

Australian Government

**Nation Building**  
**ECONOMIC STIMULUS PLAN**

Commonwealth Coordinator-General's  
**Progress Report**

3 February 2009 – 30 June 2009







Australian Government



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## Glossary

ARTC – Australian Rail Track Corporation

BER – Building the Education Revolution

COAG – Council of Australian Governments

CO2-e – Carbon Dioxide equivalent

CIP – Community Infrastructure Program

DEEWR – The Department of Education, Employment and Workplace Relations

DEWHA – The Department of the Environment, Water, Heritage and the Arts

DHA – Defence Housing Australia

FaHCSIA – The Department of Families, Housing, Community Services and Indigenous Affairs

FHOB – First Home Owners Boost

GDP – Gross Domestic Product

HIP – Homeowner Insulation Program

LEAPR – Low Emission Assistance Plan for Renters

OECD – Organisation for Economic Co-operation and Development

MWh – Megawatt hours

NSP – National School Pride

P21 – Primary Schools for the 21st Century

PM&C – The Department of the Prime Minister and Cabinet

RECs – Renewable Energy Certificates

SLC – Science and Language Centres for 21st Century Secondary Schools

The Plan – Nation Building – Economic Stimulus Plan

TLCF VET – Teaching and Learning Capital Fund, Vocational Education and Training

VET – Vocational Education and Training



## Foreword

In the face of the global financial crisis and the collapse of our trading partners, the Rudd Government took decisive action.

Six months ago the Prime Minister announced a comprehensive \$42 billion Nation Building – Economic Stimulus Plan (the Plan) to support Australian jobs and businesses, investing in the vital infrastructure for our future.

The combined economic stimulus has already had a significant impact on the economy and is supporting up to 210,000 jobs.

Australia is the fastest-growing economy among OECD nations and has the second-lowest unemployment of the major advanced economies.

We also have the lowest net debt and the lowest deficit among the major advanced nations and are the only advanced economy not to have so far gone into technical recession.

The Australian Government has worked to deliver the Plan in co-operation with State and Territory Governments and local councils, who are playing a key role in delivering this unprecedented program.

In just five months 33,000 projects have been approved, more than 14,000 have commenced and more than 370 projects are complete. More than \$18 billion of funds have been approved nationally.

It is early days and we are most certainly not out of the woods. We know unemployment will continue to rise. But there is no doubt the Plan has softened the blow of the global recession on our workers and small businesses.

This Coordinator-General's report is the first opportunity for the Government to review the different elements of the Plan, consider the demands and impacts for the different programs and, using actual take-up rates, make adjustments.

With actual implementation underway it is now possible to compare trends to date against the original projections made based on available information.

The Government has decided to recalibrate some elements of the Plan, ensuring the employment effects of the stimulus plan will continue to be maximised.

The Government is confident that with the support of the States and Territories we can roll out this massive investment in the jobs of today to build the infrastructure for tomorrow.

**Senator Mark Arbib**

Minister Assisting the Prime Minister for Government Service Delivery







## Executive Summary

This report covers the first quarter of the Australian Government's \$42 billion Nation Building – Economic Stimulus Plan (the Plan). It is a unique two year plan to support jobs and invest in the long term growth of the Australian economy. The Plan is a further step in the Government's response to the global economic recession and complements other stimulus measures put in place throughout 2008.

To ensure a smooth transition from the earlier stimulus measures announced in 2008 and for there to be an immediate impact from the new measures, projects were rolled out soon after the Plan's announcement.

Chapter One outlines the genesis of the Plan and Chapter Two focuses on the implementation of the Plan. The implementation of the Plan has three distinct phases – establishment, delivery and post implementation review. At the end of June 2009 the establishment phase was close to completion and the delivery phase well underway.

While delivering the individual projects is very important equally critical is whether the Plan is making an overall difference. In Chapter Three, with the assistance of the Commonwealth Treasury, this report outlines the trends being observed in relation to supporting the Australian economy, supporting jobs and improving energy efficiency.

A snapshot of results in Chapter Four illustrates, that while far from complete, in a few months there has been significant progress. Around 33,000 projects, worth more than \$18 billion, have been approved. Some elements of the Plan are achieving their objectives at lower than expected costs, or at faster than anticipated rates, and other elements have experienced exceptional demand, particularly in relation to the Primary Schools for the 21st Century program. The Plan is now poised to enter the major delivery phase.

Chapters Three and Four provide an assessment of the first quarter of the roll out of the Plan in terms of both the progress of projects and of the actual patterns of demand and take up.

Initial analysis of factors that may inhibit the delivery and achievements of the Plan had led the Government to make some strategic changes to elements of the Plan.

The analysis of this report has enabled the Government to assess the overall focus of each element and to adjust the Plan to ensure the stimulus measures continue to have the desired impact on the Australian economy. Chapter Five outlines the Government's adjustments to the Plan. Essentially, these adjustments are in response to the need to address the demand in the Building the Education Revolution (BER) program. This Chapter also provides an opportunity to address potential pressures in the Plan and other emerging issues whilst remaining within budget.

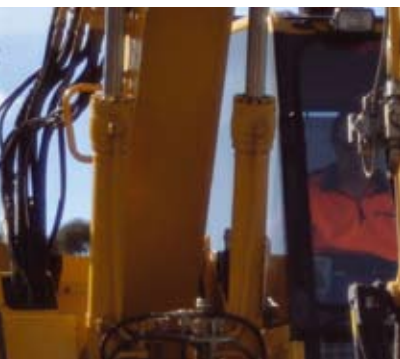
Despite the achievements already made there are risks associated with the delivery of the Plan that need to be managed. Chapter Six of this report identifies some critical cross Plan implementation risks and outlines the steps that are being taken to manage them. A particular challenge will be to manage industry capacity and supply constraint risks.



# Chapter 1

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## Initiating the Plan



## 1.1 The Challenge

Building on economic stimulus packages and payments announced in October and December 2008, the Prime Minister announced on 3 February 2009 a \$42 billion Nation Building – Economic Stimulus Plan (the Plan) to support jobs and invest in future long term economic growth.

The Prime Minister said that “this historic long term and targeted Nation Building and Jobs Plan<sup>1</sup> is a further decisive step in the Government’s response to the severe global recession.”

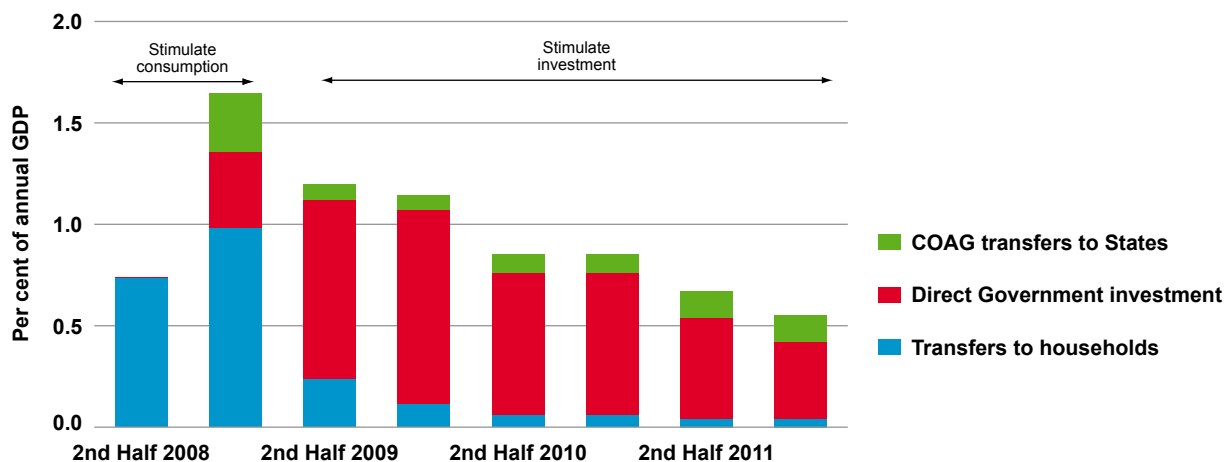
The Plan incorporates elements of both the December 2008 Nation Building Package and the February 2009 Nation Building and Jobs Plan and includes the following key elements:

- One-off cash payments to eligible families, single workers, students, drought effected farmers and others;
- A temporary business investment tax break for small and general businesses buying eligible assets;
- Build or upgrade buildings in Australian schools;
- Increase the stock of social and Defence housing with around 20,000 new homes;
- Significantly increase funding for local community infrastructure and local road and rail projects; and
- Energy Efficient Homes Package for around 2.7 million Australian homes.

The Plan includes a range of measures – some short term projects intended to provide immediate stimulus, and other more complex projects with longer term stimulus objectives.

There will be more than two million projects including installation or repair works occurring across Australia as part of the Plan. These include ceiling insulation and solar hot water system installations under the Energy Efficient Homes Package as well as the repairs and maintenance of social housing dwellings.

**Chart 1: Fiscal stimulus packages by target**



Source – 2009/10 Budget Overview, Australian Government

<sup>1</sup> Following the Prime Minister’s announcement of the *Nation Building and Jobs Plan* on 3 February 2009, these two stimulus components assumed a whole-of-government identity and the title *Nation Building – Economic Stimulus Plan*.

The major components of the Plan will result in significant investments in Australia's infrastructure – in education, housing, transport and in local communities. Their delivery requires the development, approval, construction and completion of more than 35,000 major construction projects across Australia, including school halls, libraries and classrooms, rail and road projects and new homes.

Delivery of the Plan commenced quickly to meet the Government's objective of supporting jobs and providing stimulus to the economy when most needed.

In total, Treasury has estimated that the Government's stimulus measures announced prior to, and as part of, the 2009–10 Budget, including the Plan, are expected to raise the level of Gross Domestic Product (GDP) by 2¾ per cent in 2009–10 and 1½ per cent in 2010–11 (refer to Chapter 3).

## 1.2 The Plan as Announced

The Nation Building – Economic Stimulus Plan incorporates elements of both the December 2008 Nation Building Package and the February 2009 Nation Building and Jobs Plan.

EDUCATION	SOCIAL/DEFENCE HOUSING	TRANSPORT/ INFRASTRUCTURE	ENERGY EFFICIENT HOMES
<p><b>\$12.4 billion</b> to build or renew large scale infrastructure, including libraries and halls in primary schools under the <b>Primary Schools for the 21st Century</b> program</p>	<p><b>\$6 billion</b> for the construction of <b>20,000 social housing</b> dwellings across Australia</p>	<p><b>\$1.2 billion</b> to improve freight and passenger transport on Australia's railways through the <b>Australian Rail Transport Corporation</b></p>	<p><b>\$613 million</b> for the installation of ceiling insulation in private rental properties under the <b>Low Emission Assistance Plan for Renters</b></p>
<p><b>\$1.3 billion</b> for minor infrastructure and refurbishment projects for Australian schools under the <b>National School Pride</b> program</p>	<p><b>\$400 million</b> for 2,500 <b>repairs and maintenance</b> to existing social housing dwellings</p>	<p><b>\$711 million</b> to accelerate 14 road projects under the <b>Nation Building Program</b></p>	<p><b>\$507 million</b> for the replacement of electric hot water systems with solar systems under the <b>Solar Hot Water Rebate</b></p>
<p><b>\$1 billion</b> to build 500 science laboratories and language learning centres in secondary schools under the <b>Science and Language Centres for 21st Century Secondary Schools</b> program</p>	<p><b>\$252 million</b> for the construction of <b>802 Defence houses</b></p>	<p><b>\$300 million</b> to further improve road safety under the <b>Black Spot Program</b> and <b>Repairing Regional Roads</b> scheme.</p>	<p><b>\$2.7 billion</b> for the installation of ceiling insulation under the <b>Homeowner Insulation Program</b></p>
<p><b>\$1.6 billion</b> to support infrastructure investment and strengthen facilities in the training and higher education sectors under the <b>Education Investment Fund</b> and the <b>Teaching and Learning Capital Funds</b></p>		<p><b>\$150 million</b> for safety measures at high-risk rail crossings under the <b>Boom Gates for Rail Crossings</b> program</p>	
<p>The bringing forward of an additional <b>\$110 million</b> to build and upgrade trade training facilities in secondary schools through Round 2 of the <b>Trade Training Centres</b> program</p>		<p><b>\$250 million</b> for all local councils to construct local community infrastructure under the <b>Regional and Local Community Infrastructure</b> program</p>	
		<p><b>\$550 million</b> for larger strategic infrastructure projects in local communities under the <b>Regional and Local Community Infrastructure Program – Strategic Projects</b> component</p>	
		<p><b>\$195 million</b> for social and economic development in the East Kimberley under the <b>East Kimberley Development Package</b></p>	

## 1.3 Driving Delivery

### 1.3.1 Coordinators-General Lead

To ensure effective delivery, new mechanisms were needed to break red tape and get work happening on the ground as quickly as possible.

On 5 February 2009, at a special meeting of the Council of Australian Governments (COAG) the Prime Minister, State Premiers and Territory Chief Ministers signed a National Partnership Agreement which covers the elements of the Plan.

COAG agreed that the Commonwealth would establish an Oversight Group within the Department of the Prime Minister and Cabinet (PM&C), chaired by a 'Coordinator-General'. The Coordinator-General would support and monitor the implementation of the key infrastructure and stimulus measures under the Plan. In addition it was agreed that National Coordinators would be established for each element of the Plan and each State and Territory would also appoint a Coordinator-General and Coordinators to ensure a coordinated project management approach to delivery.

On 5 February 2009, the Prime Minister also announced the appointment of Mr Mike Mrdak, then a Deputy Secretary in PM&C<sup>2</sup>, as the Commonwealth Coordinator-General. Commonwealth Coordinators were quickly appointed from within the Commonwealth public service to manage the different components of Plan. All States and Territories also appointed their respective Coordinators-General and Coordinators.

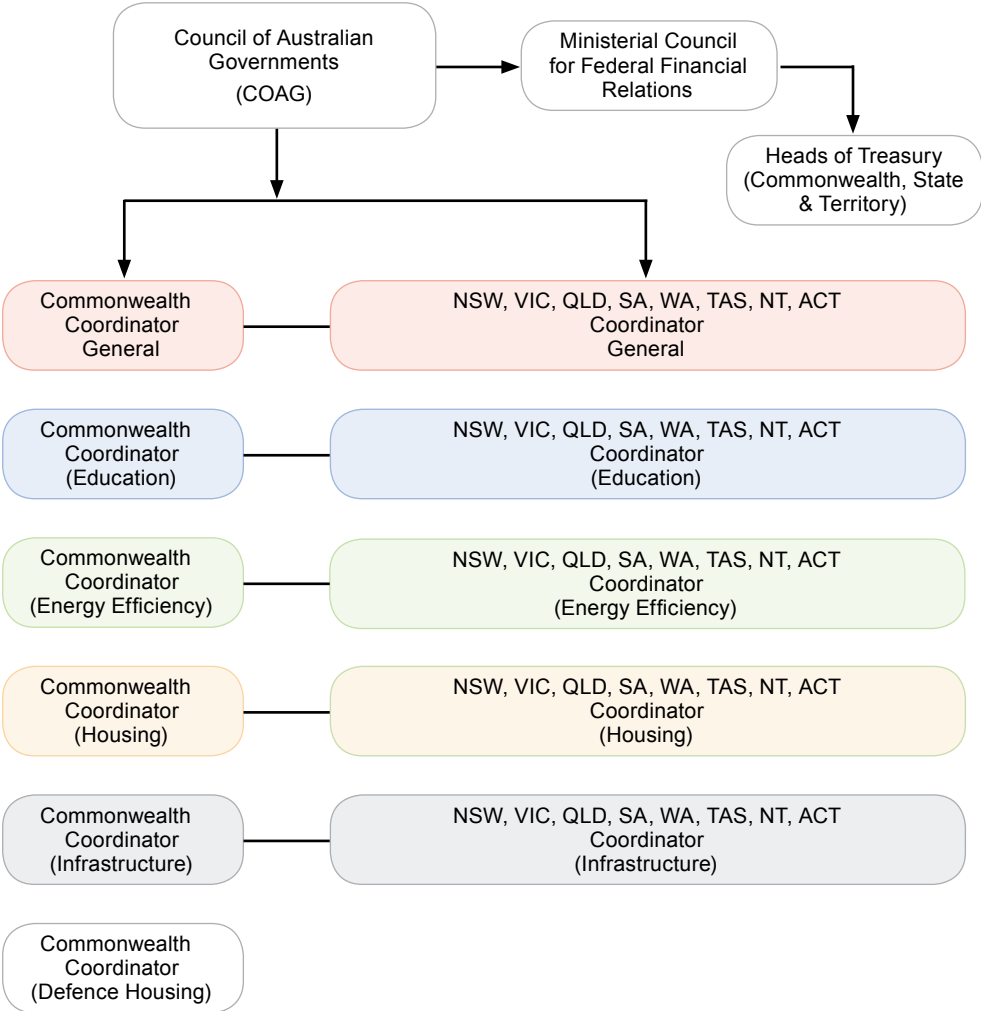
Since these appointments, Commonwealth, State and Territory Coordinators-General have met 'virtually' (by teleconference) every fortnight, and the Commonwealth Coordinators every week. During these meetings, the Coordinators-General and Coordinators report on the progress of the Plan in each jurisdiction, share ideas and experience, identify, discuss and resolve critical issues and logistics.

In order for the Plan to dampen the impact of the global economic recession in Australia, State and Territory Governments must ensure that their capital investment commitments are maintained in the areas covered by the Plan. It is important that the measures under the Plan are genuinely additional to existing efforts being undertaken and/or planned in the States and Territories.

Accordingly, under the National Partnership Agreement, States and Territories are responsible for reporting on expenditure and output benchmarks under the Plan. The Heads of Treasuries analyse the underpinning financial commitments by jurisdictions to ensure that existing effort by all jurisdictions is maintained. This work is reported to COAG through the Ministerial Council for Federal Financial Relations.

<sup>2</sup> On 29 June 2009, Mr Mike Mrdak was appointed Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government. Mr Mrdak continues in the role of Commonwealth Coordinator-General.

**Chart 2: Structure for delivering the Nation Building – Economic Stimulus Plan**



On 5 February 2009, at a special meeting of the Council of Australian Governments (COAG) the Prime Minister, State Premiers and Territory Chief Ministers signed a National Partnership Agreement which covers the elements of the Plan.

## 1.3.2 Leveraging Existing Delivery Systems

Due to the short timeframes, where possible, the Plan utilises and builds upon existing programs and initiatives and relies on existing arrangements, but endeavours to incorporate enhanced monitoring and reporting requirements where appropriate.

## 1.3.3 Monitoring Progress

A challenge for successful implementation of such a complex and time critical plan is the ability to monitor progress and quickly identify and address significant issues as they arise.

While the Commonwealth Coordinator-General is responsible for the overall monitoring of the Plan, Commonwealth and State and Territory agencies are responsible for the delivery of individual elements under the Plan.

Monitoring the progress of each element under the Plan is reliant upon data being provided to the Commonwealth Coordinator-General by Commonwealth and State and Territory government agencies. The administration of programs covered under the Plan is the core business of the Commonwealth agencies responsible for delivering those elements. Commonwealth agencies have many years of experience in these areas and existing departmental systems for monitoring and managing issues.

The Commonwealth Coordinator-General provided detailed progress reports at the April and July 2009 COAG meetings.

Agencies are working within relevant legislation and standards including the *Financial Management Act* and agencies' own Chief Executive Instructions for management of funds and fraud control.

Under the Plan, State and Territory government agencies are required to provide information at a project level to Commonwealth line agencies which is then provided to the Commonwealth Coordinator-General as consolidated program data.

National Partnership Agreements and other contractual arrangements between government agencies and private sector entities specify that regular reports must be completed on the delivery of projects. In some instances, achieving certain project milestones can have an impact on the delivery of Commonwealth funding.

Agencies provide the Commonwealth Coordinator-General with monthly information on project details, project dates (actual commencements, completions and achievement of milestone dates), project expenditure (actual and committed), as well as estimates of jobs supported at the start of each project.

Government agencies will or have commenced a program of audit activity to ensure the accuracy of reported data. For instance, the Department of Education, Employment and Workplace Relations (DEEWR) will undertake a range of compliance activities including desktop monitoring and onsite visits to a random sample of schools within each jurisdiction.



### 1.3.4 Tracking Delivery – Community Confidence

An innovative website was released on 25 March 2009 that allows Australians to follow, first hand, the implementation of the Plan. The Nation Building – Economic Stimulus Plan website [www.australia.gov.au/economicstimulus](http://www.australia.gov.au/economicstimulus) is a unique whole-of-government web portal that showcases new developments, implementation progress and milestone achievements, allowing users to access key information and to closely monitor the roll out of the Plan.

A distinctive feature of the website is *My Community*, an interactive mapping tool which allows users to track more than 33,000 approved projects across the country. By searching street address or postcode, visitors can find out how many solar and ceiling applications have been lodged, how much funding local schools and TAFE institutes have received and what this funding is being spent on, what road and rail upgrades are underway or planned in their neighbourhood and what community infrastructure and housing projects are under development.

The website also hosts a *News* and *In Focus* section featuring all the latest news and updates as well as in-depth case studies to illustrate the impact of the Plan at the local level, on businesses, individuals and communities.

It has a weekly subscription service, *Nation Building News*, which provides all the latest news from the Plan as well as the latest economic note from the Treasurer. Currently there are over 4,000 regular subscribers signed up to keep abreast of developments.

Another key component of the website is *Ask a Question*. As part of this process, visitors to the website are invited to submit questions about the Plan. Each Minister with portfolio responsibility for a component of the Plan appears on video as part of this process, responding to the key themes and issues raised by members of the public. To date four Ministers have called for and provided a response to more than 600 questions received.

Since its release, the website has had 317,017 unique visitors. Although the vast majority of visitors are based in Australia, there are subscribers and regular visitors from Europe the Americas and throughout Asia, demonstrating the continued interest in and impact of the Plan.

Many States and Territories also have their own Economic Stimulus related websites. These are referenced and linked to from this whole-of-government web portal.

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- Road and Rail
- Housing
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**News**

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**Early works on the M80 Ring Road deliver benefits for motorists**  
Friday, 31 July 2009

A \$0 million funding injection from the Government's Nation Building - Economic Stimulus Plan has accelerated the opening of an additional lane to traffic on the M80 Ring Road between the Deer Park Bypass and Boundary Road in Melbourne. [\(continues...\)](#)

**Northern Expressway project reaches major milestone**  
Thursday, 30 July 2009

South Australia's biggest road project in 50 years, the Northern Expressway, recently reached a major milestone with the Minister for Infrastructure and Transport, Anthony Albanese, and the Premier of South Australia, Mike Rann, granting traffic access at the

**Treasurer's Note**

[Subscribe to the site](#)

Monday, 7 August 2009

Welcome to the latest edition of my economic note. I was really pleased when some of the locals at the Adelaide Community Cabinet meeting I went to last Tuesday mentioned this note, and encouraged me to keep them posted in this way on what's happening to our economy during this deep global downturn.

[Treasurer's Note continues](#)  
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**STIMULUS PLAN WORK OPPORTUNITIES**

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**Ceiling Insulation program gives job seeker new start in life**

Thanks to the Australian Government's ceiling insulation programs, All Seasons Insulation (ASI) has been able to hire hundreds of new employees. [\(continues...\)](#)



**Jobs on the rise with Solar Hot Water Rebate**

Australian solar water heater manufacturer Rheem has reported it has created 350 new jobs since the Australian Government boosted the Solar Hot Water Rebate in February 2009 to \$1,600 and removed the means test. [\(continues...\)](#)





Images above: A distinctive feature of the Economic Stimulus Plan website is My Community, an interactive mapping tool which allows users to track more than 33,000 projects across the country.





# Chapter 2

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## Implementing the Plan



## 2.1 Overview

There are three key phases to implementing the Plan: the establishment phase, the delivery phase and post-implementation review phase. Over the period from February 2009 to end of June 2009, the major focus of the Coordinators-General has been on establishment, however, the start of the new financial year has signalled a shift to delivery as project construction rollouts commence.

## 2.2 Establishment Phase

During the establishment phase, the focus has been on establishing procurement and performance frameworks, planning, resourcing and initiating projects in line with the National Partnership Agreement. The initial project scoping work began immediately following meetings the Prime Minister held in Canberra on 6 February 2009 with key industry representatives and State and Territory Government officials.

Key establishment milestones to date in 2009:

3 February	Announcement of \$42 billion stimulus plan	✓
5 February	COAG Agreement	✓
5 February	Appointment of a Commonwealth Coordinator-General	✓
15 February	Housing repairs and maintenance proposals received	✓
26 February	Announcement of the interim guidelines for the Homeowner Insulation Program and the Low Emission Assistance Plan for Renters	✓
February	Appointment of State/Territory Coordinators-General and Commonwealth and State/Territory Coordinators	✓
1 March	Housing repairs and maintenance proposals approved	✓
15 March	Social housing construction proposals (Stage One) received	✓
24 March	National School Pride (Round One) proposals received	✓
31 March	Black Spots and Boom Gates applications received	✓
1 April	Social housing construction proposals (Stage One) approved	✓
5 April	National School Pride (Round One) proposals announced	✓
10 April	Primary Schools for 21st Century (Round One) proposals received	✓
April/May	Projects under the \$800 million Community Infrastructure Program announced	✓
7 May	Primary Schools for 21st Century (Round One) proposals announced	✓
8 May	National School Pride (Round Two) proposals received	✓
15 May	Primary Schools for 21st Century (Round Two) proposals received	✓
21 May	National School Pride (Round Two) proposals announced	✓
31 May	Science and Language Centres for 21st Century Secondary Schools proposals received	✓
12 June	Primary Schools for 21st Century (Round Two) proposals announced	✓
30 June	Social housing construction proposals (Stage Two) received	✓
30 June	Science and Language Centres for 21st Century Secondary Schools projects announced	✓
30 June	Establishment of a new payments mechanism for Homeowner Insulation Program	✓

## 2.3 Delivery Phase

During the delivery phase, the major emphasis is on construction activity across Australia. Throughout this phase a myriad of minor projects such as home insulation installation and minor repairs and maintenance jobs will be done. Concurrently in the early part of this phase, major projects will move from contracts signed to site works.

Throughout the two year delivery timeframe, there will be an ongoing logistical challenge of staging work to ensure on-time delivery, while managing local capacity and supply pressures.

Key Delivery Phase milestones to date in 2009:

21 April	First equity payment of \$422 million made to the Australian Rail Track Corporation	✓
April/May	National School Pride (Round One) – commencement of projects (5,100 projects underway as at 31 May)	✓
May/June	Primary Schools for the 21st Century (Round One) – commencement of projects	✓
1 June	25,000 Solar Hot Water rebates received	✓
Mid June	First two Defence Housing homes completed, three completed by 30 June.	✓
23 June	First Social Housing home completed	✓
30 June	30 projects under the Boom Gates for Rail Crossings Program completed	✓
June/July	Primary Schools for the 21st Century (Round Two) – commencement of projects	✓
30 June	Over 2,500 Community Infrastructure Program projects commenced	✓
30 June	Over 56,000 applications received under the Energy Efficiency Homes Package	✓
30 June	Repairs and maintenance for more than 30,000 Social Housing dwellings completed	✓
30 June	National School Pride (Round Two) – commencement of projects, (6,698 projects underway by 30 June).	✓
30 June	Construction underway for 788 Social Housing dwellings	✓
30 June	Four projects under the 14 Roads Projects have commenced construction	✓

## 2.4 Post Implementation Review Phase

Commonwealth, State and Territory government agencies will complete reviews of the implementation of components of the Plan. These reviews will establish how successful the roll out and implementation of each component was and the outcomes from those projects.

From time to time the Coordinator-General will prepare progress reports as needed for COAG.





# Chapter 3

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## Impact of the Government's Stimulus Strategy



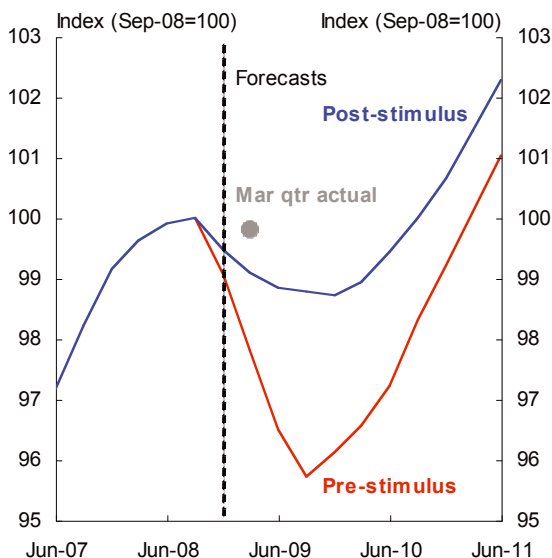
### 3.1 Treasury Analysis of Economic Circumstances

The global economy has experienced the sharpest synchronised downturn in three-quarters of a century, with virtually every advanced economy falling into recession. The global economy is expected to contract by 1½ per cent in 2009, the first contraction in the post-war period. While unprecedented global policy actions have helped stabilise financial markets, restore confidence and arrest the decline in global activity, the recovery is likely to be subdued with growth remaining below-trend for some time.

The Australian economy has not been immune from the impacts of the global recession with growth slowing and unemployment rising. The economic forecasts and medium-term projections contained in the 2009–10 Budget suggest that with the Australian economy operating well below capacity, unemployment will rise and remain at elevated levels for many years. The Government's cumulative stimulus packages are designed to reduce the extent to which Australians are forced out of work as a result of the global recession.

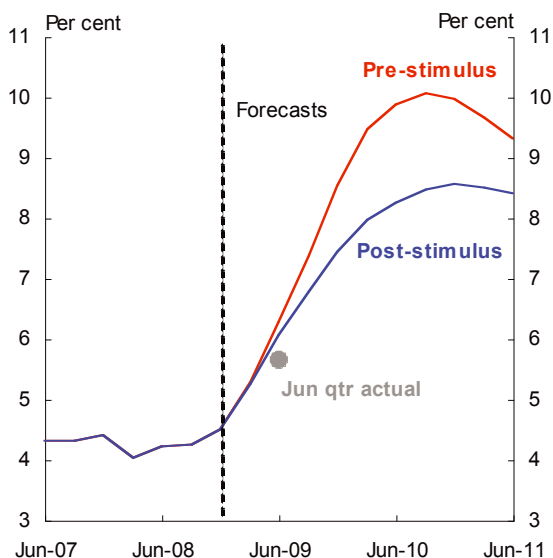
- In total, the Government's stimulus packages announced prior to and as part of the 2009–10 Budget are expected to raise the level of GDP by 2¼ per cent in 2009–10 and 1½ per cent in 2010–11, compared to taking no action (Chart 3).
- This translates into support for up to 210,000 jobs and a peak unemployment rate that is around 1½ percentage points lower (Chart 4).

**Chart 3: Forecast effects on real GDP**



Source: ABS Catalogue Number 5206.0 and Treasury

**Chart 4: Forecast effects on unemployment**

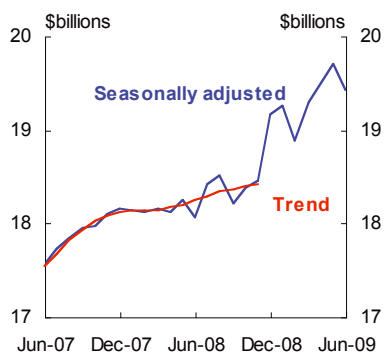


Source: ABS Catalogue Number 6202.0 and Treasury  
 Note: The unemployment rate is presented in quarterly-average terms

The first phase of the Government's stimulus strategy began with the First Home Owners Boost in October 2008, followed by direct payments to households in December 2008 with a further round of payments in March and April 2009. The first phase has clearly supported activity and boosted confidence.

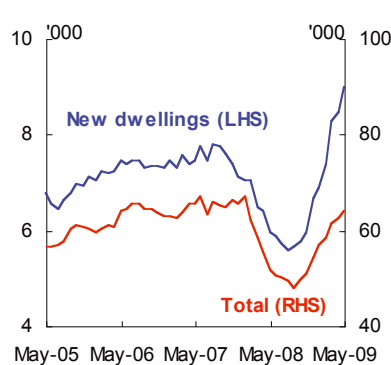
- Direct payments to households have helped retail sales remain buoyant in Australia (Chart 5).
  - » In June 2009, retail sales were 5.2 per cent higher than their pre-stimulus levels of November 2008.
  - » Over a similar period, retail sales contracted in the US, Japan, Euro area, Canada and New Zealand.
- The impact of the First Home Owners Boost is most evident through housing finance commitments at this stage (Chart 6), and can be expected to flow through to dwelling investment in coming months.
  - » The number of finance commitments for owner occupation has increased by 32 per cent since September 2008, the month prior to the First Home Owners Boost.
  - » Finance commitments for the purchase or construction of a new dwelling have increased by 59 per cent over the same period.
- Consumer sentiment and business confidence have rebounded strongly, supported by the effects of the stimulus measures, to more average levels (Chart 7).

**Chart 5: Retail trade**



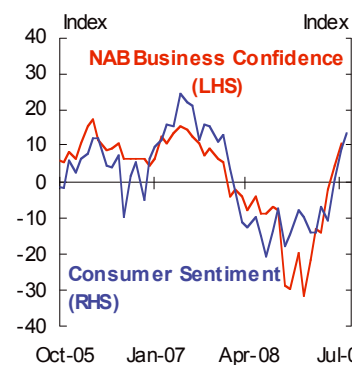
Source: ABS Catalogue Number 8501.0

**Chart 6: Housing finance**



Source: ABS Catalogue Number 5609.0 and Treasury.

**Chart 7: Confidence**

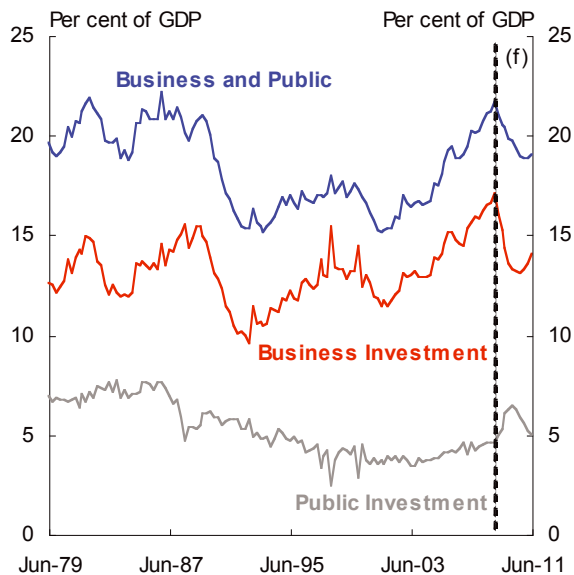


Source: Westpac-Melbourne Institute and NAB.

The second phase stimulus includes \$29.9 billion of investment in 'shovel ready' infrastructure projects across the country. These investments in schools, housing, energy efficiency, roads, community infrastructure and support to small businesses will add directly to growth and help support jobs, while providing lasting benefits for the future.

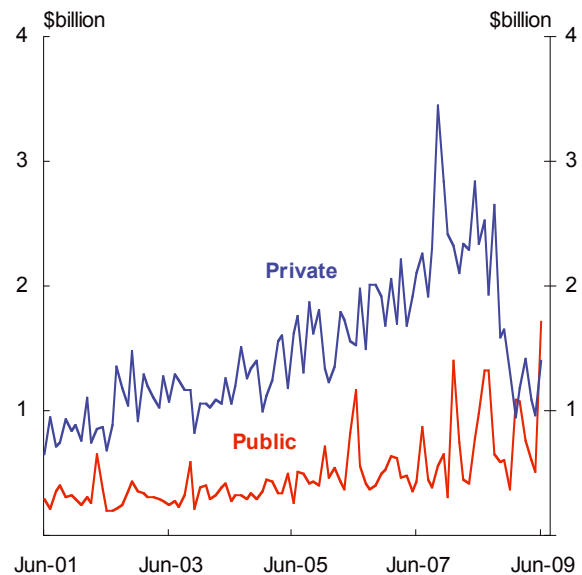
- Public investment will provide significant support to the economy, helping to offset the anticipated weakness in private business investment (Chart 8).
- There are some early indications that phase two of the stimulus is supporting activity and employment in the construction sector. In June 2009, public sector non-residential building approvals increased to a record \$1.7 billion (Chart 9).

**Chart 8: Total investment**



Source: ABS Catalogue Number 5206.0 and Treasury

**Chart 9: Non-residential building approvals**



Source: ABS Catalogue Number 8731.0.

Phase three of the Government's overarching stimulus strategy invests in nation building infrastructure to boost Australia's long-term productivity and growth potential. Investments in roads, rail, ports, universities and hospitals will support jobs in the near term and position Australia to take full advantage of the global economic recovery when it arrives. The Budget provided \$22 billion towards investment in the nation's infrastructure, including in critical road, rail and port infrastructure projects.

Since the Budget there has been encouraging signs that the pace of decline in global activity is diminishing, while global financial stresses have eased. Domestically, the Government's overarching economic stimulus strategy has proved effective in limiting the worst impacts of the global recession. However, several of the large negative adjustments foreshadowed in the Budget are materialising and the global backdrop is likely to be weak for some time.

- Business investment has commenced a significant contraction.
- Falls in commodity prices have driven the terms of trade lower.
- Australia's export income is shrinking.
- And unemployment is rising.

## 3.2 Employment and Jobs

The global recession is continuing to have a direct impact on the Australian economy and jobs. The unemployment rate has risen to 5.8 per cent, which is 1.9 percentage points higher than its most recent low in February 2008. However, this increase is smaller than it would have been without the stimulus that has flowed through the economy to date. Without the Government's stimulus strategy, Australia would face a much bigger rise in unemployment. Treasury has estimated that without the economic stimulus, around 210,000 more Australians would be out of work by next year and the unemployment rate would peak 1½ percentage points higher at 10 per cent.

Australia's labour market has also fared well when compared internationally. Australia has seen a far smaller rise in the unemployment rate over the past year compared with the OECD average and Australia's unemployment rate is lower than all the major advanced economies except Japan. Since September 2008, total employment in Australia has been broadly steady, compared to declines in employment in the major advanced economies.

## 3.3 Environmental Impact

The Plan provides significant opportunities to improve the energy efficiency and sustainability of Australia's buildings and infrastructure.

In particular, the Energy Efficient Homes Package is Australia's largest ever energy efficiency program and aims to help millions of households reduce their energy use, cut their energy bills by up to 40 per cent a year, and increase the comfort and value of their homes.

The Department of the Environment, Water, Heritage and the Arts (DEWHA) estimate that, on average, for each home that receives new ceiling insulation, 1.65 tonnes of Carbon Dioxide equivalent (CO<sub>2</sub>-e) will be saved each year.

Solar hot water systems, which receive a rebate under the Energy Efficient Homes Package, attract an average of 30 Renewable Energy Certificates (RECs). One REC is equivalent to one Megawatt hours (MWh) of energy saved over the ten year assessment period for RECs, which abates an estimated one tonne CO<sub>2</sub>-e.

Under the Solar Hot Water Rebate, 20,465 systems were installed as at the 30 June 2009. Based on a 30 REC average, this will generate approximately 613,950 RECs, abating an estimated 613,950 tonnes of CO<sub>2</sub>-e.

The significant building efforts under the Social and Defence Housing initiatives and the education elements of the Plan also provide significant opportunities to improve sustainability outcomes in relation to energy and water use.

For example, it is a requirement under the Building the Education Revolution (BER) component that, wherever possible, all new buildings and refurbishments should incorporate sustainable building principles to help reduce any impact of building on the natural environment. The Department of Education, Employment and Workplace Relations (DEEWR) is monitoring sustainability measures across projects and to date schools are taking the opportunity to build sustainable buildings and projects. For example, of the Primary Schools for the 21st Century (P21) projects announced to date, over 4,000 projects (nearly 60 per cent) include water tanks and 3,400 (or nearly 50 per cent) include energy efficient glazing.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has worked to ensure the maximum amount of environmentally sustainable features is included in new construction. Under Stage Two of the new construction element, where possible, all new dwellings constructed are to achieve a six star energy efficiency rating and incorporate a number of specified environmental features.

Of the 7,674 new dwellings approved under Stage Two as at 30 July 2009, all will achieve a six star energy efficiency rating.

Where a six star rating is not achievable, (for example where a Stage One project was already in the development approval process), then a minimum five star rating and additional environmental measures such as water tanks, solar hot water and energy efficient glazing are required, except where these are not practical due to climatic or health reasons.

Defence Housing Australia (DHA) is managing the delivery of the 802 houses under a broad DHA Environment Policy approved by the DHA Board in September 2008. The policy sets down practices across five key areas: energy consumption, water consumption, effective waste management, human wellbeing and the biodiversity of local flora and fauna.

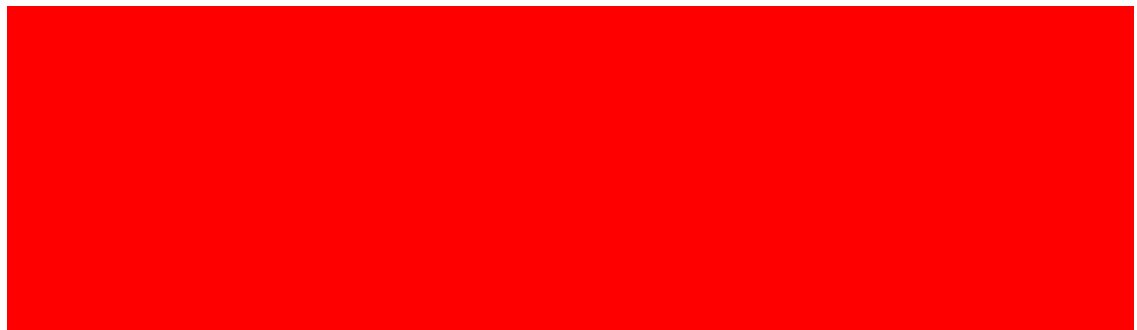
DHA has also agreed to early adoption of six star energy efficiency for its new construction houses, two years ahead of schedule, including those funded under the Plan. DHA will adopt the new standard in 2009–2010 by including a six star option in all tenders issued from 1 July 2009. Where the cost of building six star houses is less than a threshold established by the DHA Board, DHA will construct to the higher standard.



# Chapter 4

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Snapshot of Results 2008–2009



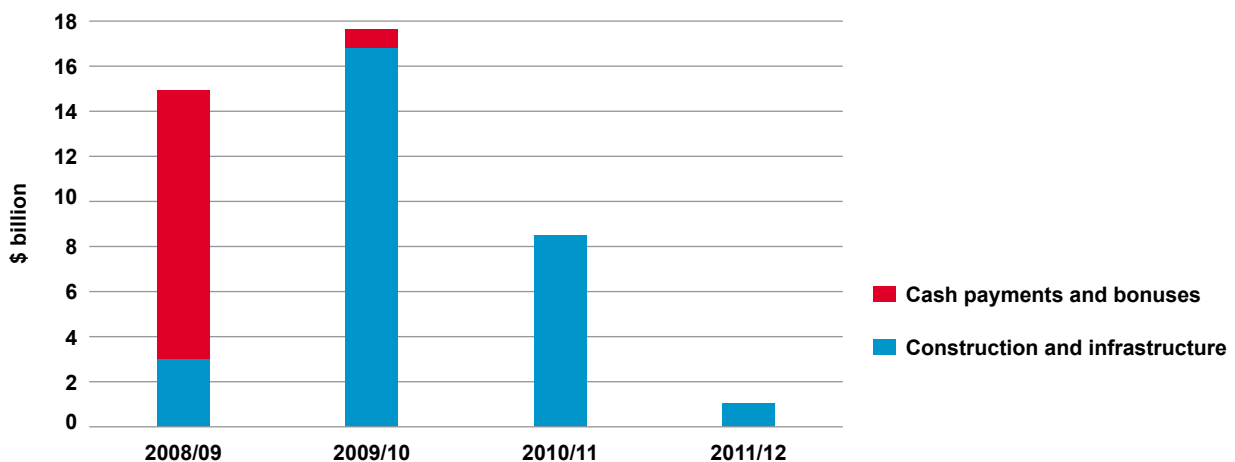
## 4.1 Overview

The Government's stimulus measures are focused on putting forward the right combination of immediate support for Australian jobs and economic activity and delivering lasting investments to strengthen the economy for the future. The initial phase of stimulus was to provide immediate short term support to the Australian economy as the global economy deteriorated rapidly, and in the medium term to invest in building and infrastructure.

During the period from February to June 2009, the major stimulus drivers were cash payments. Concurrently, the Commonwealth Coordinator-General, working with State and Territory Coordinators-General and Commonwealth agency Coordinators, was responsible for initiating implementation of the building and infrastructure elements of the stimulus package to ensure stimulus projects and funding will impact in the 2009–10 to 2011–12 financial years.

Charts 10 and 11 below show that immediate impacts of cash payments drop away after the 2009–10 financial year, and the primary driver of stimulus to the economy becomes the construction and infrastructure projects that were planned for and approved in the last five months of the 2008–09 financial year (figures in \$ billions).

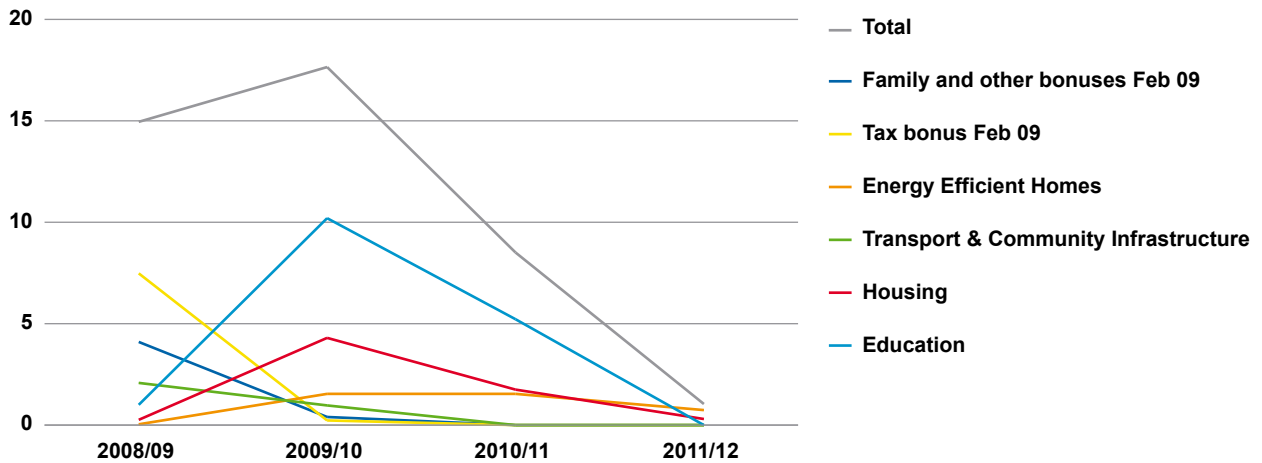
**Chart 10: The \$42 billion Nation Building – Economic Stimulus Plan by year**



Source Department of the Prime Minister and Cabinet August 2009



**Chart 11: The \$42 billion Nation Building – Economic Stimulus Plan by year and component**



Source: Department of the Prime Minister and Cabinet August 2009

## 4.2 Stimulus Payments

As a part of the Plan, the Government allocated \$12.2 billion towards targeted bonus payments to assist households and support economic growth.

The payments included a Tax Bonus Payment and \$900 Single Income Family Bonus managed by the Australian Taxation Office and Treasury, a \$950 Farmers' Hardship Payment, \$950 Back to School Bonus and a \$950 Training and Learning Bonus managed by FaHCSIA and Centrelink.

**Table 1: February 2009 stimulus payments made as at 30 June 2009**

Payment type	Number of Payments made (millions)	Value of payments made (\$ millions)
<b>Tax Bonus</b>	<b>8.43</b>	<b>\$7,364</b>
<b>Single Income Family Bonus</b>	<b>1.38 families (2.63 children)</b>	<b>\$1,223</b>
<b>Back to School Bonus</b>	<b>1.43 families (2.57 children)</b>	<b>\$2,392</b>
<b>Training and Learning Bonus</b>	<b>0.49</b>	<b>\$464</b>
<b>Farmer's Hardship Payments</b>	<b>0.02</b>	<b>\$20</b>
	<b>11.75</b>	<b>\$11,463 million</b>

Source : Department of the Prime Minister and Cabinet, August 2009

The short-term economic cash stimulus payments have provided a boost to household consumption and growth. Retail sales in Australia are 5.2 per cent higher than their levels in November last year, prior to delivery of the first stimulus cash payments. This compares to falls in retail sales, on average, across the major advanced economies over the same period.

In the March quarter, household spending rose by 0.6 per cent, supported by the cash stimulus payments. This boost to consumption has contributed to Australia's relatively stronger growth performance. In the March quarter, Australia recorded the strongest growth of the OECD group of advanced economies, with GDP rising by 0.4 per cent in quarter. Without the stimulus payments flowing through to consumption, Treasury has estimated that the Australian economy would have contracted by 0.2 per cent in the quarter.

## 4.3 Infrastructure Elements of the Plan

### 4.3.1 Overview

More than \$18 billion of funds have already been approved nationally across the infrastructure elements of the Plan. When the Plan implementation started in February 2009 there was no activity in many of these elements and in a matter of months, tens of thousands of proposals have been developed and planned, submitted, assessed and agreed.

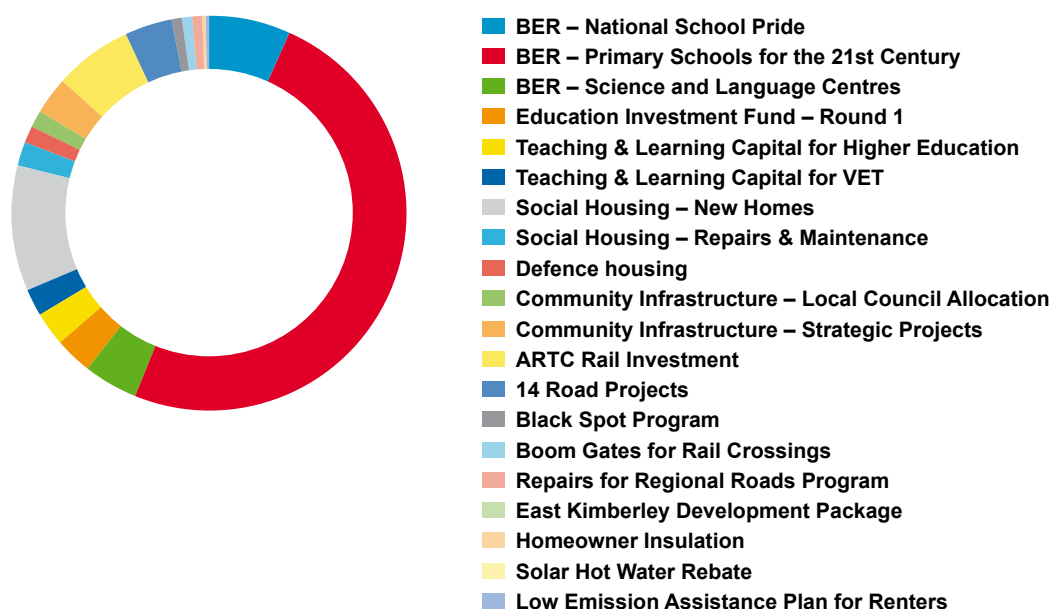
**Table 2: Breakdown of approved projects and payments by jurisdiction to 30 June.**

	Number of Approved Projects	Approved Funding
NSW	11,368	\$5,876 m
VIC	6,365	\$3,907 m
QLD	8,060	\$3,588 m
WA	3,355	\$1,479 m
SA	2,720	\$1,400 m
TAS	758	\$431 m
ACT	317	\$279 m
NT	590	\$325 m
National Projects	17	\$1,300 m
	(ARTC)	(ARTC & Energy Efficiency)
<b>TOTAL</b>	<b>33,550#</b>	<b>\$18.6 billion</b>

# Total project numbers do not include the projects that start and are completed in short timeframes including social housing repairs or energy efficient homes projects.

ARTC refers to the Australian Rail Track Corporation Ltd

**Chart 12: The proportion of approved funding by program element.**



Tables 3 below: As illustrated, more than 14,000 major projects have now commenced around the country. This represents a significant proportion of approved projects.

**Table 3: Projects as at 30 June**

	Initial Program funding	Approved Funding	Approved Projects	Commenced Projects*#	Completed Projects#
BER – Primary Schools for the 21st Century	\$12,400 m	\$9,191 m	6,983	3,150	0
BER – National School Pride	\$1,300 m	\$1,268 m	13,176	6,698	236
BER – Science & Language Centres	\$1,000 m	\$810 m	537	0	0
Education Investment Fund – Round 1	\$581 m	\$581 m	11	0	0
Teaching & Learning Capital Fund for VET	\$500 m	\$400 m	323	0	0
Teaching & Learning Capital Fund for Higher Education	\$500 m	\$500 m	41	0	0
Trade Training Centres	\$110 m	0	0	0	0
Social Housing – New Homes	\$5,990 m	\$1,916 m	7,390	788	6
Social Housing – Repairs & Maintenance	\$400 m	\$400 m	60,680	32,388	31,368

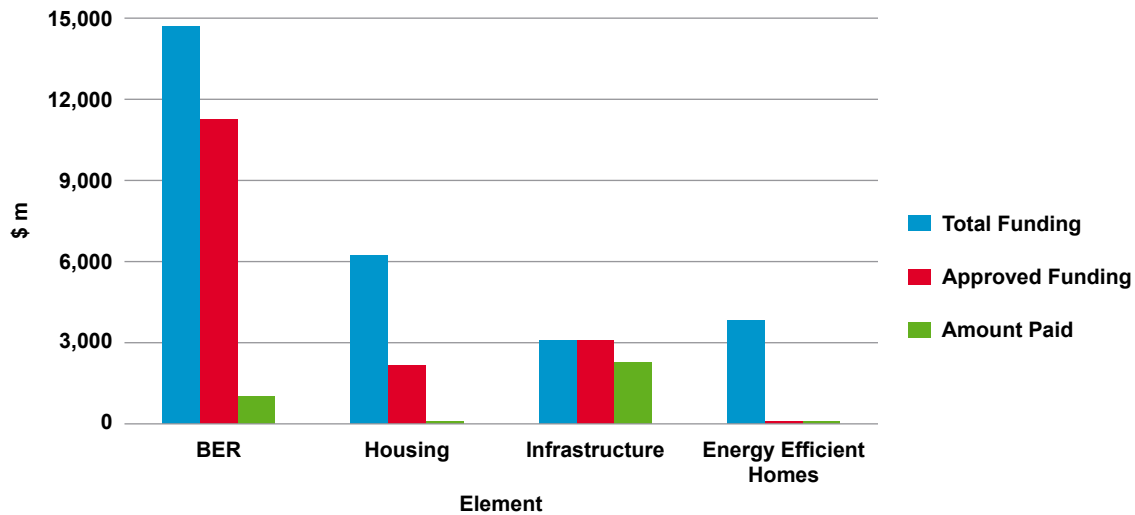
	Initial Program funding	Approved Funding	Approved Projects	Commenced Projects**	Completed Projects#
Defence Housing	\$252 m	\$252 m	802	461	3
Community Infrastructure – Local Council Allocation	\$250 m	\$250 m	3,220	2,918	101
Community Infrastructure – Strategic Projects	\$550 m	\$550 m	137	0	0
ARTC Rail Investment	\$1,200 m	\$1,189 m	17	9	1
14 Road Projects	\$711 m	\$711 m	14	4	0
Black Spot Program	\$150 m	\$150 m	607	32	0
Boom Gates for Rail Crossings	\$150 m	\$150 m	292	53	30
East Kimberley Development Package	\$195 m	\$16 m	0	0	0
Repairs for Regional Roads	\$150 m	\$150 m	n/a	0	0
Homeowner Insulation	\$2.7 b	\$37.7 m	52,484	52,484	26,409
Low Emission Assistance Plan for Renters	\$613 m	\$1.8 m	3,526	3,526	1,891
Solar Hot Water Rebate	\$507 m	\$32.7 m	37,154	37,154	20,465

\* The definition of commencement varies by program element. Commenced does not necessarily mean that construction activity is underway – for social housing it means that the site set out stage has been reached, for P21 it means that action post design stage has been reached – for example signing of a contract for construction activity to commence.

# Data includes commencements and completions to 30 June 2009, for energy efficiency measures, commenced figures refer to applications received and completed figures to applications paid.

The approval of projects and making of payments by the Commonwealth is on track against projected payments and approval timeframes. Chart 13 below shows the funding that has been approved against total funding and the amounts paid per program element.

**Chart 13: Approvals against total funding**



*Note: Building the Education Revolution (BER) includes National School Pride, Primary Schools for the 21<sup>st</sup> Century and Science and Language Centres. BER Amount Paid includes an additional \$175 million allocated by DEEWR in 2008-09 to P21. Housing includes Social Housing new construction and Defence Housing. Infrastructure includes Community Infrastructure Program, Rail and Road Investment, Black Spot Program and Boom Gates for Rail Crossings.*

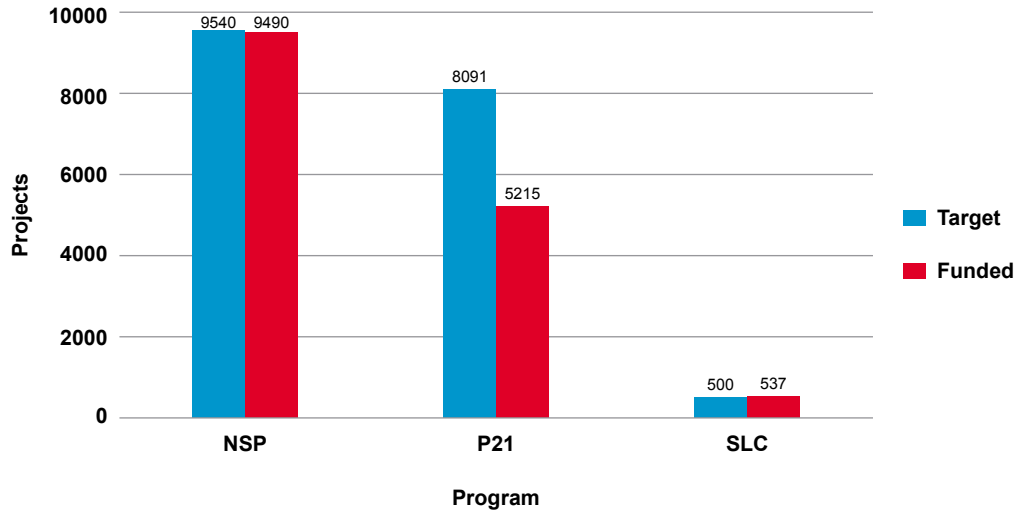
### 4.3.2 Building the Education Revolution (BER)

The BER component of the Plan provides for minor infrastructure and refurbishment projects for all Australian schools, allows for the construction of science laboratories and language learning centres in secondary schools, and provides new infrastructure for all primary schools. Additional education components of the Plan will also support infrastructure investment and strengthen facilities in the training and higher education sectors and bring forward funding to support the upgrade of trade training facilities.

The rollout of the BER has progressed well to 30 June 2009. More than \$11 billion worth of funding was approved between February and June 2009. The vast majority of schools have had projects approved under the BER and around 48 per cent of projects have commenced.

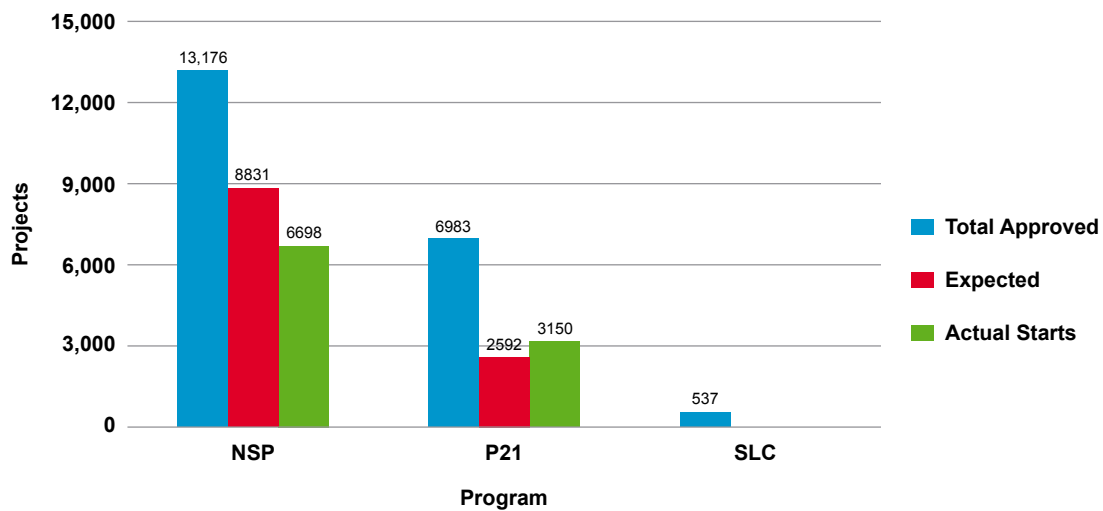
At the end of June 2009, 9,501 schools had projects approved under at least one BER program. The following graph shows the breakdown by program.

**Chart 14: BER Schools receiving funding**



A total of 20,696 projects were approved for BER funding as at 30 June 2009 with a total value of \$11.27 billion. At 30 June 2009 education authorities reported that 9,848 projects had commenced. The breakdown by program is shown in the graph below.

**Chart 15: BER Projects by status**





## **Primary Schools for the 21st Century (P21)**

The P21 element has been extremely successful, attracting a high degree of interest from primary schools across Australia. The original costing was based on 2007 schools and school enrolment data and assumed a 90 per cent utilisation rate of total potential funding. This has meant higher funding costs than was originally anticipated. This is a result of the program's success, through its flexible delivery arrangements including allowing schools to apply for more than one project, and the release of 2009 enrolment data which shows an increase in the number of students and schools.

\$9.2 billion has been approved for 5,215 primary schools under Rounds One and Two of P21 for major infrastructure projects, including libraries, multipurpose halls, new classrooms, covered outdoor learning areas, early learning centres and resource centres.

## **Science and Language Centres for 21st Century Secondary Schools (SLC)**

\$810 million has been approved for 537 secondary schools to build or refurbish state-of-the-art science laboratories and language learning centres. While still well within budget this exceeds the plan to build or refurbish 500 Science and Language Centres.

## **The National School Pride (NSP) program**

\$1.3 billion has been delivered to 9,490 schools for refurbishments and minor construction work. Projects funded include the refurbishment of playing fields, classrooms and playground equipment, the construction of outdoor shaded areas, repairs to roofs, downpipes and gutters, and the installation of water tanks and solar panels. As at 30 June 2009, 6,698 NSP projects had commenced and 236 projects have been reported as completed.

### **BUILDING THE EDUCATION REVOLUTION FORECAST**

The next 12 months will involve significant construction activity in the school sector for projects approved under Building the Education Revolution (BER).

All remaining project approvals for BER are expected to be finalised shortly.

All approved projects for the Primary Schools for the 21st Century component of this program are due to commence by the end of September 2009. Science and Language Centres for 21st Century Secondary Schools approved projects will also be underway by this time.

Projects approved under the National School Pride program component are all due for completion by February 2010.

### 4.3.3 Social Housing

The Social Housing Initiative is progressing well with the construction of new social housing dwellings and repairs and maintenance work across Australia underway.

The Repairs and Maintenance element is progressing particularly well with significantly higher numbers of public and community housing dwellings being repaired than originally anticipated. It was estimated that the \$400 million funding available would repair 2,500 properties which were uninhabited or would otherwise be lost to the public and community housing stock over the next two years as they fall into disrepair.

Over 60,000 social housing dwellings have been approved for repairs and maintenance projects. This figure includes major repairs to over 10,000 homes, such as roofing, structural work and new bathrooms and kitchens. These homes are either currently vacant or would have become unfit to live in over the next two years. These homes will now be returned to the social housing stock.

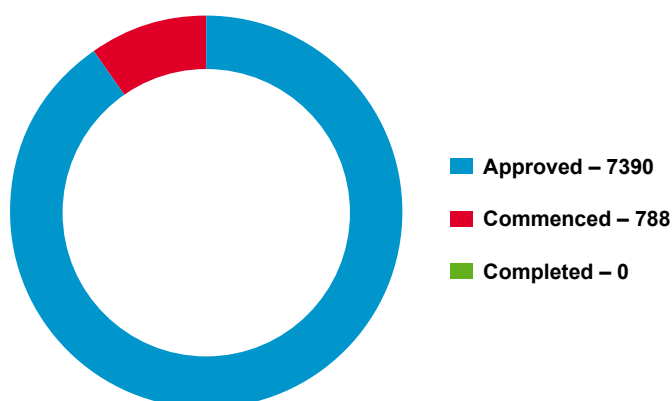
States and Territories report that as at 30 June 2009, 31,368 dwellings have had repairs and maintenance completed. A further 14,619 dwellings have benefitted from repairs to common areas.

Generous land contributions from States and Territories and leveraging by community housing organisations have resulted in average costs of construction below the planned target of \$300,000 per dwelling. All approvals under Stage One of the construction element were completed by 30 June 2009, with 2,696 new houses approved. This exceeded the indicative target of 2,307. In addition, 4,694 early approvals were made under Stage Two, well ahead of the 30 August 2009 deadline.


At 30 June 2009, States and Territories have advised that construction has commenced on 788 dwellings.

As Chart 16 below illustrates, this equates to approximately 11 per cent of approved dwellings. In addition, six dwellings had been completed, three in New South Wales and three in Victoria.

**Chart 16: Social Housing new construction approvals and commencements.**







The ongoing risk in the delivery of the social housing component of the Plan is the completion of dwellings in accordance with the tight timelines. This will be a particular challenge for higher density or high rise construction projects and as private sector housing construction picks up.

Since its introduction, 118,150 first home buyers have taken up the First Home Owner's Boost (FHOB). Loans to first home owners have almost doubled since the introduction of the FHOB, which is beginning to translate into support for residential construction activity. Loans for the construction of new houses have increased by 61 per cent since the FHOB was introduced, while private home building approvals are 20 per cent higher than their most recent low in December 2008.

The Social Housing Initiative has driven procurement reforms in the areas of energy efficiency, accessibility and water efficiency. Almost all of the dwellings constructed as part of Stage Two will meet six star energy requirements and a very high percentage of the dwellings will include water efficiency devices and improved accessibility outcomes.

A mix of 'off the plan' purchases and streamlined expressions of interest have ensured speed to market and allowed industry to respond in a timely manner. Importantly, procurement strategies have promoted opportunities for small to medium enterprises and a number of jurisdictions have implemented measures to promote apprentice and indigenous employment outcomes.

Estimates provided by industry indicate that through the Social Housing Initiative more than 2,000 additional private sector dwellings will be constructed. As State and Territory governments have entered into contracts for new housing construction, some builders and developers have been in a position to borrow additional funds to construct housing for sale on the private market at the same time. The investment in the Social Housing Initiative has facilitated additional industry activity, promoting employment in the housing and construction sector and boosting Australia's housing stock.

## **SOCIAL HOUSING FORECAST**

The next 12 months will involve significant construction activity in the social housing sector.

All approvals for the construction of new social housing dwellings are expected to be finalised by the end of August 2009. Since 30 June 2009, the total number of new dwellings approved for construction has risen from around 7,000 to over 10,000.

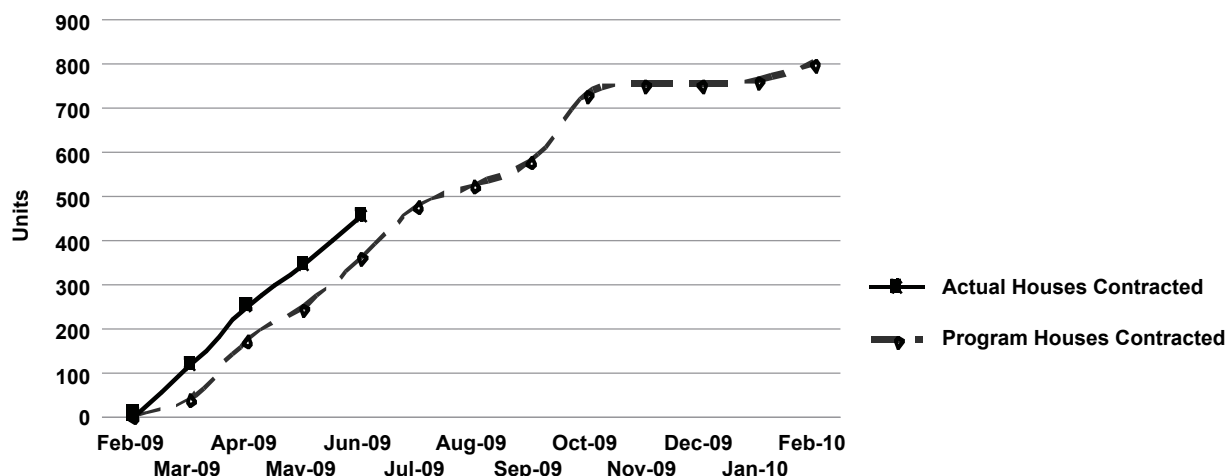
Construction activity has also picked up since 30 June 2009, with more than 1,200 houses now under construction. More than 2,300 new dwellings under Stage One of the new construction element of the program will be completed by the 30 June 2010 deadline, with all of these under construction by the end of 2009.

All Repairs and Maintenance projects are on track for commencement in 2009.

### 4.3.4 Defence Housing

This initiative aims to construct 802 houses on land held in anticipation of Defence housing requirements. Construction of new defence housing matches the needs of the Australian Defence Force and will occur in all States and Territories, excepting Western Australia.

**Chart 17: Defence Housing constructions under contract**



As Chart 17 above shows, the construction of new Defence housing is tracking well ahead of schedule. By 30 June 2009, 457 out of the 802 houses (57 per cent) had been contracted, including all the agreed constructions for 2009–2010. Three houses have been completed, two in Townsville and one in Brisbane.

Under the Defence Housing Australia (DHA) Apprenticeship Support Program, the DHA Board has agreed to fund 50 per cent of the cost of establishing 20 apprenticeships in the building industry, with apprentices working as far as practicable, on DHA construction sites. At 30 June 2009, eight of these apprenticeships had already commenced.

#### DEFENCE HOUSING FORECAST

Defence Housing Australia (DHA) expect to deliver 406 completed houses by 30 June 2010 with the balance of 396 houses in 2010–2011.

Since 30 June 2009, more than 30 houses have been completed and the number of houses contracted has increased to almost 80 per cent.

DHA expects to be able to deliver the planned 802 houses at about \$6 million under budget.

### 4.3.5 Infrastructure and Local Government

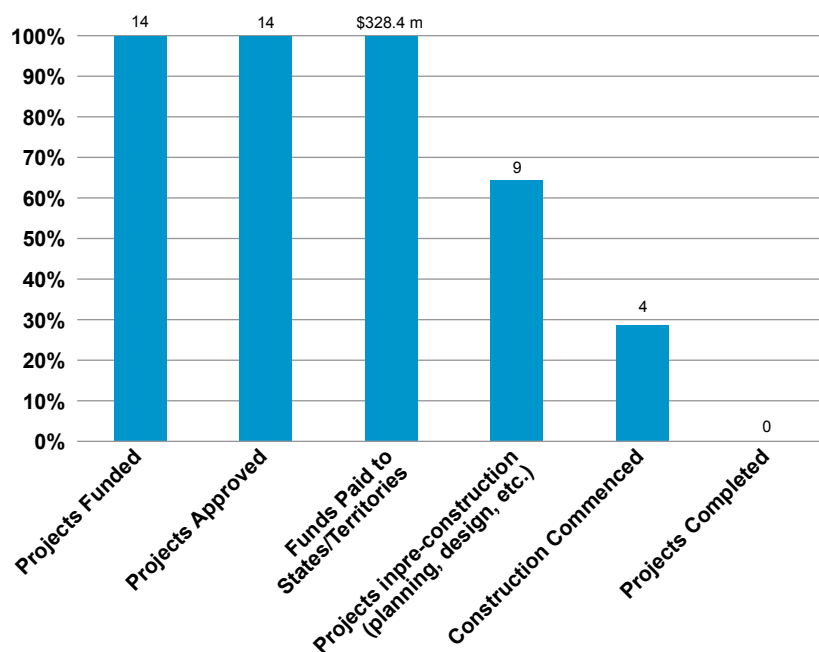
The Government has committed over \$3.2 billion (100 per cent) of program funding to over 4,300 community and transport infrastructure projects. Over \$2 billion (approximately 63 per cent) of the funding has been already paid to State, Territory and local governments and the Australian Rail Track Corporation (ARTC). The remainder is expected to be paid in the current financial year.

Construction of four of the 14 major road projects has commenced with preconstruction work being well advanced on nine others. The Hunter Valley – Maitland to Branxton – bidirectional signaling rail project was completed and became operational in May 2009. Nine other rail projects have commenced construction with preconstruction underway on most of the remaining seven projects.

All projects and funding has been approved for the Regional and Local Community Infrastructure Program and almost 3,000 projects had commenced at 30 June 2009.

#### Major Road Projects

**Chart 18: Nation Building Road Progress – 30 June 2009**



This initiative will see \$711 million brought forward in 2008–09 and 2009–10 for the construction of 14 Nation Building Road Projects. The \$328.43 million allocated for 2008–09 was paid in full.

Achievements to 30 June 2009 and forecast activity against each project include:

- **Pacific Highway Banora Point Upgrade**, New South Wales. The Alliance Agreement for the project was signed in mid August 2009.
- **Pacific Highway Bulahdelah Bypass**, New South Wales. Commencement has been delayed by legal issues. The outstanding issues will be further addressed by a judicial review in September 2009. Tenders for the project are being called in late August 2009.
- **Woomargama Bypass** and **Tarcutta Bypass** on the Hume Highway, New South Wales. Alliance contract arrangements have been settled. Environmental assessments for the project are expected to be finalised for public display in September 2009.

- **Nagambie Bypass**, Victoria. Substantial planning and pre-construction works have been completed with major works due to commence in late 2009.
- **Western Ring Road (M80) Upgrade**, Victoria. Early start construction works continue with the first package of major works to commence in early 2010.
- **Western Highway – Anthony’s Cutting Realignment**, Victoria. Planning and pre-construction works are well under way. The selection process for delivery of the project has commenced with an alliance agreement expected in early August 2009.
- **Princes Highway East Duplication – Traralgon to Sale**, Victoria. The scope of Traralgon East section has been approved with pre-construction works in progress to enable tenders to be advertised in July 2009 with major construction works commencing in early 2010.
- **Brighton Bypass** Midland Highway, Tasmania. Contractors have been appointed and construction is expected to commence in late 2009 in conjunction with commencement of work on the Brighton Transport Hub.
- **Mandurah Entrance Road**, Western Australia. Construction on the interchange part of the project commenced in February 2009, with bridges and earthworks nearing completion in June 2009. The entire interchange, including ramps, is scheduled for completion by August 2009. Construction on the second phase of the project is expected to commence in August 2009.
- **Northern Expressway and Port Wakefield Road Upgrade**, South Australia. Construction on the Port Wakefield Road Upgrade part of this project was completed in February 2009. Construction of the Expressway continues to progress ahead of schedule, with the project scheduled for completion by September 2010.
- **Ipswich Motorway – Dinmore to Goodna**, Queensland. Preconstruction activities underway including project design, land acquisition, services relocation, mine remediation and public consultation. Significant investigations are being undertaken with respect to the abandoned coal mines along the road corridor.
- **Pacific Motorway – Gateway to Logan – Springwood South to Daisy Hill**, Queensland. Early works underway with full construction expected to commence late 2009. Re-scoping of the project and price negotiation has delayed the commencement of major construction works.
- **Douglas Arterial Duplication**, Queensland. Preliminary design to be finalised by August 2009, preconstruction work to commence mid 2009 and tender to be advertised for major construction August–September 2009.

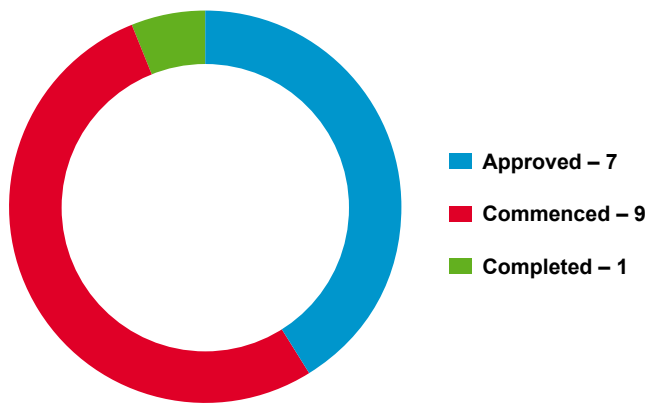
## MAJOR ROAD PROJECTS FORECAST

It is anticipated that the major construction phase will be underway on all projects early in 2010.

## Major Rail Projects

The Government agreed to provide three equity injections into the ARTC totalling \$1.1889 billion. The first equity payment of \$422 million was paid on 21 April 2009. As Chart 19 below shows, 10 of the 17 rail projects have commenced and one, the Hunter Valley: Maitland to Branxton Bidirectional Signalling project, has been completed.

**Chart 19: Nation Building Rail Progress – 30 June 2009**



Three of the projects underway had completed major sub-projects:

- Hunter Valley: Ulan Line Passing Loops and Duplication – First loop completed in April 2009;
- Hunter Valley: St Heliers to Muswellbrook Duplication – New signalling completed in March 2009;
- Sydney to Brisbane New, Extended & Upgraded Loops – Two loops completed in May and June 2009.

### MAJOR RAIL PROJECTS FORECAST

The second equity payment to the ARTC of \$678 million was paid in full on 7 July 2009 and the third and final payment of \$88.9 million is scheduled to be paid in July 2010.

Since 30 June 2009, the Seymour to Wodonga – Track Upgrade project has been commissioned and residual site works are expected to be completed by the end August 2009.

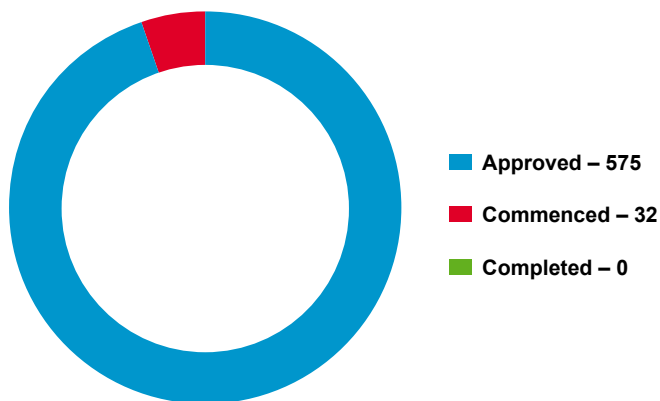
## Black Spot Program

A total of \$150 million was allocated for the Black Spot Program to improve road safety. The full allocation for 2008–09, \$90 million, was paid by 30 June 2009.

607 projects have been approved. These projects are in addition to 558 projects funded under the normal Black Spot Program, which will also be constructed in 2008–09 and 2009–10.

As Chart 20 below shows, 32 Black Spot projects had commenced by 30 June 2009. These were in New South Wales, Western Australia, South Australia, Tasmania and the Australian Capital Territory.

**Chart 20: Black Spot Progress – 30 June 2009**



### BLACK SPOT PROJECTS FORECAST

Since 30 June 2009 a further 56 projects have commenced and five have been completed. It is projected that 75 per cent will have been completed by December 2009.

The remaining \$60 million of approved funding will be paid in 2009–10.

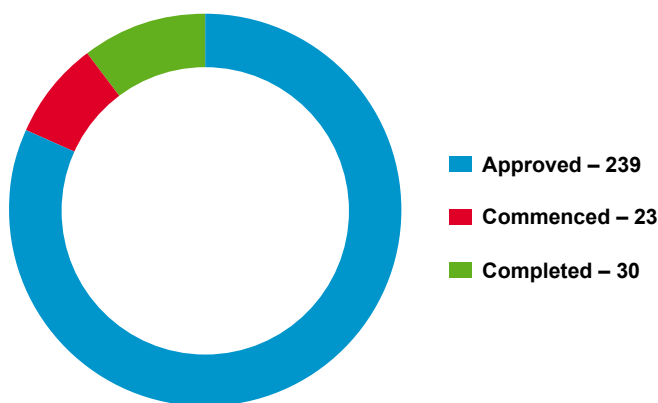
## Boom Gates

\$150 million has been made available for the provision of new boom gates and other safety measures at high-risk rail crossings. The funding allocated was \$50 million in 2008–09 and \$100 million in 2009–10.

The full 2008–09 allocation of \$50 million was paid by 30 June 2009 and all 292 projects were approved.

As Chart 21 shows, good progress has been made in implementing the Boom Gates projects to 30 June 2009. Almost 10 per cent of projects have already been completed.

**Chart 21: Boom Gates Progress – 30 June 2009**



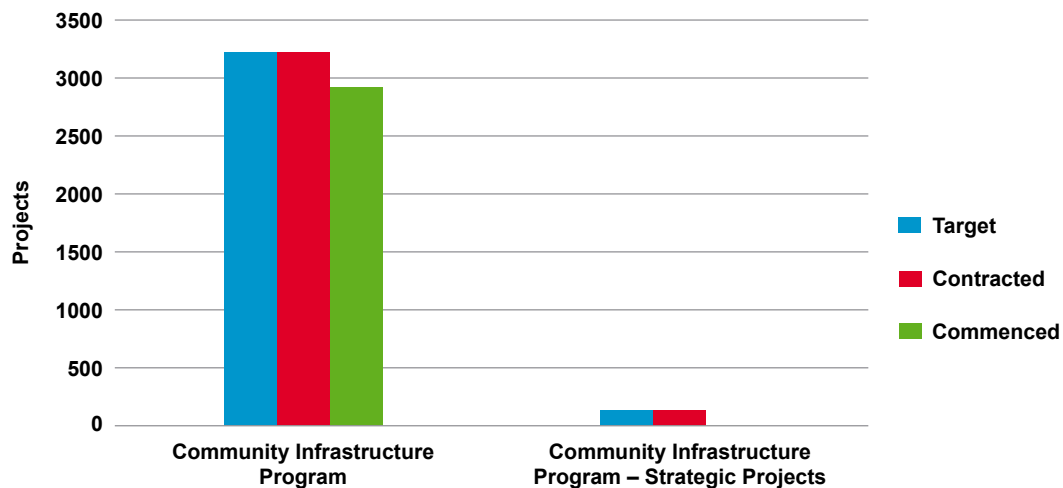
### BOOM GATES PROJECTS FORECAST

By the end of July 2009, 37 Boom Gates projects had been completed, 29 in Victoria and eight in Queensland. Another three projects had also commenced. It is expected that 155 (over 50 per cent) will be completed by 31 December 2009.

The first tranche of the 2009–10 \$100 million allocation is due to be paid in early September 2009.

## Regional and Local Community Infrastructure Program

**Chart 22: Community Infrastructure Program as at 30 June 2009**



Under the Regional and Local Community Infrastructure Program (CIP), the Government made up to \$250 million available to all local governments to build and renew local infrastructure such as community centres, town halls, park and playgrounds, pool and sports facilities.

Projects were selected by individual councils, and over 3,200 projects have been approved Australia wide. The full funding allocation of \$250 million was paid to all local councils by 30 June 2009.

Additionally, \$550 million was made available to local governments under the Community Infrastructure Program – Strategic Projects on a competitive basis. 137 projects were successfully funded through this process.

The figures in the graph above are based on progress reports received from local councils in July 2009, and provide estimated figures on the number of projects which commenced up to 14 August 2009.

### COMMUNITY INFRASTRUCTURE PROJECTS FORECAST

Since 30 June 2009, local councils have reported the commencement of around 3,000 CIP projects and the completion of more than 300 projects.

The 137 strategic projects have all been contracted and more than 20 have commenced since 30 June 2009.





## East Kimberley Development Package

The Joint Assessment of the \$195 million East Kimberley Development Package was launched by the Prime Minister and the Premier of Western Australia on 3 July 2009.

The Package includes key investments in health, education and training, housing, transport and community infrastructure.

The \$16.4 million appropriation for 2008–09 was paid to Western Australia following the signing of the National Partnership Agreement.

### **EAST KIMBERLEY DEVELOPMENT PACKAGE FORECAST**

Officials from the Commonwealth and Western Australian Governments are working together to provide draft Project Implementation Plans in the near future to be agreed in September 2009. These Plans will be critical to the 21 projects being implemented by Western Australia.

On 28 July 2009, two funding agreements were executed with the Shire of Wyndham East Kimberley for:

- Kununurra Airport Upgrade – Patient Transfer Facility (\$0.4 million); and
- Community Sporting Facilities in Kununurra and Wyndham – Upgrade to the Wyndham Pool (\$0.95 million).

### 4.3.6 Energy Efficient Homes

The Energy Efficient Homes Package aims to improve the energy efficiency of Australian homes, helping householders cut their energy use, make their homes more comfortable and save on energy bills.

The key element of the package is the Homeowner Insulation Program (HIP), which provides assistance of up to \$1,600 for homes with little or no ceiling insulation. In addition, the existing assistance for landlords who install ceiling installation under the Low Emission Assistance Plan for Renters (LEAPR) was doubled to \$1,000 and the Solar Hot Water rebate was boosted from \$1,000 to \$1,600 and the previous means test was removed.

During the early establishment phase of the HIP, from February 2009 to the end of June 2009, the program was opened to eligible homeowners while the high volume delivery mechanisms were developed and put into place. While it was not expected that there would be significant demand for the program during this time, it was important not to artificially suppress activity in the industry before 1 July 2009.

Since the announcement of the program guidelines on 26 February 2009, eligible homeowners have been able to seek reimbursement for ceiling insulation installed any time after 3 February 2009. Prior to 1 July 2009, homeowners were required to arrange a minimum of two quotes, pay their installer up front for the installation and then seek a reimbursement from the Government by sending in appropriate documentation.

#### Take-up between February 2009 and 30 June 2009:

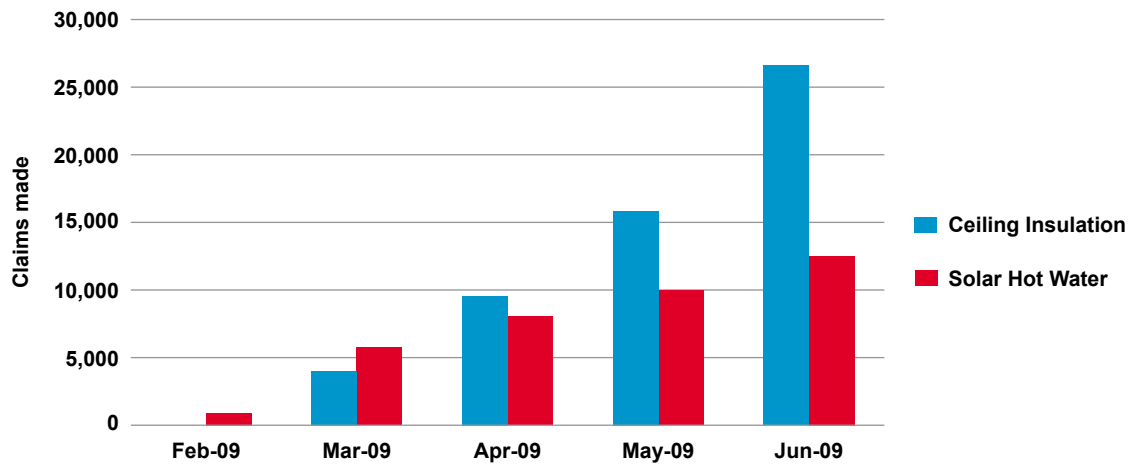
- 56,013 homes were insulated: 52,484 for HIP and 3,526 for LEAPR.
- \$39,476,392 had been paid in rebates to 30 June 2009. This was for the 28,300 claims processed of the 56,013 received. HIP rebates numbered 26,409 and \$37,702,512. LEAPR rebates numbered 1,891 and \$1,773,880.
- 37,300 applications were received with 20,465 solar hot water systems installed and \$32,744,000 in rebates has been paid to eligible applicants nationally.

The Department of the Environment, Water, Heritage and the Arts (DEWHA) has worked to develop an automated payment system and installer register for the new insulation rebates system. (The existing system for Solar Hot Water rebates was retained.) Since 1 July 2009, homeowners have been able to select a registered installer and have insulation installed without any up-front costs (where the total cost is within the \$1,600 limit). For eligible rental properties, only costs over \$1,000 are required to be paid up-front. All installers on the register are required to hold minimum skills and competencies, and their work must comply with Australian standards. More than 6,600 businesses are already on the register, employing thousands of individual installers.

Since the 1 July 2009 start of Phase Two of the Insulation programs, take-up has increased significantly. As at 12 August 2009, over 100,000 claims have been made in Phase Two, bringing the total number of claims to over 170,000. The total claims for Solar Hot Water has reached over 60,000.

The Package provides many opportunities to support jobs in manufacturing, distribution and installation of insulation and efficient hot water heaters. Many of these jobs are suited to new job-seekers who can quickly gain the relevant skills. In July 2009 a Memoranda of Understanding was signed between Government, industry and job service providers agreeing to work closely together to ensure job seekers are connected to training and job opportunities under the Energy Efficient Homes Package

**Chart 23: Energy Efficient Homes take-up**



With the significant take-up since July 2009, there are some intermittent shortages of insulation batts, although supply of other insulation products such as cellulose and foil are keeping up with demand. There is evidence that, as is usual practice in the industry, some suppliers are supplementing the current supply of insulation batts with imports to meet peak demands. However, imported insulation was part of this industry prior to the implementation of the Plan. Industry data provided by DEWHA indicates that manufacturing represents only around 30 per cent of the total costs of installing a square metre of insulation with the remaining the majority of the value in the more labour intensive processes of installation and distribution.

### ENERGY EFFICIENT HOMES FORECAST

When the Plan was announced, it was estimated that the \$3.9 billion in funding would result in up to an additional 2.7 million homes being insulated and over 400,000 homes installing solar hot water. These ambitious targets would require around 80,000 homes per month to receive insulation.

To 30 June 2009, just over 50,000 homes had been insulated during the first phase of the program. Since that time the take-up rate has increased significantly with around 80,000 claims received in July 2009, approaching the rate which will be required to meet the program's investment objectives.

The Homeowner Insulation Program (HIP) has experienced an initial surge in demand since 1 July 2009, due in part to demand during the winter period, good responses to private sector marketing, some built up demand for the product, and the simplified claiming system. Patterns of demand and price will be closely monitored.

Daily application rates for installation of Solar Hot Water Rebates are comparatively high and this element is on track to reach its objective of 10,000 systems installed every month until June 2012. The Government is closely monitoring demand and market behaviour in response to the boosted Solar Hot Water Rebate to ensure the incentives continue to appropriately target the up-front costs of solar and heat pump hot water systems.



# Chapter 5

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Looking Forward  
– Government Response



## 5.1 Going Forward

The previous two chapters provide an insight into the first quarter of the roll out of the Plan, both its effectiveness in providing immediate support for economic activity and jobs as well as the early progress of the various elements that are delivering lasting investments for the community.

This report is the first opportunity for the Commonwealth Coordinator General to provide an assessment to the Government on the progress of projects under the Plan and what the actual patterns are of demand and take up. With five months of implementation experience, a meaningful comparison was possible between the trends to date and the original projections made.

The Government has reviewed the Plan in light of the information contained in this report and the changing patterns of demand for elements of the Plan, and has adjusted the Plan accordingly. The Plan continues to retain its focus on jobs and cushioning the Australian economy from the effects of the global recession.

The adjustments to the Plan are:

## 5.2 Building the Education Revolution (BER)

The P21 element has been extremely successful, attracting a high degree of interest from primary schools across Australia. The original costing was based on 2007 schools and school enrolment data and assumed a 90 per cent utilisation rate of total potential funding. The utilisation of funding has been higher than originally anticipated. This is a result of the program's success, through its flexible delivery arrangements including allowing schools to apply for more than one project, and the release of 2009 enrolment data which shows an increase in the number of students and schools.

To ensure that all Australian primary schools that apply for funding under the P21 Program are able to benefit from the Program, further additional resources (of up to \$1.515 billion over 2009–10 and 2010–11) will be made available. This will provide continued support for the non-residential building construction sector, which has been severely affected by the global recession.

Conversely, the aim of the Science and Language Centres for 21st Century Secondary Schools (SLC) program is being achieved at a lower than expected cost. A total of 537 SLCs have been approved, more than the 500 originally promised, at a cost of \$810 million<sup>3</sup>. This exceeds the Government's original commitment to this part of the program.

## 5.3 Social Housing

At the end of June 2009, more than 7,000 homes had been approved for construction, and that figure has grown to over 11,000 in recent weeks. The delivery of the program has undergone a number of changes and a number of efficiencies have been realised:

- Generous land contributions by State and Territory governments and leveraging by community housing organisations have kept the average cost of the new homes below the original cost estimate of \$300,000.
- In several States the not-for-profit housing sector is leveraging additional dwellings using capital from the social housing program.

3 There is an additional 1.5 per cent provided for administration of the funding, taking the total to \$821.8 million

- Higher than expected private sector demand (due to a combination of low interest rates and the Government's first home owners boost) in some regions has led to some projects initially earmarked for social housing in some regions being sold to home buyers and investors.

In addition, the repairs and maintenance program has resulted in a significantly higher number of public and community housing dwellings being repaired than originally anticipated. This includes major repairs to over 10,000 run down homes that would no longer have been able to be used as social housing, far exceeding the original target of 2,500 homes repaired.

Noting the above efficiencies and changes in demand, the Government has decided to reduce funds available for the final round of the program. Through the above measures the program is aiming to deliver 19,200 new homes and continue to deliver repairs to more than 10,000 run down homes. These changes will result in a reduction of funding of \$750 million.

## 5.4 Defence Housing

The Defence Housing Initiative, which will see 802 houses built, is being achieved at a lower than expected cost.

This has resulted in a reduction in funding of \$6 million in this element of the Plan.

## 5.5 Energy Efficient Homes Package

While the Housing Insulation Program is proving to be very popular the Low Emission Assistance Plan for Renters (LEAPR) is experiencing much slower demand than expected. The program's total allocation averages out at approximately \$6 million per week over 126 weeks, however actual demand is currently averaging about \$1 million per week.

The factors limiting the take up of LEAPR are likely to include the split incentive between tenants and landlords – a pervasive barrier to energy efficiency uptake – and the lower subsidy compared to the Homeowner Insulation Program (HIP), which is also likely to drive installers to increasingly concentrate on the homeowner market.

The Government has decided that better outcomes can be achieved for tenants and landlords by closing the LEAPR program and more strategically targeting the split incentive issue.

Landlords and renters who want to install insulation will now be able to do so under the mainstream HIP – with a maximum subsidy of \$1,600 rather than \$1,000. The HIP will also be capped at its current appropriation. Since 1 July 2009, HIP has experienced increasing demand, partly due to intensive private sector advertising and the involvement of both large and small scale operators entering the sector. The need for public sector campaign advertising for HIP is now no longer required, in the form originally intended.

In addition, the Government will continue to work closely with the social services sector to ensure low income households, including rental households, benefit from the Government's energy efficiency programs, including a new program to specifically assist low-income households to improve their energy efficiency. As this program is outside the scope of the Plan, details will be released separately.

Discontinuing LEAPR will result in reduced funding of \$610 million to the program, in addition to \$10 million from a reduced public advertising campaign for the HIP.

**Table 4: Revised funding breakdown of the \$42 billion Nation Building – Economic Stimulus Plan**

	Program funding on announcement	Revised program funding	Future Funding Difference	Outcome Difference
BER – Primary Schools for the 21st Century	\$12,432 m	\$14,122* m	\$1,515 m	All primary schools will be eligible to receive funding under the P21 program.
BER – National School Pride	\$1,288 m	\$1,288 m	\$0	Nil.
BER – Science and Language Centres	\$1,000 m	\$821.8 m	– \$178.2	Approval targets exceeded at lower than forecast cost.
Social Housing – New Homes	\$5,988 m	\$5,238 m	–\$750 m	Some additional outcomes achieved at lower than forecast cost.
Social Housing – Repairs and Maintenance	\$400 m	\$400 m	\$0	Nil.
Defence Housing	\$252 m	\$246 m	–\$6 m	Outcome of 802 houses will be achieved at lower than forecast cost
Community Infrastructure	\$500 m	\$500	\$0	Nil.
Black Spot Program	\$90 m	\$90 m	\$0	Nil.
Boom Gates for Rail Crossings	\$150 m	\$150 m	\$0	Nil.
Repairs for Regional Roads	\$150 m	\$150 m	\$0	Nil.
Energy Efficiency Homes Package (incorporating Homeowner Insulation, Solar Hot Water Rebate and Low Emission Assistance Plan for Renters)	\$3,859	\$3,239 m	–\$620 m	The Low Emission Assistance Plan for Renters will be discontinued with potential recipients able to apply for funding under the Home Insulation Program. The communications campaign for the package will also be modified.
Small Business & General Business Tax Break	\$2,705	\$2,705	\$0	Nil.
Later negotiated elements	\$1,101	\$1,101	\$0	Nil.
Bonus payments (including Tax Bonus)	\$12,211 m	\$12,211 m	\$0	Nil.
Savings not yet reallocated		\$39.3 m		
	\$42.1 billion	\$42.3 billion		

\* This includes \$175.9 million allocated by DEEWR in 2008-09.



# Chapter 6

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Looking Forward  
– Managing Implementation Risks



## 6.1 Overview

Given the size, complexity and short timeframes for delivery of the Plan, it is essential that robust mechanisms are in place to identify and manage risk, to ensure that the Plan meets the Government's timing for supporting the Australian economy and the expectations of the Australian community.

Commonwealth and State and Territory Coordinators-General play a key leadership role in monitoring the Plan's implementation and this includes identifying and working through cross Plan strategic risks. Strategic risks identified include:

- Capacity in the construction sector;
- Making sure the Plan stays on track and within budget; and
- Ensuring probity and dealing with fraud risks.

An important safeguard is the use, by Commonwealth and State and Territory government agencies, of existing or modified risk management strategies and procurement practices to implement and manage the risks associated with the delivery of individual projects. For example, in implementing the rail projects, the ARTC has expanded existing alliance contracts as a means of mitigating risks.

## 6.2 Industry and Construction Capacity

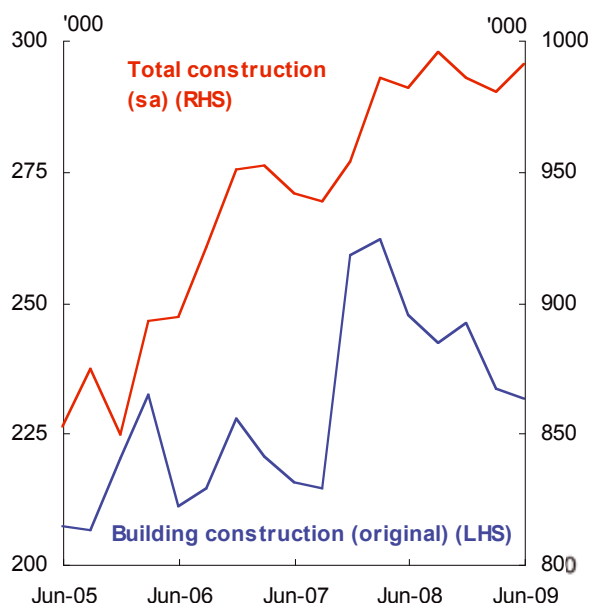
### 6.2.1 Treasury Analysis of Construction Industry Trends

The Australian economy is operating well below capacity and will continue to do so for some time. The Plan aims to dampen the downturn, help to keep more Australians in paid work, and position the Australian economy for recovery.

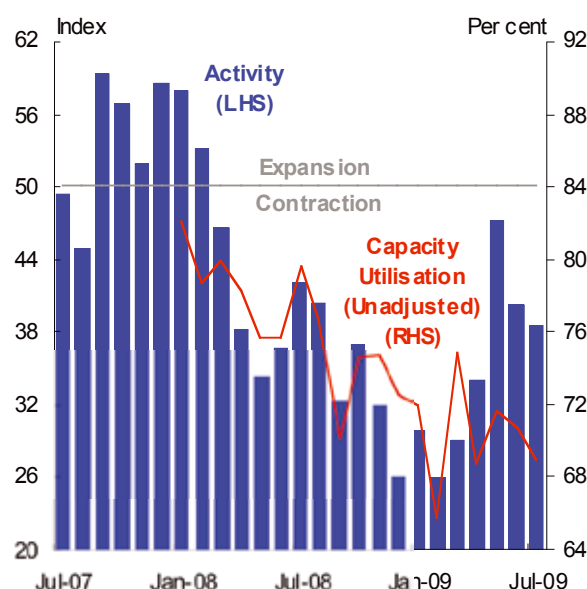
While macroeconomic stimulus measures are clearly having a significant positive effect on the building construction sector, it is expected to have considerable spare capacity in the near term, even after the stimulus measures are taken into account.

- Employment in the building construction sector has fallen by 12 per cent, or around 30,000 persons, since reaching a peak in the March quarter of 2008 (Chart 24).
- Construction sector activity has now fallen for 17 months in a row (Chart 25).
- Measures of capacity utilisation in the construction sector have fallen by around eleven per cent over the same period (Chart 25).

**Chart 24: Construction sector employment**    **Chart 25: Construction activity**



Source: ABS Catalogue Number 6291.0.55.003.



Source: Australian Industry Group/HIA Performance of Construction Index ©.

Note: Reproduced with permission.

In such an environment, the existing stimulus in the building construction sector remains appropriate and will reduce the extent to which unemployment increases.

The Australian Bureau of Statistics building approval data for 2008–09 shows a fall in the value of building approvals of 19.2 per cent from the previous year with both residential and non-residential building approvals showing falls, as outlined in the following table.

**Table 5: Value of building approvals 2008–2009**

	Total residential building		Total non-residential building		Total building	
	\$m	% change	\$m	% change	\$m	% change
NSW	7 412.2	-20.2	6 756.2	-29.3	14 168.4	-24.8
Vic.	11 392.5	-2.7	6 955.0	-29.0	18 347.5	-14.7
Qld	8 801.2	-30.9	8 115.9	-0.9	16 917.1	-19.2
SA	2 563.0	-5.3	1 828.7	-16.0	4 391.7	-10.1
WA	5 584.9	-22.7	2 785.7	-48.9	8 370.6	-33.9
Tas.	763.4	10.7	499.0	-0.7	1 262.4	5.9
NT	382.6	-8.8	353.9	-33.4	736.5	-22.5
ACT	667.1	18.0	1 747.3	83.7	2 414.5	59.2
Aust.	37 566.9	-17.1	29 041.7	-21.8	66 608.6	-19.2

Source: ABS cat 8731.0 - June 2009

## 6.2.2 Managing Capacity and Supply Risks

The Government will continue to monitor the construction sector for any signs that fiscal stimulus is leading to capacity pressures. Building and construction activity, and the impact of stimulus projects will not be uniform across all jurisdictions, in all regions, or across all sectors.

At an industry or regional level, cost pressures, supply constraints, and the capacity of local industries to deliver products and services is a risk to the timely and 'on budget' delivery of individual projects. The Plan is seeking to deliver stimulus immediately within tight timeframes, however, there is also a need to monitor the capacity of the construction and associated industries to deliver projects, right through to the latter stages of the Plan. Coordinators-General continue to liaise with one another and industry will gauge what pressure there will be on different segments of industry and industry's forward capacity to deliver the scale and geographic spread of projects under the Plan.

For example, there are concerns that industry capability and cost pressures are developing in the Primary Schools for the 21st Century (P21) Stage Two and Stage Three procurement processes in some regions. In particular, jurisdictions are concerned that the building industry capability to deliver Stage Three P21 projects in some regional and remote areas will result in few or limited numbers of potential tenders and prices above the projected unit prices determined during the project scoping stage.

This is being managed by jurisdictions seeking to lock in timeframes with builders, in the aim of limiting building cost pressures in these locations. Consequently, jurisdictions are working hard to get all P21 and school building projects contracted by September/October this year. Where reasonable costs are not achieved through initial tender rounds, State and Territory governments may need to re-negotiate prices with the best proponent or consider alternative procurement approaches to ensure projects achieve value for money for the Government.

Jurisdictions are managing potentially higher housing and school construction costs in regional and remote areas within their funding allocations and contingency margins have been built into contracts to cover possible escalating local costs. State and Territory Coordinators-General are managing the allocation of individual amounts between schools, which is allowable in certain circumstances by the BER guidelines.

With energy efficiency a priority in a number of programs the intermittent supply of insulation material has specifically been identified as a risk. There have been ongoing discussions and forums including Ministerial roundtables with manufacturers and suppliers to monitor the situation and to address and limit potential supply issues.

### LOOKING FORWARD

At Commonwealth, State and Territory levels, government agencies are using established relationships with industry associations and the private sector to help gauge industry's capacity to meet the demand on an ongoing basis, in terms of both product supply and labour availability. This information is being used by jurisdictions to actively manage the impacts on regions where possible, through staged contracting and commencements, providing steady work for builders on multiple sites, so they can benefit from economies of scale, increased purchasing power and plan the construction activity to match skills and suppliers' availability.



## 6.3 Making Sure the Plan Stays on Track and on Budget

Over the period from July to September 2009, final assessments and approvals for remaining projects under the Plan will be completed. These final approvals will mark the completion of the establishment phase of the Plan. The delivery phase of the Plan will see construction activity under the Plan pick up across Australia. Since the beginning of the 2009– 2010 financial year there has been a marked increase in the number of projects that have commenced and this will continue over the next nine months with, in particular, more social housing and school on site projects commencing, and a substantial increase in the number of Energy Efficient Homes installation jobs.

Whilst the Commonwealth Coordinator-General is responsible for the overall monitoring of the Plan, Commonwealth and State and Territory government agencies are responsible for delivering most individual elements under the Plan and reporting progress.

The complexity and diversity of projects being tracked and frequency and level of detail of reporting under the Plan is unprecedented. Drawing together data from a myriad of systems presents a significant challenge, however, Coordinators-General and Commonwealth, State and Territory Coordinators have undertaken significant work to develop solid reporting systems. Further work is being done to improve systems for reporting and monitoring of data, including the development of new database systems at the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and the Department of Education, Employment and Workplace Relations (DEEWR).

## 6.4 Ensuring Probity and Dealing with Fraud Risks

The administration of programs of the types in the Plan are the core business of Commonwealth agencies and they have many years of experience in these areas and existing internal departmental systems for monitoring and managing these issues. Agencies are working within relevant legislation and standards, including the Financial Management Act and their own Chief Executive Instructions for management of funds and fraud control. The Plan is also subject to review by the Auditor-General. States and Territories governments work within similar legislative and accountability arrangements.


At the Commonwealth level, the Department of Education, Employment and Workplace Relations (DEEWR) is using existing internal risk management frameworks to develop a risk log for the BER. The Department of the Environment, Water, Heritage and the Arts (DEWHA) has established a Project Control Group, with high level representation from within and outside DEWHA, to monitor progress and make key decisions about the development/implementation of the Energy Efficient Homes Package.

Where necessary, agencies have used additional resources, brought in new staff with specialist knowledge and used private sector experts to bolster existing departmental systems. DEWHA has partnered with Medicare Australia to process rebates for the Homeowner Insulation Program. Medicare Australia's processing systems for payments to medical professionals have readily adapted to pay rebates directly to insulation installers. DEWHA and Medicare have worked together in a very short time to develop a system for registering installers and automating payments for insulation rebates. Since the system was launched on 1 July 2009, over 6,600 installer businesses have been registered and up to 5,000 claims per day for insulation rebates have been processed.

The DEWHA rebate system records costs, material types and the area of ceiling insulated, enabling DEWHA to keep a check that installers are providing value for money insulation. DEWHA is also implementing enhanced compliance, cost and demand management arrangements.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) is closely monitoring the costs of proposed housing projects and assesses all proposals against its independent cost model. FaHCSIA has also appointed a quantity surveyor to assist with reviewing proposals.

Road and Rail and Regional and Local Community Infrastructure Program projects are managed under close relationships between the Department of Infrastructure, Transport, Regional Development and Local Government, and State and Territory governments and local councils. The project funds under these programs are provided largely on a capped basis, transferring the risk of any cost overruns to the government delivering the project.



Defence Housing Australia (DHA) ensures 'value for money' outcomes in all its contracting activity through a formally established and approved procurement framework that implements the principles of the Commonwealth Procurement Guidelines. In addition to cost, the tender process evaluates factors such as tender compliance, house design attributes, and tender risk.

## **LOOKING FORWARD**

Now that the establishment phase is nearing completion the Office of the Coordinator-General is working with State and Territory Coordinators General and Commonwealth agencies to develop an overall Program Assurance Framework (the Framework) across the Plan's programs to confirm and review program assurance and probity.

The Framework is providing a platform for assessing business assurance and risk frameworks in relation to governance and systems, including program and project management, procurement and probity processes, and reporting. It includes a stock take of Commonwealth and State and Territory program management practices, as well as interactions between Commonwealth and State and Territory agencies on contractual and reporting requirements.

A national program assurance reviewer will be appointed to conduct a national program assurance review in the second half of 2009 and report to Coordinators General on best practice, risk identification and improved practices as relevant.

Another step being taken by the Coordinator-General is the establishment of Business Rules, to support Commonwealth agencies in managing complaints, representations and requests for information. These Business Rules are ensuring arrangements in Commonwealth agencies are more consistent and assisting agencies to identify and deal with requests for information.





# Conclusion

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## Conclusion

The main objective of this report has been to provide an analysis of the implementation of the Plan to the Government and the Australian community, from the Plan's inception on 3 February to the end of June 2009. It outlines how quickly on many different fronts the Plan has been mobilized. The analysis shows that, while there are some pressures and that there is a need to modify elements of this stimulus package, the Plan is working well in achieving its aims.

There have also been several other aims of this report.

Firstly, this report has endeavoured to provide an overview of each element of the Plan; the governance arrangements and delivery systems in place; a snapshot of what the Plan has achieved to date; the impact of the Plan on the Australian economy; and the key risks associated with the implementation of this stimulus package.

Secondly, this report has intended to provide the Australian community with information on what has been achieved since the announcement of the Plan. As noted in this report, around 33,000 projects, worth more than \$18 billion, have been approved. Enormous progress has been made in the construction and maintenance work on our schools. By the end of next year, 15,000 new social and Defence homes are scheduled to be built, and construction of around 1,000 dwellings has begun. Community infrastructure projects are being constructed across Australia, along with new roads and rail infrastructure. Further, hundreds of thousands of Australian homes have had ceiling insulation and solar hot water systems installed in their homes.

Thirdly, this report has aimed to provide the Government with an assessment on what aims have been achieved, what the potential future risks are and where priorities may need to be changed.

With this assessment, the Government has decided that aspects of the Plan need to be recalibrated to ensure the maximum impact of the Plan.

The Commonwealth Coordinator-General will continue to monitor the delivery of the Plan and provide analysis to the Government so that the objective of stimulating the economy and creating jobs is achieved.

In all, the Plan has moved from the establishment phase to the delivery phase and there are many challenges ahead. However, the Commonwealth, States and Territories are working together to tackle problems and assist each other in delivering this historically unprecedented measure to support Australian employment and invest in future growth of the Australian economy.





