

## **CHAPTER 2**

### **Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 and Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009**

#### **Purpose of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009**

2.1 The primary purpose of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 is to propose appropriations from the Consolidated Revenue Fund for the ordinary annual services of the Government in relation to the Government's Nation Building and Jobs Plan.

2.2 The bill appropriates a total of \$89 million, comprising \$39 million to the Department of Environment, Water, Heritage and the Arts for energy efficiency measures and \$50 million to the Australian Taxation Office to administer the Tax Bonus for Working Australians component of the Government's economic stimulus package.

2.3 The bill gives effect to the Energy Efficient Homes program component of the Nation Building and Jobs Plan. Under this program, which will run from 1 July 2009 until 31 December 2011, the Government will offer to install ceiling insulation of up to \$1600 in value in all uninsulated owner-occupied homes. According to the Minister's second reading speech, this will invest \$2.7 billion in housing modernisation by the end of 2011 and result in the insulation of almost all Australian homes.

2.4 As a further part of the Energy Efficient Homes program, the bill also enhances two existing energy efficiency programs:

- under the Low Emissions Plan for Renters, there will be an increase in the maximum rebate (from \$500 to \$1000) until 30 June 2011 for landlords installing insulation in an uncapped number of rental homes. The Government will provide additional funding of \$612.5 million under this new arrangement; and
- it is proposed to increase—from \$1000 to \$1600—the Solar Hot Water Rebate for those households that do not access the insulation program and that replace existing electric hot water systems with a solar and heat pump hot water system before 30 June 2012. There will no longer be a means test limiting access to this rebate. Additional funding for this program is \$507 million.

2.5 In his second reading speech, the Minister highlighted a dual policy purpose to these programs of targeting climate change and supporting jobs:

The Energy Efficient Homes program will see an additional \$3.9 billion invested in the fight against climate change and delivers on the Government's household energy efficiency commitments in the Carbon Pollution Reduction Scheme White Paper.

...

This investment in energy efficiency will modernise Australia's existing housing stock and contribute to meeting Australia's 2020 target for emissions reductions.

In addition to long-term environmental benefits, this package supports the jobs of tradespeople and other workers employed in the manufacturing, distribution and installation of ceiling insulation and solar and heat pump hot water systems.<sup>1</sup>

2.6 The bill also contains enabling funding to ensure timely delivery of one-off tax bonus payments to working Australians.

## **Outline of the Appropriation (Nation Building and Jobs) Bill (No. 1) 2008-2009 Bill**

### ***Part 1—Preliminary***

2.7 Part 1 of the Bill (Clauses 1 to 5) sets out definitions, the role of portfolio statements in interpretation of the bill, and the treatment of notional payments.

### ***Part 2—Appropriation items***

2.8 Clause 6 summarises the total of the appropriations in Schedule 1 of the bill and also identifies that these amounts may be altered under provisions in Part 3 of the bill or in accordance with sections 30 to 32 of the Financial Management and Accountability (FMA Act).

2.9 Clause 7 proposes appropriations for departmental items in the amounts set out in Schedule 1, while clause 8 proposes appropriations for administered items.

2.10 Clause 9 provides for appropriations for Commonwealth Authorities and Companies Act (CAC Act) bodies to be paid from the Consolidated Revenue Fund by the relevant department.

### ***Part 3—Adjusting appropriation items***

2.11 Clause 10 sets out the conditions under which departmental items may be reduced. Similarly, clause 11 specifies the circumstances in which administered items may be reduced, and clause 12 addresses adjustments in payments to CAC Act bodies.

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1 The Hon Peter Garrett, Minister for the Environment, Heritage and the Arts, *House of Representatives Hansard*, 4.2.09, p.9.

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#### ***Part 4—Miscellaneous***

2.12 Clause 13 of the bill deals with credits to special accounts (as defined in the FMA Act). Clause 14 of the bill notes that, in addition to the adjustment provisions found in Part 3, appropriations in the bill may be adjusted in accordance with the FMA Act.

#### ***Schedule 1***

2.13 Finally, Schedule 1 sets out the total appropriations in the bill (\$89 million).

#### **Purpose of the Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009**

2.14 The primary purpose of the Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009 is to propose appropriations from the Consolidated Revenue Fund for services in relation to the Government's Nation Building and Jobs Plan that are not ordinary annual services of the Government.

2.15 The Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009 appropriates a total of about \$1727 million, as follows:

- \$987.2 million for the Department of Education, Employment and Workplace Relations under the Building the Education Revolution program;
- \$260 million for the Department of Families, Housing, Community Services and Indigenous Affairs for social housing; and
- \$480 million to the Department of Infrastructure, Transport, Regional Development and Local Government for repairs to national highways, installation of boom gates at rail crossings, the Black Spot program, and the Regional and Local Community Infrastructure Program: Strategic Projects program.

2.16 These monies are to be paid to the States, Territories and local governments as specific purpose payments.

#### ***Funding for schools***

2.17 The Building the Education Revolution program is a \$14.7 billion initiative with three key programs:

- Primary Schools for the 21<sup>st</sup> Century provides \$12.4 billion over three years for upgrading or building major infrastructure such as multipurpose hall and libraries. Both government and non-government primary schools are eligible to compete for the available funds, with priority being given to those schools building new facilities;
- Science and Language Centres for 21<sup>st</sup> Century Secondary Schools provides \$1 billion over three years for the construction of up to 500 science laboratories or language learning centres. Both government and

non-government schools are eligible to apply for this funding, which will be allocated on the basis of demonstrated need and capacity to complete the project by 30 June 2010; and

- Renewing Australian Schools will allocate \$1.3 billion for all Australian schools to undertake maintenance and minor building works. Funding caps will be determined by school size.<sup>2</sup>

2.18 In his second reading speech the Treasurer described this component of the Government's economic stimulus package as 'the largest and most ambitious school modernisation program in Australian history...the centrepiece of our Nation Building and Jobs Plan.'<sup>3</sup> He emphasised that the program would be wide-reaching, with the potential to benefit each of Australia's 9540 schools.

### ***Funding for social housing***

2.19 Under the Commonwealth Social Housing Initiative, up to \$6 billion will be provided for the construction of approximately 20 000 dwellings by December 2010. Around \$400 million will also be allocated for the repair of currently uninhabitable public houses. As noted by the Treasurer:

Improving the supply of affordable housing is a key part of achieving the government's goal of halving the level of homelessness by 2020.

Across Australia, individuals and families in the bottom 40 per cent of earners are struggling to find affordable housing.

For these people the social housing system is a key element of Australia's social safety net.<sup>4</sup>

### ***Community infrastructure***

2.20 An additional \$500 million is to be provided over two years to support large local government strategic projects. Examples include community infrastructure such as halls, community centres and sport and recreation facilities. This is in addition to funding announced at the Australian Council of Local Governments in November 2008.<sup>5</sup>

2.21 There is also funding in the bill to improve land transport infrastructure. It appropriates \$150 million to repair regional links on the national highway, and it

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2 Department of Education, Employment and Workplace Relations, *Building the education revolution*, <http://www.deewr.gov.au/Schooling/BuildingTheEducationRevolution/Pages/default.aspx>, accessed on 6 February 2009.

3 The Hon Wayne Swan, Treasurer, *House of Representatives Hansard*, 4.2.09, p.6.

4 The Hon. Wayne Swan, Treasurer, *House of Representatives Hansard*, 4.2.09, p.7.

5 Updated Economic and Fiscal Outlook, February 2009, p. 69, at [http://www.budget.gov.au/2008-09/content/uefo/download/Combined\\_UFO.pdf](http://www.budget.gov.au/2008-09/content/uefo/download/Combined_UFO.pdf)

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appropriates \$150 million over two years to improve road and rail safety through the installation of boom gates at rail crossings (prioritised on the basis of a safety risk assessment).

2.22 In addition, the bill appropriates a further \$90 million over two years for the existing road safety Black Spot program which aims to identify and remedy dangerous Australian road locations. This is on top of increased funding for this program announced under the Government's 12 December 2008 Nation Building Package.<sup>6</sup>

2.23 According to the Treasurer's second reading speech, these components of the bill help to meet a 'desperate need' for upgraded infrastructure in Australian communities and will enhance the safety of both motorists and passengers.

## **Outline of the Appropriation (Nation Building and Jobs) Bill (No. 2) 2008-2009**

### ***Part 1—Preliminary***

2.24 Part 1 of the bill (Clauses 1 to 5) sets out definitions, the role of portfolio statements in interpretation of the bill, and the treatment of notional payments.

### ***Part 2—Appropriation items***

2.25 Clause 6 summarises the total of the appropriations in Schedule 1 of the bill and also identifies that these amounts may be altered under provisions in Part 3 of the bill or in accordance with sections 30 to 32 of the FMA Act.

2.26 The remainder of this part proposes appropriations for amounts listed in schedule 2 to make payments to State, Territory and local government items (clause 7), administered items (clause 8), administered assets and liabilities items (clause 9), other departmental items (clause 10) and CAC Act body payment items (clause 11).

### ***Part 3—Adjusting appropriation items***

2.27 This part sets out ways in which Schedule 2 amounts may be adjusted. Specially, Clause 12 relates to reductions in state, territory and local government items and administered items; Clause 13 relates to reductions in administered assets and liabilities items and other departmental items; and Clause 14 relates to reductions in CAC Act body payment items.

### ***Part 4—Miscellaneous***

2.28 Clause 15 of the bill deals with credits to special accounts (as defined in the FMA Act). Clause 16 sets out the conditions that apply to State, Territory and local government payment items. Clause 17 of the bill notes that, in addition to the

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6 Updated Economic and Fiscal Outlook, February 2009, p. 70, at [http://www.budget.gov.au/2008-09/content/uefo/download/Combined\\_UFEO.pdf](http://www.budget.gov.au/2008-09/content/uefo/download/Combined_UFEO.pdf)

adjustment provisions found in Part 3, appropriations in the bill may be adjusted in accordance with the FMA Act.

***Schedule 1—Payments to or for the States, ACT, NT and local government***

***Schedule 2—Services for which money is appropriated***

2.29 Schedule 1 to the bill identifies the entities, outcomes and responsible ministers involved in payments to or for the States, Territories and local government. The amounts that this bill will appropriate are set out in Schedule 2, to a total amount of \$1727 million.

**Issues**

***Energy Efficiency Measures***

2.30 The energy efficiency measures included in the Nation Building and Jobs Plan serve more than one purpose. In addition to the benefit to households in the form of lower power bills and the benefit to the environment in the form of reduced carbon emissions, the initiatives also serve to create employment and pump extra government spending into the economy. Adj. Prof. Alan Pears summarised some of the benefits in the following statement:

The purchases of energy efficient products, the labour involved in installing them, in doing renovations and things like that, create jobs in the services and light manufacturing sectors, which are the most employment intensive sectors of the economy. Energy efficiency offers ongoing economic, environmental and social benefits—in particular through reduced energy bills, which effectively is the equivalent to an ongoing tax cut. It also improves business productivity and the health of our community and reduces pressure on our seriously stretched energy supply systems.<sup>7</sup>

2.31 The questioning surrounding the Energy Efficient Homes program focussed on two main areas. Firstly, there were many questions about other initiatives that could have been considered under the mantle of environmental measures. Secondly, there were several questions that sought to analyse problems with the proposed package.

2.32 The Department of Environment, Water, Heritage and Arts (DEWHA) was asked by several senators whether other environmental measures had been considered for inclusion in the plan. Mr Malcolm Forbes, Secretary of DEWHA, commented that:

We provided advice with regard to energy efficiency for housing in this particular package. Governments, in the end, have to make trade-offs about what is going to be the best for the certain objects they are achieving. In this

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7 Adjunct Professor A Pears, *Committee Hansard*, 9.2.09, p.14

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particular case they made the choice that insulation was the most effective for what they were attempting to achieve.<sup>8</sup>

2.33 The proposed Energy Efficient Homes program will provide up to \$1600 for ceiling insulation in all uninsulated owner-occupied homes. DEHWA was asked about the carbon footprint of the production of the insulation required for the program. Mr Ross Carter responded that:

We have not done calculations around the carbon footprint or emissions. The Department of Climate Change is the department responsible for looking at carbon emissions and doing abatement and other calculations around that.<sup>9</sup>

2.34 Mr Carter also added that 'in our advice, we focused on the energy efficiency aspects, not on the life cycle issues that might surround some of those insulation products'.<sup>10</sup>

2.35 In relation to the production of the insulation, the Committee examined whether it was produced domestically or internationally. When asked whether the installers who were consulted on the average cost of installing insulation in Australian homes were suggesting domestically produced or imported insulation, Mr Carter responded that it was predominantly domestically produced insulation, including wool, and that:

This is an averaging across a range of installation products that include fibreglass, rock wool, natural wool, polyester, polystyrene boards, loose fill—there is quite a range of materials.<sup>11</sup>

2.36 Another issue raised in regard to the program was whether the rebate would cover the full cost of installation of insulation. DEWHA responded that the average cost of installation estimated by the Department was \$1200, although it was not specified what size of house this was for.<sup>12</sup>

2.37 A further issue involved the suitability of the solar hot-water initiative for all climates. It was suggested that an evacuated tube system, currently not included in the rebate was more effective for the Tasmanian climate. The response from Mr Carter was as follows:

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8 Mr M Forbes, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.57.

9 Mr R Carter, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.54.

10 Mr R Carter, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.58.

11 Mr R Carter, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.55.

12 Mr R Carter, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.53.

The current proposal is to increase the rebate that is available and remove the means test from the existing program, and the guidelines for that do not allow for evacuated tubes. We have indicated that we will be reviewing that program and, as I discussed with you at estimates previously, there are some technical issues around the verification of the performance of evacuated tubes because of the combination often with electric storage and the difficulty in demonstrating the renewable energy certificate generation of that. But it is an issue that we are bringing into the review of those guidelines.<sup>13</sup>

2.38 One final issue covered in the hearing was concern over the omission of aged-care facilities from the program. Mrs Wiley-Smith, DEWHA, when asked whether these facilities were considered in the context of the package, responded to this saying:

No. In the Low Emission Plan for Renters, we are considering as part of that making sure that those types of sectors are eligible. That is something that will be determined when we go through some of the consultation processes we have planned with industry in the next few weeks.<sup>14</sup>

### ***Appropriation of \$50 million for the Australian Tax Office***

2.39 The Australian Tax Office (ATO) was questioned about the \$50 million provided to it by the bill. The ATO responded in a written answer that the \$50 million was to fund:

- the designing, developing, building and testing of modifications to existing IT and business systems
- expenditure associated with printing and distributing cheques and notices of payment
- establishing a dedicated call centre to provide information about the initiative
- giving taxpayers the opportunity to update payment preferences for the bonus via a number of electronic and call centre channels
- expenditure associated with marketing and communications – this includes reminders to lodge and to update details, and
- working with tax agents to develop practical steps to manage any impacts from the payment of the tax bonus.<sup>15</sup>

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13 Mr R Carter, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.53

14 Mrs M Wiley-Smith, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.02.09, p.58.

15 Australian Taxation Office, *Answer to Question on Notice*, 6.2.09.



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### ***Building the Education Revolution***

2.40 The Building the Education Revolution program seeks to achieve twin goals. On the one hand, it was designed as a social infrastructure project that could get construction underway in a relatively short period of time, acting as a stimulus to the economy. On the other hand, it aims to provide an education benefit to schools, and social benefit to communities around the nation. A variety of issues were canvassed during the hearing, with some related the design of the scheme itself, and others related to the economic benefits it could potentially bring in the context of the overall Nation Building and Jobs Plan.

2.41 In terms of the benefit to the schools themselves, several issues were raised.

2.42 Firstly, it was asked whether there was actually a need for the building and maintenance programs, and whether schools had been consulted on this matter. Dr Nicoll replied that:

The contact that I had with states and territories identified that there was clearly a need for investment in capital that they at this point could not meet and that that ranged from minor infrastructure, such as that which is going to be addressed under the national school pride program, and major builds which are going to be addressed by the primary school element of the program.<sup>16</sup>

2.43 Similarly, there was a concern raised that funding would not take into account financial need, and thus fund projects at schools which were already relatively wealthy. In response to this, Dr Nicoll stated:

It was a government decision that the two elements of the program would be available to every primary school or special school or, in K to 12, primary school program in every school in the country under the School Pride program. There are elements about need within that. The community access point is one where the sorts of schools you might be describing that might be considered to be well endowed will have to make any new buildings or refurbished buildings in their primary schools accessible by the community. The element of need is addressed in the science and languages centres program. Up to 500 schools that will receive new buildings will be looked at on the basis of disadvantage and need.<sup>17</sup>

2.44 There was also concern that though the program would be able to fund large infrastructure projects on the one hand, and small projects through the maintenance

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16 Dr Ca Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.42.

17 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.51.

fund, but would not cover middle-size projects such as shade cloths. However the Committee heard that such projects could indeed be considered under the program.<sup>18</sup>

2.45 Finally, it was asked whether schools that did not have any remaining land upon which to build would miss out under the initiative. It was pointed out that these schools could always refurbish existing buildings. Dr Nicoll said:

In those cases, there is an opportunity for those schools to refurbish an existing assembly hall, an existing library or other buildings. Based on the sort of information that we have collected and that you would know from your own experience in Tasmania, every school has a capacity to refurbish some building, to improve the learning environment for students. So that is absolutely an option for schools. We do not want the schools missing out. The government does not want that to occur. There are common sense options for schools to consider.<sup>19</sup>

2.46 In addition to the benefit to schools, the Committee heard that it was a condition of the funding of the construction of new school buildings that they be made available to the community at low cost. Dr Nicoll elaborated:

There is a significant community element that I have not had an opportunity to mention but would like to. Under the Primary Schools for the 21st Century, every new school, new building or refurbished building funded under this program must be accessible by the community at no or low cost and that includes in the non-government sector. This is going to open up school facilities to local communities in a way that has not occurred before as well. So it is a very significant linking.<sup>20</sup>

2.47 In terms of the economic benefit of the scheme, the Committee heard that one aim was to increase employment, and that this would be monitored through an online portal. Dr Carol Nicoll, Department of Environment, Water, Heritage and Arts, stated that:

Clearly there are two intents from Building the Education Revolution. One is to provide stimulus to economies and local economies and generate jobs. As part of that, every school that receives money under this program, which is every school in the country, will report on an online portal about the projects they have got and how many people were employed on those jobs,

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18 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.48.

19 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.49.

20 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.49.

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including apprentices, so that there is a correlation between the actual project and the number of people who were employed on that project.<sup>21</sup>

2.48 However, the point was raised that if the Commonwealth initiative merely supplanted existing State and Territory initiatives, the overall economic effect would be reduced. In response to the problem of a potential substitution of efforts, Dr Nicoll said:

Building the Education Revolution is additional funding. As part of the national partnership agreement that the premiers signed yesterday, it is very clearly articulated how heads of Treasury will monitor and prevent cost shifting. There are consequences for states and territories if cost shifting occurs. In the areas of schools funding, I have been holding briefings with every state and territory and every block grant authority over the last few days and I have made it very clear that their existing capital plans and expenditure into the forward estimates will be monitored and that it is intended that that be maintained over the next four years. It will be a matter of this money being additional to that.<sup>22</sup>

2.49 Similar evidence was heard from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) in regards to social housing construction, which though not in the scope of this Committee's report is included here for comparison:

I am advised that it is the Commonwealth's intention that heads of treasury, which is the meeting of treasury officials, will be attempting to baseline expenditure by the states so that the money on maintenance and the additional money for construction of social housing dwellings is clearly over and above the states' existing efforts.<sup>23</sup>

2.50 In addition to issues directly related to the Building the Education Revolution Program design, the Committee raised several issues related to the construction measures themselves. Some of these issues were also raised in discussion of the social housing program. Testimony from questions over social housing has been included where it serves to further the analysis of general construction issues.

2.51 Two issues related to the construction initiatives were the capacity of the Australian construction industry and what standard of environmental sustainability standards the construction would adopt.

2.52 There was some concern that with all the construction measures announced under the Nation Building and Jobs Plan, specifically the education and social housing

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21 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.45.

22 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.43.

23 Mr G Leeper, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 6.2.09, p.4.

initiatives, there would not be sufficient capacity in the industry to undertake all the projects in the given timeframe. Dr Carol Nicoll outlined some of the measures that would be undertaken to avoid this problem:

There will be introduced a governance structure that I think has been outlined here where there is a coordinator-general in Prime Minister and Cabinet and national coordinators in each area. Part of their job is to identify where potential bottlenecks are occurring and to look at the challenges that will be there in terms of ensuring there is appropriate skilled labour to fulfil the very challenging time frames that we have got to roll these programs out. Yes, it is quite likely there will be bottlenecks, but everything will be done to address those, to anticipate them and to see what we can do both at the Commonwealth and at the state and the local levels.<sup>24</sup>

2.53 Mr Leeper, FaHCSIA, was also asked to address the issue of capacity in the discussion of social housing, and responded:

I point out that about 140,000 to 150,000 dwellings are completed in Australia each year. Dwelling approvals are off by 20 per cent in the year to December, so 20,000 dwellings over two years is not a big stretch I suggest.<sup>25</sup>

2.54 Later in the hearing, Mr Leeper added to this statement when responding to a question about his discussions with the Housing Institute of Australia:

..The reduction in the number of dwelling unit approvals in the 12 months to November—I think I said it was 20 per cent—is 34.7 per cent. That comes from the ABS catalogue Building Approvals, Australia, November 2008. That is against an annual construction program across Australia of 140,000 to 150,000 units of housing. A 34 per cent reduction in units approved for construction says to me that there was easily capacity, and I sought merely to confirm that we had estimated that correctly.<sup>26</sup>

2.55 Another issue that was brought up during the hearing was whether the new school buildings would use environmentally sustainable design and construction principles. Dr Carol Nicoll had the following to say on environmentally sustainable designs and measures:

It is a condition of the national partnership agreement between the states and territories and the Commonwealth and will be a condition of the bilateral agreements that all projects that are funded under this will be done to observe sustainable building and design principles. I have been speaking with states and territories and block grant authorities over the past few days

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24 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.550.

25 Mr G Leeper, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 6.2.09, p.9.

26 Mr G Leeper, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 6.2.09, p.11.

as well, and I will continue to brief them in the next couple of days. I am pointing out that that will be a condition of their funding, that they are to take that into consideration. One of the areas of possibility for the minor infrastructure fund, the school pride program, is insulation on that premise—that is, it is going to be more sound for the sorts of issues that you are concerned about if we try to insulate schools appropriately so that we can reduce their impact on the environment.<sup>27</sup>

2.56 Similar questions were asked concerning the social housing initiative. Mr Leeper replied:

Into the \$400 million—we have not made any conditions there. In the schedule to the national partnership agreements, we have indicated that proposals under the components of the capital funding will have regard to a number of factors, including their adherence to universal design principles that facilitate access for people with disabilities and that the constructed dwellings are environmentally sustainable. That is on page 17, schedule C, paragraph (c)18 of the national partnership agreement that was signed yesterday.<sup>28</sup>

2.57 There remained some concern as to what the definition of 'environmentally sustainable' was in this context. FaHCSIA replied that they would endeavour to discuss the matter with states in subsequent discussions.<sup>29</sup> The Defence Housing Australia was also asked about the energy efficiency standards it adopted for new construction, and Mr Del Gigante answered:

We do a lot of it now. Solar heating we already do and also water tanks, with greywater in some situations particularly when there is a community of houses where they all participate in a greywater recycling system, insulation—obviously roofs and walls and we have standards for wall insulation—energy efficient lighting, landscaping—we just do not put down grass anymore—water resistant plants et cetera. Also there are the materials we choose, the chemicals and the sorts of carpets we use and recycling. We do look at childcare requirements and schools when we develop land ourselves.<sup>30</sup>

### ***Land Transport Initiatives***

2.58 The land transport initiatives proposed include additional funding for highway linkages, the installation of boom-gates at rail crossings and additional funding for the Black Spot road safety program.

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27 Dr C Nicoll, Department of Environment, Water, Heritage and Arts, *Committee Hansard*, 6.2.09, p.47.

28 Mr G Leeper, Department of Families, Housing, Community Services and Indigenous Affairs *Committee Hansard*, 6.2.09, p.13.

29 Mr G Leeper, Department of Families, Housing, Community Services and Indigenous Affairs *Committee Hansard*, 6.2.09, p.14-15.

30 Mr M Del Gigante, Defence Housing Australia, *Committee Hansard*, 6.2.09, p.19.

2.59 The Committee heard that in addition to the safety benefits inherent in the spending, there was also an economic benefit from the construction, and much of this would be delivered directly to rural and regional Australia. For instance, the Department of Infrastructure, Transport, Regional Development and Local Government identified that the bulk of the boom-gate funding would be spent in rural Australia<sup>31</sup>

2.60 The Department was also asked to specify what percentage of the Black Spot projects occurred in rural Australia. The Department responded that 50 per cent of the project funding in each mainland state was reserved for non-metropolitan projects, but the actual split changed year by year.<sup>32</sup>

2.61 As in discussion of the education and housing construction initiatives, it was asked what would be done to ensure that there was no cost-shifting from the States to the Commonwealth, so that all projects undertaken under the new funding was in addition to the State's existing programs. The Department specified during the hearing that mechanisms were in place to prevent this occurring.<sup>33</sup> More information was provided in an answer to a question on notice:

In relation to the Boom Gates for Rail Crossing Program, the Australian Government will provide a capped level of funding \$150 million over 2008-09 and 2009-10. A condition of the funding will be that the states and the Northern Territory will be that they have to continue their existing programs and report to the Australian Government on costs and projects associated with programs funded from their own revenues.<sup>34</sup>

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31 Department of Infrastructure, Transport, Regional Development and Local Government *Committee Hansard*, 6.2.09, p.64.

32 Department of Infrastructure, Transport, Regional Development and Local Government, answer to question on notice, 6.2.09 (answer received 9 February 2009).

33 Department of Infrastructure, Transport, Regional Development and Local Government *Committee Hansard*, 6.2.09, p.65.

34 Department of Infrastructure, Transport, Regional Development and Local Government, answer to question on notice, 6.2.09 (answer received 9 February 2009).