving the State toward a more sustainable energy future.
2. The New England Citizens' Policy Jury recognises that components of energy infrastructure – particularly the distribution network – exhibit characteristics of a so-called 'natural monopoly' (i.e.: where one firm – the state – can meet most of market demand and still achieve the lowest average cost per unit). As such, the Jury recommends that the Government exercise due diligence with respect to this natural monopoly, by retaining state ownership of it (the so-called 'poles and wires' of the network) while at the same time facilitating emerging alternative forms of energy generation to participate in this network. Expansion of the network is a technology neutral form of renewable energy subsidy.
3. That, notwithstanding the recommendation that the market be relied upon to generate both innovation and efficiencies in the energy sector generally, a strategic framework, or 'time-line' for the implementation of reliance upon renewable energy sources be provided at the level of the State Government, as a means to provide greater certainty for investors in these renewable energy forms.
4. Given the adoption of the carbon tax at a federal level, that the regulatory framework developed by the NSW Government be strategically aligned with the framework now emerging through mechanisms such as COAG, the ACCC, and various intergovernmental arrangements.

Statement of Principles and Assumptions

1. NSW consumers expect a reliable and continuous uninterrupted energy supply.
2. A transition is required to energy sources that are healthier for workers and the general community both now and in the future. Community expectations are increasing with respect to the prospect of a cleaner outcome for energy generation.
3. A transition is required to energy sources that have a significantly lower environmental impact.
4. Energy generation, retailing and pricing structures must have energy efficiency incentives as a core principle for both consumers and generators.
5. Government should adopt a holistic approach to energy generation by looking at the relationship between generation, transmission, delivery, efficiency, demand and the NSW energy market and the renewable energy target.
6. Despite its taking the lead, Government ought to recognise that energy solutions need a multi-partisan political approach.
7. Viable economic alternatives need to compete fairly with existing generation techniques. Barriers to entry to the NSW energy market must be reviewed to facilitate easier market access for the alternative technologies.
8. Infrastructure needing to be replaced or built must be more flexible to allow for decentralised generation.
9. It ought to be acknowledged that the NSW energy network is a part of a national system and the implications this has for power generation in the State.
10. The New England Policy Jury chose to not focus on specific technologies (existing or emerging) as such recognising that these are continuing to change and develop.
11. That the safety net for low-income and other disadvantaged consumers continues.

Analysis of Current Environment

Technical

1. The state of NSW no longer runs its power generation facilities. Consequently, it is no longer a state responsibility to dictate the technology to be used. Rather, it is a state responsibility to ensure that whichever technology is used it does not create an unhealthy working environment for the employees or the citizens of the state; now or in the future.
2. A mix of alternative energies and technologies is poised on the edge of the market; nevertheless, we recognise that this mix will continue to change and develop.
3. Those companies developing the various alternative technologies are the ones who will be able to determine when they have reached the viable stage. They are also the ones who will incur the costs and enjoy the profits.
4. Nevertheless, one technical area that needs state support is in the development of the grid management systems that will be required to allow for the inclusion of power generation technologies that are decentralised and may or may not generate continuously (e.g. solar and wind).

Economic

For new technology companies to enter the marketplace, they must be able to foresee a profit whilst providing power at a competitive rate to their rivals, both current and developing.

Barriers to the entry:

1. The companies running the state's coal-fired power stations are currently able to purchase coal at rates that are significantly below market price, and are therefore able to supply energy below the real cost. Alternative technology companies who are trying to enter into the power generation market are starting with a significant economic disadvantage because of this.
2. Control of the retail market is by groups with a vested interest in the current generation methods. As a consequence, new entrants, whilst able to offer power at rates competitive with the current wholesale rate, do not have appropriate access to the market.
3. Some forms of generation, whilst highly competitive when operational, do not continuously generate power and so may need supplementation from other sources on occasion e.g. Solar, Wind, Tidal, and Wave. This implies the need for an environment involving co-operative generation strategies rather than the competitive ones that exist in the current marketplace. Such technologies could include solar thermal, geothermal and solar-pumped hydro as methods of providing green dispatchable energy load.

4. Research and development of energy storage becomes more and more important as we increase the proportion of renewable energy. Solar thermal, geothermal, bio-gas, pumped-hydro, use of electric cars can play a significant role in providing green dispatchable energy.
5. If the cost of extending the network has to be absorbed by a business developing an alternative technology, e.g. to a Solar power station located in the country, then this will significantly limit the ability of a business to be competitive even if the technology can significantly lower generation costs.

Network

1. The existing network has evolved to satisfy the needs of a centralised, coal-fired generation system.
2. Further, grid management technologies and systems for NSW assume a limited number of power stations providing electricity relatively close to the majority of demand. Whilst some alternative technologies may be able to be similarly located, there may be sound technical reasons for choosing a site significantly further away e.g. locating a solar power plant because of climatic advantages.
3. The use of alternative technologies for power generation will require more flexibility in the location of the network and in the management of the network. The cost of extending the network and the cost of developing the appropriate management technologies and systems are a network cost and need to be included in the network budget appropriately. They must not be borne by the new entrants. The infrastructure to support the alternative technologies should be provided in the same way that it was provided to existing coal fired power stations and to the mining industry; for example when a new mine site is established that is not close to existing infrastructure.

Political

Currently the energy strategy development focus is clouded by vested interests and disparate government policy. There is no national focus to long-term energy solutions.

1. Decisions have historically been made affecting energy generation in NSW that have not been related to long-term sustainable delivery solutions.
2. Traditional energy generation providers have an unfair advantage.
3. Government at the national level has responded to environmental concerns by recently introducing a price on carbon. The NSW Government ought to reinforce this commitment to clean sustainable energy as a mechanism to promote economic growth.

Social

1. There has historically been no focus for energy consumers around sustainable energy usage.
2. There is a significant sector of low income earners who cannot afford their traditional usage levels under the current tariff structure.
3. Manufacturing businesses are becoming less competitive due to escalating tariffs, thereby negatively affecting employment. Increasing energy costs are a factor in this.
4. Current carbon-based fuel sourced generation creates significant health issues for both workers and the wider community.
5. Decisions around power generation, delivery and policy are not tested against traditional social indicators.
6. Consumers are not encouraged by pricing to be efficient. Lowering availability charges and balancing the loss of income by increasing usage charges would provide greater incentive for people to lower their demand.

Environmental

1. The environmental impacts of the choices that are made need to take into consideration more than just the emissions. Soil, water, flora, fauna and air are all impacted, from pollutants to degradation, extinctions to genetic isolation through to genetic biodiversity. All these environmental impacts directly impact on our current, and future, health and well-being. It is important to take into consideration all environmental factors, not just a few.

Salient Facts

1. Fossil fuel reserves are finite and their continued use for energy generation creates significant health issues both for the workers and the wider community.
2. Economically viable alternative energy technologies are available to implement now, but alternative energy generators have difficulty accessing a market entry point under the current structure.
3. Economically viable alternative energy technologies are continuing to be developed and improved.
4. The renewable energy technology industry is looking for more certainty from government with respect to the environment in which they are operating to be able to make the long-term investment decisions required to enter the market place.
5. Existing coal fired power stations are reaching decommission dates and are in receipt of subsidies that provide them with a significant commercial advantage over non-fossil fuel generators (e.g.: coal price below the market value and excise tax exemptions for mines).
6. The current grid design is based on centralised power generation because of the availability of the fuel source (e.g.: coal). Alternative methods of power generation may be best suited to locations other than these.
7. Energy prices for consumers are rising, despite their efforts to reduce consumption. Indeed, the NSW energy demand has decreased in recent times.
8. Generally, the power generating companies have strong ties with the retail sale companies, and therefore they have the ability to disadvantage companies who can generate power from alternative sources.

- **Recommendations**



Recommendations

1. Build a strategic framework with targeted stages to achieve a goal of 100% sustainable, renewable/green energy mix, promoting flexible technologies choices for energy production. Targeted stages would provide increased assurance for investment in renewable/green energy technologies. An illustrative example is:
 - 30 per cent green energy/renewable by 2020;
 - 40 per cent green energy/renewable by 2025;
 - 50 per cent green energy/renewable by 2030;
 - 60 per cent green energy/renewable by 2035;
 - 70 per cent green energy/renewable by 2040;
 - 80 per cent green energy/renewable by 2045, and
 - 100 per cent green energy/renewable by 2050.
2. That the NSW government develop a strategy for efficient integration with the national grid.
 - Ensure that NSW plans to be part of a National Energy Strategy, as renewable energy sources are not evenly distributed nationally and some areas have a comparative advantage in types of renewables.
 - NSW takes best advantage of the national grid to maximise economic, environmental and social benefits from the national electricity distribution system.
3. Governance of the NSW energy market needs to be revised to facilitate improved market access for renewable energy.
 - Legislation should guarantee decentralised small, medium and large scale generation has access to the NSW energy market at a set minimum price.
 - Subsidies for coal-fired power, such as ‘below market price coal’ should be phased out as contracts are renewed.
4. Parliament should adopt a multi-partisan approach to energy policy and regulation.

To create long-term business confidence to invest in renewable energy, parliament should set up an on-going multi-party advisory committee that extends beyond a single term. This committee is to oversee the long-term policy development and implementation.
5. Policy should recognise and reward efficiency in generation and consumption.
 - All consumers, individuals, businesses and communities should be rewarded for efficiencies through incentives – for example:
 - A review of the tariff structures and an educational program to help consumers become more efficient.
 - Promotion of smart card system so consumers can participate in rewards as shareholders in renewable energy production.
 - Service availability fees should be kept low with increases, when necessary, only in usage fees to encourage efficiency.
6. Generation Policy needs to set clear environmental and health bench marks that meet community expectations.
 - Environmental and health considerations come before financial costs. Legislation should protect environment and health.
 - Coal seam gas, fracking and uranium-based nuclear power are unacceptable given the current technologies and safety concerns.

- Review plans to build new coal fired power stations.
 - No new fossil fuel exploration for NSW power generation.
7. Ensure infrastructure provision focuses on efficient and cost effective energy outcomes.
- Provide a legislative framework on generation ownership and mandating continuity of supply.
 - Conduct a review of public/private ownership for generation, network and retail functions to ensure operators are accountable and consumer needs are met.
 - Existing public ownership should be retained unless it is clearly demonstrated that asset sales will provide enduring advantages for electricity consumers
8. The electricity grid needs to be transformed into a decentralised network.
- Investment in the grid should be directed toward optimal renewable energy locations, e.g.: wind along the dividing range and solar west of the range. A decentralised network has the added advantage of regional jobs, skills and investment as well as increasing the percentage of renewable energy in NSW.
 - Increased investment in a “smart grid” will help to lower peak demand.
9. Separate electricity generation from retail sectors to remove the monopoly that at present restricts access at the wholesale levels of alternative energy. The areas of energy generation, the wholesale energy market and the retail energy market need to be totally independent from each other.

Our reasoning for this is that the separation will:

- Increase competition
 - Prevent monopolies dominating price determination
 - Open the market to new alternative supplies
 - Lead to more decentralised power generation
 - Bring more realistic price outcomes as a result of the competition for market share.
10. Ensure strategies to aid the disadvantaged in the community
- As energy prices are likely to increase above CPI, the disadvantaged should receive energy subsidies on a regular 4-6- month basis
- That the ACCC monitor for price gouging and anti-competitive pricing from all sectors of energy supply industries.