

Senate Finance and Public Administration Legislation Committee
ANSWER TO QUESTION ON NOTICE
Prime Minister and Cabinet Portfolio
Department of Climate Change
Budget Estimates Hearing—May 2009

Written question reference: CC29a-c

Outcome/Output: Outcome 1, Output Group 1.1 – Response to climate change

Topic: Minerals Council of Australia job loss report

Hansard Page: Not relevant for written QoN

Question: (Senator Boswell)

On 8 May the Australian Coal Association released a report by ACIL Tasman showing that 16 coal mines will close and 10,000 coal jobs will be lost in the first 10 years of the ETS. On 22 May the Minerals Council released a report by Concept Economics showing twenty-three and a half thousand mining jobs will be lost by 2020 and sixty-six thousand by 2030 as a result of the ETS. Queensland workers will be the hardest hit with more than half of the job losses occurring in Queensland. The CFMEU and ACTU have sold out on their membership under the extremely veiled claim that the jobs destroying ETS will deliver green jobs aplenty for Australian working families.

- a) Can the Minister please point me to evidence that shows retrenched mining workers in the regional mining areas of Queensland will be taken up in 'green jobs'?
- b) Can the Minister please explain to me what is a 'green job' and will these 'green jobs' pay equivalent wages to the mining jobs currently available in regional Queensland?
- c) Can the Minister guarantee that for every job sent offshore by the ETS a 'green job' will be created in its place?

Answer:

The Concept Economics report prepared for the Minerals Council of Australia is likely to be unreliable, is not transparent, and if not interpreted carefully, is likely to be misleading.

The report states that 'first round employment effects' of the Carbon Pollution Reduction Scheme (CPRS) on the mining industry are obtained. These results are likely to overstate the possible regional employment impacts as the methodology employed is not robust.

- No reliable models exist for the analysis of regional impacts in Australia.
- In particular, the regional level analysis does not allow for the adoption of abatement technologies at a regional level, nor does it allow for movement of employment and capital between industries at a regional level over time.
- Further, it is noted that the Australian Bureau of Statistics does not provide or support state level or sub-state regional level input-output tables due to concerns about small sample sizes and poor statistical accuracy.

The modelling is not transparent. The report notes that the mining and smelting industries have been adjusted off-model to take account of ‘the lumpy nature of the long lived assets in these industries’ but there are no further details on what these adjustments are, or how important they are for the results.

The Concept Economics report claims that “approximately 23,510 fewer people will be employed in the Australian minerals industry” in 2020 due to the Carbon Pollution Reduction Scheme (CPRS), and refers to this as ‘jobs lost’ and ‘falls in employment’.

- The bulk of this figure represents jobs that are not created in the particular sectors, rather than reductions from current levels. The reference case and modelling are not well documented, and so it is difficult to assess changes in employment relative to today.

The Government’s modelling of the CPRS, published as *Australia’s Low Pollution Future* (ALPF), shows that as we move to a low carbon economy, the rate at which different sectors grow will change.

- Over the longer term, for example, the ALPF modelling projects the value of output to increase by more than 50 per cent by 2050 in coal mining, gas extraction, metal products, and sheep and cattle industries, and by more than 100 per cent in transport, construction, cement, and grains and other agricultural sectors.
- The ALPF modelling suggests that in the CPRS -5 scenario coal output in 2020 is over 20 per cent higher than in 2009. These ALPF modelled results do not factor in any financial support for the coal industry.
 - The value of coal output grows by at least 30 per cent above 2008 levels by 2050 under all ALPF scenarios. In the CPRS -5 scenario, coal output grows by more than 60 per cent.
 - National and global action to reduce emissions will raise significant challenges for coal in Australia and around the world, but is also expected to create opportunities for Australian coal.

Over the medium to long term, the ALPF modelling suggests that global action on climate change would see Australian coal secure a larger share of the world coal trade because Australian coal has relatively low emissions.

A report published last year by the United Nations Environment Programme *Green Jobs: Towards decent work in a sustainable, low-carbon world* defines green jobs as “work in agricultural, manufacturing, research and development, administrative, and service activities that contribute substantially to preserving or restoring environmental quality. Specifically, but not exclusively, this includes jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; de-carbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution.”

- This emphasises that there will be ‘green jobs’ created in every sector of the economy as the businesses in those sectors change what they produce and how they produce it in response to the CPRS and other policies designed to achieve a sustainable economy.

As an example of the ongoing employment shifts between industries, tourism is growing strongly in Queensland, both on the coast and in inland areas and now provides direct and indirect employment for about the same number of people as the mining sector. However, failure to address climate change will put at risk key underpinnings of the tourism and other industries.

- The Great Barrier Reef, which currently provides over \$4.9 billion in tourism revenues and employment for around 60,000 people, is projected to face catastrophic destruction.
- The Garnaut Review projected declines of up to 97 per cent in the value of agricultural production in the Murray Darling Basin by 2100 if emissions are not reduced.
 - The agricultural sector in the Murray Darling Basin currently employs more than 90,000 people.
- Rising sea levels and more extreme storm events will put essential infrastructure at risk.

The Government recognises that Australia must contribute to effective global action on climate change. The Government's set of policies, including the CPRS, will deliver the low carbon economy of the future, while protecting and supporting current jobs. The ALPF modelling indicates that emission-intensive, trade-exposed (EITE) policies are effective in preventing or minimising 'carbon leakage' and associated potential employment impacts.

- From an employment perspective, the ALPF modelling projects that output from all major sectors will grow over the years to 2020, delivering substantial increases in national employment from today's levels.
- The Government has recognised the risk of climate change policy sending Australian jobs offshore during the period before there is a global carbon price. The proposed transitional assistance to EITE industries has been specifically designed to manage this risk.