

1979-80 is expected to be reduced in 1980-81. Revenue accruing from general taxation on domestic oil production may produce a slight budgetary surplus.

All things considered, the Australian economy appears to have suffered less from the current recession than other Western economies. The medium-term economic prospects, given the impending resource boom, are even more promising, and should record a moderate three-to-3.5 per cent growth in real GDP until mid-1982. As a growing number of mineral and energy projects come onstream, growth rates will increase. The country's resources, a relatively low inflation rate, and the potential of higher disposable incomes could accelerate the current low rate of consumer spending. Manufacturing should increase, too, as demand for capital goods increases in response to the resource boom. Demand for housing, transport, and consumer goods will increase. Assuming a continuing strong balance of payments position and a high level of capital inflow, economic growth should soon begin to accelerate.

3. Resource Development Macroeconomic Trends and Planning

Following five years of slow growth, Australia is currently poised on the edge of a resource boom. Investment in agriculture is buoyant and the outlook is promising due to generally strong world prices. Adjustments are being made to improve the competitiveness of the manufacturing sector (textiles, for example). Prime Minister Fraser has stated that Australia's objective in the 1980s will be to combine an internationally competitive economy with the wealth of natural resources and the availability of low-cost energy to secure long-term economic growth.

As a leading world producer of minerals and one of the few developed countries with a positive energy balance, Australia is entering a growth phase that will see the development of major energy and energy intensive mineral processing projects. Coal provides two-thirds of Australia's total domestic output of energy. Crude oil contributes one-quarter, the balance being supplied mainly by natural and other renewable resources. According to the National Energy Advisory Committee, current estimated reserves of coal (40 billion tons of black coal and 80 billion tons of brown coal) could support a coal industry expansion to 400,000,000 tons of raw coal a year by the turn of the century. With regard to natural gas, some seven per cent of the Western world's total proven reserves lie off the Northwest Shelf of Australia alone, and further discoveries are expected. The outlook for crude oil is not so certain. Currently, domestic supplies account for 70 per cent of refinery feedstocks. Finally, Australia has 20 per cent of the world's proven uranium reserves.