

# CHAPTER 6

## Concluding Comments

6.1 The world is facing the worst global economic crisis since the Great Depression. Every major advanced economy is now in recession and key emerging economies are slowing sharply. While Australia is better placed than most other countries, it is not immune from these global economic forces. The deepening global recession is threatening growth and jobs in our economy and the financial security of families and businesses.

6.2 In normal times, monetary policy would be the primary instrument for supporting demand, but these are not normal times. The overwhelming view of international institutions, industry groups and respected economists is that significant fiscal stimulus is needed to limit the fallout from the collapse in global demand. The IMF has recommended a fiscal stimulus of 2 per cent of global GDP for calendar year 2009. The Nation Building and Jobs Plan is consistent with this recommendation and is broadly in line with the size of stimulus packages being implemented in other countries.

6.3 The Nation Building and Jobs Plan will provide an immediate stimulus to the Australian economy and help mitigate the effects of the global recession on growth and employment. This action is critical to restoring stability, underpinning confidence, and supporting growth and jobs in the economy. Evidence provided to the Committee indicated that without timely implementation of this Plan, the Australian economy could stall and many more Australians could face unemployment.

6.4 The six bills before the Senate contain the key components of the Government's Nation Building and Jobs Plan. The plan combines an immediate stimulus to the economy, through the payment of five cash bonuses, with direct investment in national infrastructure, including schools, community housing, energy efficiency and roads and support to small businesses. It delivers an appropriate balance between providing immediate support for growth and jobs, and making the investments needed to strengthen the future economic growth.

6.5 The Plan has been designed to provide a timely, temporary and targeted stimulus to the economy. It does not lock in permanent increases in government spending. Evidence presented to the Committee shows that the Government's balance sheet will remain in a strong position, particularly when compared with almost all other comparable economies.

6.6 To limit the fallout of the global recession on Australian families and businesses, the committee supports the timely implementation of the Government's Nation Building and Jobs Plan.

**Recommendation 1**

**6.7 The Committee recommends that the Senate pass the bills as a matter of urgency.**

**Senator Helen Polley**

**Chair**