Once again at 30th June the Federal Government makes up its accounts. The Government then finds out if revenue and expenditure have worked out as originally estimated.

Just how close actual revenue gets to the estimates of twelve months earlier depends on all the variable things that affect trade and business activity. In this last year total revenue at £1,095,200,000 was only £200,000 under the estimates. That makes the estimates pretty accurate when you take into consideration the huge amounts concerned.

Although actual revenue turned out to be almost exactly what had been estimated the sources of that revenue were in some ways quite different from what had been thought twelve months earlier. You will remember that in last year import restrictions had to be made more severe because of the adverse trade balance we had at that time. These increased restrictions were reflected in the Customs revenue for the last 12 months which was more than £11 million less than the estimates. On the other hand, after the last budget had been introduced export prices for many of our primary products rose, export income was up and so total income tax was £23½ million more than the Government expected. These are just two instances of how things, that occur during the year, can upset the original budget estimate.

On the expenditure side of the ledger the Government's estimates were pretty close to the final figure. Money spent on Social Services was £23 million or £3 million short of the estimate. (It is worth noting that this is a fifth of our Federal Budget. If Repatriation expenses were added it would be more than a quarter.) In addition to this, £2 million of the capital works money remained unspent.

When the Treasurer announced the financial figures for the year early this month, most of the publicity was centred around the £111 million surplus revenue that the Federal Government had over its expenditure. Because of this, many organisations and groups of people have begun vigorous campaigns for reduced taxation. Industry in particular is making its voice heard. I don't know what the Treasurer is going to say in his Budget speech at the end of August - that must be kept one of the Nation's best kept secrets. Nevertheless I would not like to be too optimistic about tax cuts because of the following reasons.
There are many legitimate demands for increased expenditure by the Federal Government. For instance, an old age pension rise of 10/- would cost £12 million. In addition to this, road building bodies are crying out for more money as every Shire Councillor knows. Also work may be begun standardising the Melbourne Albury rail link. The Country Hospitals' Association has also put up a strong case for an increase in the bed subsidy. These are all worthy causes, they would all require more money, they are all competing for the available resources. It would be difficult to reduce taxes and answer these needs at the same time.

Secondly, the Federal Government's supposed surplus of £111 million is not really a surplus at all. Twelve months ago the Treasurer budgeted for a surplus of £108.5 million. At least £100 million of this money was earmarked for the States at the beginning of the year. If it had not been, States capital programmes for hospitals and schools for instance would have had to be drastically cut.

Each year there is a Premiers' conference at which the size of the States' works programmes is decided. Last year the figure was £192 million. These works programmes used to be financed out of loan funds but in recent years State works programmes have increased to such an extent that there have not been anything like enough loan moneys available. So that our rapid development may continue the Federal Government has therefore subsidised State works programmes out of its own revenue. The Federal Government's surplus has been largely spent by the States for whom the money was earmarked from the very beginning.

If we manage our personal accounts unwisely we affect only ourselves but if our national accounts are badly managed the whole nation suffers. At the present time Sir Arthur Fadden is preparing his Budget. His important task of measuring justice between all sections of the Commonwealth is not easy. I don't think it would hurt at this time if we wished him well.

24/7/57.

The subject of next week's article will be - Japanese Trade.