



SAVING SOUTH-EAST AUSTRALIA

A STIMULUS PACKAGE FOR JOBS & A CLEAN ECONOMY

Our manufacturers are in turmoil and our economy is slowing. Tony Abbott just wants to cut support and services even further - making a transformative recovery even more difficult. The Greens have a plan that cares for our 21st century workforce.

It's time for a plan for the future of Australia's industries.

Tony Abbott has overseen the end of car manufacturing in Australia with Holden, Ford and Toyota all announcing their closures in the last five months. Tony Abbott offers no solution for manufacturing workers. He offers no vision of a future Australian workforce. Looming budget cuts will make the situation worse, especially in non-mining states.

Only the Greens can be trusted to fight for measures that guide Australia into the globally competitive, low-emissions economy that awaits us.

The Greens vision of a skilled, clean and thriving economy beyond the mining boom requires diverse, resilient and cutting edge manufacturing, small business and construction industries to build a 21st century Australia. Our energy and tourism industries are transforming and we have the potential to unleash innovation through research and development.

It is time to axe corporate welfare in the fossil fuel sector and unleash \$12bn, which would more than fund a sustained stimulus for the south-eastern states to create sustainable industries and secure jobs. \$3.8 billion would flow into Victoria, \$5.2 billion in NSW and \$886 million in South Australia.

> South-East Stimulus Package

The Greens plan to secure sustainable jobs and ease the pressure faced by south-eastern Australia by:

- **Supporting ongoing construction, design and manufacturing jobs through the building of 77,500 new houses in south-eastern Australia over the next ten years;**
- **Giving manufacturers a competitive advantage by providing accelerated depreciation on the purchase of clean technologies at a cost of \$30 million;**

- **Providing \$75 million to assist the manufacture of electric vehicles and retain our intimate automotive knowledge.**
- **Investing \$3.6 billion into our ageing public transport systems to improve employment opportunities and productivity while reducing transport congestion;**
- **Providing 228,000 manufacturing, construction, engineering, planning and assessment jobs over the lifetime of the *High Speed Rail* project that will link up the eastern seaboard;**
- **Stimulating employment and revenue for small businesses through our small business policy of reducing their tax by 2% and increasing the instant asset write off threshold;**
- **Establishing a Research and Development target of 3% of GDP to drive the industries and innovations of the future, combining this with lifting University funding by 10% and restoring the cuts made by both the Labor and Liberal governments;**
- **Fast-tracking the construction of the Port Augusta Solar Thermal Plant to replace ageing coal-fired generators and create jobs in construction; and**
- **Providing \$100 million further funding for Tourism Australia to seek out new markets to sustain the half a million Australians involved in promoting our natural and cultural heritage.**

> Why Another Stimulus?

The mining boom has wreaked havoc with our non-mining sectors by sucking up labour and pushing up the dollar. Combine this with the Abbott government's indifference to



manufacturer's employment opportunities and we have a future jobs crisis on the horizon.

As the mining boom declines, our national budget will have to be increasingly reliant on non-mining industries for its revenue. If we help these industries now, we will help our national economy thrive once the inevitable happens and our trading partners stop seeking our resources.

Through a south-east stimulus package, the Greens are preparing the economic transition for those industries most threatened by the mining boom and the Abbott government.

Our policy of building affordable housing for the disadvantaged will support the construction sector at a time when the mining boom is in the transition from the construction phase to the less labour-intensive production phase.

Our commitment to increasing research and development funding to 3% of GDP will help us develop a cutting-edge economy of innovation while we will provide our manufacturers with a competitive advantage by providing accelerated depreciation on any new capital equipment that reduces energy or resource inputs.

In the medium term, adept adjustment of interest rates by the Reserve Bank and our stimulus can help maintain low unemployment. In the context of Australia's low government debt, sensible fiscal policy requires a gradual return to a budget surplus as the economy naturally grows, rather than slashing services as the Business Council's Commission of Audit will likely recommend.

There are many capital projects that deliver employment now and provide long-term social benefits into the future. Our cities are crying out for public transport infrastructure, so High Speed Rail and places where urban congestion are the greatest have been targeted. Similarly, investment in constructing clean energy projects will save us money for years to come and help secure a safe climate.

The Greens refuse to risk our country's future. We recognise that a diverse, creative and resilient economy is the guarantee we need for a prosperous society beyond the resources boom. The Greens are committed to start this transition straight-away.

> Building Homes

The other side of Australia's property boom is our prolonged housing crisis, especially in south eastern states. There are simply not enough houses for people, making prices sky-high and sending housing waiting lists off into the horizon.

It makes sense to stimulate construction and manufacturing in those areas with looming unemployment and high housing need.

The Greens want to take the pressure off housing stress and at the same time provide stable employment opportunities for the construction and manufacturing industries. The Greens want to see 122,000 new homes built over the next 10 years in order to reduce the 225,000 people across the country on social housing waiting lists.

Based on populations in need, this means that 39,000 new homes will be built in NSW, 8,500 for South Australia and 30,000 in Victoria. This plan provides long-term stable employment for construction workers and will also create new jobs in the design and manufacture of modular and prefabricated housing. We can develop and expand a new and exciting industry while caring for people in need.

The new houses will be partly funded through government bonds and our plan will also provide a secure and ethical investment opportunity that will create new construction, design and manufacturing jobs across south east Australia. For more information see our Safe as Houses initiative.

> 21st Century Manufacturing

The Greens know that despite all the pressures manufacturing confronts, it will continue to play a key role in our nation's economy. However this will require manufacturers to constantly be in a position to capitalise on emerging global opportunities. To achieve this, Australia will have to rely on smart production and high value innovation, not cheap labour to stay competitive and prosper.

To help provide our manufacturers with this competitive advantage, the Greens will provide accelerated depreciation over half the ordinary period on any new capital equipment that adopts emerging clean technologies or reduces energy or resource inputs.

This measure will improve productivity (doing more with less), increase profit margins (by paying less in energy bills) and give our manufacturers and clean technology industries a global competitive advantage in the 21st century. This measure has been costed by the Parliamentary Budget Office at \$30m.

There are also 27,335 manufacturing businesses around Australia that will benefit from the Greens policy to reduce the company tax rate for small businesses by 2% down to 28%.ⁱ

> Jump-Starting Electric Vehicles

Australians have made it clear they want efficient and low carbon transport, with technology around the world transforming the way we move.



The Greens also want to see more trains, trams and buses and we want them built in Australia. But this means retaining our country's manufacturing capacity.

The Greens want to see \$75 million of assistance funding for the manufacture of electric vehicles and related infrastructure in the South-Eastern states.

Without tailoring government support to industries that will carry themselves into the future, our economy and workforce are at risk of being stranded in a fast-moving global economy.

> Building Public Transport

Employment, liveability and productivity can all be improved through the construction of desperately needed public transport projects in Victoria and New South Wales.

The Greens will ensure Commonwealth infrastructure funding prioritises public transport projects over roads. We will re-direct uncontracted funds from within the \$24 billion Nation Building Fund to prioritise public transport and freight projects, while ensuring road safety projects are not compromised.

\$2.2 billion will be dedicated for building projects in Western Sydney, while new Melbourne projects will receive \$1.4 billion.

Inner and outer Western Sydney would see construction begin on a new Western Sydney Light Rail network from Parramatta to the CBD at a cost \$1.7 billion. While a new Inner West light rail network would see the first leg from Central to Leichhardt built at a cost \$500 million. These public transport projects would better target the future travel needs of the same communities as the proposed Westconnex motorway and could begin construction in a fraction of the time.

In Victoria, the projects identified by the Greens are \$1 billion for Doncaster Rail, \$12.5 million towards an implementation project for the Airport link; an extension of rail to Mernda for \$180m; \$100m for high capacity signalling to improve the existing train network; \$15m for an East-West light rail between North Melbourne and Richmond; \$100m for on-off ramps on the Westgate Freeway and \$5 million towards five priority level crossing removals.

> Jobs in High-Speed Rail

High-Speed Rail's time has come. Every continent except Antarctica and Australia is operating or developing a fast train network. Once complete, the High Speed Rail will stretch 1,750km linking 11 major cities and regions all the way from Melbourne through Canberra and Sydney to Brisbane. It would

pass through the regional centres of Coffs Harbour, Wagga Wagga, Albury-Wodonga and Central Coast.ⁱⁱ

For every dollar put into the project, we get \$2.30 back as a public benefit for passengers, businesses and avoided transport emissions.ⁱⁱⁱ In addition to all the social and environmental benefits, constructing the High Speed Rail project is a stimulus for manufacturing and construction jobs in South-East Australia with an estimated 12,000 jobs per year.

High speed rail projects overseas have produced many skilled workers. Spain's HSR line from Madrid to Valencia (at 430 kilometres comparable to Sydney-Canberra) created over 100,000 jobs during its construction. In California they expect construction of their high speed rail project to create up to 66,000 jobs annually for fifteen years.^{iv}

A general rule of thumb is that around 20,000 jobs are created from each \$1 billion of investment.^v Over the entire life of the project around \$114 billion will be invested, meaning the equivalent of 228,000 people will find work through the project in manufacturing, construction, engineering and planning. For more information, see our [High Speed Rail](#) initiative.

> Stimulating Small Business

The Greens recognise the people behind small business deserve more support. Small businesses are a crucial part of the economy; they employ 3.3 million people in NSW, SA and Victoria alone.^{vi}

The Greens have policies to stimulate small businesses by reducing the company tax rate by 2% for those with a turnover of less than \$2 million. We will also help their cash-flow challenges by increasing the instant asset write-off threshold from \$6,500 to \$10,000.

The Greens small business policy will support over 208,000 small businesses in NSW, 150,000 in Victoria and 50,000 in South Australia. Our policies will reach 600,000 small businesses Australia-wide.^{vii}

Small businesses take risks by investing their own money and valuable time with many owners working long hours. If successful they create jobs and investment that benefits the wider Australian community. They are crucial to rebalancing our economy away from the mining sector.

The small business sector also tends to be more innovative than larger firms as people see an opportunity to start new types of businesses. This is particularly true in digital technology companies. Small businesses account for about a third of research in high-tech industries and are more agile in innovating and improving efficiency.^{viii}



The Greens propose cutting the company tax rate from 30 per cent to 28 per cent for companies with turnover of under \$2 million from July 2014. For more information, see our [Standing Up for Small Business](#) initiative.

> Research & Development

Australians are famous for being early adopters - we love technology and innovation. Not only does it bring us personal benefits but research and development is critical to sustaining our economy, health and environment.

Innovation also holds the key to generating new jobs; it is responsible for leaps and bounds in productivity. Technological breakthroughs in the way that we do things are essential to lifting our shared standards of living and ensuring our economy is sustainable for future generations to enjoy.

As governor of the Reserve Bank, Glenn Stevens recently remarked, “most of the time the answer to the question ‘where will the growth come from’ is that only part of it will come from the old traditional areas, and a fair bit of it will come from new things, often things of which we are only dimly aware.”^{ix}

In concert with private businesses, research should be spurred on by our universities. To maximise the potential of our future industries, we have to invest 10% more in base funding for universities, as recommended by the Bradley Review.

To secure Australia’s innovative future, the Greens will redirect fossil fuel subsidies to:

- **Lift investment, public and private, in Research and Development to 3% of GDP by 2020;**
- **Increase university funding by 10% and oppose cuts proposed by the Coalition;**
- **Encourage greater uptake of private investment in R&D;**
- **Fighting for legislation abandoned by the Abbott government that helps small R&D businesses with their cash flow problems; and**
- **Restoring funding to the Sustainable Research Excellence program.**

> New Energy in South Australia

Australia, like the rest of the world has entered the early stages of a transformative energy revolution. To capture the jobs-rich opportunities of clean energy, we should be fast-tracking the construction of Australia’s first large scale solar thermal plant in Port Augusta.

Earlier this year, the Australia Renewable Energy Agency (ARENA) partnered with the South Australian government and

the private sector to start the process of designing and implementing a solar thermal plant to replace the ageing coal-fired generators in Port Augusta.

Greater government investment in this early stage would allow us to bring the timetable forward to start employing people earlier.

ARENA has been informed that solar thermal has the ability to reduce network costs which are the biggest impact on electricity bills.^x By getting on board this energy transformation, we not only create jobs and reduce emissions, but we can limit the cost of poles and wires which are pushing up our electricity bills.

> Reinvigorating Tourism

Tourism is a crucial part of the Australian economy, but it is being punished by the high Australian dollar caused by the mining industry. We have to support the half a million employees and their families who work hard to ensure visitors enjoy their cities, towns and regional areas of beauty.

The Greens will assist the tourism industry by increasing Tourism Australia’s funding by \$100 million over the forward estimates to allow an expansion of promotional activities.

Increased funding for Tourism Australia means they will be able to expand their promotional activities further into established and new and developing markets such as China and Indonesia. This will ensure this sustainable industry remains prosperous in the decades ahead.

ⁱ ATO *Taxation Statistics 2010-11*. Table 5B: Company Tax

ⁱⁱ *High Speed Rail Study Phase 2 Report* page 8.

ⁱⁱⁱ *High Speed Rail Study Phase 2 Report* page xii.

^{iv} California High-Speed Rail Authority, ‘Creating jobs through high-speed rail’, January 2013.

^v American HSR Alliance.

^{vi} Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education *Australian Small Business –Key Statistics and Analysis 2012* at 11.

^{vii} ATO, *Taxation Statistics 2010-11*, page 32

^{viii} Ellis Connelly, David Norman and Tim West, ‘Small business: an economic overview’, Reserve Bank of Australia, 2012, pp 3-4.

^{ix} Address to the Economic Society Business Luncheon 3 July 2013.

^x Institute for Sustainable Futures *Breaking the Solar Gridlock* 2013.