



level 6 365 queen street
melbourne victoria 3000
t +613 9664 7333
f +613 9600 0050
w actu.org.au

President Gerardine (Ged) Kearney
Secretary Dave Oliver

Ref: D No. 31/2016

11 March 2016

Ms Shayleen Thompson
A/g CEO
Climate Change Authority
GPO Box 1944
MELBOURNE VIC 3001

Dear Ms Thompson

Thank you for the opportunity to make a submission to the Climate Change Authority's Special Review Second Draft Report on Australia's climate policy options, which will help inform the Authority's final report.

The ACTU is the peak national union body in Australia, representing 47 affiliated unions and the interests of around 1.8 million workers and their families. Our members work in all sectors of the economy, including in carbon-intensive industries as well as the renewable technologies sector. We therefore act as a voice for workers in industries facing the challenge of de-carbonisation as well as for workers whose future depends on the growth of new economic sectors like renewable energy and energy efficiency.

As part of the international community, the union movement has been actively engaged in the debate about how best to mitigate the dangers of global warming. Unions believe there is an environmental, economic and social imperative to act. Unless decisive action is taken to drive long-term change in the way we produce and use energy and manage our land, our pollution levels will continue to rise. In an increasingly carbon-constrained world, continuing with business as usual is not a viable option.

We believe that taking action to reduce emissions, improve energy efficiency, expand renewable energy capacity, and rapidly develop low carbon technologies while creating jobs is essential for continuing sustained economy growth globally and in Australia.

Emission Reduction Targets

As the peak national union body, the ACTU considers that expert scientific bodies such as the Climate Change Authority, are best positioned to determine national emission reduction targets and associated timeframes.

While the science of climate change and the need for major global reductions in greenhouse gas emissions is clear, the setting of targets for individual countries involves political and economic policy judgements about comparable costs relative to other nations.

We note that the Authority recommended a 2025 emission reductions target of 30 per cent below 2000 levels and further reductions by 2030 of 40 to 60 per cent below 2000 levels in its July 2015 report. Despite this advice, the Federal Government set a target to reduce Australia's greenhouse gas emissions to 26 to 28 per cent below 2005 levels by 2030 (19 to 22 per cent below 2000 levels).

These targets are particularly important given Australia's commitment alongside other nations in Paris in December 2015 to:

"Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change."

The ACTU is also concerned that a government report released in December 2015 showed that Australia's emissions rose by 0.8% in 2014-15, compared with the previous year. This suggests that the current policy mix is not working, and as a result Australia may not meet its previous commitment of a 5% reduction below 2000 levels by 2020.

Further, the ACTU notes the Authority's advice that Australia's share of global emissions is 1.3%, however its emissions per person is 26.6 tCO₂-e, significantly higher than EU (8.5 tCO₂-e), China (7.6 tCO₂-e), United States (19.7 tCO₂-e) and New Zealand (12.0 tCO₂-e).

Policy options to meet our Emission Reduction Targets

The ACTU notes that the second stage of the Authority's review focuses on Australia's policy options to meet its emission reduction targets. We believe that the question of

'how' we implement the target and in particular which policies are adopted is just as important as the target itself.

In comparing and evaluating Australia's policy options, we note that the Authority has identified three key principles: cost effectiveness, environmental effectiveness and equity.

The ACTU is particularly interested in the equity principle, which requires "policy design to take account of – and support an equitable distribution of – impacts and risks across households, businesses and communities".

In addition to these three identified groups, we request that the Authority also take into account the impact on *workers* and *regions* in any policy design. We support the CFMEU's submission to the Authority in this regard.

The ACTU is of the view that the most efficient and effective policy mix to achieve emission reductions across the economy (and thus maximise the opportunities across the economy) includes:

- A cap on emissions to drive long-term structural changes in the Australian economy;
- A price on carbon pollution (in the form of a broad based Emissions Trading Scheme) that covers all major polluting sectors of the economy, and more equitably distributes the responsibility to reduce emissions. This is the most efficient method of curbing emissions while also raising revenue which can then be redirected into carbon change abatement, investment in renewable energy and low carbon intensive technologies and household and industry transitional assistance;
- Industry policy including targeted investment in clean energy, low carbon and energy efficiency technologies, and research and development to drive innovation and maximise the opportunities of new emerging industries such as renewable energy, energy efficiency, CO₂ capture, storage and re-use and better land management;
- Maintaining Australia's renewable energy target of 20% by 2020 as a minimum to encourage investment in renewable energy, energy efficiency and low carbon technologies;

- Household assistance for low-income families; and
- Support for workers and regions that will be particularly impacted during the transition.

Further, we support the Authority's view that policy stability and credibility are important to encourage the take up of opportunities. Allowing sufficient flexibility for particular policies to be scaled up over time to meet new targets and goals is required. We agree that the effectiveness of any policy should be judged on whether it has changed consumer or business behaviour. Policies that reward emissions reductions behaviours that would have happened anyway are futile.

In considering the impact on workers in carbon-intensive industries as Australia transitions to a cleaner economy, we note that the Paris Agreement states in its Preamble that the Parties to the Agreement:

"[take] into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities."

The ACTU believes that achieving Australia's targets to reduce greenhouse gas emissions will only be achieved if workers do not unfairly shoulder the burden, as part of the transition to a lower carbon economy. All too often we see workers bear the brunt of shifts in industry and the economy, with mass redundancies the unfortunate result.

If we are truly to achieve a fair and equitable transition, we request that the Authority in considering any policy options under the equity framework, focus on the social and economic needs of workers, and the importance of creating decent and good quality jobs in the new economy. In considering the needs of workers, the Authority should examine options for providing redundancy payments, industry redeployment, alternative good jobs in other industries, relocation and travel assistance, income protection and retraining allowances.

The Just Transition framework seeks to lessen the impact on workers by ensuring that governments put in place policies that invest in new green technologies and skills, which can be used both to clean up existing industries and to open up opportunities in new industries.

In this regard, we support a Just Transition that ensures:

- equitable sharing of responsibilities and fair distribution of the costs: those who have contributed less to the problem should not bear the burden of the transition costs;
- institutionalised formal consultations with relevant stakeholders including trade unions, employers and communities, at national, regional and sectoral levels;
- the promotion of clean job opportunities and the greening of existing jobs and industries through public and private investment in low carbon development strategies and technologies in all nations and the appropriate educational qualifications that enhance workers' capacity;
- formal education, training, retraining, and life-long learning for workers, their families, and their communities;
- organised economic and employment diversification policies within sectors and communities at risk;
- social protection measures (active labour market policies, access to health services, social insurances, among others); and
- respect for and protection of human and labour rights.

It may be stating the obvious, but where workers lose their jobs and are forced into either unemployment or inferior jobs with lower pay as a result of climate policy, the principles of equity and Just Transition are not being met as a disproportionate burden is being placed on particular workers –and their families and communities.

The ACTU is also currently developing more detailed policy proposals in relation to 'how' best to transition workers and communities as Australia moves to a lower carbon economy.

We will be happy to share this work with the Authority once it is finalised over the coming months.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ged Kearney', written in a cursive style.

Ged Kearney
President