

Chapter 4

Employment issues

4.1 Evidence received by the committee suggests that that cuts to government expenditure could make Australia's unemployment figures – already the highest in a decade – rise even further and damage the economy.

4.2 This chapter looks at the evidence presented to the committee on the current employment market in Australia. It notes the weakness of labour market conditions, slow wages growth and threats to wages. The chapter discusses areas of the employment market in transition and examines Geelong as an example of a community facing the challenges and opportunities from a changing employment landscape. It also looks at the solar industry as an example of an area where employment and opportunities for people to reduce their energy costs are under threat. Finally, the chapter challenges the assumptions about the public sector in the terms of reference for the commission.

Weak labour market conditions

4.3 Mr Bernard Salt, Demographer, indicated job growth has deteriorated over the past 12 months:

Australian Bureau of Statistics data shows that there was a diminishing level of job growth each month from February through to August 2013, and that from September onwards the job market contracted each month with growth in part-time jobs being offset by losses in full-time jobs.¹

4.4 ABS Labour Force data shows a fall of over 60,000 in the number of people in full-time work between September 2013 and January 2014.² In addition, unemployment figures rose to 6 per cent in early 2014, the highest level of unemployment since July 2003.³

4.5 Mr Tim Lyons, Assistant Secretary, ACTU, stressed current employment data 'is the weakest of the economic indicators and mitigates very much...against any cuts in the short term that would have an effect either on public sector employment and employment more generally in the private sector'.⁴

1 *Proof Committee Hansard*, 13 March 2014, p. 39; see also Bernard Salt, 'Work's new faces: from sheet-metal workers to baristas', *The Australian*, 13 March 2013, p. 25.

2 See the ABS Catalogue number 6202.0, especially Labour Force data released in October 2013 and February 2014 at www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0 (accessed 20 March 2014).

3 ABS, *Labour Force, Australia, February 2014* at www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0 (accessed 17 March 2014).

4 *Proof Committee Hansard*, 13 March 2014, p. 11.

Areas of particular concern

4.6 Ms Rebekha Sharkie, National Executive Officer, Youth Connections National Network, pointed out that youth unemployment is more than double the national unemployment rate at 12.2 per cent. In addition, she advised the committee there are areas where youth unemployment is even higher. For example, the youth unemployment rate in the northern suburbs of Adelaide is 19.7 per cent and in Tasmania 17.5 per cent, with some regions in Tasmania as high as 21 per cent.⁵

4.7 Mr Salt also drew the committee's attention to particular areas of economic disadvantage, noting that at the time of the 2011 Census, Claymore in Sydney had the highest level of unemployment at about 36 per cent when the national average at the time was around 5 per cent.⁶ Mr Salt also referred to data from the Department of Education, Employment and Workplace Relations⁷ which showed that in September 2013, when the national unemployment rate was 5.7 per cent, unemployment in the two remote communities of Ngaanyatjarrakau and Anangu Pitjantjatjara was 27 per cent and 32 percent respectively. Of particular concern is the Indigenous community of Woorabinda where 86 per cent of the local workforce of 500 were unemployed in 2013.⁸

Slow wage growth

4.8 The government has recently argued there is a risk of unsustainable wages growth that would result in further job losses. The Minister for Employment, Senator the Hon. Eric Abetz (Minister), stated in a 14 January 2014 speech to the Sydney Institute:

Employers and unions must be encouraged to take responsibility for the cost of their deals, not just the cost to the affected enterprises, but the overall cost in relation to our economic efficiency and the creation of opportunities for others. If this is not done, then we risk seeing something akin to the 'wages explosions' of the pre-Accord era, when unsustainable wage growth simply pushed thousands of Australians out of work. If the system is not driving the parties to act more responsibly, then it needs to be reformed so that it does.⁹

4.9 However, evidence suggests that unsustainable wage growth is unlikely, given recent trends. Mr Glenn Stevens, Governor of the Reserve Bank of Australia, noted wages growth was very slow:

5 *Proof Committee Hansard*, 13 March 2014, p. 52.

6 *Proof Committee Hansard*, 13 March 2014, p. 41.

7 Now the Department of Employment. The data is the published quarterly estimates of unemployment by statistical local area, modelled from ABS labour force data. See *Proof Committee Hansard*, 13 March 2014, p. 41.

8 *Proof Committee Hansard*, 13 March 2014, p. 41.

9 Senator the Hon. Eric Abetz, Address to the Sydney Institute 'After the Thirty Years War', 28 January 2014 at <https://abetz.com.au/speeches/address-to-the-sydney-institute-after-the-thirty-years-war> (accessed 19 March 2014).

...you're seeing pretty subdued growth in real wages right now. Wages growth in nominal terms have slowed, to some extent that was expected, but it has been quite responsive to the softer labour market.¹⁰

4.10 Mr Matt Cowgill, Economic Policy Officer, ACTU, pointed to recent data that does not support the suggestion of a potential 'wages explosion'. He highlighted the low rate of growth of the Wage Price Index at 2.6 per cent, a full percentage point below the average.¹¹ In addition, Mr Cowgill cited a fall of 1.8 per cent in 'real-unit labour costs' in 2013.¹² He explained these figures, when taken together, show that 'labour costs—the bulk of which are wages—are not keeping up with productivity growth.'¹³

Potential threat to penalty rates

4.11 The need to review penalty rates has been raised recently by many government MPs.¹⁴ The government has committed to a Productivity Commission review of the industrial relations system.¹⁵ Initially, the minister stated that penalty rates are not being considered by this review and are instead a matter for the Fair Work Commission.¹⁶ However, the minister subsequently conceded the terms of reference for the Productivity Commission are very broad and cover all aspects of the Fair Work Act, and subsequent media reports have noted the terms of reference mention 'pay and conditions', which is understood to include penalty rates.¹⁷

4.12 Mr Lyons, Assistant Secretary of the ACTU, suggested that in his view it is likely this Productivity Commission review would include penalty rates, and then explained why they are so important for many workers:

What we do know is that many millions of workers receive part of their income through penalty rates...It includes additional remuneration paid for

10 'Glenn Stevens on the \$A, rates and growth' in *Australian Financial Review*, 13 December 2013 at www.afr.com/p/national/economy/full_transcript_glenn_stevens_on_g8FIuePVTxTVnSVJn v5knM (accessed 19 March 2014).

11 *Proof Committee Hansard*, 13 March 2014, p. 13.

12 Mr Cowgill explained real-unit labour costs as: 'The change in the cost of employing labour on the one hand relative to the productivity of labour on the other hand'. See *Proof Committee Hansard*, 13 March 2014, p. 13.

13 *Proof Committee Hansard*, 13 March 2014, p. 13.

14 Jonathan Swan, Anna Patty and James Massola, 'Coalition MPs plot to strip workers' weekend and holiday penalty rates' *Sydney Morning Herald*, 8 March 2014.

15 'Productivity Commission review of the workplace relations framework Draft Terms of Reference', at http://images.theage.com.au/file/2014/03/07/5240170/PC_workplace_draftTOR.pdf (accessed 20 March 2014).

16 Daniel Hurst, 'Workplace relations: government moves to ease inquiry fears' in *The Guardian*, 7 March 2014, at www.theguardian.com/world/2014/mar/07/unions-warn-everything-up-for-grabs (accessed 20 March 2014).

17 Jonathan Swan, Anna Patty and James Massola, 'Coalition MPs plot to strip workers' weekend and holiday penalty rates' *Sydney Morning Herald*, 8 March 2014.

overtime, shiftwork, allowances for working at different times of the day and night, and allowances for working things like public holidays, Saturdays, Sundays and shift loadings. Many millions of workers receive those. A simple exercise in arithmetic suggests that that is many billions of dollars of take-home pay from workers.¹⁸

4.13 Mr Lyons stressed to the committee that penalty rates are received 'disproportionately in the middle and bottom half of the income distribution curve' and a cut to take home pay would not only reduce standards of living, it would also reduce the amount of money circulating in the local economy.¹⁹

Economy in transition

4.14 Australia's economy continues to shift away from industry and manufacturing as can be seen from the recently announced closures and workforce downsizing including:

- the loss of 5,000 full-time positions from Qantas;²⁰
- around 600 jobs being lost from the closure of the Ford plant in Geelong in 2016;²¹
- Holden ceasing manufacturing in Australia from 2017,²² along with around 500 manufacturing jobs from the closure of Holden plants in Adelaide and Melbourne in 2013;²³
- the loss of around 800 jobs in late-2014 from the closure of the Alcoa Port Henry smelter near Geelong;²⁴
- BP's announcement of the closure of its Brisbane refinery which will result in the loss of more than 350 jobs;²⁵

18 *Proof Committee Hansard*, 13 March 2014, p. 11.

19 *Proof Committee Hansard*, 13 March 2014, p. 12.

20 Media Release: 'Qantas Group Strategy Update', 27 February 2014, at www.qantas.com.au/infodetail/about/investors/2013HYMediaReleaseStrategyUpdate.pdf (accessed 20 March 2014).

21 Media Release: 'Important announcement from Ford Australia', 23 May 2013, at www.ford.com.au/about/newsroom-result?article=1249024395989 (accessed 20 March 2014).

22 Media Release: 'GM to Transition to a National Sales Company in Australia and New Zealand Company to cease manufacturing in Australia by 2017', 11 December 2013, at http://media.gm.com/media/au/en/holden/news.detail.html/content/Pages/news/au/en/2013/Dec/1211_National_Sales_Company.html (accessed 20 March 2014).

23 Media Release: 'Market Conditions Force Holden to Restructure South Australian and Victorian Operations 4 August 2013' at http://media.gm.com/media/au/en/holden/news.detail.html/content/Pages/news/au/en/2013/Apr/0408_restructure.html (accessed 20 March 2014).

24 Media Release: 'Alcoa to Close Point Henry Aluminium Smelter and Rolling Mills in Australia', 17 February 2014, at www.alcoa.com/australia/en/news/releases/PTH.asp (accessed 20 March 2014).

- Aeroplane manufacturer Boeing cutting up to 300 jobs from its Port Melbourne plant by the end of 2014;²⁶ and
- job losses at other companies, including Simplot, Caterpillar, Electrolux, and at Rio Tinto's Alcan alumina refinery in Gove, Northern Territory.²⁷

4.15 Industry Employment Projections from the Department of Employment show the long-term decline in manufacturing's share of total employment will continue, with employment projected to decline by 40,300 full time jobs, or 4.3 per cent, over the next five years.²⁸

4.16 Mr Salt spoke about the economy being in transition, moving away from traditional manufacturing, and noted that over the 12 months to November 2013, 'net job losses in the manufacturing sector totalled 27,000'. Mr Salt also noted job losses in other areas: 34,000 jobs in the information, media and telecommunication sector; and 33,000 jobs in the wholesale trade sector. However, he also reported the following areas of job growth: public administration sector, up 77,000 positions; construction sector, up 35,000; and retail sector, up 28,000.²⁹

4.17 Other aspects of the economy in transition include a shift 'either by preference or by necessity' from full-time to part-time work:

In January 2014, for example, the ABS shows that there were 8,050 part-time jobs added and 9,629 full-time jobs lost, resulting in an overall net loss of 1,579 jobs across the workforce.³⁰

4.18 Mr Salt stressed that a transitioning economy requires the labour market to be agile and responsive to areas of job growth. However, he acknowledged the process of transition causes a great deal of concern for areas of the workforce affected and that the management of the transition is very important.³¹

Managing a transitioning economy: Geelong

4.19 The committee spoke with the Committee for Geelong about measures being put in place to support its economy in transition. Mr Dan Simmonds, Chairperson, Committee for Geelong told the committee that although manufacturing is still

25 Marissa Calligeros, 'Brisbane job losses as Brisbane refinery is closed', *Brisbane Times*, 2 April 2014.

26 ABC News, 'Boeing cuts: aeroplane manufacturer to shed 300 jobs from Port Melbourne plan by the end of 2014', 3 April 2014.

27 Wren Advisers, 'Hollowing out of Australian industry' at www.wrenadvisers.com.au/2013/11/job-losses-australia/ (accessed 19 March 2014).

28 Australian Government, Department of Employment, Industry Employment Projections, 2014 Report. Note: the projections are based on ABS employment data from November 2013 and the forecasts and projections in the December 2013 Mid-year Economic and Fiscal Outlook.

29 *Proof Committee Hansard*, 13 March 2014, p. 39.

30 Mr Bernard Salt, *Proof Committee Hansard*, 13 March 2014, p. 39.

31 *Proof Committee Hansard*, 13 March 2014, p. 43.

responsible for over 40 per cent of the economic output of the city, there have recently been substantial job losses from the restructuring or closing of several industrial plants and businesses.³²

4.20 In order to respond effectively to these changes, the Committee for Geelong stated the region needs government assistance to manage this transition by retraining manufacturing workers and creating other opportunities for the workforce.³³ The Committee for Geelong highlighted several areas where government assistance was paying dividends:

- the Australian Future Fibres Research and Innovation Centre is a collaborative relationship between Deakin University, CSIRO and the Victorian Centre for Advanced Materials Manufacturing. It conducts research on all aspects of fibre manufacturing, including carbon fibre development. Some former Ford employees now work in this area;³⁴
- the Australian Sports Technology hub, with the headquarters in Geelong, is supporting local businesses and providing jobs and training opportunities to the local community;³⁵ and
- the LAND 400 project, designing a land combat vehicle for the Australian Defence Force, which will build expertise that could potentially attract more defence manufacturing projects and programs to the region.³⁶

4.21 Mrs Rebecca Casson, Chief Executive Officer, Committee for Geelong, also highlighted the value of new government agencies being brought to the region covering areas of health, rehabilitation, insurance and disability, especially the retraining possibilities they provide.³⁷

4.22 The Committee for Geelong also stressed the importance for recently unemployed manufacturing workers to be given early assistance with job seeking skills such as resume writing and interview skills. This would help them adapt to the new jobs market more quickly and lessen the chance of them becoming unemployed long-term.³⁸

32 Mr Dan Simmonds, *Proof Committee Hansard*, 13 March 2014, p.5. See also the Geelong Manufacturing Council's website at www.geelongmanufacturingcouncil.com.au/.

33 Mr Dan Simmonds, *Proof Committee Hansard*, 13 March 2014, p. 5.

34 Mr Dan Simmonds, *Proof Committee Hansard*, 13 March 2014, p. 5. See also www.deakin.edu.au/affric/about.php (accessed 1 April 2014).

35 Mrs Rebecca Casson, *Proof Committee Hansard*, 13 March 2014, p. 5. See also Jared Lynch 'Geelong given \$6m to develop into sports tech hub', *Sydney Morning Herald*, 26 August 2013; Australian Sports Technologies Network website: <http://astn.com.au/> (accessed 1 April 2014).

36 Mrs Rebecca Casson, *Proof Committee Hansard*, 13 March 2014, p. 5.

37 *Proof Committee Hansard*, 13 March 2014, p. 3.

38 *Proof Committee Hansard*, 13 March 2014, p. 9.

Industries at risk: solar technology

4.23 The committee heard there is a risk cuts to government programs will affect the jobs and growth of sectors such as the solar energy industry. Mr John Grimes, Chief Executive Officer of the Australian Solar Council, stated that according to industry modelling the proposed repeal of the Renewable Energy Target (RET) scheme would mean the loss of 8,000 jobs from the sector:

...When you think about that in the context of the numbers of jobs that have been lost in car manufacturing, SPC and a whole range of other companies, that is actually bigger than all of those combined in terms of direct job losses.³⁹

4.24 Mr Grimes noted that many of these jobs would be lost in small family-run businesses, predominantly in regional areas, which provide employment opportunities for experienced workers, as well as entry-level training opportunities for young people:

[This] would have immediate and substantial effects in terms of employment, and you would see the burden really falling to those small businesses, mum-and-dad operations, the apprentices that they employ and opportunities for jobs across the country.⁴⁰

4.25 In addition, Mr Grimes drew the committee's attention to the customers that would be affected; overwhelmingly low-income groups, including pensioners, taking advantage of solar technology energy to reduce their power bills:

Disproportionately they are retired people, often on a pension, sometimes self-funded. They are single parents. They are working families in the mortgage belt of our big cities. They are people who can least afford the ever-increasing spiralling cost of electricity, so they take proactive measures to lock in their future energy costs.⁴¹

Job losses in the public sector

Assumptions of the Commission of Audit

4.26 A number of assumptions are implicit in the terms of reference for the National Commission of Audit, including that the public sector is too large and inefficient.⁴² Ms Nadine Flood, Secretary of the CPSU, took issue with the assumption the public service had grown too large:

Twenty years ago, the Australian Public Service employed just over 160,000 employees for an Australian population of 17.8 million, yet today there are 167,000 employees serving a population which has grown to 23 million, or in fact by almost 30 per cent, while the workforce has grown by just over four per cent. Clearly, there is not an explosion in public sector

39 *Proof Committee Hansard*, 13 March 2014, p. 22.

40 *Proof Committee Hansard*, 13 March 2014, p. 22.

41 *Proof Committee Hansard*, 13 March 2014, p. 26.

42 National Commission of Audit, terms of reference, p. 1.

job numbers. As you have heard in this inquiry, Commonwealth expenditure as a share of GDP is only 0.2 percentage points higher than it was in 1996-97, when the last national commission of audit was held.⁴³

4.27 Ms Flood also challenged the assumption the public sector is inefficient:

As we have detailed in our submission, the World Bank in 2012 ranked Australia in the top six per cent, or 94th percentile, for government effectiveness and the top three per cent for regulatory quality in the world. Yet at the same time we are amongst the bottom five lowest taxing nations. This is clear evidence that we have a highly efficient government, and certainly more efficient than most of our peer nations.⁴⁴

Public sector job losses

4.28 Ms Flood informed the committee that 5,000 ongoing public sector positions have been lost since September 2013, excluding a significant number of non-ongoing positions that have been discontinued.⁴⁵ The table at Appendix 2 was provided to the committee by the CPSU. It tracks 5,000 job losses since the September 2013 Federal Election, that have occurred or are likely to occur.⁴⁶ On 1 April 2014 Ms Karen Atherton, National Policy Coordinator, CPSU provided an update:

Coming out of the CPSU appearance on 13 March, we provided a list of known redundancies that had occurred in the Australian Public Service since the federal election. The list we provided was as at 19 March, and since then there have been reports of more job losses to come. The Department of Industry was already on the list for 200 and announced last week another 200 jobs are to go before 30 June. The Treasury secretary, in a speech to the Institute of Public Administration, reported that his department would shrink from a peak of 1,100 workers in 2011 to as few as 730 in 2017, with a third of jobs going. In media reports yesterday, we heard that there will be significant job losses in Prime Minister and Cabinet, as Indigenous affairs functions are restructured. These are real jobs and real people and work that matters.⁴⁷

4.29 Ms Flood said there is currently a great deal of uncertainty in the public service about its future. She commented this was exacerbated by the government stating to the CPSU that more job losses are planned, though without specific targets:

...the estimate of job losses over the forward estimates has moved from a policy position of a net loss of 12,000 jobs through natural attrition to a net loss of anywhere from 14,500 to 26,500 jobs, depending on the Commission of Audit and federal budget process. That is based on an argument about the cumulative effect of savings measures already in place

43 *Proof Committee Hansard*, 13 March 2014, p. 29.

44 *Proof Committee Hansard*, 13 March 2014, p. 30.

45 *Proof Committee Hansard*, 13 March 2014, p. 30.

46 CPSU, Answers to questions on notice from 13 March hearing, received 31 March 2014.

47 *Proof Committee Hansard*, 1 April 2014, p. 1.

implemented by the previous government, plus policies of the new government. That has created enormous uncertainty in the Public Service, and we do not know what the proposed scale of job losses actually is.⁴⁸

Effect on individuals

4.30 This uncertainty is having serious effects on many individuals – both public servants that are under increased workloads, as well as to individuals who rely on the services they provide.

4.31 For instance, Ms Flood pointed to the effects of staffing reductions in the Department of Human Services (DHS), the largest federal agency that delivers services the public depend on, such as Medicare, child support and Centrelink programs:

...we are now seeing that there has been a reduction of [DHS] staffing of more than 5,000 employees from 2009 to today. In the last year alone, the number of calls to Human Services, Centrelink and Medicare rose by more than one million; so we have far fewer employees doing far more work. It does not take a brain surgeon to work out that that creates real pressures. Those pressures are substantial for employees, and they are substantial for clients who are waiting on payments and waiting on help...⁴⁹

Effect on ACT and regional economies

4.32 Mr Cowgill of the ACTU told the committee that the loss of public sector jobs would not only affect individual public servants, but also local businesses:

...just as when Toyota closes it is not just the employees who worked at Toyota or suppliers who are affected; it is the local lunch bar and it is the local businesses that were patronised by the people who worked there that are affected. It is no different in the case of the public sector.⁵⁰

4.33 The need to consider not only the direct effect of the reduction in the size of the public service but also the indirect effects was highlighted in a policy brief by the Australia Institute:

...when jobs are lost in one industry in a local economy the reduction in demand has 'spill over' or 'multiplier' effects on other industries.⁵¹

4.34 ABS data for retail turnover suggests that public service restructuring is already having a negative effect on Canberra's economy. For instance, retail turnover

48 *Proof Committee Hansard*, 13 March 2014, p. 31.

49 *Proof Committee Hansard*, 13 March 2014, p. 30.

50 *Proof Committee Hansard*, 13 March 2014, pp 19-20.

51 David Richardson and Richard Denniss, The Australia Institute, 'The regional impact of public service job cuts', Policy Brief No. 18, August 2010, p. 1.

dropped by almost two per cent in the Canberra region in January 2014, against an average increase of 1.2 per cent nationally.⁵²

4.35 Mr Cowgill advised that further cuts to public service jobs would certainly lead to a serious economic downturn in the ACT and the surrounding region:

It does give us cause for concern that if the pace of fiscal contraction is increased—in other words, if we move back to surplus at a more rapid rate than was previously envisaged—then, yes, the ACT economy in particular would bear much of the brunt of that.

....It would be essentially a Commonwealth-driven version of what the effect of concentrated job losses in communities is from major private sector employers proposing to close and the regional effects you get from that....⁵³

4.36 Ms Flood of the CPSU indicated that the effects of public sector job cuts would also hurt regional communities where public sector employment is significant, particularly those already suffering job losses in other sectors:

Two-thirds of the Public Service is outside Canberra—as much as that is not the impression one sometimes gets. In our experience, cuts to the Public Service have a disproportionate effect on employment in regional areas, partly because these jobs are more significant in regional economies. So, if you look at areas such as Newcastle, Wollongong, Geelong and Tasmania, the Commonwealth is a significant employer in a small economy.....And of course in some cases those public sector employees have partners who are losing jobs in other sectors, such as manufacturing, car components and so on, where jobs are also going out of those regional areas.⁵⁴

Conclusion

4.37 The committee notes the current weak labour market conditions and believes the government should not take actions that would lead to further job losses in the private and public sectors. Further job losses would exacerbate weak employment conditions, increase the need for government services and reduce the amount of money circulating in local communities.

4.38 The committee also notes the government has recently argued there is a risk of unsustainable wages growth that would result in further job losses. The committee has received no evidence to support this assertion. Data indicates that over 2013 wages grew at the lowest rate on record.

4.39 In another threat to wages, there are signs that the government is aiming to reduce or remove the penalty rate system so many working Australians depend on as part of their weekly wages. Penalty rates are recognition of the unsociable and

52 ABS, *Media Release Retail turnover rises 1.2 per cent in January 2014*, 6 March 2014, at www.abs.gov.au/ausstats%5Cabs@.nsf/mediareleasesbyCatalogue/676AC4CC578D6559CA25773400204519?Opendocument (accessed 17 March 2014).

53 *Proof Committee Hansard*, 13 March 2014, p. 19.

54 *Proof Committee Hansard*, 13 March 2014, p. 32.

demanding hours many people work. The committee is concerned that reducing penalty rates will hurt those who are least able to afford it.

Recommendation 10

4.40 The committee recommends that the government does not reduce or remove the penalty rate system.

4.41 Areas of the Australian economy are in transition. One trend is a reduction in industry and manufacturing, which is unsettling for affected workers and businesses. The committee believes that government should provide support for affected workers to retrain and reskill well before announced job cuts take effect. This includes appropriate assistance to affected regions to create new opportunities for the workforce. The committee considers that public-private partnerships for local projects would be a means to drive retraining and reskilling for workers from the manufacturing sector.

Recommendation 11

4.42 The committee recommends that the government ensure workers affected by jobs losses in the industry and manufacturing sectors have early access to information, support and opportunities to retrain and reskill.

Recommendation 12

4.43 The committee recommends that in regions affected by job losses from the manufacturing sector, the government investigate opportunities for public-private partnerships for projects that would provide a future workforce as well as retraining and reskilling opportunities.

4.44 The committee heard persuasive evidence about the need for government to support industries that use innovative technology, for example, the solar industry. This growth sector sustains a substantial number of jobs, invests heavily in building the workforce of the future, and drives innovative technologies. The sector also provides a valuable service for regional and low-income groups, including pensioners, to reduce the costs of their power bills.

Recommendation 13

4.45 The committee recommends that the government recognise the individual and community benefits of the solar industry by retaining the Renewable Energy Target.

4.46 The committee believes the assumptions about the public sector that are in the Commission of Audit's terms of reference are flawed. It has heard compelling evidence the public sector is efficient, reasonably sized and provides good value for money for the Commonwealth.

4.47 Public sector job losses and efficiency dividends have already compromised the ability of departments to deliver the services they provide to Australians.

4.48 Cutting more jobs and increasing efficiency dividends is unsustainable and will only create more uncertainty in the public sector. It would also damage regional

economies where the public service is a large employer, not just Canberra, but also regional locations across the country.

Recommendation 14

4.49 The committee recommends that there are no further cuts to jobs in the Australian public service.

4.50 The committee is particularly concerned there is a lack of clarity around the total number of jobs under threat in the public service and whether the targets set by the previous government are included or excluded from the targets set by the current government. This lack of clarity is compounding the already high level of uncertainty in the public service and should be addressed as a matter of priority.

Recommendation 15

4.51 The committee recommends that in the event that further cuts are made to public service staffing numbers, the government confirm the total number of jobs to be cut, the timeline (over the forward estimates) of these cuts, the rationale for these cuts and any impact on resources available for the purposes of policy development, contract management and program and service delivery.

Senator Richard Di Natale

Chair