MAKING IT EASIER TO INVEST IN INFRASTRUCTURE

PERPETUAL CORPORATE TRUST

19/03/2015

In global terms, Australia is already a key market for institutional investors who have an appetite for infrastructure but there are still challenges. In this article from Infrastructure & Investment Conference 2014, we look at what else can be done to make infrastructure investment even more attractive?

In a 2012 report, the Organisation for Economic Co-operation and Development (OECD) described Australian super funds and their Canadian counterparts as being 'further along the learning curve' in terms of infrastructure investment than other institutional investors, with between 4 per cent and 16 per cent of their portfolios allocated to the asset class.1 Prime Minister Tony Abbott has described himself as the 'Infrastructure PM'. Among the state governments, there is widespread acceptance of the concept that money that is raised through the privatisation of infrastructure should be reinvested in infrastructure: in other words, privatisation can contribute to economic growth.

And, if anything, the cooperation between the various levels of government is increasing. In late 2013, the Federal and state governments reached an agreement whereby corporation tax that is being paid by private buyers of assets will be 'recycled' to the state governments – so long as they use the money for building infrastructure. In recent times, billions of dollars have been raised through the sales of

Port Botany/Port Kembla, the Port of Newcastle and Queensland Motorways.

The privatisation of the Port of Melbourne and, perhaps, the ‘poles and wires’ electricity assets of NSW are potentially in the not too distant future.