

Resolution Number Four

Submitted by National Secretary, Paul Howes.

Climate Change – Creating a sustainable future for Australian industry

Background

The AWU has been at the forefront of the debate on the design and implementation of the Government's commitment to introduce an emissions trading scheme from mid 2010. Our over-riding interest has been to ensure that none of the AWU's members in the emissions intensive, trade exposed industries will suffer as a consequence of the introduction of the ETS.

The risk to AWU members in these industries - including alumina, aluminium, iron and steel, oil and gas, petrochemicals, cement, paper, plastics and glass – is real. We have in these industries some of the first workers who will suffer the consequences of leakage of jobs and investment to unregulated jurisdictions where a carbon price does not apply.

In the absence of a global carbon price and international emissions trading regime, it is these unregulated jurisdictions that will enjoy a competitive advantage over Australian production, where a domestic carbon price will be introduced.

Implementing a carbon price scheme in Australia, ahead of many other countries, represents an international competitiveness challenge for emissions intensive trade exposed (EITE) companies. For companies that pass on their costs to customers, the scheme represents far less risk. But many of the EITE companies operating in Australia cannot pass on their costs this way. For example, we do not set our own alumina or aluminium price in Australia - these prices are based on the London Metals Exchange (LME). Companies operating in the alumina and aluminium industries within Australia will have to absorb the cost increases resulting from the implementation of an Australian carbon price scheme. If these companies are absorbing a cost that our competitors overseas are not, we are at an international competitiveness disadvantage.

As a consequence of these challenges, the AWU has been vocal in ensuring that the Federal Government understands the concerns of our members. We have a clear expectation that there must be real and meaningful transition policies put in place in order to provide assistance to Australian employers, and to workers in exposed industries, who are on the front line of the climate change fight until the world moves to a global ETS arrangement.

At a ground-breaking conference of industry leaders hosted by the AWU in July 2008, we underlined a strongly held view that a well thought out carbon reduction plan should ensure on-going job security for our members if the Federal Government supported existing corporations in their shift to the low-carbon technologies of the future.

The AWU has released a Position Paper and made submissions to the Government's Green Paper, the review of the Kyoto Protocol and responded to the White Paper and exposure draft legislation. We have also indicated the role that infrastructure investment needs to play to support a sustainable energy sector, including investing in transmission links and carbon capture and storage technologies.

Internationally, we have also been busy in contributing to global union position papers and statements on climate change for debate as part of post-Kyoto UN negotiations through our affiliations with both the IMF and ITUC and in the domestic debate in the US through our alliance with the USW.

What we have been very clear about is that we aim for comprehensive agreements which include all producer countries, developed and developing alike, in order to make progress in dealing with the climate change threat without seeing investment and jobs move from regulated to unregulated jurisdictions. There is much scope for the prospects of sectoral agreements to lead the way in achieving a comprehensive international framework. Policies which complement emissions trading, in particular energy saving and efficiency measures in addition to investing in new technology should also be strongly supported by all our governments.

The AWU leadership has also undertaken a regional tour of centres most at risk of the brunt of climate change to learn first hand what the ETS proposals means for our industries and members and what we have to do to deal with the transition to the ETS.

We must keep (rather than lose) industries which are providing goods which will go on being produced and demanded around the world for a very long time to come. From our perspective, and that of our members, if goods are capable of being produced anywhere in the world, they should be produced in Australia because we are efficient; we operate at best practice and we have the capacity to make further improvements based on our technology, expertise and know-how. None of this is possible however if these industries are lost.

In fact, now more than ever Australia needs to retain its productive capacity in the face of a global economic downturn. We should not be offering "free rides" for any unregulated jurisdiction that may be glad to offer assistance to industries to relocate and take up production overseas.

Resolution

The AWU calls on the Federal Government to implement an ETS which is measured and balanced. The AWU would like to see the following factors addressed prior to commencement of the ETS from mid-2010:

- That the transition arrangements for EITE industries are generous and flexible, regarding industries which are energy intensive and trade exposed and conditional on progress made in ensuring a comprehensive global



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agreement based on burden sharing. In the absence of such an agreement, more of our industries will require greater support for longer;

- That AWU members on the front line of the ETS have a direct stake in the new system through a carbon insurance scheme which would see allocated permits flow to workers in the event of loss and leakage of jobs as a consequence of the ETS;
- That the Government invest in nation building projects such as Carbon Capture and Storage and network supply infrastructure, in particular for renewable energy such as geothermal and solar thermal through extending and upgrading the transmission grid;
- That the Government recognise the impacts of the ETS on regional Australia and communities and implement additional policies aimed at assisting our industries, Australian workers and their families in these locations.

Moved:

Seconded:

Outcome: