



SEGRA 2009

MEDIA RELEASE

SEGRA Secretariat
GPO Box 2301, BRISBANE, Q 4001
Phone: (07) 3210 0021
Fax: (07) 3210 0044
WEB: www.segra.com.au/segra
Email: info@segra.com.au

Attention News Editors / Chief of Staff
FOR IMMEDIATE RELEASE

TAX REFORM AND SUPER NOT THE KEY FOR INFRASTRUCTURE FINANCE - THE ISSUE IS MORE FUNDAMENTAL

“Australia’s superannuation savings or tax reforms alone are inadequate to the infrastructure challenges facing Australia and further debt funding, particularly from overseas, is highly inadvisable. Such sources may be useful but sustainable infrastructure funding raises much deeper issues”, according to economist Dr Mark McGovern speaking at the *Sustainable Economic Growth for Regional Australia* (SEGRA) conference in Kalgoorlie-Boulder this week.

A Senior Lecturer in the School of Economics and Finance at Queensland University of Technology, Dr McGovern says the Global Financial Crisis signals a need to rethink the structures and assumptions currently relied on. Monetary policy particularly needs attention and major restructuring.

“Arrangements in place have failed to deliver - that’s the key message of the GFC. Now the easy money times have passed. Credit is always dear when incomes become inadequate.

“Selling off assets to pay for new assets is faulty logic in my opinion, especially if revenue streams are reduced. Sourcing finance offshore potentially bleeds Australia of wealth as interest payments and revenues are funnelled back overseas. Borrowing to fund infrastructure often simply does not add up,” says Dr McGovern.

“We need to consider how we can sensibly harness domestic sources and the issuance of monies for nation-building projects, and attract funds that have gone overseas in the past.

“Tax reform is part of the story as the ability of households to prudently save needs to be restored. Reducing or scrapping taxes on interest from savings deposits could boost funds in the domestic economy, reducing our reliance on a large international debt.”

Dr McGovern is supportive of the federal government’s efforts to bridge the initial ‘liquidity trap’ phase of the GFC but further efforts appear confused. Global recovery is likely to be a long and vexed process, including in Australia. “That crises don’t pass overnight is amply demonstrated in the literature.”

“While the federal government has done a number of good things, they have been short term and reactive. A long term and more strategic outlook, particularly as regards infrastructures needed in regional and industrial developments, is needed. Affordability issues will be central.

“I think there needs to be an open dialogue on affordable infrastructure. We need to carefully consider how we move forward and look for innovative yet sensible and prudent solutions. Well-developed regional analysis can assist both program development and the reduction of risks.”

The annual SEGRA conference is attended by regional development professionals, policy makers for all levels of government and academics who specialise in topics that impact on regional Australia.

“Regions are scrutinising their options as the economy recovers from the recent shock,” said Ms Kate Charters, SEGRA convenor.

“And the other major issue is climate change as the Copenhagen Climate conference looms. How these two colossal issues play out for regions is what we will be discussing at SEGRA, with opportunities and possible ramifications unfolding.”

New technology industries, population shifts, food and water security and the impact of climate change on existing agriculture are just a few of the issues to be examined at SEGRA 2009.

A full conference program is available at www.segra.com.au

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SEGRA 2009 is proudly supported by the City of Kalgoorlie-Boulder, Goldfields Esperance Development Commission, Regional Development Australia, Goldfields Esperance, Kalgoorlie Consolidated Gold Mines, Desert Knowledge Australia, Chamber of Minerals and Energy, Western Australian Local Government Association, Kalgoorlie Boulder Chamber of Commerce and Industry, Water Corporation and Telstra

For further information please contact:

Kate Charters
Director
Management Solutions (Qld)
Phone: (07) 3210 0021
Mobile: 0408882871
Email: executive@managementsolutions.net.au