



Australia Prime Minister Kevin Rudd announced that they will be handing out an A\$42 billion stimulus package in order to counteract the downturn in Australia's economy. A\$42 billion Australian dollars is equivalent to \$26 billion American dollars in spending.

Note: this will put Australia's budget in the red zone. Australia has not been in the budget red zone since the last decade. Australia's red zone budget will hit a A\$22.5 billion deficit which will be a 1.9% of gross domestic product.

"Nobody enjoys being in a deficit," Rudd told reporters. "This is not a question of choice. This is what we are required to do." Sitting back and doing nothing would result in more job losses".

The details and desired effects for spending the A\$42 billion are listed below:

- Money to be spread over the next four years
- Thousands of new homes and school facilities
- Offering householders with environmentally friendly free roof insulation
- Supporting around 90,000 jobs with the hope of creating new job positions
- Save thousands of existing jobs
- Increasing the economic growth by one half to 1% by the end of the fiscal year



Rudd said "There is no guarantee of success, but we will throw everything at this because we believe it is important for confidence and jobs that we do so."

Last year Australia rolled out a stimulus package worth A\$10.4 billion to react to the world's financial downturn. Australia thought that this stimulus package should be enough to shield the Australian economy from the rest of the world, but A\$10.4 billion was not enough and showed to be more of a short term halt for Australia's economy.

Following the announcement Australia's central bank cut the cash rate to one full point to 3.25%. This is the lowest rate Australia has seen in the last two decades. By providing free ceiling insulation to 2.7 million Australian homes, the government plans to reduce household power bills as well as Australia's greenhouse gas emissions.



Should the country spend \$42 billion this year, it would be a record for the country's largest stimulus package, says