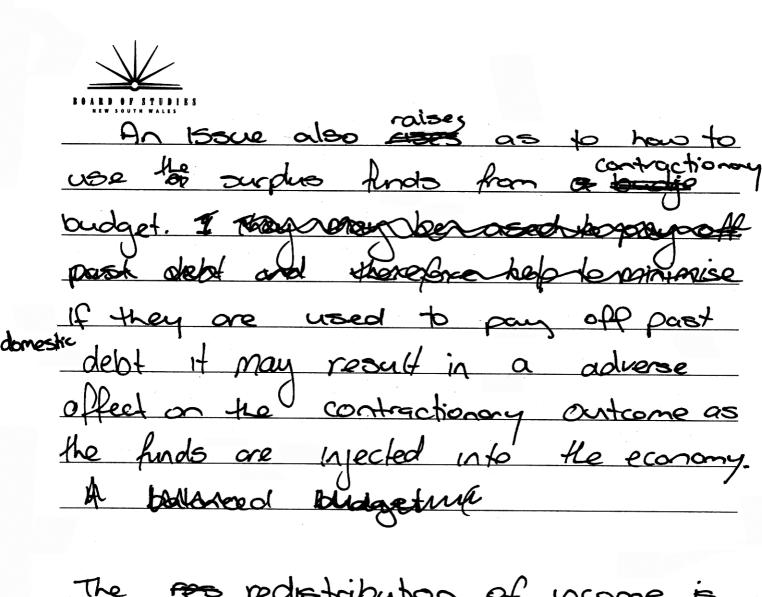


The Australia Federal Government uses fiscal policy was to help achieve H's economic objectives. This is done each year through altering Government spending & taxation as outline in the Featural Budget. The Federal Government is able to control economic growth through the budget result (eg Surphuo, menthod balanced or deficit). If a Surplus was to occur it may also use the surplus to impact on economic growth. Redistribution of Income is managed through the budget through # the governments welfore plans as well as taxation. It could also be influenced by the allocation of resources to helping low income graps
money towards
egulacrease, job training. External Stability
can be promoted through fiscal policy by the decision on how to find budget deficit or the overthand by a Surplus budget outcome is used.



Australia has experienced sustained levels of economic growth (11 years). This entired growth women has been promoted through the Riscal policy each year. Economic growth has been encouraged through the provision of encourage spending es first none against funds to yellowateproup up businesses to of more people to their business. Support has been given to industries who one Struggling leg lural areas, in an attempt to morco happy keep their sectors 'alive'. The result of the budget has a strong impact on economic growth A budget déficit for example injects more funds into the economy , having an exponsionary affect which encourages economic growth. If the Gavenment feelo that groubth may be near reaching an unsustainable level a budget surplus can be used as a contractionary Measure to keep growth rakes under control



The per redistribution of income is a lay objective the government togets in its fiscal policy. This is designed through welfore plans, as as the budget sets out criteria for benefits and eg. The recent proposal for the tightening of the disability pension will mean less people are eligable for these benefits.

Another method used to redistribute income is taxation. A progressive



tax system such as our income tax will benefit low income earners and help to improve a equality in Australia. A regressive tax system taken nowever such as the GST taxes eve le poor a greater percentage of their income then that of a high ncome earner. The other possible tax System is proportional which means is your took payed is proportional to what you earner en Medicare levy & company took Taxation tax takes money away from Income earners and spends it on the society. It is therefore sedistributing ncome to where they believe it is most

External Stability and in particular the CAD has been a concern for the government as CAD (current Account Deficit) levels climbed (peaked at 9% GDP).



It is generally accepted that CAU levels should remain in the 3-6% dan bracket. Hove 6% tends to give a regetive impression b foreign investors who may decided Australian firms and a risky unvestment & demond greater return for take their money elsewhere. Despotenthis vis Australia's CAD level is currently about 6.25% of GDP and although according to recent quotes from the budget; and then treasurer CAD is no longer a concern of the government. Their primary ain, to ensure they don't contribute to the CAD this & decision is alined with the of theory the CAD is not a problem as long as Dit restre used for investment by Krms. It is therefore Ging to be increasing their productivity and benefiting our economy. If the from is mable to



debt their are minimal consequences to the state of the economy. The longe CAD Australia has accumulated is due to continual budget déficits which were funded by overseas markets, this was borrowing from domestic market was unlikely due to Australia's low savings levels are well as it's possible adverse affect as it forces domestic borrowers to go overseard) The cost of debt servicina litterand boardeby is the major reason for our previously longe CAD. The government currently is allompting to assist external stability by minimising, the CAI).

The fiscal policy is able to influence economic growth is external stability.

Mough it's budget result is it's decision of finding of the result. Redistribution of income however is controlled in



the decision of how to spend tax B spend money in the economy.