



PRIME MINISTER TREASURER

ECONOMIC SECURITY STRATEGY

The Rudd Government today announced a \$10.4 billion Economic Security Strategy to strengthen the Australian economy in the face of the worst global financial crisis since the Great Depression.

This \$10.4 billion strategy will strengthen the national economy and support Australian households, given the risk of a deep and prolonged global economic slowdown.

The Australian economy is strong, and we remain better placed than most other nations, but Australia is not immune from the global financial crisis.

In the midst of the global financial crisis, the Rudd Government is taking decisive action to strengthen the Australian economy.

The Rudd Government's \$10.4 billion Economic Security Strategy contains five key measures:

- \$4.8 billion for an immediate down payment on long term pension reform.
- \$3.9 billion in support payments for low and middle income families.
- \$1.5 billion investment to help first home buyers purchase a home.
- \$187 million to create 56,000 new training places in 2008-09.
- Accelerate the implementation of the Government's three nation building funds and bring forward, the commencement of investment in nation building projects to 2009.

The Rudd Government made tough decisions in the May budget to build up a large budget surplus to act as a buffer in tough economic times.

Today those tough economic times have arrived and the Government is now acting decisively to use the surplus to strengthen the Australian economy.

The Rudd Government's Economic Security Strategy is a significant economic response to deal with extraordinary economic times.

This \$10.4 billion strategy will be entirely funded from the budget. Treasury advises that the Budget will be in surplus after these measures. The Government will publish a full budget update in the Mid-Year Economic and Fiscal Outlook within a month.

Australian pensioners

The Rudd Government will deliver a \$4.8 billion down payment to Australia's four million pensioners, carers and seniors - providing them with immediate financial help in the lead up to comprehensive reform of the pension system.

The \$4 billion down payment for pensioners will be made available through a lump sum payment of \$1,400 to single pensioners and \$2,100 to pensioner couples, which will benefit:

- Age Pensioners;
- Disability Support Pensioners;
- Carer Payment recipients;
- Wife and Widow B Pensioners; Partner, Widow and Bereavement Allowees;
- Veterans' Affairs Service Pensioners;
- Veterans' Income Support Supplement recipients;
- Veterans Affairs Gold Card holders eligible for Seniors Concession Allowance;
- Those of age pension age who receive Parenting Payment, Special Benefit, or Austudy; and
- Eligible Self Funded Retirees holding a Commonwealth Senior Health Card (CSHC)

People who are receiving Carer Allowance will also receive \$1,000 for each eligible person in their care.

The Government's Economic Security Strategy includes help for self-funded retirees who are eligible for a Commonwealth Senior Health Care Card.

Those who hold a Commonwealth Seniors Health Card or are Veterans Gold Card holders eligible for Seniors Concession Allowance will receive a payment of \$1,400 if they are single or \$2,100 to couples.

These pension payments will be made from 8 December 2008 and are intended to provide additional support in the 9 months between now and when long-term reforms are introduced from the beginning of the next financial year.

Australian families

The Rudd Government will invest \$3.9 billion to provide immediate financial support to help around 2 million Australian families.

The support will be delivered to families through a one-off payment of \$1,000 for each eligible child in their care. Those who will receive the support include:

- Families who receive Family Tax Benefit (A); and
- Families with dependent children who receive Youth Allowance, Abstudy or a benefit from the Veterans' Children's Education Scheme payment.

In all, around 3.9 million Australian children will receive a \$1,000 one-off payment.

These payments will be made from 8 December 2008.

First Home Buyers

First home buyers will be eligible for grants of up to \$21,000 under a decisive Rudd Government initiative designed to stimulate housing activity and give first home buyers a better chance in the housing market.

More than 150,000 first home buyers are estimated to benefit from the time-limited scheme.

Under the First Home Owners Boost:

- First home buyers who purchase established homes will have the grant which they are currently entitled to doubled from \$7,000 to \$14,000; and
- First home buyers who purchase a newly-constructed home will receive an extra \$14,000 to take their total grant to \$21,000.

First home buyers will be eligible for the First Home Owners Boost from today (14 October, 2008).

All contracts entered into by 30 June, 2009 will be eligible for this new additional assistance.

The Rudd Government will invest around \$1.5 billion in the housing market over 2008-09 and 2009-10 through this initiative.

Jobs and Training

The Rudd Government will invest \$187 million to create an additional 56,000 training places this financial year to help keep the economy strong in these tough times.

This funding injection will:

- Effectively double the Productivity Places Program from 57,000 to 113,000 in 2008-09; and
- Take the Government's total investment in training places since April to more than \$400 million.

These new places will take the Rudd Government's total commitment to the Productivity Places Program to more than \$2 billion with over 700,000 new training places created over five years.

The new places will be available at Certificate II, III and IV levels, with 10,000 places to be allocated as 'Structural Adjustment Places' to provide retraining opportunities and support to displaced workers.

There has been a huge demand for training since the Productivity Places Program began in April, with more than 50,000 jobseekers enrolled and over 11,000 having already completed their training in areas of skill shortage.

Nation Building

The Rudd Government will fast track its nation-building agenda to help shield Australians from the global financial crisis.

The Government will accelerate the implementation of the Government's three nation building funds. Government Ministers will bring forward their interim Infrastructure Report so that work can commence in 2009 on projects in the key areas of:

- Education and Research;
- Health and Hospitals;
- Transport and Communications.

To fast-track these projects, the Government will be seeking pre-referral of the legislation for the Nation Building Funds into a Senate Committee this week.

CANBERRA
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ATTACHMENT: BUDGET IMPACT OF ECONOMIC SECURITY STRATEGY

| Economic Security Strategy | 2008-09 \$b | 2009-10 \$b | 2010-11 \$b | Total \$b |
|--|----------------|----------------|----------------|--------------|
| One-off pension payment - \$1,400 for single pensioners - \$2,100 for couples combined | 4.00 | - | - | 4.00 |
| One-off carers payment - \$1000 to carer allowance recipients for each eligible person in their care | 0.48 | - | - | 0.48 |
| One-off seniors payment to Commonwealth Seniors Health Card holders and eligible Veterans' Affairs Gold Card holders - \$1,400 for singles - \$2,100 for couples combined | 0.37 | - | - | 0.37 |
| Family Tax Benefit (FTB-A) Payment: \$1,000 per eligible child - A one-off payment to each FTB(A) child and each dependent child who attracts Youth Allowance, Abstudy or Veteran's Children's Education Scheme | 3.50 | 0.29 | 0.07 | 3.86 |
| Productivity Places Program - expanding the number of training places - 26,000 certificate II level training places - 20,000 certificate III level training places - 10,000 certificate IV level training places | 0.12 | 0.07 | - | 0.19 |
| First Home Owners Boost - additional payments between October 2008 and June 2009 - \$7,000 (to a new total of \$14,000) for established homes - \$14,000 (to a new total of \$21,000) for newly constructed houses | 1.19 | 0.35 | - | 1.54 |
| Total | 9.65 | 0.72 | 0.07 | 10.44 |