

Box 1: The Government's Economic and Fiscal Strategy

The Government's Economic and Fiscal Strategy will drive sustainable, private sector-led growth and job creation and ensure Australia is well-placed to respond to future shocks.

By supporting economic growth now and over the medium-term, the Government's COVID-19 Economic Recovery Plan – of which the JobMaker Plan is a core element – will underpin stronger public finances over time, guaranteed provision of essential services and lower taxes as a share of the economy.

COVID-19 Economic Recovery Plan

The Government's Economic Recovery Plan aims to promote employment, growth and business and consumer confidence through:

- allowing the budget's automatic stabilisers to operate, to support aggregate demand
- temporary, proportionate and targeted fiscal support, including through tax measures that incentivise private sector investment to drive productivity and create jobs
- structural reforms to improve the ease of doing business and increase the economy's long-term growth potential to create the jobs of the future
- continuing to improve the efficiency and quality of government spending.

Progress on the economic recovery will be reviewed at each Budget update. This phase of the Strategy will remain in place until the unemployment rate is comfortably below 6 per cent, at which time the Strategy will be governed by the Government's medium-term fiscal objectives.

Medium-term fiscal strategy

Over the medium term, the fiscal strategy will be focused on growing the economy in order to stabilise and reduce debt. This underlines the commitment to budget and balance sheet discipline and provides flexibility to respond to changing economic conditions.

The strategy is underpinned by the following elements:

- stabilising and then reducing gross and net debt as a share of the economy
- targeting a budget balance, on average, over the course of the economic cycle, that is consistent with the debt objective. This will be achieved by:
 - controlling expenditure growth, while maintaining the efficiency and quality of government spending and guaranteeing the delivery of essential services
 - supporting revenue growth through policies that drive earnings and economic growth, while maintaining a sustainable tax burden consistent with a tax-to-GDP ratio at or below 23.9 per cent of GDP

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Box 1: The Government's Economic and Fiscal Strategy (continued)

- using the Government's balance sheet to support productivity-enhancing investments that build a stronger economy, support private investment and create jobs
- ongoing structural reforms to boost economic growth.