



ACTU Submission 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) is the peak council for organised labour in Australia. Unions affiliated to the ACTU cover all sectors of the economy, across all states and territories, representing more than 1.8 million workers. The ACTU is an affiliate of the International Trade Union Confederation, a body established to promote and defend workers' rights and interests globally through international cooperation.
2. The ACTU welcomes the opportunity to make this submission to the Senate Select Committee on Scrutiny of New Taxes' Inquiry into Carbon Tax Pricing Mechanisms.
3. Our position reflects our experience supporting workers to attain safe, secure and rewarding employment in Australia and internationally. 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.

A Price on Carbon

4. The scientific evidence is overwhelming. The present and future rise in global temperature is significant and today's emissions will affect climate for decades to come. Urgent, decisive and effective action on climate change is needed.
5. To transition to a low carbon economy, climate change policy must be underpinned by three integrated and inseparable pillars – the environment, the economy and society.
6. Action must include an effective carbon price to create an incentive to adopt new and more carbon efficient technology; underpin the commercial viability and market potential of low emission technologies; and induce substitution towards lower carbon fuels, products and services. The ACTU strongly calls for a price on carbon during the life of the current government

7. Acting without a price on carbon will require more real resource expenditure to achieve the same greenhouse gas reduction target. This would also require revenue raising from general taxation increases as the revenue raised from a price on carbon is not available to fund transition costs.
8. The ACTU is committed to advocating for a mechanism that best supports all sectors of the economy to reduce emissions. This will require a whole-of-government approach.

Impact on Industry

9. Low emission, energy efficient and clean energy initiatives that focus on investment, efficiency and innovation makes environmental policy good industry policy. As such climate change policy and initiatives – including a mechanism for a price on carbon – need to have an accompanying industry policy focus so that outcomes are maximised. This includes associated job demand and job benefits and national interest considerations in sourcing locally.
10. Across industries, the introduction of a carbon price is integral to providing the framework for the development of industry policy that includes the adoption of low emission, energy efficient and clean energy initiatives. For example, the coal mining and electricity supply industries in Australia support carbon capture and storage (CCS) and are providing some funding for demonstration projects. Without a carbon price and the associated costs, however, there is limited commercial or business interest in scaling-up technologies (like CCS) which reduce emissions.
11. There is scope for better collaboration between government, business and unions to align and consolidate industry policy with low carbon economy policies that are advantageous to Australian industries and workers. There are also opportunities within industries to enable the development of practical ideas for building an innovation culture that embraces everyone from producers to fabricators to end-users.

A Just Transition

12. A comprehensive and integrated strategy for a *just transition* to a low carbon economy is an essential component of any price on carbon mechanism. Such a transition will ensure that sustainable development, economic needs and social progress are met. Furthermore it will promote a transition that promotes the inclusion of all people in a sustainable and low carbon economy that provides decent work and clean energy jobs.

13. A *just transition* includes:
 - Research and early assessments of the social and employment impacts of climate change action to better prepare for change
 - Acknowledgement that a one-size-fits-all policy is not adequate, and that different regions and communities require transition plans that reflect the economy of the region
 - Real employment opportunities through comprehensive industry policy that includes investment, the promotion of 'clean energy' jobs, the greening of workplaces, the development and deployment of cleaner technology, and the promotion of new companies in emerging sectors;
 - Support to energy intensive and trade exposed industries and their workers to achieve best of sector standards to remain globally competitive
 - Support for workers in the transition by integrating 'new knowledge' into education programs and providing education and training; training is also key for developing and implementing new technologies and for realising the potential of clean energy investments
 - Social protection measures
 - A commitment to consultation which includes the formal involvement of unions, employers, communities and all groups which are part of the transformation

14. The ACTU is committed to ensuring that a *just transition* strategy is understood, adopted and implemented by government.

Clean Energy Jobs

15. Global green markets are projected to double from \$US1.4 trillion to \$US2.7 trillion per year by 2020. Research conducted by the ACTU and ACF indicates that Australia can be well positioned to benefit from the growth in green and clean energy markets and act as a global leader in a number of green industries. If successful, it could result in an additional 500,000 jobs in Australia by 2030.¹
16. However, for Australia to succeed as a leader on clean energy and for workers to benefit from the associated job growth, there needs to be domestic market demand and pathways for industry development. A price on carbon is essential in this regard.

Workforce Development, Skills and Training

17. The transition to a sustainable low carbon economy will require a significant mobilisation of skills and training.
18. To be well-placed to benefit from the potential export opportunities and job growth in associated/new industries and services in the clean energy sector, Australia needs an appropriately skilled workforce. A significant investment in skills and training – both to equip new workers and to enable appropriate changes in practices by the three million workers already employed in key sectors influencing Australia’s environmental footprint – is needed.

¹ ACF and ACTU, *Green Gold Rush: How Ambitious Environmental Policy Can Make Australia a Leader in the Global Race for Green Jobs*, 2008. See also, ACF and ACTU, *Creating Jobs – Cutting Pollution: The Roadmap for a Cleaner, Stronger Economy*, 2010.

19. For local industries, economies and communities impacted on by a carbon price, it is imperative that support is provided to ensure decent living standards, services and job opportunities through the adaptation and development of new industries. For workers in businesses and industries adapting in order to achieve best of sector standards in order to remain competitive, comprehensive workplace skills and training programs that empower workers with the knowledge, skills and confidence to adopt systems and process level innovations is necessary. For workers seeking re-employment as a result of the transition to a low carbon economy, support must be provided. This includes provision of vocational training.

Equity in Transition

20. Research demonstrates that, on average, low income earners spend a greater proportion of a total weekly household budget on energy and water than higher income households. Therefore any price increase in the cost of energy has a greater impact on total household spending in low income households. Lower income households also find it more challenging to adopt measures to improve energy efficiency in order to mitigate energy price increases.
21. Therefore, the mechanism designed to place a price on carbon must include complementary measures focused on financially supporting the resilience of lower income households to energy price increases. This should include using a proportion of the revenue raised from a price on carbon to provide assistance and incentives to lower income households adjusting to the price of energy. For example, even modest improvements in energy efficiency will counter the associated increases in energy prices expected from a price on carbon.

Conclusion

22. Research demonstrates the efficiency and reduced cost of cutting emissions when there is a price on carbon. While an ambitious climate policy is needed, policy must also be fair and inclusive. The ACTU is committed to promoting a *just transition* for workers and communities.
23. If you would like to discuss further any of the matters raised, please do not hesitate to contact the ACTU.