

WE GOT ONE & A HALF STARS FROM JOBSEEKERS
UNDER 55, A BIG THUMBS UP FROM BULK-BILLED
PATIENTS & A "LOVE YOUR WORK" FROM THE PETROLEUM
& GAS INDUSTRY..



CONTEMPORARY FISCAL POLICY STANCES

What does the syllabus say?

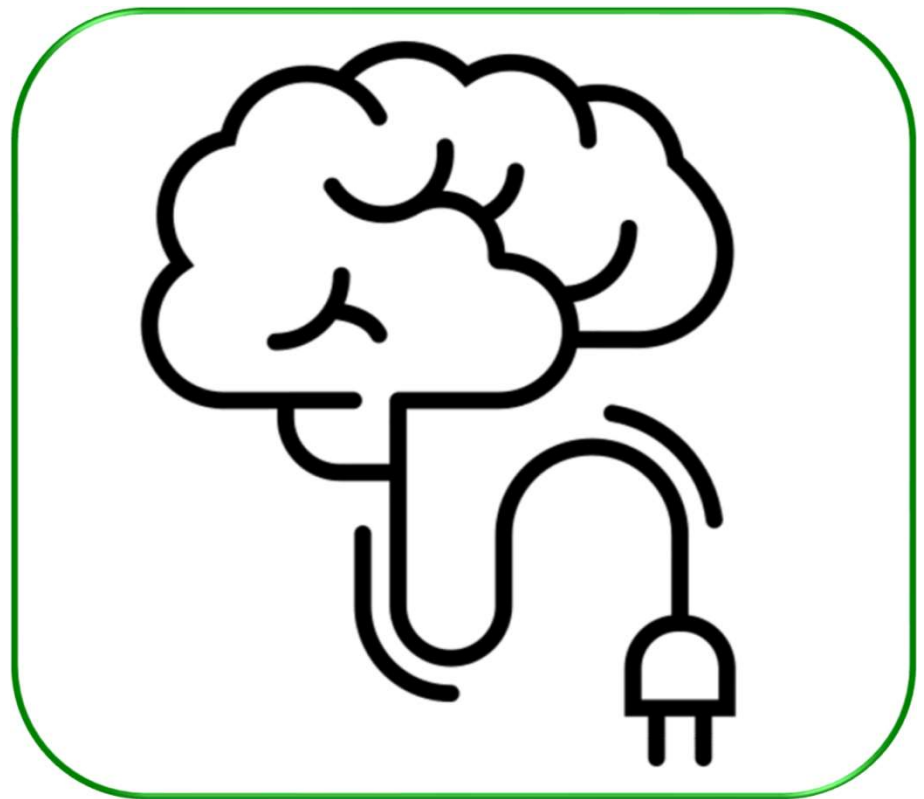
FISCAL POLICY

- the concept of fiscal policy
- the components of government revenue and expenditure in the budget
- the different budget outcomes i.e. balanced, surplus and deficit budgets
- reasons that account for differences between planned and actual budget outcomes
- methods of financing a budget deficit and the uses of a budget surplus
- the distinction between automatic fiscal stabilisers and discretionary fiscal policy
- the distinction between budget outcomes associated with automatic fiscal stabilisers and budget outcomes associated with discretionary fiscal policy
- the concepts of expansionary, contractionary and neutral fiscal policy stances
- the impact of different fiscal policy stances on the level of economic activity
- strengths and weaknesses of fiscal policy
- contemporary (the last three years) fiscal policy stances in Australia



Learning intention

We are learning about the government's use of fiscal policy in Australia.



Success criteria

- i. Briefly, contemporary policy stances. IDENTIFY fiscal
- ii. EXPLAIN the reasons which underpin contemporary fiscal policy stances.
- iii. DISCUSS key components of the 2023-24 Budget.



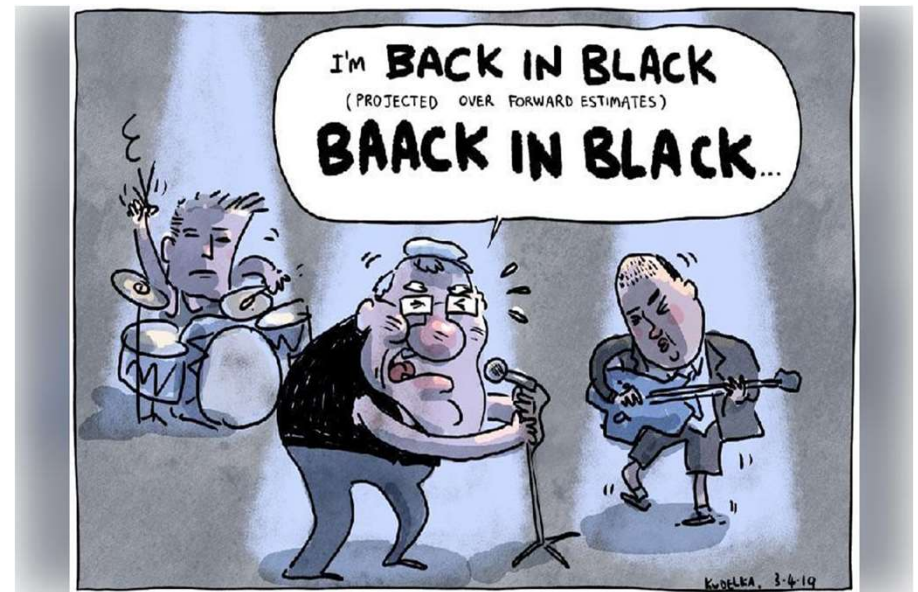
Let's get started...

In groups, write a list of either the pros and cons of fiscal policy.



2019 – 2020 Budget

- The 2019-20 Budget was presented to the House of Representatives by Josh Frydenberg on 2 April, 2019.
- The Budget had been bought forward as a result of the federal election being held that year and forecast a Budget surplus of \$4.1b.



2020 – 2021 Budget

- The presentation of the 2020-21 Budget was delayed to 6 October, 2020 as a result of the corona virus pandemic.
- It was announced that the actual Budget outcome for 2019-20 was a deficit of \$85.3b.
- The Treasurer Josh Frydenberg announced that in 2020-21 the deficit would increase to \$213.7b.



2021 – 2022 Budget

- On May 11th, the Commonwealth Government announced its budget for spending and revenue for the year ending June 2022.
- It was revealed that the actual Budget outcome for 2020-21 was a deficit of \$134.2b (much lower than the expected \$213.7b).
- The Treasurer announced that the forecast underlying cash balance position for the 2021-22 financial year was a deficit of \$106.6 billion (or 5.0% of GDP).



2022 – 2023 Budget

- On March 29th, the Commonwealth Government announced its budget for spending and revenue for the year ending June 2023.
- It was announced that the actual Budget outcome for 2020-21 was a deficit of \$79.8b (lower than the \$106.6b expected).
- As was the case for the 2019 Budget the government had brought the Budget forward as a sweetener in the leadup to the election which was held on 21st May.



2023 – 2024 Budget

- On Tuesday 9 May 2023, the Treasurer, the Hon Jim Chalmers MP, delivered the 2023–24 Federal Budget.
- The Treasurer announced that the forecast underlying cash balance position for the 2023/24 financial year was a deficit of \$13.9 billion (or 0.5% of GDP).
- That is, the Government expects its revenue next financial year to be \$13.9 billion below its expenditure.



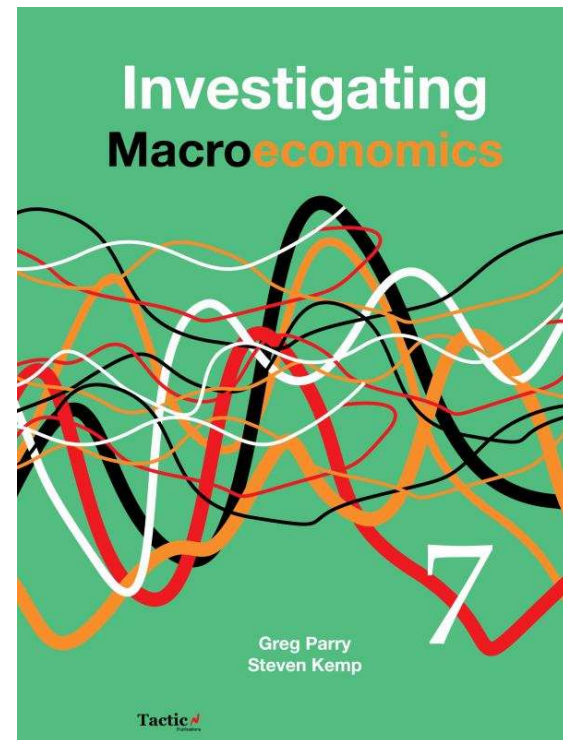
Time to think...

Use an appropriate model in order to demonstrate the effects of a contemporary fiscal policy stances on the economy?



Time to work...

Read the relevant pages of your text in order in order to explain contemporary fiscal policy stances.



More on the current Budget...

Read the *Plain English Economics* edition of the budget and summarise the key points using the notemaking proforma pictured to the right.



Before you go...

- (a) Describe the five macroeconomic objectives of government and explain why some conflict.
(10 marks)
- (b) Using a model, explain the fiscal policy stance taken in the 2022/23 Budget and the intended effects of this. Discuss factors this might limit the effectiveness of this stance.
(10 marks)

How can I support my learning from today?

- ☐ Test your understanding on the success criteria each day. Address any gaps in your learning.
- ☐ Pre-read Chapter Eight of the text.
- ☐ Take Cornell notes on the relevant chapter of the text organised under the syllabus dot-points.
- ☐ Create a glossary of key economic terminology.

Success criteria checklist

I CAN...

- ☐ EXPLAIN what is meant by automatic fiscal stabilisers and discretionary fiscal policy?
- ☐ DISTINGUISH between budget outcomes associated with automatic fiscal stabilisers and discretionary fiscal policy?
- ☐ EXAMINE the 2023-24 Budget and discuss the likely impact of the two different types of stabilisers on economic activity?