

# Economics and australian budget deficit essay sample

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After 2008 financial crisis, the current economic is slowdown and governments have to come up “ with rescue packages to bail out their financial systems” ( ,,,). Last year, Julia Gillard speech to the Australia-Israel Chamber of Commerce said builds a new economy. She indicated that “ the problems of Europe” and “ position of strength in the world economy”. Although, Australia has a stronger economy in the developed countries (Wright, 2012), economic situation of Australia is close to Europe’s in 2012 and there are several fiscal challenge in domestic. This essay will state the international economic environment and fiscal challenge in Australia. Then it will analyze Budget contains in the 2013 Federal budget with economic theories. Finally, it will illustrate some effective strategies that several effective strategies that face these fiscal challenges.

#### International economic situation and Australian economic challenge

The world economy remains frail and lingers about another major downturn (...). Especially in developed countries, continually high unemployment rate and unexpectedly declining of economic growth are addressed the most pressing challenges. Even though, the global economic growth is stagnancy, Australian economy is envied by developed countries, based on ..... □□□□□□ □□□□□. However, there is no doubt that three critical fiscal challenges of Australia are faced by governments. The first one is that structural budget deficit that means expenditure of government exceed the revenue from tax at the current level (□).

If the budget deficit is moderate, it could not hurt the economy and it may promote economic growth, because higher expenditure of government

increases the GDP growth. Yet, if the deficit goes to a high level, the higher debt can make it more difficult for the government to raise funds. This is because, government has to repay high interest for their creditors who demand a great return, and this increases the deficit each year (Amadeo, 2013). In 2012/2013 the Australian budget deficit is more than \$10 billion and it is predicted increasing in next year (tu1), The second one is building right fiscal discipline that focus on □□□□□□ The last one is that Australia has been buffeted by a falloff in commodity prices, resulting in a turnaround in our previously favourable terms of trade□

### 2013 Federal Budget

Government of Australia makes up Commonwealth budget with annual statement of expenditures and tax revenue to finance the business of government and pursuit of the government's fiscal policy (textbook, p. 638). The revenue part includes taxes on individuals, taxes on companies, indirect taxes and non-tax revenue. Also the government expenses are classified in transfer payment, expenditure on goods and services and interest and other payment. According to The Australian (15 May 2013), the 2012/2013 budget deficit is estimated \$19.4 billion (1.3% of GDP) and 2013/2014 will still keep the deficit, and it will increase to \$18 billion. Government said budget is predicted to back to balance in 2015/2016 and make a surplus with \$6.6 billion in 2016/2017(after avoid.).

### References:

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