

Making our future: Just Transitions for climate change mitigation



The challenges and opportunities for manufacturing workers in response to global warming

CLIMATECHANGE

Climate Change and the Manufacturing Industry

Climate Change is a problem that we can no longer avoid. We are already living with the effects of it. That's why we must act together to find solutions that will minimise the effects of climate change without disadvantaging working families and the economy.

The Australian Manufacturing Workers' Union believes these solutions are at our disposal. With strong leadership and intervention to ensure that the market alone is not relied upon to determine the rate of carbon emission reduction and

renewable energy reduction, we can secure jobs growth and a cleaner, safer planet for future generations.

The crucial issue is the management of the transition phase from our current fossil-fuel dependency to renewable energy and a more sustainable industry base. We have already seen how free trade agreements and restructuring drastically and adversely affected the manufacturing industry – between 1996 and 2007, 200 manufacturing jobs were lost each week.ⁱ

Government policy support is the key; not

only to a strong manufacturing industry in Australia, but also to an effective response to the problem of climate change.

The industry policies and investment needed to sustain a healthy manufacturing industry are the same as those required to tackle climate change.

This document outlines the AMWU's blueprint for the future of the manufacturing industry in Australia as we tackle climate change.

A BLUEPRINT

A blueprint for Manufacturing Australia's Future in response to climate change

To address climate change we must see action at all levels – at home, in the workplace, across industry and internationally.

The AMWU believes that, with the right government support and investment, tens of thousands of jobs could be created in renewable energy and sustainable industries. There is an opportunity to refresh our manufacturing sector and create the means for a cleaner energy future.

In tackling climate change, we must use all available mechanisms while prioritising proven technologies like renewable energy. Whilst it is important to explore alternative ways of addressing climate change like carbon capture, we should place more emphasis on investment in proven solutions. Retrofitting houses, manufacture of sustainable energy sources and green cars all offer opportunities for job creation.

In making this transition, we must protect the interests of workers affected by the gradual change from emissions-heavy industry to cleaner alternatives.

While the Federal Government's Carbon Pollution Reduction Scheme Green Paper proposes an Emissions Trading Scheme, it is yet to detail how funds generated by the scheme will be spent.

The government must make sure that its focus encompasses infrastructure, training and investment for the development of new industry.

Over-reliance on market mechanisms and a failure to adopt sufficiently interventionist policies and appropriate regulation will mean workers that may be displaced from fossil fuel-based energy production, mining, aluminium, steel production and elsewhere will end up in low paid, insecure employment.

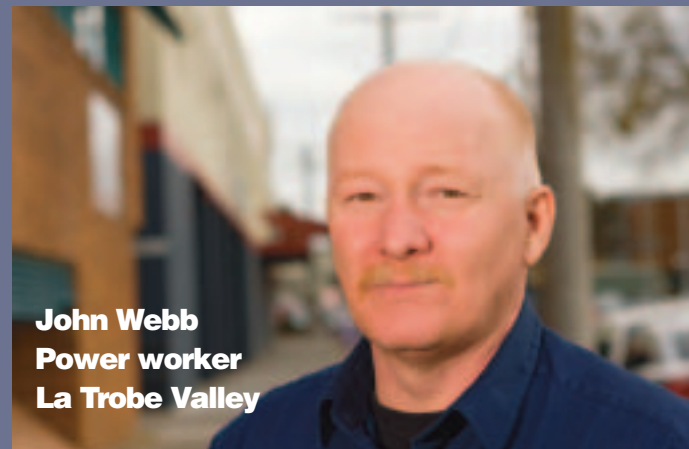
If this process is mismanaged we risk seeing the production of equipment for renewable energy and more environmentally-friendly production located offshore. Regional areas will be hard hit. The low paid will bear a disproportionate burden of increased energy costs. These dangers must be explicitly addressed with appropriate policies to ensure

that alternative industries are created in Australia and located in the regions most affected. We need to ensure that the following issues are at the forefront of any attempt to tackle climate change:

Blueprint for a sustainable manufacturing future

- Adopting interventionist industry policies, inclusive of government purchasing policies, support for research and development, skills training and the take-up of appropriate technologies
- Establishing Just Transition programs, so that the costs of moving towards a greener economy do not fall on displaced workers, trapping them in contingent employment or low-wage jobs
- Improving the environmental standards expected of private dwellings, including in the building of new houses and the retrofitting of existing houses.

- Expanding the potential for recycling and reuse initiatives in industry
- Creating a viable industry within Australia based on the production of low or no emission vehicles
- Ensuring the equipment for renewable energy is locally produced
- Introducing a carbon tariff beyond 2012 and the Kyoto Agreement period
- Including environmental obligations in trade agreements
- Using accumulated superannuation funds for the remediation of climate change and the development of associated industry
- Appropriately training the workforce, present and future, to support a low carbon future.



John Webb
Power worker
La Trobe Valley

Climate change didn't happen yesterday. We've known about it for a long time and government has done nothing or very little to address the issue. We know we can't go on polluting forever, but we need proper alternatives to base load power. There is no alternative set up at the moment and we need a great deal of research and development if we want to find a

way to replace fossil fuels. And if we want to do this in 15 years or 20 years time, we need to start now.

There's no doubt there will be changes in the long term and I think the government needs to act so that we can all be part of those changes for the benefit of everyone.



Dave Wormesly
Metalworker
Windfarm

This is the first wind farm where metalworkers are employed in Victoria and it should be the first of many. We power half of Ballarat and there is great potential there for more wind farms to provide energy for more areas in Victoria. We feel good about working in a job that is a step forward for the environment and we think there should be more wind farms and

more jobs in sustainable industries.

Anyone who thinks we can go on polluting without any consequences isn't living in the real world.

There's definitely more potential for jobs in this industry that should be growing in Australia.

GREENHOUSE

Australia's greenhouse emissions

The main sources of Australia's greenhouse gas emissions are stationary energy (49%), agriculture (18%), and transport (15%).

The electricity sector is responsible for half of Australia's total greenhouse gas emissions.ⁱⁱ

Australian emissions have substantially increased since 1990, with:

- Stationary energy (electricity) emissions increasing by 47.3%;
- Residential emissions increasing by 27.4%;
- Industrial emissions by 18.1%

Greenhouse emissions from energy are projected to reach about 475 million tonnes by 2020, 166% higher than 1990 levels, unless we take greater action.ⁱⁱⁱ

These figures provide an imperative to act.

Manufacturing in Australia

A prosperous manufacturing sector is vital to the long-term sustainability of the Australian economy. Manufacturing is the driver of innovation, productivity and training in the economy; has a key role in the maintenance of high-wage, full-time jobs; is crucial to eradicating the disastrously high current account deficit; and is the most integrated of our industries.

Manufacturing is the largest employer in the Australian economy, with 981,300 full time jobs. This represents 12.8% of people in full time employment.^{iv}

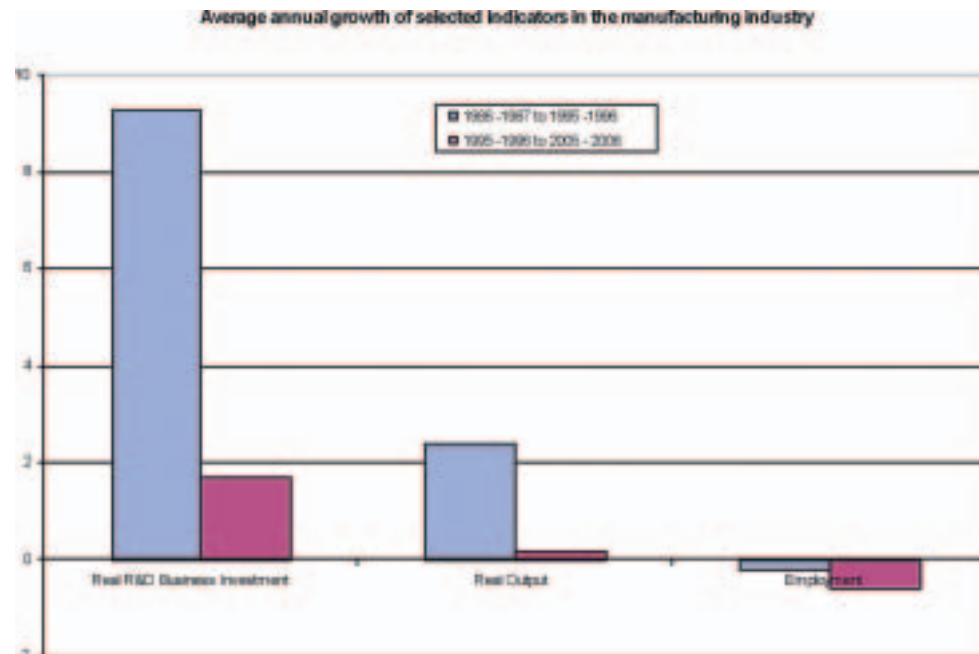
Average weekly earnings in the manufacturing sector are relatively high, the seventh highest of all industries at \$1,031.40 per week. This is 17.8% above the average for all private sector industries.^v

Manufacturing trains more employees than the economy-wide average and spends more on training than all but two industries (\$394.9 million.).^{vi} Many service-based firms, such as private scientific establishments and engineering and computer consultancies, depend on demand from the manufacturing sector.

However, the sector is under threat.

The stalling of growth in the manufacturing sector in the last decade indicates clearly that interventionist policies are required to drive growth, and that it cannot be left simply to

deregulation and the application of the “free” market model, such as was applied under the Howard Government. The graph below illustrates the extent of the effects.



Data derived from
ABS Cat. No. 6291.0.55.003 Labour Force, Detailed, Australia, Quarterly
ABS Cat. No. 5204.0 Australian System of National Accounts, Table 1 and 9
ABS Cat. No. 8104.0 Research and Development, Business, Australia, Table 1

GARNAUTREPORT

Manufacturing, emissions trading and the Garnaut Report

The draft report released by the Federal Government's chief climate change adviser Professor Ross Garnaut makes it clear that we need to act to tackle climate change.

The AMWU welcomes many of Garnaut's recommendations, including the establishment of an Emissions Trading Scheme (ETS) to put a price on greenhouse pollution and the maintenance (at least initially) of mandatory renewable energy targets.

If the proposed ETS is effective, it will certainly require changes from polluting sectors of our economy which may impact upon workers. But concern regarding these impacts should not be used as a justification for continued pollution by Australian companies. All industries must be part of the Emissions Trading Scheme.

Trade-exposed energy-intensive industries, such as aluminium, that experience difficulties competing in global markets against countries that do not have carbon prices factored into their trade commodities, should receive assistance. However this must take place outside of the ETS as targeted industry assistance programs, and in conjunction with genuine action by those industries to reduce their greenhouse emissions.

Learning from past mistakes

Tackling climate change will require significant re-structuring of our economy over time. The key is to ensure this happens in a well-managed, strategic manner in order not to repeat the mistakes of the past.

Previous experience shows that it is usually workers who bear the brunt of the negative effects of changes to our economy, such as those associated with Free Trade Agreements, decreasing tariffs and globalisation.

This is evident across the economy, but no more so than in the vehicle and automotive component manufacturing sectors.

New research conducted by Professor Andrew Beer and his team at Flinders University focusing on the experiences of workers made redundant following the decision by Mitsubishi Motors Australia to close its Lonsdale operations in 2005 shows that:

- Only 37% have gained permanent employment
- 71% are earning less than they used to at Mitsubishi
- Nearly 20% remain stuck in casual

employment, 70% of whom want to be in full-time work

- In the first 12 months of being made redundant only 46% had accessed employment-related training.

These results confirm research conducted by the AMWU in 2005, into the employment outcomes for hundreds of workers at the Tristar automotive component factory. The results showed:

- The unemployment rate for these workers up to 6 months after they were made redundant was 48.2 %.
- Only 41.4% of the workers who had managed to find jobs were able to secure employment in the manufacturing sector.
- Of those lucky enough to find employment, 89.7% had suffered a reduction in wages, with the average reduction being 28.3%^{vii}

We simply cannot let these same mistakes recur in the transition to a cleaner economy. In fact, climate change has significant implications for jobs and investment in the automotive industry, and can be an opportunity rather than a threat.

Government intervention the key

Professor Garnaut's draft report recommends

funds generated by the proposed ETS are directed back to households, business and low emission technology on a 50:30:20 basis. The key focus for Garnaut is the pricing of greenhouse pollution to remedy “the biggest market failure the world has ever seen” – climate change.^{viii} However, whilst the market has a role to play, it must not be predominant. Market mechanisms alone won't be sufficient to achieve the necessary environmental, social, and economic changes required.

Tax cuts or welfare payments should not be the only methods of redistributing the funds generated by an ETS. In addition, investment should be made in reducing the energy use of working families, through the provision of insulation and solar hot water systems, the extension of public transport and the like. This will stimulate new jobs.

Government policy will determine whether Australia takes fullest advantage of the opportunities presented by tackling climate change or we miss the boat. European countries are already well ahead of Australia in terms of exploring renewable energy to the advantage of their industry and exports.

The Federal Government has announced the establishment of the Climate Change Action Fund (CCAF) to assist business transition to a cleaner economy, through measures including capital investment in innovative new low emissions processes, industrial energy efficiency projects with long payback periods and dissemination of best and innovative practice among small to medium sized enterprises.

It is crucial that this fund is specifically directed to communities that currently rely on greenhouse intensive industry.

As our existing manufacturing plants reach the end of their working life, what will they be replaced with? If we don't act to research and develop renewable technologies then we will be left behind, missing out on a sector of the market with great potential that remains, as yet, virtually untapped in Australia. Mandatory renewable energy targets will stimulate such research and development.

TRADE

A level playing field for Australian workers - trade and climate change

There is no question that Australia has both a moral obligation to lead action on climate change and an economic imperative to do so.

The Garnaut report rightly points out that Australian terms of trade will be more damaged by the impacts of climate change than developing countries. Less wealthy nations in our region are in weaker positions to adapt and 'the problems of our neighbours would inevitably become our problems'.^{ix}

Competition from countries without carbon mitigation schemes should not stop Australia from setting our own scheme or reduction targets.

However as Australia acts to reduce its own greenhouse pollution, we should not repeat the same free trade policy mistakes that have caused massive Australian job losses in recent years. An estimated 26,000 jobs have been lost as a result of Free Trade Agreements signed with the United States, Thailand and Singapore, almost all in the manufacturing sector.^x

An AMWU study on the potential impact of the Free Trade Agreement currently being negotiated with China predicts 170,000 manufacturing jobs would be lost.^{xi} The study's analysis of previous free trade agreements shows that the economic

models used to argue that bilateral trade agreements deliver benefits to Australia are flawed.

This is because economic modelling, which assumes that China produces low technology, labour-intensive goods that need our knowledge and capital, is inadequate. In fact, China now boasts a rapidly developing, high tech manufacturing sector, chiefly as a result of strategic planning and intervention by the Chinese Government, coupled with funding.

Australian manufacturers cannot compete with their Chinese counterparts who receive billions of dollars of Government support, suppress workers' rights, enjoy a discriminatory taxation system and strong joint venture and local content requirements.

The key point to remember in relation to our action on climate change is that Australian industry is already being lost to countries with deregulated labour markets, poor environmental laws and lower standards in occupational health and safety, even before Australia implements carbon emissions targets.

Australia must learn from China and the other North East Asian nations and implement more

effective, proactive industry and trade policies, rather than assuming that deregulated international commerce will automatically ensure a desirable economic structure. Strategic intervention is not only desirable to shape the industrial structure of Australia and boost investment and productivity, it is essential if we are to have a balanced, sustainable economy capable of competing globally on the basis of high skills-high value added trade rather than on low wages.

We cannot wait until China and India set up an ETS or carbon tax of their own, thus allowing heavy polluters to continue polluting with no financial deterrent or consideration of the environmental effects. The government must implement clear policy objectives and practical measures to protect the already vulnerable manufacturing industry, whilst exploiting the potential for jobs growth in the renewable sector.

A future carbon tariff

Trade is intimately connected to economic development and the nature of industry, carrying implications for energy use, and, through it, climate change.

There is a significant hidden cost to the importation of manufactured goods to Australia from countries that ignore environmental

considerations in the production of their goods. This provides some trading partners with a competitive advantage based on unsustainable environmental practices.

The issue of 'carbon leakage' or the movement of production from Australia to countries, with weaker greenhouse pollution reduction measures, has been particularly controversial.

The Garnaut report points out that some of the fears regarding this phenomenon have been exaggerated and that Australia would continue to enjoy other competitive advantages, including taxation regimes and a stable political system beyond the implementation of an ETS.^{xii}

However, the issue remains a threat to Australian jobs, and will continue to inflame local opposition to tackling climate change.

In order to bridge the lag-time before all countries undertake strong climate change mitigation measures, the Garnaut report states that "the most straightforward mechanism to achieve a comparable carbon price is a sectoral agreement that subjects the main producers in each industry to a carbon tax if they do not have an effective national emissions limit".^{xiii}

The AMWU would support such a measure.

However, in line with our previous negative experience of Free Trade Agreements and pure market regulation of industry, the AMWU also proposes Australia consider the implementation of a carbon tariff beyond 2012 and the Kyoto period.

A carbon tariff would be a tax against goods imported from countries which refuse to enter an international agreement on climate change or which ignore their responsibilities under such an agreement. It would ensure that we are not ignoring the environmental impacts elsewhere to the detriment of a local industry doing the right thing.

Such a tariff would assist industry to transition to a more sustainable basis whilst encouraging other nations to take their own action.

Implementation of a carbon tariff could occur through coordinated action by nations that are already complying with greenhouse reduction targets.

It is important to note that such a tariff is not proposed to penalise developing nations in the short term. It would only apply to the post Kyoto period for use as a tool in international negotiations.

A carbon tariff has already been considered by the European Union as part of a package of measures to be implemented in relation to their own Emissions Trading Scheme.^{xiv}

In Australia, a carbon tariff would tax imports from offending countries according to their relative greenhouse content inclusive of those associated with transporting them internationally. Revenue raised could then be directed back into local renewable energy projects, industry development and community assistance programs.

It is essential the government's approaches to trade and the environment should not be allowed to pull in opposite directions. If Australian industry is to be held to appropriate environmental standards, then so too should our trading partners, and this should be reflected in our trade agreements.

The environment should not be sacrificed on the altar of free trade.

JOBS

Jobs and climate change

Rather than being a threat to Australian manufacturing industry, a timely response to global warming presents an opportunity to reinvigorate it.

Responding to climate change will create many new jobs in renewable energy, energy efficiency and new transport technologies. Green jobs include a range of jobs, from production, operation and maintenance through to research, design and development. Many of these can utilise skills that are already in abundance in regions heavily reliant on carbon-intensive industries, creating new jobs for local people.

Local renewable energy and energy efficiency industries have potential as a new export industry, supplying technology and expertise to other regions of Australia and to global markets, assisting in other countries' efforts to reduce emissions. However Governments must intervene to drive investment in energy efficiency and renewable energy. An ETS is not a substitute for a high Mandatory Renewable Energy Target (MRET). Establishing a viable renewable energy market will still require targets set by government.

Saving energy also creates more jobs than expanding our fossil fuel energy supply. A

Canadian study found that energy efficiency created 5 times more jobs than conventional energy supply projects, and 4 times as many jobs as renewable energy supply projects.^{xv} Energy efficiency creates more direct jobs because it is more labour intensive than power supply.

A recent CSIRO report Growing the Green Collar Economy: Skills and labour challenges in reducing our greenhouse emissions and national environmental footprint shows that we can address climate change and also retain a viable industry and workforce, contradicting the opinion that suggests jobs will be lost as a cause of climate change mitigation.^{xvi}

*Achieving a rapid transition to sustainability would have little or no impact on national employment, with **projected increases** in employment of **2.5 to 3.3 million jobs over the next two decades**.*

Importantly, value added (employment) for the manufacturing, heavy industry and power sector grows each year throughout this period, without any contraction, with an average growth rate of 2.5% per annum from 2010 to 2020.^{xvii}

The broader union movement is actively confronting climate change and its associated impacts, including its implications for workers. The climate change policy of the Australian Council of Trade Union (ACTU) recognises that a successful transition to a sustainable low emissions future starts from Australia's present economic base (which involves a high level of coal-dependency). It states that 'ignoring this reality invites profound social cost and dislocation, which is avoidable under a realistic effective change program'.^{xviii}

Further research analysing the economic impacts of the renewable energy industry in the US and Europe concluded that expanding a country's renewable energy sector (and contracting fossil-fuel based production) has a net positive impact on employment.^{xix}

The ACTU climate change policy recognises the tremendous potential of renewable energy to create additional jobs in development, installation and operation phases: "Increasing the share of renewable energy in the total energy mix is possible without damaging existing industry and with continuing growth in high quality jobs, as the EU experience demonstrates." ^{xx}

The current renewable energy policies of the Federal Government and opposition will see renewable energy deliver about 15-20% of electricity consumption at most by 2020. Yet Germany, with only one third of our solar resources, has just set a target of 30% renewable electricity by 2020.

Australia has vast potential to exploit our natural renewable resources; sun, wind and water are all in plentiful supply. Germany, which has far more cloud cover year-round has managed to become the world's leading solar power generator, with a thriving industry that has created tens of thousands of jobs and a booming trade in exports.

Germany's photovoltaic systems generate about 3,000 megawatts of power, supplemented by policy measures such as a 'feed-in tariff', where

alternative energy users are given cash incentives and power companies are obliged to buy solar electricity at higher rates. This means that the initiative pays for itself, just 10 years after its introduction. The rewards are a huge job growth rate – 250,000 jobs in the renewable energy sector alone.

All the technologies available to us must be explored and developed in order to address climate change. However priority should be given to solutions that we can apply immediately, such as solar, wind, tidal and geothermal technology.

Options such as Carbon Capture and Storage (CCS) technologies require extensive demonstration and commercialisation at large scale. Provided that this effort occurs in conjunction with a significant increase in Australia's renewable energy capacity, CCS may offer potential medium to long term prospects of reductions in carbon dioxide emissions on a cost-effective basis.

CCS should not be implemented unless it is clear that such implementation will not shift the risks of today's fossil fuel use to future generations, given that there are some concerns over its long term safety.

The presumption should be against the building of new coal-fired power stations in Australia unless and until CCS or other emission reducing technologies can be demonstrated to be effective and safe. To invest or rely on carbon capture as our primary solution to emissions reduction would be less effective than pursuing the renewable technologies and industries that are already proven and which could provide employment and address climate change now, rather than the distant future. Nor should public funding be directed to CCS at the expense of renewables.

With Australia's natural resources in mind, initiatives with significant potential for new Australian manufacturing jobs and investment include:

- the generation of power from renewable energy resources;
- increased use of solar electricity generation and hot water.
- the extension of public transport systems and associated infrastructure;
- the development and production of energy-efficient private vehicles;

- the refitting of homes and businesses to make them more energy efficient.

Climate change and vehicle manufacturing

As previously stated, vehicle and component manufacturing have already experienced massive job losses in recent years. Workers in these industries should not be left to deal with the consequences of economic restructuring again, particularly when there are alternatives.

The King Reviews were initiated in the United Kingdom in 2007 to examine vehicle and fuel technologies which could help to reduce greenhouse emissions associated with road transport, particularly cars, over the next 25 years. The Reviews emphasised that more efficient vehicles, cleaner fuels and smarter driver choices were crucial to reducing the carbon footprint of motor vehicles.^{xxi} Headed by Professor Julia King, Vice Chancellor of Aston University and former Director of Advanced Engineering at Rolls-Royce, the reviews made a number of recommendations and assessments of the automotive industry:

“In five to ten years’ time we could be driving

equivalent cars to those we choose today, but emitting 30 per cent less Carbon Dioxide per kilometre. Vehicle technologies such as battery-electric hybrids, small reductions from both lower carbon fuels (including limited introduction of “sustainable” biofuels) and more environmentally aware consumer behaviour have the potential to advance further reductions. However, simply looking at engine technologies, second generation bio-fuels and hybrid vehicle and battery innovations is not enough. Biofuels development must take into consideration issues such as deforestation, changing land use, impacts of materials in production and disposal, sustainable food chains, and life-cycle emissions with both direct and indirect affects - to ensure that it is truly green and sustainable.

The big emission reductions achievable before, and after 2020, must come from better urban planning, reducing traffic and providing consumers with real choices that enable behaviour change in relation to purchasing and operating motor vehicles.”^{xxii}

To achieve reductions in the transport sector, we need to:

- Adopt those modes of transport that are the

- most greenhouse gas efficient and do the job;
- Improve the energy efficiency of each mode of transport, including cars; and
- Redesign cities and infrastructure to minimise the need to transport people and freight.

In May 2008, the Rudd Government announced a Green Car Innovation Fund of \$500 million to operate over five years from 2011. That fund should be doubled and its start date brought forward.

Shifts in our transport system will offer opportunities in the design, construction, operation and maintenance of cities, infrastructure, vehicles and rolling stock. Government leadership will be necessary to maximise the number of local jobs created through such opportunities. Too often in the past we have relied on rolling stock for rail and tram networks being sourced offshore. This is a missed opportunity for Australian manufacturing.

Boosting public transport

Expanding reliance on public transport is crucial to tackling the contribution made by the transport sector to greenhouse emissions. Strong investment in public transport is needed, along

with an extension of railway and bus systems to make public transport more accessible. Improvement in the quality of railways such as further electrification of railways to new areas, including regional cities and towns, is required to attract passengers.

Investing in a quality public transport system will benefit the environment, reduce stress for commuters and will also boost jobs in the manufacture and maintenance of railway stock, railway tracks and other infrastructure.

Impacts of raw material production and waste

To reduce the impact of raw material production and unnecessary waste, Extended Product Responsibility should be adopted. Also known as “Take Back” legislation, this policy holds manufacturers accountable for the goods they produce for the product’s entire lifetime.

This provides manufacturers with a powerful incentive to redesign their products so they can be disassembled into parts and reused, remanufactured or recycled. For the auto industry this could mean a vehicle disassembly plant beside every assembly plant.

TRANSITIONS

Just Transitions

The transition from an energy-intensive to a less energy-intensive economy implies a loss of employment opportunities in some sectors and the creation of new opportunities in others.

Such movement will not happen over night. It will occur progressively over the next generation and beyond. The challenge is to ensure that working people derive benefit from it rather than suffer the disadvantages associated with past restructuring. Research shows there are opportunities to generate tens of thousands of jobs in environmentally sustainable industries. These jobs should be located in those regions which will lose jobs in carbon intensive industries.

A just transitions program must be established to guarantee the movement of any displaced workers to jobs in the new sectors which will use their skills, maintain their pay and offer genuine job security.

But it won't happen without adequate government support and intervention to foster renewable industries.

The ACTU ^{xxiii} has also noted that a just transition is needed to deal with the challenges of climate change. This requires new partnerships of the

labour movement and other sectors, including government, industry, local communities and training providers to retrain and re-skill workers into jobs in the renewable energy industry if such training is needed.

According to recent CSIRO modelling – the creation of at least 33,000 new jobs in manufacturing, 77,000 jobs in transport, and 145,000 jobs in construction over ten years is achievable.^{xxiv} It also outlines that the challenges will lie in providing appropriate skills where required to these new workers while also supporting the continual re-skilling of the 2.9 million workers who are currently employed in these high impact sectors. The implication here is clear - government intervention, funding and commitment is necessary to reap the full potential in renewable energy production and offset the costs of climate change mitigation.

How can we pay for this?

The ETS will generate revenue which can then be reinvested. A \$20 per tonne price on carbon suggested in the Federal Government Green Paper would generate in excess of \$8 billion a year.

In order to generate jobs, this revenue must be used for the development of new manufacturing industries.

In a 2005 report prepared for the AMWU, the National Institute of Economic and Industry Research outlined a package of policy recommendations to build Australia's manufacturing base. The package included:

- Investment allowances
- Research and development schemes
- Export market development grants schemes
- A technology diffusion program
- An incentive program to attract foreign equity into small and medium-sized manufacturing businesses
- A strategy to attract and train highly skilled labour for advanced technologies.^{xxv}

By investing revenue generated by the ETS in new, low-carbon manufacturing according to these policy prescriptions, the Federal Government has the opportunity to both revitalise manufacturing and simultaneously tackle climate change.

The ETS will provide a significant and ongoing revenue stream. This must not be squandered on direct compensation to industry. While welfare

assistance is important, the fund should also not be predominantly used for tax breaks, but go towards investment that will reduce our carbon footprint and create long-term, sustainable jobs.

Further sources of funding

Another important aspect to generating funds to assist the development of renewable energy in Australia is by reviewing the current subsidy levels. Any increase in energy subsidies should be directed towards renewable energy. Energy subsidies are heavily invested in fossil fuel dependent industries, this could be reviewed to ensure that renewable energy is fostered and encouraged to become a stronger contributor to our economy.

The AMWU believes that another option is available through Venture Capital.

The ACTU has called for industry superannuation funds collectively to develop a strategy under which they would invest in venture capital.

Any venture capital initiatives by superannuation funds would need to be consistent with the sole purpose test. This is a legislated requirement that funds be maintained solely for the core purpose of providing members with benefits at retirement,

Venture capital is money injected into a new company with high growth potential by investors external to that company. It generally offers the investors a higher return than other investment options, but it also carries higher risk. Venture capital is commonly associated with taking the new company from its early stages to the first offering of its stock to the general public.

upon attaining age 65 or in the event of death.

The Chair of Industry Funds Management, Garry Weaven, addressed the National Press Club on 23rd May, 2007, during the fourth term of the Howard Government. The title of his address was "Superannuation: Serving the Best Interests of Fund Members and the Nation." The following are excerpts from that address.

... the Australian superannuation system is becoming so significant relative to the Australian economy that with appropriate leadership and policy development it can be harnessed ... to really serve the national

interest to simultaneously offset any cost associated with climate change, to create the infrastructure to underwrite Australia's economic, social and environmental future, and to meet the needs of an ageing population ...

Having passed now the magic twelve zeros, the magic Trillion dollar mark, total super assets will almost certainly overtake the value of both the Stock Exchange and the annual GDP this year.

I think it's quite conservative to estimate that by the year 2020 total superannuation assets will exceed 4 trillion dollars.

While many people I think are vaguely aware

of that growth in super and see it as a major positive for Australia, the potential significance for the national interest has not as yet ... been fully grasped.

... what a missed opportunity it'll be if we don't harness at least a good proportion of our world leading superannuation base, to also create world leading economic, social and environmental infrastructure for this country. ... projects of national significance require one or more political champions and that is the really scarce commodity in this county ... The large scale and rapidly growing industry funds, for example, have ... a particularly strong appetite for such infrastructure investment... And they need to accumulate investments across the full range of risk and return profiles. They need to do that in order to maximise the benefits of their members. ^{xxi}

Using venture capital to invest in renewable energy development in Australia would be an excellent means of funding and assisting the transition process, creating jobs and re-skilling whilst generating clean energy for the future.

IR laws and the environment

Government policy makes a difference in industrial relations, particularly as it affects

collective bargaining.

Such bargaining has become a feature of Australian industrial relations since the deregulation of the labour market began in the late 1980s. It was given renewed impetus when the Commonwealth industrial relations legislation was amended in the early 1990s.

In 1993, the Congress of the Australian Council of Trade Unions adopted a model environment clause for inclusion in enterprise agreements. It called for, amongst other things, the:

- establishment of workplace environment committees;
- appointment of environment officers within workplaces of more than 500 employees;
- development of environment plans, which should address, amongst other things: energy efficiency; waste minimisation and recycling; pollution and emission controls; and the workplace environment; and
- continuing education and training of workers in environmental management.

A number of agreements subsequently negotiated between employers and unions, including the AMWU, contained environmental initiatives under titles such as cleaner production

and best practice environmental management.^{xxii}

There have been far fewer initiatives along these lines since Australia's industrial relations legislation changed again in 1997 under the Howard government, culminating in Work Choices in March 2006. With those changes, the focus of negotiations commonly moved from the identification of positive productivity initiatives to cost-cutting, often associated with attacks on the conditions and wages of workers.

Environmental initiatives like those from the mid-1990s were arguably outlawed under Work Choices. That legislation prohibited specified content from being included within agreements,^{xxvi} with one category of prohibition being "matters that do not pertain to the employment relationship."^{xxvii} It is understood by the AMWU that this prohibition was used in 2006 to remove from a then proposed collective agreement a provision entitled "Environment and Efficiency".

Even if environmental initiatives were not prohibited content, they could only be the subject of negotiation at the level of individual enterprises. Because Work Choices outlawed "pattern bargaining", which it defined as "conduct (which) involves seeking common ...

conditions of employment” and which “extends beyond a single enterprise”,^{xxviii} unions and employers are unable to negotiate them at the level of industry as a whole.

The Workplace Relations Act still specifies prohibited content and still proscribes pattern bargaining.

The new Labor government is currently reviewing the Act. It should adhere to ALP policy and allow the industrial parties to bargain without prohibition.

MEMBERS

Workers' support for climate change action depends on Government support to create new jobs

Coal, aluminium and steel workers strongly support action to tackle climate change and reduce greenhouse emissions providing the government invests in new jobs according to a poll of AMWU members.

The poll of 400 members by Essential Research in the Bowen Basin, Latrobe Valley, Newcastle and the Hunter region conducted in July 2008 found:

- The biggest concern for members (93%) regarding climate change was its potential impact on the kind of world our children will inherit. 91% were concerned regarding the

impact on the natural world, and 65% were concerned in relation to the impact on their job.

- Just over half (53%) would prefer to be working in an industry that does not contribute to climate change.
- 92% agree or strongly agree that with the right Government investment in renewable manufacturing we can create jobs and tackle climate change at the same time.
- 63% agree or strongly agree that the Federal Government should be taking action on climate change even if it means higher energy prices for business and households.

While there was support for exempting energy intensive industries from emissions trading (62%), there was stronger support (88%) for including those industries in emissions trading as long as the Federal Government invests in new manufacturing development in communities that rely on those industries.

RECOMMENDATIONS

Emissions Trading

- Adopt a broadly-based Emissions Trading Scheme (ETS) supportive of aggressive cuts to emissions, with permits to be auctioned.
- Have any adjustment assistance to trade exposed industries (such as aluminium, steel, ceramics and cement) sit outside the ETS.
- Return all revenue generated through the ETS to the community and industry development.
- Use revenue from the ETS to support the deployment of climate change solutions such as wind, solar, tidal and geothermal technologies, fund Just Transition policies and minimise the impact of climate change on working families.

Renewable Energy

- Legislate an ambitious national mandatory renewable energy target.
- Invest in renewable energy and energy efficiency industry support programs in areas that are currently coal dependent, such as the Hunter Valley, Latrobe Valley and Bowen Basin.
- Establish a national feed-in tariff to encourage Australians to install solar photovoltaic power in households, workplaces and public buildings.

- Do not build new coal-fired power stations nor extend existing coal-fired power stations, unless proven technologies are available to mitigate emissions.

Support Communities and Workers Affected by a Shift to a Clean Energy Economy – a Just Transition

- Assist workers, communities and industries affected by the impacts of global warming and by the transition to the new economy with industry/regional development programs and adjustment support, including re-skilling, education and training programs and income support.
- Address the skills needed as part of a Just Transition program with an increase in the number of workplace assessors, in order to facilitate recognition of prior learning.

Green Vehicles and Public Transport

- Adopt those modes of transport that both serve the purpose and are the most greenhouse efficient.
- Redesign cities and infrastructure to minimise the need to transport people and freight.

- Commit to the conversion and expansion of Australia's car industry to manufacture reduced emission vehicles for public and private transport.
- Double the green car fund to \$1 billion and accelerate its introduction
- Develop mass public transport systems for cities and regional centres.

Additional Financial Incentives: Subsidies, Venture Capital and Innovative Finance

- Encourage and if necessary provide incentives to superannuation funds to invest in venture capital and the mitigation of global warming (without compromising the sole purpose test.)

Industrial Relations

- Enable the pursuit of initiatives to mitigate global warming in collective bargaining at the enterprise, sectoral, industry and economy-wide levels. This requires amending the laws concerning prohibited content and pattern bargaining.
- Educate and train workers and management in environmental issues and mitigation.

- Mandate the inclusion of training modules relevant to a low energy intensive economy within competency based qualifications.
- Establish workplace environment committees.

Trade

- Ensure that, in negotiating international trade agreements, Australian industry is not placed at a competitive disadvantage by countries that have not adopted internationally-accepted climate change strategies.
- Introduce a carbon tariff on imports according to their relative greenhouse content inclusive of those associated with transporting them internationally, with such tariffs to apply to countries which do not enter or observe international climate change agreements beyond 2012 and the Kyoto period.

Take Back Legislation

- Introduce extended product responsibility so that manufacturers are accountable for the goods they produce over the lifetimes of those goods.

FOOTNOTES

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- xxvi NIER, The State of Australian Manufacturing, Summary Report, July 2006, Page viii
- xxvii ACTU Submission to the National Manufacturing Forum: Respositioning Australian Manufacturing in the Global Economy, August 2006
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- xxx s.356 of the Workplace Relations Act 1996 (Cth), as amended with effect from March 2006, and Chapter 2, Part 8, Division 7.1 of its Regulations.
- xxxi Regulation 8.7 within Chapter 2, Part 8, Division 7.1 of the Workplace Relations Regulations.
- xxxii Note: Regulation 8.7 referred to above had since been re-numbered to become Regulation 2.8.7.
s.421(1) of the Workplace Relations Act 1996 (Cth).
Note: The prohibition on pattern bargaining is most relevant when a party applies to take protected industrial action. Nevertheless, it circumscribes all stages of negotiations.

