
Stimulus plans - Australia approves AUD 42 billion package

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It is reported that Australian Parliament has narrowly passed an AUD 42 billion stimulus package in a bid to stave off recession in the face of the global economic crisis.

The package includes spending of AUD 28.8 billion on schools, housing and roads over four years, tax breaks for small businesses and cash handouts of AUD 12.7 billion to eligible workers, farmers and students.

As per report, the Parliamentary approval leaves the government free to immediately implement its spending plans, with Prime Minister Mr Kevin Rudd stressing the need for swift action throughout protracted negotiations during the bill's passage.

Mr Rudd said that the package was in the national interest and would help Australia's centre left Labor government fight the global economic recession. He added that "The most irresponsible thing to do today, with the worst global economic recession since the 1930s staring us in the face, would be to do nothing."

Mr Rudd said that the treasury estimated the plan would boost economic growth by 0.5 percentage points in 2008-09 and 0.75 to 1.0 points in 2009-10, supporting up to 90,000 jobs. He added that "Without Parliament's support for this plan, growth would be slower and unemployment would be higher."

Opposition leader Mr Malcolm Turnbull said that the package, which includes an AUD 900 cash windfall for many taxpayers, was Mr Rudd's attempt to stave off recession using collective retail therapy. He added that "Our children and their children will pay for all of it. The Prime Minister is plunging our nation into enormous and unprecedented debt. Billions of that debt will be incurred for measures that will have no enduring economic effect."

It may be noted that Australian government forecast an AUD 21.7 billion surplus in May 2008 but now concedes there will be a hefty deficit, arguing that spending is needed to keep the economy ticking over. The government pumped AUD 10.4 billion into the economy in December 2008 to boost consumer spending.

(Sourced from www.news.com.au)

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