MEDIA ALERT

INVESTING SUPERANNUATION FUNDS IN RURAL AND REGIONAL AUSTRALIA

The Senate Select Committee on Superannuation and Financial Services today released an Issues Paper on investing superannuation funds in rural and regional Australia.

Committee Chairman Senator John Watson (Liberal, Tasmania) said, "With country Australians contributing more than $5 billion in super every year, superannuation funds have the potential to make a major difference to rural and regional communities by investing in projects and businesses in these areas."

The Committee became aware of concerns of some rural and regional communities that monies paid into superannuation funds by employers under the superannuation guarantee provisions were flowing out of local regions, rather than being invested locally. Eminent historian Professor Geoffrey Blainey in the 2001 Boyer Lectures has also drawn attention to the great divide between rural Australia and city areas. There appears to be an institutional bias in superannuation investments towards metropolitan and overseas equities.

The Committee visited Bendigo late last year to meet with representatives of the Bendigo Bank and discuss the issues with them. This Issues Paper explores three options for encouraging superannuation funds to invest in regional areas:

- issuing tax-advantaged local bonds;
- establishing regional pooled development funds; and
- providing development capital grants.

Increasing opportunities for investment choice is another option which might increase investment in regional areas.

The Committee urges the Department of the Treasury to examine these options as a means of encouraging investment in rural areas.

Copies of the Issues Paper are available on the Committee's website at:
http://www.aph.gov.au/senate/committee/superfinan_ctte/index.htm

Contact:

For comment:	Senator John Watson, Chair	03 6331 4544
For information:	Sue Morton, Secretary	02 6277 3433

7 February 2002