When the government releases a budget every year at the end of June it must concider economic conditions and decide on the stance it must take to achieve its objectives economic growth, internal balance and external balance. Due to this being an anual event, it must also concider the consequances of its action over the economic life cycle it endures.

Personaly I feel the Australian governm has reacted very well in attempting to achieve all its objectives without damaging any particular asspect. Australia was well prepared to face the economic backdrop of world economic in the september quarter of 2001 as it had experienced negative growth previously and therefore couldn't really get any worse. However other strong world economies suddenly experienced strong economic downswings as they didn't aspect the sudden recession.

It was more luck than good policies, some sceptics believe as the Australian economy had been in trouble ever since the beginning of 2000, when John Howard introducted the 10% GST which saw huge decline in some industries, such as particularly the construction/building industry. The government had the change its fiscal stance to maintaine any growth and stop unemployment rising.

Fiscal policy was fully utilised as longterm solution where needed to stimulate economic growth and improve our external and internal stability.

Some key policies to stimulate the economy was to lower income tax to ecourage consumer spending/investment, although this would reduce income tax it was decided the goods and services tax would raise the neccassary revenue to avoid a deficit ~~$~~ budget.

~~Not only~~ The government introduced a $14000 first home buyers grant which allowed, first home buyers to buy a house and the first $14000 was paid for them, this policies was specifically aimed at promoting ~~infrastructure~~ construction jobs, policy mixes ~~were~~ were used here, not only fiscal policy to lower the cost, yet allowing monetary policy to be lossened to reduce the cost of borrowing money from financial institutions to invest in property (or anything that was financial secure, allowed greater levels of growth in the ~~g~~ domestic economy).

Not only was the ~~$~~ GST's introduction good timing, but Australia had experienced hard time only years before with the Asian crisis in 1997, however was able to avoid being capture due to these key reforms being utilised even them to avoid a down swing in growth or worse, a recession. These reforms ment Australia's annual GDP levels were at over 4% even in 2001 when many countries had negative growth.

Fiscal policies in 2000 allowed great income redistribution for low income earners. A key reform included them $300 one-off payment to pensioners to help them with the cost of living with the GST.

This was seen as simple bribbery by many, as a way of simply buying votes from the older generation.

Also income earners had the tax threshold increased from $5400 to $6000 putting more money in their pocket. This works out to be less than $20 per week, so we must ask ourself, does this and lowering the taxation brackets compensate for the

the cost of living increase.

It must be said that the Australian government has successfully implemented reforms in fiscal policy as the Australian dollar is much stronger than previous years, unemployment figures are near the targeted level (NARUE) of 7%, economic growth has been ~~[illegible]~~ constant at targeted level of 3% and without inflation overheating the economy and creating problems, also running budget surpluses improving the CDA over the ~~[illegible]~~ lifecycle.