

FTA job counting error explanation

The Centre for International Economics prepared an analysis of the [economic benefits of Australia's North Asian free trade agreements \(FTAs\)](#) for DFAT.

Appendix A of the report (p.35) details the impact of the FTAs on employment. The Methodology explains that the figures provided are a “deviation from the baseline ... in a single year” (p.5).

Table A.1 Impacts of the North Asian FTAs on wages and employment, change from corresponding year in scenario 1

Deviation from the baseline of no North Asian FTAs

	<i>Wage Rate (%)</i>	<i>Employment (%)</i>	<i>Jobs</i>
2016	0.13	0.07	7,925
2017	0.16	0.09	11,119
2018	0.20	0.11	13,107
2019	0.24	0.11	13,089
2020	0.28	0.12	14,566
2021	0.31	0.11	13,597
2022	0.34	0.10	12,268
2023	0.37	0.09	10,971
2024	0.39	0.08	9,643
2025	0.41	0.07	8,789
2026	0.42	0.06	7,965
2027	0.43	0.06	7,247
2028	0.44	0.05	6,741
2029	0.44	0.05	6,515
2030	0.45	0.05	6,303
2031	0.45	0.05	6,096
2032	0.46	0.05	5,906
2033	0.46	0.04	5,725
2034	0.47	0.04	5,562
2035	0.47	0.04	5,434

The government has made a fundamental error in their representation of the employment impacts. They have totalled the yearly difference in jobs and used this figure (178,000) as the stated growth in employment.

In answer to a question without notice the Minister representing the Minister for Trade in the senate made the following statement on [17 June 2015](#):

Senator PAYNE (New South Wales—Minister for Human Services) (14:06): Due to this trade trifecta, Australian exports of goods to Korea, Japan and China will be 11 per cent, or nearly \$17 billion, greater in 2035 compared to what they would have been without these agreements. Our services exports will be 13 per cent, or around \$2.2 billion, greater in 2035 than without these agreements. Our domestic consumption will be \$46 billion higher over this period, which equates to almost \$4,500 per household. But, most importantly, Mr President and Senator McGrath, **modelling shows that between 2016 and 2035 there will be 178,000 additional jobs as a result of the FTAs**, which is almost, on average, 9,000 extra jobs per year. I thought those opposite might be interested in jobs, but I am continuously disappointed by their attitude and today is no different. Our FTA will create new jobs and higher living standards for Australians.

The Parliamentary library has confirmed this mistake, stating that “the modelling projects that in 2035 the total number of additional jobs will be 5,434 (relative to no FTAs).”