



The Million Jobs Plan



SUMMARY OF ECONOMIC ANALYSIS

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Australia has suffered an unprecedented economic shock in 2020. The economy is in recession for the first time in almost three decades and the 7% fall in GDP in the June quarter was by far the largest since the Great Depression.

Beyond Zero Emissions' *Million Jobs Plan* envisages a low-carbon recovery from the COVID-19 recession. It presents initiatives that would lead to

the creation of 1.8 million job years over the 2021-2025 period (Box 1). That is, in each of the five years, there are about 360,000 more jobs on average.

This report summarises independent analysis of *The Million Jobs Plan* by one of the Australia's most trusted economic experts (Box 2).

The Million Jobs Plan helps tackle Australia's economic challenges

Australia faces three urgent economic challenges: reducing unemployment; reducing public debt and improving living standards. The economic analysis shows that implementing *The Million Jobs Plan* has a rapid and positive impact, in comparison to the baseline scenario, on all three problems,:

- creating thousands of new jobs, reducing unemployment six months earlier
- boosting private investment by \$25 billion annually, or nearly 2% of GDP, and adding 1 to 2% to GDP
- increasing real wages by 1% in 2022-23 and 2% by 2035-36 [currently wages are lower than those in 2011].

The analysis confirms that zero-carbon projects will be a significant lever to pull Australia out of recession. *The Million Jobs Plan* will give a major boost to diverse business sectors and provide jobs throughout Australia – over 70% in regional areas. The plan delivers results almost immediately and its benefits persist for many years.









Box 1: *The Million Jobs Plan*

Beyond Zero Emissions is an internationally-recognised energy-solutions think tank, showing through independent research how Australia can thrive through a transition to a zero-emissions economy.

Beyond Zero Emissions' *Million Jobs Plan* highlights the role that zero carbon initiatives can play in Australia's economic recovery.

The Million Jobs Plan proposes nation-building, transformative projects that can revive our economy, modernise our industry, reskill our workforce and deliver a bright and vibrant future.

Jobs will be created around Australia including the places where traditional heavy industry has gone, droughts and fires have ravaged the agricultural sector, unemployment is high and long-term employment opportunities have diminished.

Activity	Job-years
 90GW Renewable energy & transmission	200,000
 Net-zero energy buildings	900,000
 Modernising and expanding Australian manufacturing	140,000
 100% Renewable mining	75,000
 Recycling – 100%	80,000
 Electrified transportation	140,000
 Land restoration and carbon	200,000
 Training, Education and Research	10,000
Total	1,800,000

Box 2: Methodology for the economic analysis of *The Million Jobs Plan*

The economic analysis modelled the economy-wide impact of *The Million Jobs Plan* compared to a baseline scenario where the plan is not implemented. This comparison assessed the 20-year period from 2021 to 2040, and considered only 55% of the 1.8 million jobs in *The Million Jobs Plan* - 1 million jobs in total. The model produced projections for GDP, unemployment, private investment and government finances under the baseline and *Million Jobs Plan* scenarios.

The analysis was done by Chris Murphy, using a respected macro-econometric model that also produces forecasts and analyses policies for governments. The model is similar to those used internally by the Australian Treasury (EMMA) and the Reserve Bank of Australia (MARTIN), though it includes more detail on industry and budget policy.

The Million Jobs Plan reduces unemployment

From February to May of this year, nearly 900,000 Australians lost their jobs. Under the baseline scenario, unemployment is expected to rise from 5% in March to 9 to 10%.

As a result of *The Million Jobs Plan* an extra 65,000 Australians are back in work by the end of 2021.

This reduces unemployment by 0.5% compared to the baseline scenario. Between 2021-22 and 2023-24, *The Million Jobs Plan* reduces unemployment six months ahead of the expected timeline under the baseline scenario (Figure 1).

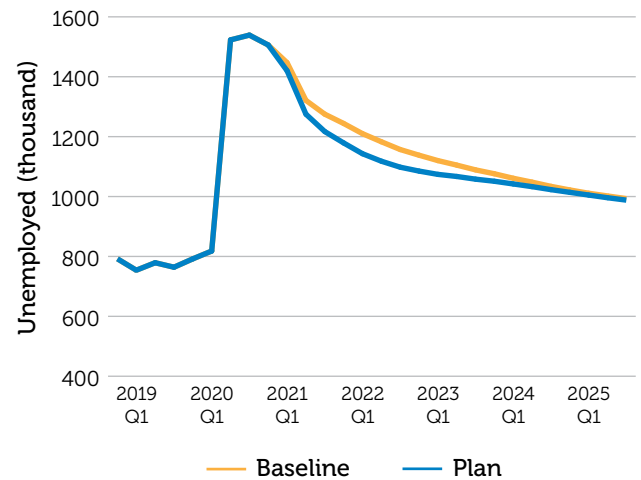


Figure 1: *The Million Jobs Plan* leads to a faster reduction in unemployment

The Million Jobs Plan raises living standards

Real wages (a key indicator of living standards) are lower now than in 2011. As a result of the COVID-19 recession, real wages are not expected to grow for the next four years under the baseline scenario. Living standards are not expected to return to pre-COVID levels until 2026.

Compared to the baseline scenario, *The Million Jobs Plan* lifts real after-tax wages by 1% in 2022-23 and 2% by 2035-36 (Figure 2). On average this equates to an additional \$1,347 in after-tax wages for working Australians in 2035-36.¹

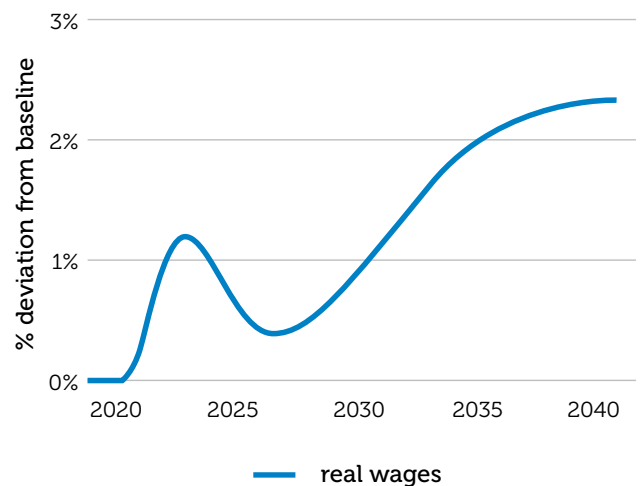


Figure 2: *The Million Jobs Plan* gives a rapid and long-lasting boost to real wages

¹ 2017-18 prices.

The Million Jobs Plan reduces public debt

Federal Government stimulus measures have added \$200 billion to public borrowing in 2019-20 and 2020-21. Public debt relative to GDP is expected to grow 65% (from just 47% before COVID-19).

The Million Jobs Plan helps stabilise public debt relative to GDP more quickly than approaches that rely on higher public spending (Figure 2). It does this by boosting private investment and stimulating economic growth, as described below.

The Million Jobs Plan is funded mostly through private investment. The current economic crisis has accelerated a six-year decline in private investment. If low business investment persists, Australia’s economic recovery may be delayed.

In its first three years, The Million Jobs Plan boosts private investment by an average of \$25 billion annually or nearly 2% of GDP, with more modest increases of around 1% until at least 2040 (Figure 3). This investment provides a major stimulus to the Australian economy and requires only modest government support through seed funding.

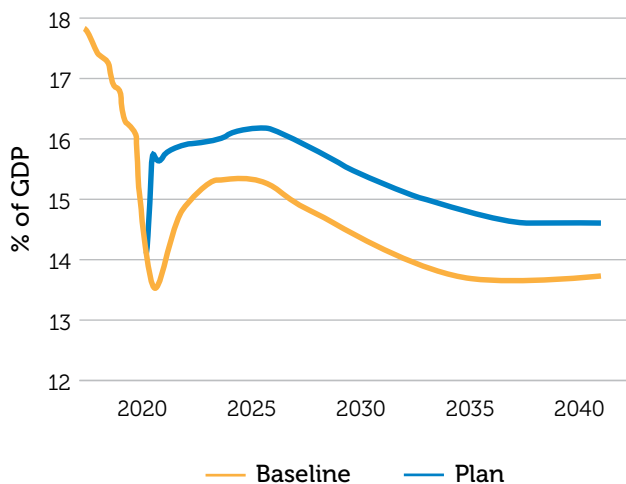


Figure 3: The Million Jobs Plan sparks major increases in private sector investment

The Million Jobs Plan increases GDP. Australia’s GDP is forecast to be 4 to 5% lower in 2020 than in 2019. The Million Jobs Plan adds 1 to 2% to the level of real GDP compared to the baseline scenario. This is a long-term effect that lasts until at least 2040 (Figure 4). The Plan’s approach of focussing on higher private investment, rather than higher public investment, helps contain public debt relative to GDP.

In the last two decades productivity growth in the Australian economy has slowed. The Million Jobs Plan raises productivity relative to the baseline scenario, and these productivity gains contribute to the modelled increases in GDP and wages.

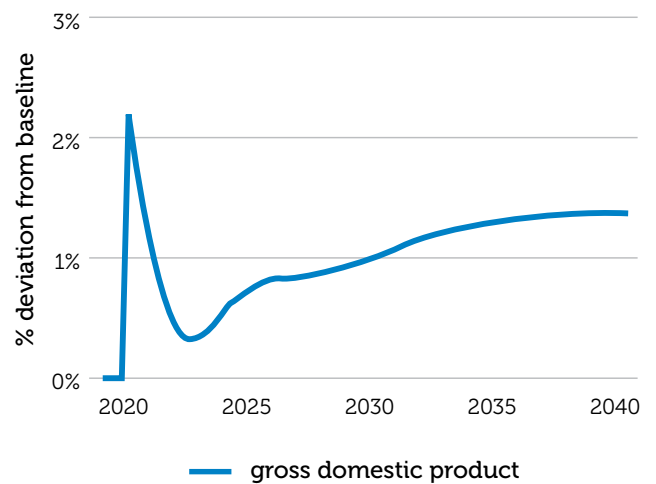


Figure 4: The Million Jobs Plan will give an immediate and long-lasting boost to Australia’s GDP



Beyond Zero Emissions is an internationally recognised energy think-tank, that shows through independent research and innovative solutions how Australia can thrive through a transition to a zero-emissions economy.

Beyond Zero Emissions is working with communities and partners around Australia to finalise a post-COVID economic recovery 'The Million Jobs Plan' that will pave the way for Australia to become a renewable energy superpower in the decades to come.

Our plan will create employment, modernise our infrastructure and reduce greenhouse gas emissions.

Jobs will be distributed around Australia including the places where traditional heavy industry has gone, droughts and fires have ravaged the agricultural sector, unemployment is high and long-term employment opportunities have appeared increasingly limited.

The Million Jobs Plan will propose nation-building, transformative projects that can upgrade our economy, modernise our industry, reskill our workforce and deliver a bright and vibrant future – economically and socially. Our early research shows clearly that this is entirely achievable.

The Million Jobs Plan aims to show a way forward to make Australia more prosperous, fairer and more resilient. This means that jobs need to be local, lasting, secure, well-paid and backed by safe and fair working conditions. We have prioritised local, long term jobs as part of local solutions.



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