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SA is wisely giving priority to 'green jobs' in its stimulus proposal

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In January I wrote in this column that South Africa should seek to make long-term virtue out of short-term necessity by including green projects into any possible economic-stimulus mix.

I argued that such projects could range from employing masses of people in such simple tasks as changing lighting ballasts and bulbs at government facilities, through to more sophisticated green-building retrofit programmes.

Well, it has since emerged that the creation of so-called 'green jobs' has been given priority in the 'Framework for South Africa's Response to the International Economic Crisis', which was released in February following a drafting process involving business, labour, government and community representatives.

Details are sketchy, but the document, which is effectively an articulation of possible economic interventions by South Africa to offset the effects of the global economic slowdown, appears to mimic the emphasis given to environmental interventions in US President **Barack Obama**'s $787-billion stimulus plan.

American environmental groups believe that up to 1,5-million or 40% of the jobs created by the package will be 'green' and will contribute to decreasing energy consumption, lowering oil demand and switching to renewable sources.

The South African plan, which is heavily geared towards the country's R787-billion, three-year infrastructure roll-out, also includes a range of possible monetary, trade and industrial policy interventions, with various task teams having been given four weeks to firm up plans, particularly with regard to the possible bailing out of firms in distress.

But the partners also stressed the "opportunities" opening up in industries that seek, directly or indirectly, to combat the negative effects of climate change.

They argue that South Africa should develop capacity in these green technologies and industries and that this thrust should be backed by incentives for investment in programmes that create large numbers of 'green jobs'.

"Government has been asked to develop a proposal for consideration by the parties, as well as to build on current initiatives of greening existing manufacturing and service activities," the 26-page framework outlines.

The framework was been published ahead of a National Climate Change Summit, hosted jointly this week by the departments of Environmental Affairs and Tourism and Science and Technology.

The summit launched Cabinet's climate change policy decisions and unveiled the possible fiscal, regulatory and legislative packages to support the thrust.

Decoupling Growth from Resources
Speaking ahead of the release of the framework and the summit, Prof **Mark Swilling**, who is the programme coordinator for the sustainable development planning and management at the University of Stellenbosch, said that there appeared to be a growing awareness within government of the fact that South Africa's current economic growth trajectory was unsustainably resource and energy intensive.

He said that many industrialised countries were punting the so-called 'Green New Deal', which was all about greening the global reindustrialisation process in the wake of the financial crisis.

However, addressing a function organised by the Gordon Institute of Business Science, Swilling said that for this global initiative to truly represent a transition to a far lower resource-heavy pattern of growth, it would have to go beyond "business as usual".

In particular, Swilling suggested that it would be critical for governments, which were now driving the economic recovery programmes, to pursue policies that ensured that resource prices rose. This would provide the necessary impetus for a "decoupling" of the rate of growth from the rate of resource consumption.

Fiscal Carrots and Sticks
Speaking from the same platform, the National Treasury's **Cecil Morden** said that government was interrogating a range of instruments that could yield the so-called "double dividend" of enhanced revenue collection and behavioural change.

Such taxes, such as the fuel levy, already existed, but the National Treasury was looking at imposing other environmental taxes on enterprises that had a measurable negative impact on the environment.

These interventions would be guided by the principles of environmental effectiveness, their revenue implications, legal compliance and competitiveness.

However, Morden indicated that the National Treasury would continue to resist calls from environmental group for it to "earmark" revenues raised from such taxes for environmental programmes.

"In general, earmarking taxes is not a very good fiscal-policy objective, because it distorts the allocation of resources," he explained, while acknowledging that some earmarking might have to be introduced to improve the acceptability of such taxes.

But coming back to the short-term stimulus package, I believe that one of the real opportunities is to link the expanded public works programme to the energy-efficiency cause.

This would, in my view, not only be sensible from an employment and environmental perspective, but should also mean that the country will emerge far better prepared on the power-conservation front once the economy eventually begins to grow again.

Then, there is also an opportunity to close the short- and medium-term electricity-supply deficits through stimulating investments into renewable generation technologies, such as wind, solar, min-hydro and biogas.

The obvious way to do this, is to create the platform for large-scale renewable investment by setting ambitions targets, creating an attractive regulatory regime, and most importantly, rolling-out an appetising renewable energy feed-in tariff structure.

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