PART 2: NATION BUILDING AND JOBS PLAN: BUILDING PROSPERITY FOR THE FUTURE AND SUPPORTING JOBS NOW

There is a compelling case for further fiscal stimulus, to support jobs and growth.

The Government will deliver a $42 billion Nation Building and Jobs Plan, providing a boost to the economy of around ½ per cent of GDP in 2008-09 and around ¾ to 1 per cent of GDP in 2009-10.

The Plan has been carefully designed to strengthen the future capacity of the economy, while at the same time providing immediate stimulus to the economy. It will help build Australia’s future prosperity and support jobs and growth now.

The centrepiece of the Plan is $28.8 billion in direct Government investment in schools, housing, energy efficiency, community infrastructure and roads and support to small businesses, mainly delivered in 2009-10 and 2010-11. In the interim, the Government will support economic growth by delivering $12.7 billion in payments to low- and middle-income Australians. The plan will support up to 90,000 jobs over the next two years.

The plan is a rapid response to deteriorating global economic conditions. The global financial crisis has resulted in a global recession, the likes of which has not been seen in generations. This has led to an unprecedented and synchronised downturn in business and consumer confidence, which has become a broader economic crisis.

Doing nothing is not an option. It is becoming increasingly apparent that, while still important, monetary policy action alone will not be sufficient to restore growth in demand within a reasonable time period. The Government’s swift action ensures that fiscal policy, along with monetary policy, is clearly targeted at supporting economic growth and jobs.

The Plan also continues the Government’s commitment to equipping Australia to face the challenges of a 21st century economy.

As the global crisis has unfolded, the Government has stayed ahead of the curve, taking decisive and early action where necessary to strengthen the financial system, maintain stability, restore confidence and support jobs and growth. This has complemented the Government’s ambitious reform agenda, including Council of Australian Government (COAG) reform, national broadband investment, the education revolution, and other microeconomic and regulatory priorities (see Attachment A).
To maintain stability and reinforce confidence in the financial sector, the Government has already:

- introduced government guarantees for deposits and for wholesale debt securities issued by authorised deposit-taking institutions;

- directed the Australian Office of Financial Management to purchase a total of $8 billion of residential mortgage-backed securities; and

- announced measures to assist with car dealer financing and provide liquidity support to viable major commercial property projects in Australia (see Box 2.1).

**Box 2.1: The Australian Business Investment Partnership**

The Government will establish the Australian Business Investment Partnership (the Partnership) as a temporary contingency measure to provide finance for commercial property, where traditional financiers withdraw from debt financing arrangements due to abnormal conditions in global capital markets.

The Partnership will initially be capitalised at $4 billion, with the Government contribution of $2 billion matched by an equal contribution from Australia’s four major banks. The initial $4 billion capitalisation could be extended via the issuance of government guaranteed debt to create up to $30 billion in loanable capital.

The Partnership will only provide financing on fully commercial terms for commercial property where the underlying assets, and the income streams from those assets, are commercially sound.

The Partnership will support the commercial property assets of viable Australian businesses. Without financing, these businesses could be forced to retrench thousands of employees.

The commercial property sector employs about 150,000 people in Australia. Without action, a combination of weak demand and tight credit conditions could see up to 50,000 people in this sector lose their jobs, with flow on effects to jobs in other parts of the economy.

Small and medium size businesses which service the commercial property sector could also be devastated by weak demand and credit markets.

The Government is also leveraging its strong balance sheet to take the fiscal action that is necessary and responsible.

The $10.4 billion Economic Security Strategy and the $300 million program to build local community infrastructure is already providing support for growth in the short term.
To support long run productivity and growth, the Government has delivered a $15.2 billion COAG package and the Nation Building package announced in December 2008 which will strengthen investment in road, rail, health and education infrastructure. Tax relief has been provided to assist Australian businesses.

Chart 2.1 shows the fiscal stimulus package provided by the Australian Government.

Chart 2.1: Fiscal stimulus packages delivered by the Australian Government

Considerable reductions in interest rates, coupled with lower petrol prices and a 30 per cent depreciation in the Australian dollar since its peak in July last year, are also working to mitigate the impact of the global recession.

THE DETERIORATING ECONOMIC ENVIRONMENT

Developments in the world economy since MYEFO

In November 2008, the *Mid-Year Economic and Fiscal Outlook 2008-09* (MYEFO) outlined how the deterioration in the global financial system and the global economy had begun to impact on the Australian economy. Consumption, dwelling investment and business investment were identified as areas of concern.

The global economic outlook has drastically deteriorated since MYEFO. In the wake of the intensification of the financial crisis in September 2008, confidence has fallen and the inter-connected impacts of declining orders, production and employment have combined to produce the most extraordinarily synchronised slump in global economic
activity in decades. The December quarter 2008 is likely to have recorded the weakest quarterly global GDP performance since World War II.

In the most recent IMF *World Economic Outlook Update*, released on 28 January 2009, world growth is projected to fall to ½ per cent in 2009, the lowest rate in the post-war period. Output in advanced economies is expected to contract by 2 per cent in 2009, the first annual contraction since the IMF was established. In addition, growth in emerging and developing economies is expected to slow sharply, from 6¼ per cent in 2008 to 3¼ per cent in 2009. A particular concern for Australia is the accelerating downturn in China, with growth expected to decrease markedly in 2009.

Global equity markets remain volatile and have lost around US$32 trillion in value since peaking in October 2007. Most major equity indices are close to their lowest levels in around five years.

These global developments are having an inevitable impact on the Australian economy.

**Impact of the world downturn on Australia**

Although Australia has weathered the early stages of the global crisis better than most other countries, the global recession is now bearing down on the economy. Given the breadth and magnitude of the crisis now underway, no country will escape unscathed. Australia is no exception, and almost all sectors face a significantly weaker outlook as the impact of the worldwide falls in demand and confidence are felt in Australia.

Compounding the impact of the global recession on Australia is the sharp fall in global commodity prices, which have provided a substantial stimulus to economic growth and national incomes over recent years. Key bulk commodity prices have eased and are expected to lose much of the gains they have made over recent years as global demand slows sharply. The slowdown underway in emerging economies, particularly China and India, will therefore have inevitable implications for Australian exports.

The combination of all these effects means that Australia faces a much weaker outlook for economic growth than anticipated at MYEFO.

**MACROECONOMIC POLICY IN EXTRAORDINARY TIMES**

The global recession will result in the Australian economy facing a deeper and more protracted period of weakness than previously anticipated. Macroeconomic policy has an important role to play to cushion the impact of these events on economic activity and employment in Australia. The most effective thing that can be done to support employment is to avoid a prolonged slowdown in demand.

The Reserve Bank has responded rapidly to changing economic circumstances by aggressively cutting interest rates over recent months.
In normal times, monetary policy is the main tool for stabilising the economy. But these are not normal times. Extraordinary times call for extraordinary macroeconomic policy measures. In the current circumstances, monetary policy action alone will not be sufficient to restore growth within a reasonable time period.

The extraordinary speed and scope of the deterioration in the global economy means that there is a much greater macroeconomic stabilisation role for discretionary fiscal policy than would normally be the case.

At this time, it is critical that the Government leverage its strong balance sheet position to support jobs and growth, and lay the foundations for recovery. Well-designed discretionary fiscal policy should work in conjunction with monetary policy to provide an immediate boost to demand. The most effective fiscal policy measures to achieve this in the current circumstances are those that can be implemented quickly and are targeted to those who are most likely to spend additional income.

Like the Economic Security Strategy, the Nation Building and Jobs Plan includes measures that can be implemented quickly, so that it will support growth through to June 2009, and has been targeted towards those low- and middle-income households who are most likely to spend additional income and who are most vulnerable during an economic slowdown. To the extent that these payments are saved rather than spent immediately, they will accelerate balance sheet repair and underpin consumption over time.

Where the economy is confronted with a more severe and prolonged downturn as a result of a significant external shock, well-designed discretionary fiscal policy can add directly to aggregate demand through direct government investment in the economy (for example, on capital works) that are able to be implemented quickly.

Like the Nation Building package announced in December 2008, the Nation Building and Jobs Plan includes measures that have been designed to provide a more sustained boost to demand over a longer period of time.

In total, the Plan will provide a boost to the economy of around ½ per cent of GDP in 2008-09 and around ¾ to 1 per cent of GDP in 2009-10. The boost is necessary to support jobs and growth now and strengthen our economy for the future. The Plan is consistent with the Government’s medium-term fiscal strategy and demonstrates the Government’s commitment to deliver both long-term growth and sustainable fiscal policy.
Designing the stimulus package

For discretionary fiscal stimulus to be effective in boosting the economy, there are several challenges to meet (see Box 2.2 below for a discussion of the literature). It is common to refer to the criteria of ‘timely, temporary and targeted’.

• Measures need to be implemented swiftly so that the boost to demand occurs when it is most needed. In the current situation, this means including measures that take effect in the first half of 2009.

• The boost needs to fall away over time so that it no longer operates when it is not needed. Locking in long-term spending poses risks for inflation and interest rates as well as the Government’s budget position. The Government’s strategy for returning the budget to surplus is discussed in Part 4: Fiscal strategy and outlook.

• Spending needs to be targeted carefully so that it maximises the impact on GDP growth.

Discretionary fiscal stimulus should add to, rather than come at the expense of, investment in the long-term drivers of growth and productivity. The global recession and consequent spare capacity means there is scope to combine shorter-term stimulus measures to boost growth in jobs in 2009 with longer-term measures to boost productivity growth, improve social equity and accelerate the transformation to a lower-carbon economy.

With national economies more closely linked today than ever before, the effectiveness of any individual country’s macroeconomic policy response depends upon what other countries are doing. As many countries are looking to fiscal policy to address the macroeconomic effects of the global recession, the benefits from improved coordination of macroeconomic policy responses are clear (see Box 2.3 for a summary of recent international calls for fiscal policy action).

The Nation Building and Jobs Plan delivers a fiscal stimulus package of about 2 per cent of GDP in 2009, laying the foundations for Australia’s future growth while also playing our part in responding to a global challenge.
Box 2.2: Best practice fiscal policy

There have been numerous studies on the effectiveness of fiscal policy, particularly in the United States. These studies suggest that fiscal expansions have a multiplier effect on aggregate demand and output, with the value of the multiplier usually between 0.5 and 1, and increasing with the responsiveness of consumption to current income (for example, Hemming et al, 2002).

Typically in Australia, a 1 per cent of GDP stimulus adds 0.5 to 1 per cent to GDP growth and supports up to 75,000 jobs. As stimulus is reduced, the support for jobs is reduced.

Treasury has modelled the impact of the stimulus package on economic growth and jobs using their forecasting models. The modelling shows that the Nation Building and Jobs Plan is expected to boost GDP growth by around ½ per cent in 2008-09 and around ¾ to 1 per cent in 2009-10, supporting and sustaining up to 90,000 jobs over the next two years.

To ensure it provides the greatest possible support for jobs and growth, the Nation Building and Jobs Plan has been designed with the following principles in mind.

Where an immediate boost in demand is required, the most effective fiscal policy measures are those that can be implemented quickly and targeted to those who are most likely to spend additional income (that is, liquidity constrained households). On the other hand, when confronted with a prolonged downturn the most effective fiscal policy measures are those involving direct government investment in the economy that can be implemented quickly (for example, on capital works).

The wide range of results from different studies show that the effectiveness of a fiscal policy measure is highly dependent on the nature of the underlying economic circumstances and the implementation of the measure — which can occur through taxation, expenditure or a combination of both. It is difficult for any econometric study to account specifically for such factors and circumstances.

In the current environment, the IMF concludes that this uncertainty provides a strong argument for policy diversification (rather than relying on a single policy response).

In practice, the relative strengths of different arms of macroeconomic policy (that is, monetary policy and different arms of fiscal policy) mean that a combination of measures is likely to be the most effective: the monetary policy response determined by the Reserve Bank guided by a medium-term framework; and the shorter-term emphasis of fiscal policy, anchored in a medium-term framework, shifting from measures to support consumption to direct public investment as soon as practicable.
Box 2.3: International calls for fiscal stimulus

International Financial Institutions and key economic bodies have called for countries to act decisively to implement significant fiscal stimulus.

In its latest *World Economic Outlook Update*, released on 28 January 2009, the International Monetary Fund stated that:

> Monetary and fiscal policies need to become even more supportive of aggregate demand and sustain this stance over the foreseeable future, while developing strategies to ensure long-term sustainability.

In the press briefing explaining the update, Olivier Blanchard, the IMF’s Economic Counsellor and Director of Research explained that:

> On fiscal policy, many countries have announced and are already implementing sizable stimulus packages. The key here is to design packages which provide maximum boost to demand very soon. That tends to argue in the current context for measures focused on spending rather than taxes. Measures focused on taxes tend to have less effect in the short run than measures which increase spending.

On 15 November 2008, G20 leaders committed to:

> … use fiscal measures to stimulate domestic demand to rapid effect, as appropriate, while maintaining a policy framework conducive to fiscal sustainability.

In the most recent *OECD Economic Outlook*, released on 25 November 2008, the OECD Chief Economist Klaus Schmidt-Hebbel argued that:

> Against the backdrop of a deep economic downturn, additional macroeconomic stimulus is needed. In normal times, monetary rather than fiscal policy would be the instrument of choice for macroeconomic stabilisation. But these are not normal times. … In this unusual situation, fiscal policy stimulus over and above the support provided through automatic stabilisers has an important role to play.
NATION BUILDING AND JOBS PLAN: BUILDING PROSPERITY FOR THE FUTURE AND SUPPORTING JOBS NOW

The Nation Building and Jobs Plan will deliver $42 billion to support economic growth and jobs in Australia. As a result of the Plan, GDP growth will be around ½ per cent higher in 2008-09 and around ¾ to 1 per cent higher in 2009-10. The Plan will also support and sustain up to 90,000 jobs over the next two years.

The Nation Building and Jobs Plan is intentionally large — it reflects the seriousness of the challenges being faced and the need to build a strong economy for the future. By avoiding measures that lock in long-term spending, the Government is well-positioned to take action to begin to return the budget to surplus as soon as the economy starts to recover.

Table 2.1: Key components of the Nation Building and Jobs Plan

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<tr>
<th>Underlying cash balance impact</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
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<td>-9,797</td>
<td>-1,563</td>
<td>-41,534</td>
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</table>

Building prosperity for the future

Measures involving the direct purchase of goods and services by Government will add directly to demand and have significant scope to boost economic growth and support jobs. In particular, where public sector capital works and infrastructure projects can be implemented quickly, they are likely to prove very effective in boosting demand and increasing employment over the next couple of years, while also adding to the productive capacity of the economy in the longer term.

While some smaller capital projects can be commenced in 2008-09, given the lead time involved most larger projects will not commence until 2009-10.
Several of these measures will be delivered in partnership with the States. It is vital that the additional funding being provided to the States flows into the economy quickly and is not used by the States to reduce their own spending effort in the relevant sectors. The Government will ensure that the States maintain their own expenditure through each State reporting to the Ministerial Council on Federal Financial Relations against benchmarks for their expenditure in each of the sectors. Where the Ministerial Council finds that a State fails to meet its expenditure benchmark, it will report that finding to COAG and consideration will be given to reallocating the funding to ensure that it flows into the economy as intended.

**Building the Education Revolution**

The stimulus package includes $14.7 billion over three years for the Building the Education Revolution program. Funding of $12.4 billion over three years is available for the construction of assembly halls, 21st Century libraries, indoor sports centres, performing arts centres and similar major improvements for all Australian primary schools, including combined schools and special schools.

This is a significant investment in the education, skills and training of our young people which will boost the productivity and prosperity of our nation for future generations. It will improve the capacity of Australian schools to deliver high-quality educational outcomes. The Building the Education Revolution program will be structured as an agreement with the States and Territories and the non-government sector to provide extra funding for capital infrastructure for schools, over and above all existing and planned investments.

The funding allocations provide up to $250,000 for small primary schools (up to 50 students), up to $850,000 for schools with 51 to 150 students, up to $2 million for schools with 151 to 300 students, up to $2.5 million for schools with 301 to 400 students and up to $3 million for larger primary schools (more than 400 students) for capital expenditure projects. The Government expects completed facilities to be accessible to communities in which schools are located.

Further funding of $1.0 billion in 2009-10 will be available for the construction of science and language laboratories in secondary schools. Funding will be allocated to up to 500 schools on the basis of assessed need for new or upgraded facilities.

Primary and secondary schools will also be able to apply for funding for minor maintenance and infrastructure of up to $50,000 for small schools (up to 50 students), up to $75,000 for schools with 51 to 150 students, up to $125,000 for schools with 151 to 300 students, up to $150,000 for schools with 301 to 400 students and up to $200,000 for larger schools (more than 400 students). This will inject much needed money into local communities whilst improving the learning environment for our children today, and is estimated to cost $1.3 billion over two years.
Building Trade Training Centres

The Government will also bring forward $110 million of funding for the Trade Training Centres in Schools Program, from 2010-11 to 2009-10. This will provide additional support for the economy now, and also fast-track measures to improve the skills base of the workforce and improve productivity for the future.

The $2.5 billion Trade Training Centres in Schools Program is an application based National Partnership with the States and Territories to provide facilities to enhance vocational education opportunities for students in Years 9 to 12 in every school. Trade Training Centres will help increase the number of students achieving Year 12 or an equivalent qualification and help address skill shortages in traditional trades and emerging industries.

The Trade Training Centres in Schools Program has received an outstanding response from schools across the country. Bringing forward this funding will accelerate the building and upgrading of trade workshops, computer laboratories and other facilities for vocational education.

20,000 Social and Defence Homes

Public and Community Housing

The Commonwealth Social Housing Initiative will provide up to $6.0 billion to fund the construction of approximately 20,000 new public and community housing dwellings, to be largely completed by December 2010.

This is a significant investment in our future that will improve social equity by greatly accelerating progress on the goal of halving homelessness by 2020 and by reducing the number of low-income households paying more than half their income in rent.

The first stage of this program is to fund some 2,300 new dwellings by bringing forward construction already approved. The remainder of the funding will be allocated to address areas of most urgent need. State governments will be responsible for conducting Commonwealth approved tender processes for the construction of the additional dwellings. Tenders will be structured to include spot purchases of new house and land packages to ensure both large and small builders benefit from increased construction activity.

This initiative will also require the states to deliver reforms to public and community housing to improve efficiency, reduce the concentration of stock and promote economic participation.

The Commonwealth Social Housing Initiative will also provide an important stimulus to the housing construction sector, in addition to other stimulus, which will translate into about 15,000 jobs over the next two years.
The program also provides up to $400 million for repairs to existing public housing dwellings to be undertaken in 2008-09 and 2009-10, which will allow around 2,500 dwellings to be retained in public housing that would otherwise have been sold.

**Defence Homes**

The Government will also provide $252 million to Defence Housing Australia (DHA) to construct 802 new dwellings in metropolitan and regional centres, with building commencing in April 2009 and running through to March 2011. The 802 new dwellings are additional to DHA’s existing three year capital expenditure program (2008-09 to 2010-11) of $1.2 billion.

These additional dwellings will sustain DHA’s ability to meet housing requirements for Australian Defence Force personnel and their families. The proposed construction program would be carried out in a number of regional and metropolitan centres across Australia.

In addition to assisting Australian Defence Force personnel and their families, this program will provide a further stimulus to the housing construction sector.

**Energy Efficient Homes**

The Energy Efficient Homes program will deliver free ceiling insulation and installation for Australian home owner-occupiers. Ceiling insulation is among the most cost-effective energy improvements that can be made, providing real tangible and immediate benefits to all Australian households and helping to tackle climate change. Combined with regulation ensuring all new homes have appropriate insulation, this program will ensure that virtually all homes can achieve a minimum 2-star energy rating.

The $2.7 billion insulation program will result in insulation for up to 2.2 million homes (capped at $1,600 per house) over three years, which will enable all uninsulated owner-occupied homes the opportunity to be insulated. Once installed, households could save around $200 per annum on their electricity bills.

The insulation program is expected to create a significant number of new Australian jobs. These jobs require limited retraining and so the benefits to the community can be realised quickly.

The Government will also increase the existing solar hot water rebate to up to $1,600, at an additional cost of $507 million over three and a half years, for households that do not access the insulation program, to replace electric storage hot water systems with solar and heat pump hot water systems. The rebate will be made more broadly available, removing the existing means test.

Many of Australia’s most vulnerable in society live in rental properties. For this reason, the Government will also double the maximum rebate for landlords who install
insulation in occupied rental properties under the existing Low Emissions Plan for Renters from $500 to up to $1,000, at an additional cost of $613 million over two and a half years. The new Low Emissions Plan for Renters removes the cap on the number of households that can access the program and the previous cap on the contribution to insulation costs.

In addition to the savings on electricity bills for households, the Energy Efficient Homes program will invest in the future of Australia’s environment by reducing cumulative greenhouse gas emissions by up to 49.4 million tonnes by 2020.

**Small Business and General Business Tax Break**

The Government will provide an additional $2.7 billion temporary tax break to small and other businesses to boost business investment.

Small businesses will be able to claim a 30 per cent deduction for the cost of eligible assets costing $1,000 or more that they acquire from 13 December 2008 to 30 June 2009 and install by 30 June 2010.

For eligible assets costing $1,000 or more that they acquire from 1 July 2009 to 31 December 2009 they can claim a 10 per cent deduction if they are installed by 31 December 2010.

Other businesses can receive the same deductions for eligible assets greater than $10,000.

This trebles the investment allowance announced in December 2008.

**Black Spots, Boom Gates and Community Infrastructure**

**Black Spot program**

The Black Spot program forms an important part of the Government’s commitment to reduce accidents on Australian roads. In December 2008, the Government announced it would more than double Black Spot funding for 2008-09 from $50 million to $110 million. The Government will now invest an additional $30 million in 2008-09 and a further $60 million in 2009-10 to extend the coverage of this program. This will improve road safety and support jobs across Australia.

**Boom Gates for Rail Crossings**

The Government will provide $150.0 million over two years to improve road safety by funding the construction of boom gates at rail crossings.

There are around 9,400 rail crossings across Australia, with the vast majority having no form of active protection. Projects will be prioritised using the Australian Level Crossing Assessment Model (ALCAM), a safety risk assessment tool used across Australia.
Repairing Regional Roads

The Government will invest $150 million in 2008-09 to repair regional roads across Australia. This program will fund State and Territory governments to repair roads in all regions, with funding to be focused on areas that have the largest backlog of eligible projects.

Community Infrastructure

The Government will provide an additional $500 million over two years to expand the Regional and Local Community Infrastructure Program — Strategic Projects. This program was established in November 2008 to fund larger-scale community infrastructure to help deliver an additional injection of investment in communities. The expanded investment will be allocated to projects that are successful in the current competitive process for which applications closed on 23 December 2008.

Supporting Jobs Now

The Government will provide $12.7 billion to deliver an immediate stimulus to the economy to support growth and jobs now, and implement measures to soften the immediate impact of the global recession on Australians.

Combined with payments to pensioners and families made in the Economic Security Strategy announced in October, these measures will provide widespread support to low- and middle-income households through bonus payments. Additional support and incentives will also be offered for people to engage in education and training.

The Government remains committed to long-term pension reform in the Budget.

Tax Bonus for Working Australians

The Government will provide $8.2 billion to eligible taxpayers as a Tax Bonus. The Bonus of up to $950 will be paid to Australian residents who paid tax for the 2007-08 financial year after taking into account available tax offsets and imputation credits. The Bonus will benefit 8.7 million taxpayers.

The Bonus is subject to an income threshold. Eligible taxpayers will receive a bonus of:

- $950 if their taxable income is up to $80,000;
- $650 if their taxable income exceeds $80,000 to $90,000; and
- $300 if their taxable income exceeds $90,000 to $100,000.

The payments in respect of the 2007-08 tax return will begin from April 2009. Taxpayers will not need to apply. These payments will not be taxable or included as income for social security purposes.
**Single-Income Family Bonus**

The Government will provide $1.4 billion in 2008-09 for a $950 one-off bonus payment to around 1.5 million families who, on 3 February 2009, are eligible for Family Tax Benefit Part B (FTB-B). For those families that receive fortnightly instalments of FTB-B, the Bonus will be paid automatically by Centrelink in the fortnight commencing 11 March 2009. The Bonus will not be taxable or included as income for social security purposes.

This payment is designed to provide additional assistance to families with children that have one main income earner and who may receive less benefit from the Tax Bonus than dual income families with similar household incomes who will be entitled to two Tax Bonuses.

**Farmer’s Hardship Bonus**

The Government will provide $20.4 million in 2008-09 for a one-off bonus payment to farmers and small business owners receiving Exceptional Circumstances related income support. A lump-sum payment of $950 will be made to people who, on 3 February 2009, are in receipt of these payments.

The payments will be made automatically by Centrelink in the fortnight commencing 24 March 2009, to approximately 21,500 recipients, providing additional support to groups of Australians who are in hardship. The Bonus will not be taxable or included as income for social security purposes.

**Back to School Bonus**

The Government’s $2.6 billion Back to School Bonus will provide a one-off bonus of $950 per school age child (age 4 to 18) to families who are eligible for Family Tax Benefit Part A as at 3 February 2009. The Bonus will not be taxable or included as income for social security purposes.

The Bonus will assist over 1.2 million families in meeting the cost of educating their children in these difficult times. In doing so, it will provide an immediate boost to consumption.

This support is in addition to that already provided through the Education Tax Refund.

**Training and Learning Bonus**

The Government’s $511 million Training and Learning Bonus has two components.

First, it provides a one-off bonus of $950 to students and to certain other income support recipients at 3 February 2009 to assist with education costs for the 2009 academic year. The payment will be made automatically by Centrelink in the fortnight commencing 24 March 2009.
Second, it provides a temporary additional incentive for eligible social security recipients to return to education and training (from 1 January 2009 until 30 June 2010). This incentive is in the form of a $950 temporary supplement to the Education Entry Payment, which provides financial assistance to commence approved training and education courses. The Education Entry Payment will be temporarily available from 1 January 2009 to 30 June 2010 to people who have been receiving eligible benefit payments for one month or longer and also has been extended to Youth Allowance (other) recipients.

The Bonus will not be taxable or included as income for social security purposes.

**Conclusion**

The Nation Building and Jobs Plan will help Australia ride out the worst of the global economic downturn. It will provide support to sustain key parts of our economy for the difficult months and years ahead. And it will reinforce our strengths for the future.

The Government is committed to taking responsible action to promote economic growth and protect Australian jobs during this difficult time, and laying the foundations for economic growth as we emerge from the global recession.
MICROECONOMIC AND REGULATORY REFORM

The Government remains strongly committed to microeconomic reform that includes an ambitious better regulation and red tape reduction agenda. Regulatory and other structural reforms are critical complements to sound fiscal and macroeconomic policies. Better regulation enhances Australia’s productivity and international competitiveness, deepening the supply potential of the economy, driving its ability to adapt faster and raising the potential growth rate.

The Government is delivering on its commitment to decisive action, initiating market reform on a broad front — reform that will enhance efficiency, improve competition and deal effectively with the quantity and complexity of regulation.

Reform initiatives already underway include:

- a review of the tax and transfer system (the Australia’s Future Tax System review); labour market reforms including modern awards, reform of employment services and COAG initiatives to harmonise trade licensing and occupational health and safety arrangements; and the introduction of a national consumer law to replace nine separate laws;

- reform of financial regulation and reporting, including COAG initiatives in relation to mortgage broking, margin lending, non-lending deposits, registering business names, personal property securities and standard business reporting; and the reform of national markets for energy and water;

- providing for competition in the delivery of a high speed, fibre-based broadband network; and

- enhancing the efficiency of approvals processes including a review of the Environment Protection and Biodiversity and Conservation Act 1999 and major reform of biosecurity arrangements.

The Government will continue to pursue opportunities for further reforms that align with its commitment to enhancing long term growth potential. The current range of initiatives underway will be extended on a number of fronts.

Major city planning arrangements

Comprehensive and strategic planning for our major cities is essential in a modern economy. Without it, we will not have the capacity to maximise the efficiency of infrastructure investment, reduce transport and related costs, provide greater certainty, enhance productivity and sustain longer-term growth. We will work closely with state and territory governments to ensure that effective strategic plans are in place for all major cities.
Infrastructure planning reforms

The Government is actively working towards achieving greater integration across all Australian governments in the delivery and planning of infrastructure. COAG has committed to identifying and removing blockages to productive investment in infrastructure. Infrastructure Australia has been established to coordinate infrastructure planning and investment in Australia, across governments and the private sector. The national Public-Private Partnerships (PPP) package, endorsed by COAG on 29 November 2008, is an important element of the Government’s commitment to a long-term infrastructure strategy. It offers reform gains in terms of consistency and harmonisation across jurisdictions, and will benefit the community through offering better value for money, savings to governments and make it easier and less expensive for businesses to bid for PPP projects.

Export-related infrastructure

COAG’s 2006 Competition and Infrastructure Reform Agreement committed Commonwealth and state and territory governments to achieving a simpler and consistent national approach to the economic regulation of significant infrastructure, including ports and export-related infrastructure. In close cooperation with the States and Territories, the Government will act to ensure the effective implementation of the Agreement and explore options for further promoting the efficient investment in, and operation and use of, export-related infrastructure. The Government is developing a package of reforms, building on the COAG commitments, to enhance the operation of the National Access Regime for nationally significant infrastructure.

Review of pre-2008 Commonwealth regulation and legislation

The Government will undertake a review of Commonwealth subordinate legislation and other regulation, to document those regulations which impose net costs on business and identify scope to improve regulatory efficiency.

Reform of legal profession regulation

The regulation of the legal profession in Australia has been the subject of valuable reform in recent years, but there remains considerable scope for further improvement in current arrangements. Regulation of the legal profession remains overly complex and inconsistent. Inefficiencies exist in both the content of the law (for example, in the very complex rules on disclosure of costs and on arrangements for trust accounts) and in relation to the range of regulatory bodies across the States and Territories.

These regulatory inefficiencies lead to additional compliance costs for the legal profession and, ultimately, for consumers of legal services. There are significant efficiencies and cost savings to be gained through further reform of present arrangements and we will work closely with the States and Territories to pursue these reforms.