

# **Family First Review of the Stimulus Package & their 'Get Communities Working' Plan**

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**Office of the Leader of Family First**  
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*Having taken several days to review the Rudd government's \$42 billion stimulus package, it is the responsible course of action for all parties in the Senate to make public their opinion of the package and any alterations they wish to make.*

## Introduction

Australia's economy is about to break, but so too are our communities. The Rudd Government's \$42 billion plan offers a stimulus to the economy, but little sympathy to help the innocent victims of this crisis, namely Australian families and communities who lose their jobs. If this is a war against recession then we might say that a team of economists has meticulously planned a battle to end the war, but has forgotten to help the inevitable human casualties of the war itself.

Getting the economics of government right is important, but while multipliers, deflation and equilibriums are vital, so too is remembering the importance of security, confidence and compassion in our lives. Everyone agrees that no matter what we do hundreds of thousands of Australians are about to lose their job. These are real flesh and blood people. They are mums and dads who will determine the confidence, cohesion and productivity of their families and therefore of Australia.

There is no doubt this \$42 billion should be targeted at easing the economic crisis, but surely some of it should also be targeted at easing the inevitable human tragedy over the next two years. This is my concern with the stimulus package.

## Kevin Rudd's Fallibility

The British philosopher Isaiah Berlin once declared that all thinkers have an 'inner citadel' of firmly held core beliefs, around which all other thoughts are constructed. Our nation should be proud that our Prime Minister can easily write an essay on how current economic circumstances can be interpreted through a prism of political philosophy. However both the PM's essay and his proposed \$42 billion dollar stimulus package can be seen to reflect an 'inner citadel' of beliefs which I believe displays a worrying defect.

The Rudd Government is not infallible, which is why we have the timeless wisdom of the democratic process. We are all fallible, from time to time, we can all be wrong. We are just human. Often very intelligent people believe that being smarter than others is the same as always being correct. This is a dangerously false belief. As the Irish philosopher Edmund Burke reminded us:

*"I have never yet seen any plan which has not been mended by the observations of those who were much inferior in understanding to the person who took the lead in the business."*

The Rudd government clearly set out to create a stimulus package that would save jobs, and I applaud them for their efforts. However, as they are only human they missed something; they forgot that they would also need to help those thousands and thousands and thousands of people who are going to lose their job anyway, with little hope of finding another. If we are going to borrow \$42 billion to alleviate the effects of the upcoming recession, then we must surely spend some of that money helping those very people most affected by it. We should use the money to bring security, confidence and hope to those families trying to make it through the next couple of years.

In a plan which gives \$950 handouts to even the well-off, surely we should be more targeted in identifying those in true need. In a plan which spends \$3.9 billion on roof insulation and solar panels, which will take two and half years to fully install, surely we can find better ways to utilise the ingenuity of the great Aussie battlers soon to be unemployed.

The flawed economic thinking of the neo-liberals was faulty precisely because they believed they could not be wrong. Many warned the former Chairman of the Federal Reserve, Alan Greenspan and former president George Bush, but these critics were ignored, sidelined and ridiculed. Mr Rudd says that his "policy is supported by practically all responsible economists." But what he does not say is that one year ago all these same economists and himself thought the complete opposite. The world was not flat just because the majority of people thought it was, the 'Millennium Bug' was not a threat to world order just because the majority of people panicked over it and the Rudd government's rejection of all those who wish to review the plan as 'standing in the road' of progress is a worrying indication of a government who believes economics cannot be wrong.

When the Rudd government demanded that parliament approve a \$42 billion package with only 48 hours notice, it suggested the Rudd Government does not accept the possibility that it could have made a mistake. I respectfully ask the government to work with the people's elected representatives, not try to force us into approving the package. As the economist Henry Ergas said this week:

*"Parliamentary scrutiny of spending decisions is fundamental to democracy. With so many important questions unanswered, the Senate should insist on doing its job, and on having the time to do it well."*

I wish that Parliament had been given the opportunity to hold a Senate inquiry into the current Iraq war. I suspect the Senate would have discovered that there was no post-war plan and so saved many lives.

As James Surowiecki famously wrote, there is not just wisdom in individuals, there is also great wisdom in crowds. This 'Wisdom of Crowds' is the power of democracy itself. The Nobel prize winning Economist, Ameryta Sen, wrote that a free press and an active political opposition constitute the best early-warning system for disasters like famine. This is because an eclectic crowd of journalists and parliamentarians can find it much easier to spot flaws and sound the warning of government mistakes.

The Senate is not just a rubber stamp, it is there 'to keep the bastards honest' and correct the mistakes of the government. Indeed one of my cross bench colleagues has already reported finding a multi-billion dollar typo in the stimulus package documentation.

The Government has made a mistake in ignoring the hundreds of thousands of soon-to-be unemployed Australians and should allow senators to help fix the stimulus package, ensuring it offers the maximum and best targeted help possible to save Australian families and communities. The Rudd government must respect the institution of Parliament even though institutions are not a very easy concept to spin and sell. They are essential to the constitutional democracy, which has protected us over our history. Respecting these democratic institutions will be essential to protecting Australians through these tough times.

## **Family First's 'Get Communities Working' plan**

I also ask the Prime Minister to contemplate the importance of communities and how he might better protect and help them to heal themselves with the stimulus package. The Prime Minister says that neo-liberalism has failed and I agree with him. In fact that was the topic of my first speech in the Senate, more than three years ago. I warned that Australia had taken on some of the values of an unfettered free market economy and that we would have to ditch those and focus back on community life and a savings culture.

Neo-liberalism's failure is partly because it became infested with a market fundamentalism that could see only individuals, and was blind to the importance of communities and altruism. Yes, I am an individual, but I am also a father, husband, boss, parliamentarian and soccer player. In other words we are not islands, we are all connected in a web of social interaction which is central to our lives and our identity.

When I lost my job in 1992, the biggest factor in whether I could cope, adapt and overcome my circumstances was the support I received from my family and community. As the love and support we receive from our friends and family is impossible to quantify in Treasury modelling, it is too often just ignored by economists trying to tackle recessions. To ignore our emotions, friends and families, because they cannot be defined in a calculator, is foolish.

If good honest people lose their jobs and cannot find another then they suffer more than the loss of their wage, they can also lose their pride, confidence and hope. They might also lose their home, which will rip their families from their local emotional support network – their community - at the time they need it most. Giving Aussie families a heart full of hope, is as important as giving them a pocket full of cash.

Amongst the hundreds of thousands of unemployed people will be countless mums and dads who, through no fault of their own, will find themselves out of work. These people are our family, friends, and the neighbours down the street. They will be hard working, skilled and innovative people. They will be ordinary people. Recently economists have highlighted the risk to our homes, because some people cannot claim unemployment benefits if they have savings or property. This law threatens to rip communities apart. We cannot let that happen to our fellow Australians.

I have recently asked the Prime Minister and Treasury to consider how they might be able to better use 10% of the proposed package in a plan that both creates jobs and strengthens our communities. I believe this plan could restore our newly unemployed 'battlers' finances, hope and dignity, by awarding grants to local councils and charitable organisations that already exist in our communities. By using these existing structures the government can get cash straight into the system. Most importantly once armed with this money local councils and charities can put people in their community back to work on projects which are targeted to help heal those communities in some way.

This would empower social entrepreneurs, charities and local councils to heal the problems in our communities. This creates not just thousands of jobs, but also a sense of self worth, confidence and hope amongst our communities. Some charities will no doubt use the grants to employ people to work on environmental projects, some will be employed to give care to the elderly, some will be employed to provide after school projects for our children, some projects will employ people to clean up our neighbourhoods, some projects will employ people to offer health services, some will be employed to educate remote communities. The type of projects will be limited only by our imagination.

Amongst these established organisations, like charities and local councils, there is more knowledge of what needs to be done to build and strengthen our communities than could ever be dreamt of in a centralised government bureaucracy. Amongst the soon to be unemployed Aussie battlers there will be the ingenuity to deliver these projects, and where training is needed then there is already money in the current package set aside for this training.

## Treasury modelling

I am only one senator and entitled to a very small staff, so I submitted a paper to the Prime Minister and Treasurer on Friday asking the Treasury to model Family First's *Get Communities Working* plan and our projection that this could create up to 100,000 jobs. Treasury's response was to come back to say that Family First's "*Get Communities Working*" plan would create 25,000 to 33,000 jobs. Therefore, even by Treasury estimates the Family First's plan, which only needs 10% of the total stimulus package (about \$4 billion), will create far **more** jobs, per dollar spent, than the Rudd Government's plan.

For every 10% of the Rudd government's stimulus package Treasury estimates an average of up to 9,000 jobs will be supported and sustained. Treasury estimates the Family First plan will create 25,000 to 30,000 jobs with the same amount of money.

## Finding Common Ground

Family First's "Get Communities Working" plan can also find common ground between all parties. The Coalition might like the idea as it allows local social entrepreneurs (not central governments) to decide how best to use the money to benefit their own communities. The Greens might see the potential for green projects and the government already endorsed the concept when it implemented the idea to fund local councils on a much smaller scale last year. Speaking last year Mr Rudd said:

*"local governments have the capacity to roll-out smaller-scale infrastructure projects quickly."*

Equally when Mr Rudd spoke at the launch of the 'Australian Council of Local Government' he told us it was "*a framework for future coordination*" believing that last year's comparable \$300 million scheme, would:

*"create thousands of jobs, for trades people, engineers and administrators."*

This scheme would mean that far from the decrees of government telling us exactly what needs to be done in our communities; we could allow the experience of the forgotten 'third sector' and local government to show us what needs to be improved in the communities they live in. And of course in giving local governments and charities the money to employ people, they can not only build and strengthen the community, but also stimulate the economy. This plan can turn the innocent casualties of this crisis into the heroes of their communities.

This message has of course been brought home to us last weekend. Some of this money should go directly to the Victorian communities devastated by fires. It should leverage existing charities and local government organisations to find the jobs and projects in these local communities which will best help them. It would allow an opportunity for those who will be without work to be productive and help rebuild a community. And it would harness that Australian spirit of mateship and soldiering on, despite adversity, that has again and again come to the fore when Australia has faced difficult challenges.

If the Prime Minister wishes me to vote for this \$42 billion package, he should take a more conciliatory approach and welcome ideas from the cross benches. Especially when it will create thousands of jobs for Australians at no extra cost to the tax payer. I look forward to his response.