

Media Release

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Lack of projects and privatisations force infrastructure investors to look beyond Australia

- 50 per cent of investors looking beyond Australia because there are not enough projects
- 94 per cent still 'highly likely' to invest in Australian infrastructure, up 15 per cent on 2015
- High interest and low number of projects creating competition - a key challenge for 40 per cent, up from 5 per cent last year

The 2016 IPA/Perpetual *Australian Infrastructure Investment Report* shows continuing high levels of global interest in Australian infrastructure, but provides a good reminder that investment can - and does - go elsewhere when there are not enough Australian projects.

The report captures the views of 20 global and domestic investors including sovereign wealth funds, pension funds, fund managers, developers, banks and insurance companies who manage more than \$110 billion in infrastructure investments worldwide.

Infrastructure Partnerships Australia CEO Brendan Lyon said: "These figures remind us Australia is competing against the world for infrastructure investment and it will go elsewhere if we do not harness it.

"Half of respondents report that Australia is unlikely to have sufficient projects to satisfy the high levels of investment, forcing them offshore. With record high prices for privatised Australian infrastructure and very competitive pricing on new projects, there's been no better time for state governments to offer projects to the market, funded through asset recycling.

"Our research shows a very strong preference for NSW and Victorian infrastructure, over the on-and-off-again projects and privatisations offered by the resource states.

"This report shows that Australia's got the type of problem everyone wants, too many investors wanting to put money into infrastructure, right at the time we need more investment.

"This highlights the fact that local, state and national governments should be doing much more to get infrastructure moving."

Despite the challenges cited by research participants, Perpetual Corporate Trust General Manager, Andrew Cannane, highlighted the increasing number of investors willing to invest large amounts of money in Australian infrastructure.

"Investors identify Australia's strong track record in infrastructure and our stable economic, fiscal and regulatory environment as key features driving the attractiveness of the Australian market; with the depth of market knowledge and ease of doing business adding further appeal.

"While the report does highlight areas where we can improve, we must not forget how we have become such a popular investment destination in the first place," Mr Cannane said.

Seventy five per cent of investors find Australia an attractive destination because of our economic stability, with strong knowledge of the local market and the ease of doing business being two other points of attraction.

Mr Cannane also stressed the importance of overcoming the challenges faced by the sector.

“Global competition for infrastructure investment continues to intensify. Australia will have to work hard to ensure sufficient opportunities are available to the market in order to continue to attract international capital and skills.”

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About the Australian Infrastructure Investment Report

The Report is based on the findings of 20 respondents who collectively own or manage circa A\$110 billion in infrastructure investments across the globe. Respondents included sovereign wealth funds, pension funds, fund managers, developers, banks and insurance companies. While almost all respondents are Australian-based, around half have their head office within Australia, and half have head offices elsewhere. The report provides a unique insight into the preferences, intentions and concerns of the major market participants about investing in infrastructure in Australia

About Perpetual

Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, go to www.perpetual.com.au

About Infrastructure Partnerships Australia

Infrastructure Partnerships Australia is the nation's peak body for infrastructure – formed in 2005 as a genuine and enduring policy partnership between Australia's governments and industry. Through our research and deep engagement with policymakers and industry, IPA seeks to capture best practice and advance complex reform options to drive up national economic prosperity and competitiveness. For further information, go to www.infrastructure.org.au

