Capricorn Coast Mirror

HD Shades of doom, boom

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CBA tips coal for our bright future

Capricorn Enterprisewith Mary Carroll

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SENIOR Commonwealth Bank of Australia (CBA) economist Michael Workman presented an excellent overview of the Federal Budget at last week's Australian Institute of Company Directors (AICD) Capricornia branch breakfast.

Michael presented some very interesting and positive news for businesses in regional Queensland.

After all, Australia is one of only eight economies in the world with a Triple A credit rating!

While coal prices will continue to fall in the short term, with some coal mines at risk of closing, coal exports will rise by 25% over the next few years.

As we know, the construction phase has slowed down for a time, but production continues to grow.

Coal is still strong for the next 20-30 years and while coal mines will close, others will open.

Resource companies which survive will do very well, while the LNG industry will continue to receive a high level of ongoing investment and maintenance over the next 20 years.

In fact, the mining and resources sector is set for a very strong future and will be a significant financial provider for state and federal governments in programs like Royalties for the Regions.

The complexities of the economic cycles will never disappear from Queensland due to our regionalisation, which is why we need to explore other sectors like tourism, agriculture and construction.

Over the past 15 years, the major source of growth (and demand for Australian resource exports) has been China.

This will continue and is positive for Australia's mineral, energy and agricultural exports.

Thirty-seven per cent of Australian exports are to China, which will increase to 40%.

So growth in our agricultural products has massive potential.

On the domestic scene, one big area of growth in the next year is in the housing market.

Construction growth in Rockhampton and the Capricorn Coast is as comparatively positive as the major capitals in Brisbane, Sydney and Perth.

According to Michael, company tax rates cut to 28.5% from July 1 will be a positive move, with the 3000 largest firms in Australia paying an extra 1.5% extra tax to fund the maternity leave scheme.

Queensland will see an increase in infrastructure funds, mostly in transport, predominantly in roads.

Apparently, the Federal government will provide 15% to the sale price of any Queensland assets, with the states of NSW and Queensland owning the most number of assets.

In a total annual expenditure of $410 million and income of $380 million federally, some economists believe that the answer to a balanced budget is in a tax review (for example, reviewing concessions which currently escape tax).

By lifting taxes in some areas, reducing concessions (ie superannuation and negative gearing), and changing the tax system, a balanced budget could be achieved without affecting some of the unpopular and very emotive reform measures announced in the budget.

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