

Letters to the Editor

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Sovereign fund ideal for resources wealth

I hope that Paul Cleary's "Be resourceful and keep a bit in reserve" (Features, December 8) acts as a catalyst for a policy dialogue that explores the potential to build an Australian sovereign fund.

Having worked in Norway as an energy consultant it is apparent that the Norwegian sovereign fund (which is built on their energy wealth) supports a nation with high living standards, and at low tax cost to present and future generations.

Similarly, Australia should reserve a portion of the windfall wealth from its own resources boom

in such a fund — something recent governments have substantially chosen not to do. Such a reserve creates a new truth — that we are only stewards of these assets for the benefit of all Australians, not just the present generation. Any meaningful debate of such a fund is not just one for economists and governments: it must also involve those concerned for social and inter-generational equity, and even national security.

There are some interesting cultural parallels between Australia and Norway, including the sense of confidence each nation has in its

place in the world. In Norway at least, this is in no small part due to the wise investment of its own resources wealth in securing a financial future for all its generations to come.

An Australian Sovereign Fund could be like a new form of Future Fund, could help future generations make the inevitable transition away from our dependence on resources, and could allow future Australian generations to continue to face the world with confidence.

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