

## Media release

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# The case for a resources fund

Another mining boom will be a mixed blessing for Australia unless the government heeds the lessons from the previous boom and sets up a resources fund, according to The Australia Institute.

As the Australian economy emerges from the global financial crisis, the government needs to be mindful of the mining sector prospering at the expense of other industries.

Speaking today at the National Peak Minerals Forum in Sydney, Senior Research Fellow David Richardson said many Australians were worse off during the previous boom because the higher Australian dollar reduced the competitiveness of other industries and home-owners were exposed to higher interest rates.

“We’ll end up in the same ‘winner’ and ‘loser’ scenario unless the government is careful. By establishing a resources fund, which could be based on the Norwegian model, we could invest the surge in commodity incomes as well as protect the rest of Australian industry from the adverse impact of a mining boom,” said Mr Richardson.

“In the future new mining tax arrangements may expose the Australian revenue to increased volatility. By shifting funds offshore Australia can avoid appreciations in the Australian dollar that are associated with job losses in manufacturing, tourism and other trade-exposed industries.

“An offshore fund can later be drawn down and used for the benefit of all Australians when the minerals run out,” concluded Mr Richardson.

### Notes for editors

- David Richardson is the author of *The benefits of the mining boom: where did they go?*, published in June 2009 and available at [www.tai.org.au](http://www.tai.org.au)