Confused and contested: the perverse policy imperatives underlying Australia's green economic challenge

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Brief outline

- What do we know about the size and shape of the Australian green economy?
- The policy environment is uncertain, contested and confused
- Political controversy
- Perverse incentives
- Challenges for education and training
Australia’s Green Economic Potential

$16–20bn
The size of the Australian "environmental protection industries" in 2004/2005.\(^\text{10}\)

$5bn | 32k jobs
The revenue and employment figures for the Australian environmental science services industry in 2009.\(^\text{11}\)

$9bn | 13k jobs
420 clean-tech companies had a combined revenue of $6.2 billion, employed over 13,000 people and raised $2.3 billion in new funds during 2009.\(^\text{12}\)

↑7x in 4yrs
In 2009, there were around 984,000 Green Power customers in Australia, up from 138,879 customers in 2005.\(^\text{13}\)

$8bn | 33k jobs
The revenue and employment figures for the Australian waste disposal services industry in 2009.\(^\text{14}\)

$11bn | 27k jobs
What the Australian recycling sector contributed to the economy and employment in 2009.\(^\text{15}\)

$12bn | $20bn
Spending by domestic eco-tourists who took part in nature activities was around $12 billion in 2008. Two-thirds of the 3.36 million international visitors to Australia in 2008 took part in nature activities. These visitors spent $20.2 billion.\(^\text{16}\)

↑2x in 13yrs
The proportion of households with water conservation devices doubled from 1994 to 2007.\(^\text{17}\)
Australia's green economy

- No agreed statistical or econometric figures exist
- OECD green growth indicators
- “Australian environmental-economic accounts for water are a good example of a consistent environment-economic framework”
- Reality of current water policy in Australia
Current Australian water policy debate

- Independent scientific recommendations ignored
- Not enough water being returned to river
- Politics of water irrigation highly controversial
- Zero-sum game between economy and environment
Broader macro-economic context

- Small, open, trade-exposed economy
- Australian growth is moderate
- Unemployment low
- Interest rates have head-room
- Historically high terms of trade
- High Australian dollar transforming domestic economy
- Resources sector dominates earnings, profits, political influence
G20 carbon competitiveness, 2010
Renewable energy policy at provincial level

- Australian states have yo-yo'd on renewable energy subsidies causing huge disruptions to local renewable industries
- Wind power faces massive regulatory risk in Victoria, perhaps New South Wales
- Queensland has abandoned all solar subsidies
- Victoria has abandoned emissions reduction target
Federal renewable policy

- Carbon tax starts July 1, 2012
- Carbon price AUD$23/tonne > European, world prices
- Transition to emissions trading scheme in 2015
- 20% renewable energy target by 2020
- AUD$10 billion clean energy finance corporation
- Australia committed to UNFCCC process; hopes for post-Kyoto agreement
Green economy implications

- According to BNEF, current settings will drive AUD$36 billion in clean-tech investment by 2020
- This will exceed investment in National Broadband Network
- Grid parity for on-shore wind expected 2015-16
- Grid parity for household solar right now if 25-year ROI factored in
- Cleantech already employs more Australians than car manufacturing
But ...

- Liberal and National Parties have pledged to abolish carbon tax should they win office in 2013
- International carbon prices remain in doldrums
- Business Council of Australia has called for abolition of renewable energy target and clean energy finance corporation
- “Business-as-usual” still overwhelmingly driven by fossil-fuel power generation and resource development
Challenges for VET sector

- Many new jobs created likely to require degrees
- VET qualifications tend to recognise existing industry practices, rather than future needs
- VET qualifications are generally narrow and specific, rather than broad and holistic
- VET sector policy challenges include: federal-state relationship, centralised planning, need for greater funding, patchy quality across proliferating RTOs
Tom Karmel is skeptical about green skills

- Only some traineeships are actually delivering skills
- Wage pay-off for many certificates is minimal
- More and more degree-qualified workers pushing into lower-skilled occupations
- Much skills acquisition happens on the job

Tom Karmel, “Skilling and reskilling for our (greener) future”, 2009 Economic and Social Outlook Conference, University of Melbourne.
Innovation: the game-changer

“We are on the cusp of a revolution that will see our world transformed from one heavily addicted to the consumption of resources, to a world in which resource efficiency is the name of the game. In this next wave of innovation, resource scarcity and massive inefficiencies will be the big market opportunity. Waste will be the source of this opportunity and nature will be our source of inspiration and competitive advantage.”

James Bradfield Moody, *The Sixth Wave*
If we are serious about a living planet for our grandchildren, then one day soon the “green economy” will simply mean the economy itself ...