



# **ACTU Submission (II) to the Senate Select Committee on Scrutiny of New Taxes in its Inquiry into Carbon Tax Pricing Mechanisms**

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## Introduction

1. The Australian Council of Trade Unions (ACTU) welcomes the announcement of the *Clean Energy Future* package by the Government as an important first step in laying the foundation for taking real action to tackle climate change.
2. We acknowledge the work of the Multiparty Climate Change Committee in negotiating key design elements of the package.
3. The package provides:
  - Protection for jobs, particularly in emissions-intensive trade exposed industries during the period of adjustment;
  - Promotion of investment in clean energy technology and innovation and the creation of new jobs and industries; and
  - Assistance for the majority of households in meeting any costs associated with the introduction of the scheme.
4. In particular, we strongly support the focus on industry policy to protect and create jobs and the reform to the taxation and transfer systems to ensure that the most vulnerable in our community are supported through the process of change to a low carbon economy.
5. We welcome this opportunity to make a second submission to the Senate Select Committee on Scrutiny of New Taxes' Inquiry into Carbon Tax Pricing Mechanisms in light of the Government's announced *Clean Energy Future* package.
6. As the peak council for organised labour – representing more than 1.8 million workers across all sectors of the economy and across all states and territories – our comments reflect our experience supporting workers to attain safe, secure and rewarding employment. More specifically, our comments reflect the union movement's aim to create and consolidate a commitment to fairness, equality, sustainability, safety and up-skilling in the transition to a low carbon economy.

## Jobs and Sustainable Industries

7. The *Clean Energy Future* package recognises the need to assist trade exposed industries during the period of adjustment through the inclusion of a suite of measures to safeguard jobs: *Jobs and Competitiveness Program*, the *Steel Transformation Plan*, the *Clean Technology Program*, and the *Coal Sector Jobs Package*.
8. The design of the *Jobs and Competitiveness Program* will provide assistance to emissions-intensive trade-exposed industries while maintaining investment signals for low pollution technologies, activities and behaviours that will drive structural and technological changes consistent with world's best practice.
9. Specific packages for the steel and coal mining industries appropriately recognise the particular challenges the sectors face. Trade unions will continue to work with the Government in the development of both packages to ensure the interests of workers are central in program development and long term job security is maintained through investment and innovation.
10. We note that the *Steel Transformation Package* will require legislation. Both trade unions and key businesses (BlueScope and OneSteel) have announced their support for the *Steel Transformation Package*. We call on all political parties to support the package.
11. The *Clean Technology Program* is an important program for assisting manufacturers in reducing their carbon liability (and maintain and growth their competitiveness in a low carbon economy) through improvements in energy efficiency. The program will also drive research and development in low pollution technologies, growing the size and improving the competitiveness of the Australian low pollution technology industry.
12. The current arrangements for programs – like the *Clean Technology Program* – in the *Clean Energy Future* package do not include specific guidelines for Australian Industry Participation (AIP). This was one of the weaknesses of the Solar Flagship programs where the recent multi million dollar solar projects announced by the Commonwealth did not require AIP arrangements because according to the Finance Department, AIP is only required for tenders, not grants or loans.

13. Trade unions will seek to work with the government to maximise Australian industry participation. An Australian industry participation policy should apply to and be implemented to any project worth more than \$5 million in the *Clean Technology Program* as well as funding provided by the Australian Renewable Energy Agency and Clean Energy Finance Corporation (discussed below). It should be consistent with Commonwealth AIP policy for tenders over \$20 million, and large projects over \$50 million should be designated strategic projects and have local content policy set by Cabinet as per the trams contract under VIPP in Victoria. This will assist in ensure a full and fair opportunity for Australian suppliers to participate and gain business.
14. Trade unions will also work with the government to ensure that programs under the *Clean Energy Future* package provide fair and reasonable opportunity for small and medium size enterprises to participate.

### **Clean Energy Technology Innovation and Energy Efficiency**

15. The ACTU has long advocated for significant investment in renewable energy, low pollution technologies and improvements in energy efficiency.
16. We strongly welcome the suite of measures to drive innovation in clean energy technology included in the package, in particular the *Clean Energy Finance Corporation (CEFC)*, the *Australian Renewable Energy Agency (ARENA)* and the *Clean Technology Program* (discussed above).
17. If designed effectively and provided with appropriate tools, the CEFC can target funds at market barriers to innovation and leverage private investment. In the United States, for example, the Department of Energy Loan Program has committed nearly \$US35 billion to support 37 clean energy projects, creating or saving over 68,000 jobs since 2009.
18. The establishment of ARENA will improve the governance of programs including strengthening synergies between different programs and where practical adopting a whole-of-government approach that supports coordination and collaboration between different departments and levels of government.
19. We also welcome the commitment to undertake policy work on a National Energy Savings Initiative (NESI). Trade unions support the adopted of a NESI – as recommended in 2010

by the Prime Minister's Task Group on Energy Efficiency – in recognition of the important role the initiative can play in driving the adoption of energy efficiency measures across commercial, industrial and residential sectors.

20. Trade unions are committed to continuing active engagement in the development of these initiatives to ensure adequate procurement policies are implemented, local industry participation is maximised, and decent work opportunities are created.

### **Assistance to Households and Communities**

21. The ACTU strongly supports the household assistance package. It contains a progressive set of reforms to the personal income tax and social security systems that will deliver tax cuts to low and middle income earners, while boosting the incentive to participate in the workforce.
22. Assistance to low and middle income households is designed to cover the anticipated modest increase in costs. We welcome the commitment by the Government to regularly review the adequacy of assistance.
23. The ACTU will continue to advocate for further reforms to the tax system, including in priority areas identified by ACTU Executive, in the lead up to the October 2011 Tax Forum.
24. While the introduction of a price on carbon pollution is not a direct levy on households, the carbon price will be passed through to some retail prices. We welcome the announcement by the Government to introduce a price monitoring mechanism to ensure consumers are protected against unscrupulous pricing behaviour by businesses.
25. Improvements in energy efficiency will help manage energy price rises – those associated with the introduction of a price on carbon pollution but also in response to other factors which have been driving energy price rises in recent years.
26. There are significant opportunities to improve energy efficiency in households (and community organisations). The allocation of \$130 million to trial energy efficiency programs for low income households is an important step in meaningfully addressing energy efficiency. Unions are committed to engaging in the development of the program to

maximise local industry participation while ensuring workers are adequately trained and the highest OH&S standards are maintained.

27. A key element will need to be a focus on regional planning – particularly for carbon intensive communities – to ensure that targeted assistance is provided to communities to prepare in advance of change and to create new opportunities. Plans must protect workers rights, support investments in low pollution technologies that draw on the existing skills and infrastructure of communities, and identify and support economic diversification opportunities.
28. Unions demand a seat at the table in any planning for regional communities to ensure workers and their families are supported.

### **Conclusion**

29. The International Energy Agency recommends the introduction of a price on carbon pollution and a suite of complementary measures as the most effective approach to climate mitigation.
30. The *Clean Energy Future* package is consistent with this. It places a price on carbon pollution for the first time in Australia while supporting research and development, and driving investment in clean energy technologies. It is also a fair and inclusive approach to action on climate change through the protection of jobs and the provision of assistance to households and communities.
31. We support the introduction of the package on 1 July 2012. Further delay in taking this important first step in addressing climate change will result in higher costs later to address climate change.
32. If you would like to discuss further any of the matters raised, please do not hesitate to contact the ACTU.