

16 April 2010

The Secretary
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

Via e-mail: economics.sen@aph.gov.au

Dear Mr Hawkins

Tax Laws Amendment (2010 Measures No. 2) Bill 2010

I refer to your letter of 23 March 2010 inviting the AWU to make a submission to the above inquiry currently being undertaken by the Senate Economics Legislation Committee.

The AWU has an interest in Schedules 3 and 5 of the legislation concerning the income tax exemption of HECS-HELP benefit, and for a period of four years for the Global Carbon Capture and Storage Institute, respectively. Each is addressed in turn.

Tax exemption for HECS-HELP benefit recipients

Schedule 3 of the Bill exempts from income tax the value of the HECS-HELP benefit received by an eligible applicant.

As noted in the Second Reading Speech on the Bill, the HECS-HELP benefit, or Higher Education Contribution Scheme-Higher Education Loan Program benefit, was an initiative first introduced in the 2008-09 budget.

The benefit gives eligible recipients a reduction in their HECS debt repayment and/or their HELP debt repayment or, in some cases where a repayment is not required due to low income, a direct reduction in their HELP debt.

The benefit was initially introduced for mathematics and science graduates and early childhood education teachers. In the 2009-10 budget it was announced that the benefit had been extended to nurses and teachers generally.

The amendments ensure that no income tax is payable on the value of the benefit received by eligible recipients.

The AWU believes these are important reforms aimed at encouraging greater uptake of relevant skills directly relevant to industry and to the economy more broadly. The measures are aimed at addressing the growing skills gap exposed under the Howard years and which are being tackled by the Rudd Government. The measures will also promote access to higher education, in particular for those on lower incomes. This is strongly welcomed by the AWU.

Temporary tax exemption for the Global Carbon Capture and Storage Institute Limited

Schedule 5 of the Bill amends the Income Tax Assessment Act 1997 to make the Global Carbon Capture and Storage Institute Limited income tax exempt for a four-year period.

As noted in the Second Reading Speech, the institute is a not-for-profit-organisation that aims to accelerate the development and global adoption of safe, commercially and environmentally sustainable carbon capture and storage (CCS) technology.

CCS technology aims to reduce greenhouse gas emissions from fossil fuels burnt during industrial processes, such as coal powered electricity generation. It involves the capture, compression, transport, long-term storage and monitoring of carbon emissions that would otherwise be released into the atmosphere.

The institute's purpose is to drive the commercial uptake and deployment of CCS technologies, which would have significant positive consequences for the global environment.

There may also be an economic benefit to Australia of investing in environmentally sustainable industries through CCS technologies. Australia has the fourth largest coal reserves in the world, and is the world's largest exporter of coal.

The information and expertise developed by the institute is to be disseminated broadly and globally to the benefit of both the Australian and the global CCS communities.

Supporting the institute by making it income tax exempt is a part of the government's strategy to mitigate the risks of climate change.

The AWU supports the development of CCS technologies and local opportunities for Australian industry to participate in this work, including procurement opportunities.

CCS will help the transition to a lower carbon economy and sustain a range of energy intensive industries such as aluminium and steel production vital to the

national economy as employer and major export earner. Australia has the opportunity to become a world leader in this area and consequently, measures aimed at encouraging investments by the Institute prior to commercial viability are strongly encouraged to maximise these opportunities in the national interest.

The AWU welcomes being consulted on these matters and stands ready to assist the Committee in its deliberations.

Yours in Unity 
(...)

Paul Howes
NATIONAL SECRETARY