



Australian Government



Commonwealth Coordinator-General's

Two Year Progress Report

To 31 January 2011

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The consolidated information in this report is provided 'as reported by implementing agencies' for 31 January 2011. It may not reflect the entirety of actual activity due to reporting timelines.

The data values have been rounded for ease of reporting.

Foreword

The Nation Building – Economic Stimulus Plan (the Plan) was announced on 3 February 2009, as part of the Australian Government’s response to the global financial crisis.

This report provides an update on the implementation of the Plan at the two year mark – from February 2009 to the end of January 2011. The two years since the Plan was announced have seen the delivery of nearly 50,000 major projects nationally.

As at the end of January 2011, almost 98 per cent of the approved projects have commenced, 75 per cent (36,800) of major infrastructure projects have been completed across all States and Territories and nearly 90 per cent of the funding allocated to these projects has been paid by the Commonwealth.

While stimulating the economy and supporting jobs at the time of the global financial crisis was the primary objective of the Plan, communities across Australia will benefit for years to come from a wide range of education, housing and infrastructure investments.

Finally, I would like to acknowledge the State and Territory Coordinators-General, both past and present, who have contributed to this report and the stimulus work.

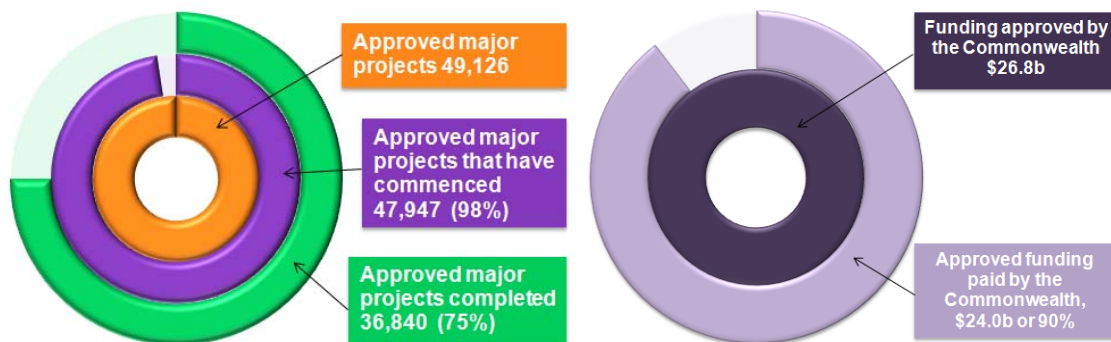
Lyn O’Connell

Commonwealth Coordinator-General

The Nation Building – Economic Stimulus Plan: Two Years On

Key Outcomes

As at 31 January 2011, just on two years since the Plan's inception, 98% of approved projects had commenced, 75 per cent of major projects had been completed and \$24 billion or 90 per cent of funding, had been paid by the Commonwealth.



- Around 9,500 schools have benefitted from improvements to existing learning and teaching environments;
- Over 7,800 projects for new teaching and learning facilities at primary, secondary and tertiary education institutions have been completed, with a further 3,900 under construction;
- Around 80,000 social and community housing dwellings have benefitted from repairs and maintenance work with over 12,000 dwellings returned or retained in stock, ensuring better conditions and security of tenure for many families in social housing;
- Over 12,200 new defence and social housing dwellings have been built, with a further 7,000 dwellings under construction;
- Over 3,200 local community facilities such as community centres, town halls, parks, playgrounds, pools and sportsgrounds have been built or improved; and
- Safety has been improved at over 880 targeted road and rail sites, particularly in regional areas, such as Townsville, which had 5 boom gates installed at its rail crossings under the Plan.

Design of the Plan

Over the last 2 years, the Australian Government's stimulus packages have supported the economy and helped prevent Australia from sliding into recession.

The Nation Building – Economic Stimulus Plan (the Plan), a key component of the Australian Government's stimulus strategy, is providing \$27 billion towards nearly 50,000 short and medium term building and construction projects.

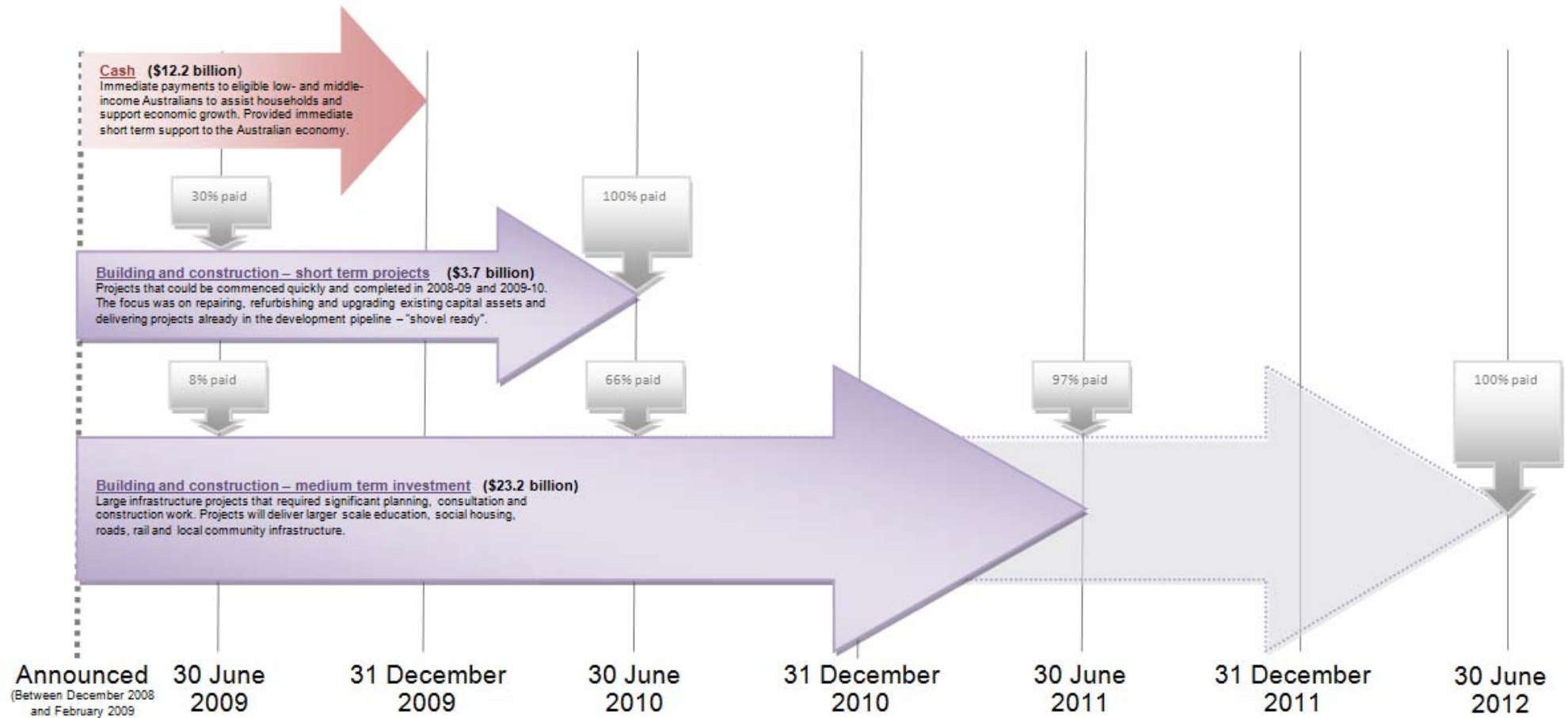
The Plan was designed so that the impact and benefits of the various programs would be felt across several financial years while also ensuring there would be an immediate impact through targeted initiatives. Short term programs such as minor repairs and maintenance to schools and social housing were incorporated to quickly bolster the economy from the beginning of 2009 and give businesses in the construction industry the confidence to keep workers employed. The medium term building and construction projects were designed to support the building, construction and infrastructure sectors from early 2009 until 2011-12. These important sectors will continue to benefit from some support in 2011-12 as the last of the funding is fed into the economy.

The staggered design of the building and construction projects recognised that whilst some smaller projects already in the development pipeline could commence in the 2008-09 financial year, there was time required to properly scope and tender larger projects, which meant that most of these projects would commence in the 2009-10 financial year. This also allowed the demand for materials and services required to deliver the building and construction projects to be spread across a longer timeframe.

The Plan was purposely designed to inject the bulk of the funding by 30 June 2010, followed by a gradual withdrawal of funding into 2011 and 2012.

Timing of the Nation Building – Economic Stimulus Plan

The phases of the stimulus activities were staggered to ensure that there could be immediate impacts to the economy, while medium term investments were being put in place to sustain the stimulus for the building and construction sector, until the gradual withdrawal in 2011-12.



Elements of the Plan

The building and construction work being delivered through the Plan is seeing substantial investment in roads, railways, schools and social and community facilities including:

- the Building the Education Revolution program investing \$16.2 billion in building and refurbishing primary and secondary school infrastructure;
- \$5.9 billion to boost the number of social and defence houses by around 20,000 and to fast-track repairs and maintenance of existing social housing;
- \$1.7 billion for investment in higher and vocational education as well as trade training centres;
- \$800 million to enhance local community facilities and infrastructure;
- \$2.3 billion to improve road and rail infrastructure and safety including repairs to regional roads and improvements at safety black spots and the installation of boom gates at rail crossings.

Coordination of the Plan

A unique coordination framework was deployed to drive the work. This involved Coordinators-General in every state and territory working with the Commonwealth and their state agencies to ensure delivery was timely and industry could benefit from the stimulus. This model has proven to be highly effective in delivering programs to meet the timelines and outcomes of the *National Partnership Agreement on the Nation Building and Jobs Plan: Building prosperity for the future and supporting jobs now*, signed by Council of Australian Governments members on 5 February 2009.

Commonwealth, State and Territory Coordinators-General and Commonwealth Coordinators actively identified and analysed high level coordination risks, implemented mitigation strategies and monitored the ongoing effectiveness of these strategies. To achieve this, enhanced reporting arrangements and regular ongoing engagement at both the Commonwealth and jurisdiction levels were put in place throughout the implementation and delivery of the Plan.

Economic Impacts of the Plan

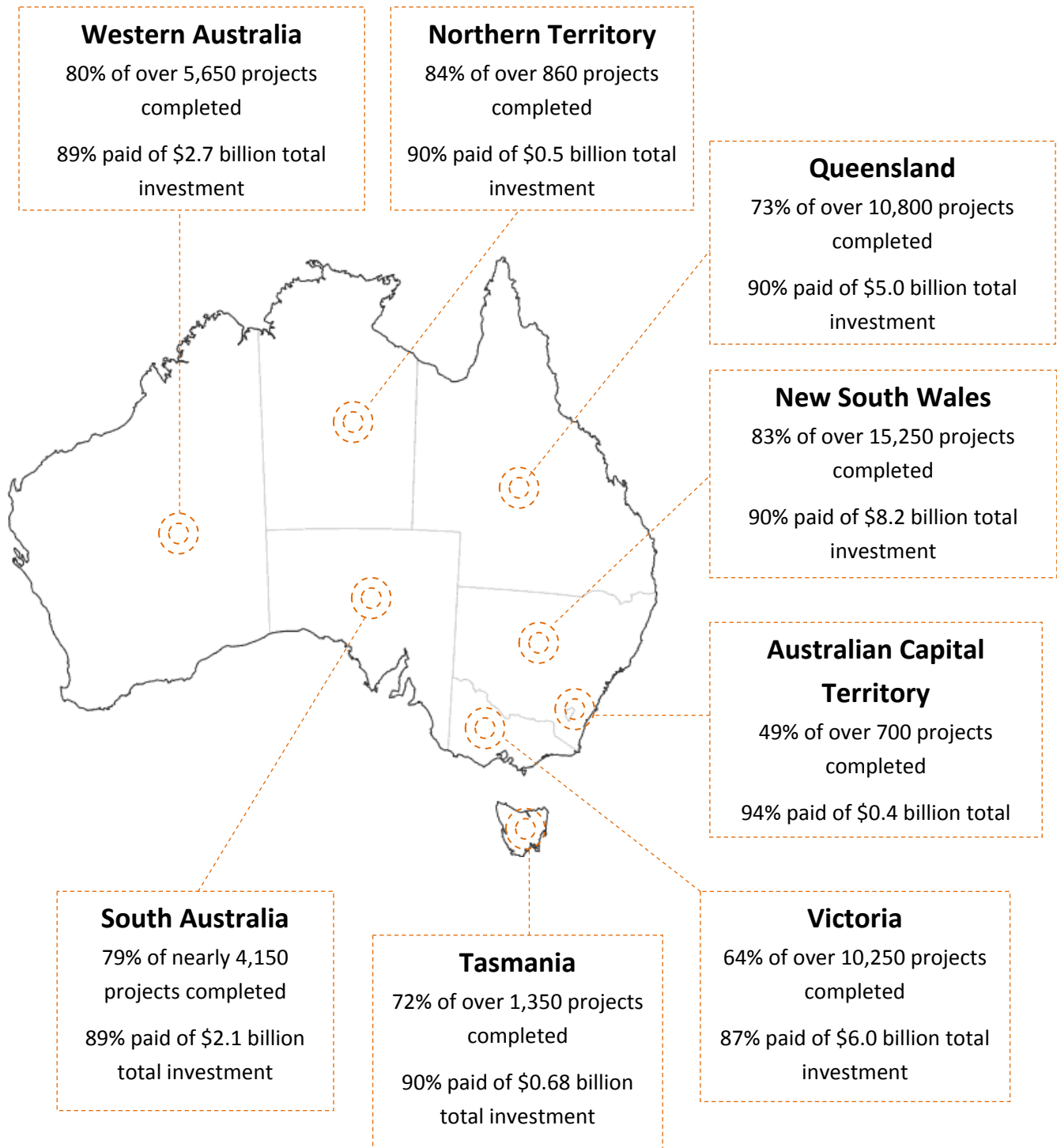
The Commonwealth Treasury states that the fiscal stimulus provided by the Government supported the economy during the severe global downturn that began in 2008. The stimulus was well-timed and supported economic activity and jobs, ensuring a relatively shallow domestic downturn, avoiding the damage associated with widespread business failures and high unemployment.

The stimulus package contributed around 2 percentage points to economic growth in 2009. The stimulus was essential to supporting the economy and as economic conditions have improved, the fiscal stimulus is being withdrawn, beginning in the March quarter of 2010. The stimulus is expected to detract around 1 percentage point from economic growth in 2010-11 and ½ of a percentage point in 2011-12.

Notwithstanding the recent natural disasters, private sector demand is now recovering with business investment expected to be the key driver of economic growth over the next few years, promoting a transition from stimulus supported growth to privately generated activity.

Stimulus across Australia by State and Territory

The Plan was designed to ensure that industry across Australia was supported and a wide range of communities could benefit in the long term from the infrastructure investments.



Short term programs

At the Plan's inception, eight programs were scheduled to be completed on or before 30 June 2010. This was a very ambitious target, which was needed to ensure that the short term projects were implemented quickly, and that everybody in government and industry could demonstrate their commitment to the Plan. These short-term programs involved almost 18,000 major projects to improve education infrastructure, facilities in local communities, and road and rail safety.

More than 95 per cent of these projects were completed by 30 June 2010 with over 99 per cent of the approved funding paid. At 31 January 2011, 99 per cent of these projects had been completed.

In addition to the Plan's major construction projects, around 80,000 social housing dwellings had benefited from repairs and maintenance works and 12,000 dwellings kept or returned to stock that would otherwise have been lost.

The eight programs delivering this part of the Plan were:

- Building the Education Revolution - National School Pride, and Science and Language Centres;
- Social Housing Initiative - Repairs and Maintenance;
- Teaching and Learning Capital Fund - Vocational Education and Training;
- Regional and Local Community Infrastructure Program – Council Allocation;
- Black Spot Program;
- Boom Gates for Rail Crossings; and
- Repairs for regional roads

Effectively all programs have now been completed except for Science and Language Centres.

The **Science and Language Centres for the 21st Century Secondary Schools (SLC)** program saw 537 secondary schools receive funding under of the Building the Education Revolution. While initially planned for 500 schools, an additional 37 schools will receive facilities under the program due to individual schools seeking less funding for projects than originally anticipated.

With the need to focus on the quick rollout of the other programs within the Building the Education Revolution, the Commonwealth delayed approvals for many SLC projects. The high demand for the Primary Schools for the 21st Century program and its associated recalibration providing additional funding were also factors.

Consequently education authorities have been granted extensions to the completion date for individual SLC projects to achieve the best outcome for school communities. As at 31 January 2011 nearly 74 per cent of projects have been completed and all remaining projects are underway.

Medium term programs

Medium term programs were developed to ensure that large, sustained programs of work could be undertaken by the building and construction industry. Given the size and complexity of these programs, time was needed, while the short term programs were underway, to properly plan and approve these projects. These programs were designed to support medium term growth and their contribution to economic activity was over \$20 billion, with activity peaking in 2009-10 as designed, buffering Australia from the worst of the global financial crisis.

The nine medium term building and construction programs under the Plan remain on track to be completed in accordance with program objectives.

The nine medium term programs are:

- Building the Education Revolution – Primary Schools for the 21st Century;
- Social Housing Initiative – Construction of new dwellings;
- Teaching and Learning Capital Fund – Higher Education;
- Education Investment Fund – Round 1;
- Trade Training Centres – Round 2;
- Regional and Local Community Infrastructure Program – Strategic Projects;
- Defence Housing program;
- Australian Rail Track Corporation Rail Investment; and
- 14 Major Road projects.

Funding of \$23.2 billion was provided for over 31,300 projects across the nine programs to provide stimulus to 30 June 2011 and support growth in the medium-term.

As at the end of January 2011 over 61 per cent of medium term projects had been completed. Less than four per cent of these projects were still to commence, almost all of these being Social Housing Initiative dwellings which are on schedule for completion in the 2011-12 financial year.

By the end of June 2012, all but a few longer term projects will have been completed and the vast majority of building and construction work is on track to be completed by 30 June 2011.

Conclusion of the stimulus

The building and construction of new infrastructure through these programs will provide a long lasting legacy to Australia's education, housing and transport sectors and the foundations for a better skilled and resourced workforce boosting the country's long term economic potential.

As most programs transition from the construction phase into completion and closure, the Coordination arrangements put in place during the early stages of the Plan are being wound back over time as delivery of the remaining elements is completed.

Additional information on each program is available on the Plan website:

<http://www.economicstimulusplan.gov.au/pages/default.aspx>

Further updates on progress will be provided online as the Plan concludes. Further details on each of the ongoing programs will also be available from their dedicated websites:

Building the Education Revolution

Department of Education, Employment and Workplace Relations

<http://www.deewr.gov.au/schooling/buildingtheeducationrevolution/Pages/default.aspx>

Defence Houses

Defence Housing Australia

<http://www.dha.gov.au/nb-esp/index.html>

Education Investment Fund

Department of Education, Employment and Workplace Relations

<http://www.deewr.gov.au/HigherEducation/Programs/EIF/Pages/default.aspx>

Road and rail infrastructure, and Regional and Local Community Infrastructure Program

Department of Transport, Infrastructure, Regional Development and Local Government

<http://www.infrastructure.gov.au/infrastructure/esp/index.aspx>

Social Housing Initiative

Department of Family Housing Community Services and Indigenous Affairs

http://www.fahcsia.gov.au/sa/housing/progserv/social_housing/Pages/default.aspx

Trade Training Centres in Schools

Department of Education, Employment and Workplace Relations

<http://www.deewr.gov.au/Schooling/TradeTrainingCentres/Pages/BuildingtheEducationRevolutioninTradeTrainingCentres.aspx>

Teaching and Learning Capital Fund – Vocational Education and Training

Department of Education, Employment and Workplace Relations

<http://www.deewr.gov.au/Skills/Programs/Infrastructure/TLCF/Pages/TLCFforVET.aspx>

Teaching and Learning Capital Fund – Higher Education

Department of Education, Employment and Workplace Relations

<http://www.deewr.gov.au/HigherEducation/Programs/EIF/TLCHE/Pages/Home.aspx>