



Senate Standing Committees on Economics
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Dear Committee Secretary,

Inquiry into the Budget Savings (Omnibus) Bill 2016

Thank you to the Senate Economics Legislation Committee for providing the opportunity to make a submission to the inquiry into the Budget Savings (Omnibus) Bill 2016.

The Community and Public Sector Union – PSU Group (CPSU) represents employees in Commonwealth government employment including the Australian Public Service (APS), the ACT Public Service, the Northern Territory Public Service, the telecommunications sector, call centres, employment services and broadcasting.

The CSIRO Staff Association ('Staff Association') is a section of the CPSU and represents employees in the Commonwealth Science and Industrial Research Organisation (CSIRO) the largest science institution in Australia.

As the union representing Australian Public Service and Commonwealth Scientific and Industrial Research Organisation (CSIRO) employees, we are committed to providing strong voices for our members in key public policy and political debates.

Australia has a revenue problem, not a spending problem

At the outset, it is our position that Australia does not have a spending problem, it has a revenue problem. Yet the Bill does not engage with this broader issue but simply seeks savings from the most disadvantaged in our community. Contrary to public perceptions,¹ Australia is a low-tax, low-spending country. With taxes at 27.5 percent of GDP, Australia's taxes are clearly well below the Organisation for Economic Co-operation and Development (OECD) average of 34.2 percent.² Additionally, Australia's taxation revenue as a proportion of GDP has declined from 30.4 per cent in the year 2000 to 27.5 per cent in 2013. Over the same period, the OECD average has remained relatively steady at 34.2 per cent.³

Attempts to find more 'savings' from the public sector, for example, by cutting funding to the Australian Renewable Energy Agency (ARENA), will be counterproductive and weaken economic growth. Rather than cutting Australia's ability to innovate and undertake important research, addressing multi-national corporate tax avoidance is a much better way to tackle the revenue shortfall. Individual taxpayers already contribute significantly to government revenue so when multi-national corporations avoid paying tax, it undermines public confidence in the fairness of our taxation system.

¹ David Hetherington, Per Capita Tax Survey 2016: Public Attitudes Towards Taxation and Public Expenditure, Per Capita, April 2016, p.27

² Centre for Tax and Policy Administration, OECD Revenue Statistics 2015, Organisation for Economic Co-operation and Development, December 2015

³ *ibid*

ARENA is essential for clean energy innovation and job creation in Australia

ARENA is an Australian government statutory authority in charge of administering and developing an investment plan to fund renewable energy projects throughout the development chain.

ARENA plays a pivotal role in supporting clean energy innovation by providing financial support for R&D and assisting in bringing down the cost of market-ready renewable technology, a very different role to the Clean Energy Finance Corporation.

ARENA has provided funding for renewable R&D such as printable solar panels and supported the integration of more renewables into the energy grid. Its financial support has helped bring down the cost of large-scale solar and assists in attracting investment from other sources for clean energy projects with every \$1 invested by ARENA attracting \$1.80 of investment.⁴

ARENA's role is more important than ever. The expansion of clean energy projects has the potential to create significant numbers of Australian jobs. Research has found that moving to 50% renewables by 2030 would create more than 28,000 jobs nationally, 50% more employment than a business as usual (BAU) scenario in the electricity industry.⁵

Investment in R&D is essential for Australia's long-term growth and productivity but the inclusion of funding cuts to ARENA in the Budget Savings (Omnibus) Bill 2016 threatens this. Australia's public R&D spending is already lower than that of comparable countries and the proposed cuts would force it to historic lows.

Unless ARENA's 2016-2022 budget allocation of \$1.3 billion and its ability to give grants is maintained, Australia's capacity for clean energy innovation and renewable job creation will be severely curtailed. Without ARENA's funding for R&D and commercialisation, Australia will not be able to become a major exporter of renewable technology, fuels and services. Without ARENA, Australia will be unable to become a global leader in clean energy because of the lack of finance for projects that lie between early-stage research and a market-ready product.

The Government's proposed Clean Energy Innovation Fund will not fill the gap that will be created left if ARENA is defunded. The Clean Energy Innovation Fund will only support *"projects and businesses that use technologies that have passed beyond the research and development stages."*⁶

ARENA cuts will decimate CSIRO's energy research

The Government's proposal to cut \$1.3 billion in funding from ARENA will also have a huge impact on CSIRO, which has been granted \$75 million from ARENA to fund clean energy research. ARENA funding currently supports 121 CSIRO staff (full-time equivalent researchers), whose jobs will be at risk if ARENA is cut. Even though existing contracts will be honoured, these contracts will begin to expire shortly, and without continued ARENA funding the jobs will no longer exist.

ARENA funding accounts for more than 40% of CSIRO's energy research. This work is producing incredible results and strong partnerships with industry. It is creating intellectual property that will see home-grown renewable technology rolled out in Australia and overseas.

ARENA funding supports CSIRO's National Solar Energy centre in Newcastle and the Australian Solar Thermal Research Initiative. With ARENA's support, CSIRO is developing world-class solar panel testing facilities, the development of CSIRO heliostats and the world-first production of Supercritical Steam from solar energy.

⁴ Peter Hannam and Tom Arup, ARENA's axing would mean end of Tony Abbott's support for renewables, says industry, Sydney Morning Herald, 12 May 2014, <http://www.smh.com.au/federal-politics/arenas-axing-would-mean-end-of-tony-abbotts-support-for-renewables-says-industry-20140512-zrae5.html>

⁵ Renewable Energy Jobs: Future Growth in Australia, Climate Council, 15 June 2016, <https://www.climatecouncil.org.au/renewablesreport>

⁶ Department of the Environment, Fact Sheet – Clean Energy Innovation Fund, <http://www.environment.gov.au/minister/hunt/2016/pubs/mr20160323-factsheet.pdf>

CSIRO and ARENA are essential to creating renewable energy jobs and making energy more affordable for all Australians. The cuts would also destabilise the renewable energy industry, and impede Australia's ability to meet our Paris climate obligations.

Government cuts have already decimated the CSIRO. More than 1400 jobs have gone and vital research in areas such manufacturing, agriculture and climate change has been cut. We cannot afford to lose any more of our best and brightest scientists.

This omnibus bill erodes trust in our democratic processes

The Community and Public Sector Union and CSIRO Staff Association also have significant concerns that 'savings' measures are being put forward in the form of an omnibus bill. The Budget Savings (Omnibus) Bill 2016 groups a variety of measures that are unrelated. Parliamentarians may agree with some of the measures in the omnibus bill and oppose others. To combine them denies parliamentarians the opportunity to consider each measure individually. It undermines the accountability that Australians expect from Parliament and also erodes trust in our democratic processes.

We urge the Government to amend the Budget Savings (Omnibus) Bill 2016 to remove funding cuts to ARENA and debate each 'savings' measure individually.

The CPSU and CSIRO Staff Association would welcome any opportunity to attend hearings and provide further information to Committee members to support this submission.

For further information, please contact Susie Byers via email on susie.byers@cpsu.org.au.

Yours sincerely



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