

Chapter 7

Employment and retraining

7.1 A common argument of opponents of the CPRS is that it will lead to massive job losses (in both net and gross terms).

7.2 There are always companies laying off workers, and there will be larger than usual numbers in the near term given the global financial crisis.

7.3 The Treasury modelling (discussed more in Chapter 4) identifies industries whose *share* of employment will be lower than it otherwise would be as a result of placing a price on carbon emissions (and the results would be unlikely to vary much regardless of whether this is done by various types of ETS or a carbon tax). Some of the industries are shown in Table 7.1.

7.4 The Department of Climate Change gave evidence that a gradual shift in employment between regions and sectors is the most likely outcome of the scheme:

The broad story here is that we would not expect the total number of jobs gained or lost to be very large at all. I think what people often are referring to is the estimates of a particular gain or reduction in one sector.

The Treasury modelling demonstrates that over time the employment levels are broadly unchanged; there is just a switch from some areas of employment to other areas of employment when we move away from high-pollution ways of conducting those activities.

That switch is relatively gradual because the scheme has been deliberately designed with a trajectory that is taking account of that economic transition. Broadly you would not expect a large change in employment over all.

The Treasury modelling does not pick up precisely the detail of the skill mix level, but there are a number of areas where you would expect the skill mix to be broadly similar. For example, if you are building less coal fired power stations over time, those engineering skills would be readily adaptable to either a lower pollution gas turbine or the renewables sector.¹

7.5 In all scenarios modelled by Treasury, total employment in the economy grows strongly over the years to 2020 and 2050, both with and without the CPRS. So even in industries whose share of total employment falls, the absolute numbers employed in the industry can continue to grow. The jobs spoken of as 'lost' are in fact just jobs that will never be. It will not be necessary to dismiss existing workers from adversely affected industries. Instead these industries will just absorb a smaller share

1 Mr Blair Comley, Acting Secretary, Department of Climate Change, *Proof Committee Hansard*, 30 March 2009, p, 7.

of new workers than they otherwise might, allowing industries growing faster to employ a larger share of workers than they otherwise would.

Table 7.1: Estimated employment effects, selected industries, 2050

	Share of employment		Impact on share
	Reference case	CPRS (-15%)	
Sheep & cattle	1.0	0.9	-0.1
Dairy cattle	0.2	0.3	+0.1
Grains	0.9	1.0	+0.1
Coal mining	0.2	0.1	-0.1
Other mining	0.5	0.4	-0.1
Metal manufacturing	0.2	0.1	-0.1
Electricity	0.2	0.2	0.0
Construction	6.8	6.5	-0.3
Trade	13.7	13.8	+0.1
Transport	2.7	2.7	0.0
Business services	23.3	23.4	+0.1
Public services	21.1	21.1	0.0
Total	100.0	100.0	0.0

Source: based on industry share projections in Table 6.12, Treasury (2008), p 165.

7.6 Similarly, CSIRO modelling concluded:

...achieving a rapid transition to sustainability would have little or no impact on national employment.²

7.7 Colonial First State Asset Management when asked what estimates about what types and numbers of jobs would be created through the introduction of the scheme noted:

our modelling is more on a case by case, company by company, sector by sector, asset by asset level. The actual whole of economy view on jobs is not something we have done detailed analysis on, but the size of the pie analysis that we have seen and accepted in terms of it not getting any

2 Dr Heinz Schandel, Senior Science Leader, CSIRO Sustainable Ecosystems (and author of *Growing the Green Collar Economy*), *Proof Committee Hansard*, 25 March 2009, p 24.

smaller means that it is just a redeployment of the capital to different sectors and new and emerging investment opportunities.³

7.8 The amount of natural turnover in labour markets is often underappreciated. It is very high even in years when the economy is booming. For example, over a million workers employed in February 2005 were no longer with the same employer a year later, and over half of these changed industry.⁴ This illustrates that the process of shifting employment from contracting to growing industries can occur with far fewer additional layoffs than might be imagined from a simple comparison of employment levels in a subsidised industry before and after the removal of a subsidy.

7.9 Even in the coal industry, which has been portrayed as one of the most severely affected, the industry representatives told the Committee:

...it will involve a lower rate of growth over time.⁵

Green jobs

7.10 Many witnesses without ties to existing companies spoke of the potential for growth in green jobs:

...there are very significant opportunities for enterprise and employment, provided a signal is sent to assure people who might be prepared to make those investments and take people on—that there is a future for them. I do think there is going to be a transition, and I do think there is going to be some time where communities go through some changes, but there have to be huge chances for employment.⁶

I think the Clean Energy Council estimated that around 50,000 jobs were required just for the 20 per cent renewable energy target.⁷

The model actually has rapid growth in green jobs, because when we did the modelling the renewable scheme increased the requirement for renewable generation, which meant that there are more green jobs.⁸

7.11 A number of witnesses noted that much of the growth in green jobs would result from a greening of traditional industries, rather than jobs growth in new green industries.

3 Ms Amanda McCluskey, Colonial First State Global Asset Management, *Proof Committee Hansard*, 25 March 2009, p 53.

4 Australian Bureau of Statistics, *Labour Mobility* (cat. No. 6209.0), February 2006.

5 Mr Ralph Hillman, Executive Director, Australian Coal Association, *Proof Committee Hansard*, 25 March 2009, p 111.

6 Mr Tony Westmore, Australian Council of Social Service, *Proof Committee Hansard*, 23 March 2009, p 24.

7 Dr Ottaviano, Carnegie Corporation, *Proof Committee Hansard*, 23 March 2009, p 33.

8 Danny Price, Frontier Economics, *Proof Fuel and Energy Select Committee Hansard*, 2 April 2009, p 18.

...the number of jobs will grow, both in business-as-usual and in a scenario which takes into consideration all the things that have been described in the green paper that would happen in the emissions trading scheme. Overall, the number of jobs will increase over the next two decades—2.5 to 3.3 million new jobs, and 230,000 to 340,000 of these new jobs are in those sectors which we have identified as high-impact sectors, with regard to resource use, energy use and emissions.⁹

We know that in traditional areas of the resources industry, in value-added areas like steel and aluminium, we can actually green up. And of course in addition to that we can create new green jobs. It is not an either/or, and we are not prepared to lose jobs in traditional industries. What we want to see is industry policy that makes those jobs the cleanest and most competitive in the world.¹⁰

7.12 A British expert witness, Mr James Cameron, commented that in the United Kingdom:

...there is a confidence that there will be positive job creation associated with the implementation of policies associated with reducing greenhouse gas emissions, encouraging energy efficiency and renewable energy generation.¹¹

Regional impacts and retraining

7.13 There will be regional implications of the CPRS. Employment *growth* will be weaker than otherwise in regions where there is an over-representation of emissions-intensive industry. The Hunter, Illawarra, central Queensland and La Trobe regions have been suggested as areas that may be particularly affected.¹² Of course, even if an ETS is not introduced, there will be regional differences in employment growth, as there always has been. Furthermore, if no action is taken on climate change, the adverse consequences of that would also hit certain regions disproportionately, such as farming areas that would suffer more frequent droughts.

7.14 Nonetheless, there is a case for some assistance programmes to assist some workers to move from brown jobs to green jobs. In some cases this may involve retraining. In other cases it may involve helping them move from regions dominated by high-emissions industries to regions with low- or no-emissions industry.

9 Dr Heinz Schandl, Senior Science Leader, CSIRO Sustainable Ecosystems, *Proof Committee Hansard*, 25 March 2009, p, 33.

10 Ms Sharran Burrows, *Proof Committee Hansard*, 24 March 2009, p, 87.

11 Mr James Cameron, Executive Director, Climate Change Capital (UK), *Proof Committee Hansard*, 19 March 2009, p 21.

12 Mr Daniel Price, Frontier Economics, *Proof Select Committee on Fuel and Energy Hansard*, 2 April 2009, p 19.

7.15 The committee recognises that it is difficult to predict exactly what kinds of skills base will be required in the future for emerging green industries.

Recommendation 2

7.16 The Committee recommends that the Government coordinates and advances a whole of government approach to jobs and skills in emerging low pollution industries.

7.17 The Committee further recommends that a process be developed which ensures effective implementation of all Government programs and policies which support green jobs and skill development throughout all sectors of the economy.

7.18 The Government should also develop Australia's current and future skills base to ensure it has sufficient skills to take advantage of emerging employment opportunities driven through the CPRS and other complementary climate change policies.

