

## **Additional comments by Senator Xenophon**

The economy is in need of a stimulus package and it needs to be introduced promptly. However, there are areas where the current proposal should be improved.

### **Design of the cash payments**

The Nation Building and Jobs Plan envisages \$11 billion being delivered to households in 2008-09 as bonus payments. Appropriately, the focus is on lower- and middle-income households. However, it is disappointing that the Government does not appear to have done much research into how to target these payments to those who will spend most of it, so that the multiplier effects are maximised. An opportunity was missed in not conducting a special household expenditure survey to assess how the payments associated with the Economic Security Strategy last year were spent. Asked about this, Treasury's answer was unconvincing:

Firstly, such surveys, if done well, are expensive and take a long time to set up.<sup>1</sup>

The cost of such a survey would be trivial compared to the size of the payments and the Bureau of Statistics could draw on its experience in running the regular household expenditure surveys.

There are also equity considerations. Some households will receive multiple bonus payments and it is not clear that there is a good policy rationale for this.

### **Spending on schools and home insulation**

The Nation Building and Jobs Plan involves \$15 billion being spent on schools, mostly in 2009-10 and 2010-11. It is intended to spread this across all schools. It would be better to concentrate this money on those schools with the greatest need.

For households that already have ceiling insulation and solar hot water systems, consideration should be given to subsidising installation of alternative energy-saving equipment. For example, more funding could be directed to existing programmes in some states that install energy-efficient light bulbs and low-flow showerheads. Systems that make better use of grey water would be another example. Asked about replacing inefficient light bulbs, Professor Pears commented:

Replacing those with more efficient lamps would be very cost-effective and have a very large impact. We could get rid of a million tonnes of CO<sub>2</sub> a year and take \$100 million off energy bills.<sup>2</sup>

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1 Dr Ken Henry, Treasury, *Proof Committee Hansard*, 9 February 2009, p 52.

**The Murray-Darling**

Some of the medium-term stimulus spending should be redirected so that it not only keeps national demand buoyant, but also protects the environment and the viability of rural communities. A clear need exists around the Murray Darling basin. A package of measures involving accelerated water buy-backs and structural adjustments measures to improve the efficiency of water usage would both protect jobs and preserve the biodiversity of the wetland areas.

**Senator Nick Xenophon**