



21 January 2010

Enterprise and Learning Committee

Inquiry into Generating Jobs in the Green Economy

Submission paper by the Sustainable Development Commission (SDC), January 2010

Introduction

The Sustainable Development Commission welcomes the opportunity to respond to this inquiry as building a sustainable economy is an important component of our work.

In addition to this response, the Commission would like to draw the Committee's attention to the following documents:

1. The Sustainable Development Commission reports 'Prosperity Without Growth?'ⁱ, 'A Sustainable New Deal'ⁱⁱ and 'Low Carbon Wales'ⁱⁱⁱ
2. The Sustainable Development Commission's response to the Welsh Assembly Government's consultation on its draft green jobs strategy^{iv}

Summary

The Sustainable Development Commission welcomed the Welsh Assembly Government's green jobs strategy, viewing it an important contribution to Wales' transition to a more resilient, sustainable economy; realising a key aim of the assembly government's sustainable development scheme *One Wales: One Planet*.

Increasing natural resource depletion and the effects of climate change are already having a profound effect on the economy and people's lives; an effect which has been compounded by the recession and is set to worsen over time, as we face an end to the era of cheap oil.

The Commission believes that action must be taken now to ensure Wales increases the resilience of its economy to these future threats, so that the economy is better able to absorb environmental and economic shocks in a way that does not compound inequality or go beyond ecological limits.

The Sustainable Development Commission views the Welsh Assembly Government's green jobs strategy as an important contribution to making the Welsh economy more resilient.

Key issues for Wales include:

- Realising the vision of a more sustainable economy set out in the green jobs strategy; translating ambition into actual, measurable outcomes that safeguard existing and create new jobs
- Developing a clear definition of what constitutes a 'green job', considering social, economic and environmental factors and the contribution to a strong, just and healthy society (see section 2.3 of the Commission's response to the Green Jobs Strategy for Wales)
- Identifying and making the necessary changes to sustainable development as the central organising principle into the Welsh Assembly Government's actions relating to jobs and the economy
- Harnessing the opportunities offered by the global demand for sustainable products and services
- Maximising the potential of the higher education sector in Wales to attract sustainable businesses and provide employment
- Ensuring that in efforts to recover from the recession, Wales considers long term future trends and risks and prepares by investing in areas such as renewable energy, sustainable transport and homes energy efficiency
- Using sustainable development principles to maximise the impact of public spending, so that spending which supports green jobs improves health, the environment and reduces inequality
- Using procurement and EU funding to develop sustainable products and services.

Specific points raised by the committee

Opportunities for the innovation and manufacture of non carbon-based technologies in Wales, and the associated role of the Higher Education sector.

The Sustainable Development Commission recognises the very important role that the higher education sector in Wales provides in delivering the skills and technologies we will need for a resilient, low carbon future. The Commission is pleased to see the funding of the Low Carbon Research Institute (LCRI) in this regard. There are further opportunities to extend cooperation between the higher education sector in Wales and business; both in Wales through the creation of a partnership forum, based on models offered by the Sustainable Business Forum or the World Business Council for Sustainable Development; and internationally with further cooperation with International Business Wales and Wales' Techniums.

The European Marine Energy Centre in Scotland provides a useful example of how employment opportunities can be developed in partnership with the higher education sector.

The advice and support measures needed to improve energy efficiency in Wales (for example in housing, business and the public sector), and the associated skills requirements and potential economic benefits.

A recent IPPR report has highlighted four broad types of skills shortages:

- i. Specific skills shortages requiring substantial investment – often in civil and structural engineering areas
- ii. Topping up requirements in the existing workforce e.g. electricians and plumbers so they can install renewable energy technologies
- iii. Generic skills in management and leadership required to make the low carbon transition
- iv. Generic green skills – the broad understanding of the changes required by the wider workforce

The Sustainable Development Commission's ongoing engagement with those tasked with delivering the Wales Spatial Plan has highlighted a weakness in science, technology, engineering and mathematics skills; an essential base of skills if Wales is to flourish socially and economically in the future, and meet its 3% per annum carbon reduction policy.

The developments in the Heads of the Valleys 'low carbon zone', with the associated British Gas training centre in Tredegar, provide a good example of how the public and private sector can work together to create supply and demand for such skills.

The Sustainable Development Commission supports the work of the Wales Low/ Zero Carbon Hub which is considering the skills and training needs associated with the achievement of a low carbon built environment. Professional institutions must be an essential part of this cooperation, engaging them to embed sustainability into their accreditation processes, further strengthening the skills base of their members. The Royal Society of Architects for Wales' sustainable architects register is one such example.

Impact of consumer attitudes on popularity of green products/ technologies

The Sustainable Development Commission reports *I Will If You Will* and *You Are What You Sell* detail the kind of relationship government, business and consumer should share if more sustainable patterns of consumption are to be realised. For their part, both government and business have a role in enabling consumers to consume more environmentally and socially sustainable products and services. This can, in part, be achieved by actions like choice-editing, whereby the product or service provider eliminates options to consume inferior quality products, or components, with a poor environmental or social record^v.

Where barriers against sustainable consumption remain, such as cost, both government and business can further instigate mechanisms that enable the consumer, be it extending the provision of information, such as product labelling which indicates the lifecycle costs/running costs of products; providing low cost loans to domestic consumers for the purchase of more sustainable products (for example, the Carbon Trust's loan scheme); or using public sector procurement as a driver to establish economies of scale for sustainable products and services.

Extent and success of procurement initiatives

Forward Commitment Procurement^{vi} (FCP) is a model which enables the public sector to procure new and innovative environmental goods and services in order to stimulate markets. The FCP model involves providing the market with advance information of future needs in outcome terms, early engagement with potential suppliers and - most importantly - the incentive of a Forward Commitment: an agreement to purchase a product or service that currently does not exist, at a specified future date, providing it can be delivered to agreed performance levels and costs^{vii}.

ⁱ Prosperity Without Growth, Sustainable Development Commission, 2009, <http://www.sd-commission.org.uk/publications.php?id=914>

ⁱⁱ A Sustainable New Deal, Sustainable Development Commission, 2009, <http://www.sd-commission.org.uk/publications.php?id=928>

ⁱⁱⁱ Low Carbon Wales: Regional Priorities For Action, Sustainable Development Commission, 2009, <http://www.sd-commission.org.uk/publications.php?id=1018>

^{iv} Green Jobs for Wales – A Consultation Response from the Sustainable Development Commission in Wales, 2009,

<http://wales.gov.uk/docs/det/consultation/090918greenresponsesprt4.pdf>

^v You are what you sell, Product roadmapping: driving sustainability, Sustainable Development Commission, 2007

[http://www.sd-commission.org.uk/file_download.php?target=/publications/downloads/roadmap_booklet_es%20\(2\).pdf](http://www.sd-commission.org.uk/file_download.php?target=/publications/downloads/roadmap_booklet_es%20(2).pdf)

^{vi} http://www.dius.gov.uk/innovation/procurement_policy/forward_commitment_procurement

^{vii} Commission on Environmental Markets and Economic Performance: Report November 2007, page 43, DEFRA