



19 November 2018

Mr Paul Lindwall
Presiding Commissioner
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Via email: airports@pc.gov.au

Dear Mr Lindwall

RE: Submission of additional evidence on investor sentiment and perceptions to the Productivity Commission's review of the economic regulation of airports.

Infrastructure Partnerships Australia (IPA) was pleased to provide our submission *National Infrastructure Perspective – Airports, Regulation and Capital Investment* to the Productivity Commission's review of the economic regulation of airports.

To further inform the review process, we would like to submit our recently released [2018 Australian Infrastructure Investment Report](#) as additional evidence for consideration. The report provides a comprehensive overview of investor appetite and sentiment. It provides insights into the drivers and challenges for foreign and domestic infrastructure investors, which include sovereign wealth funds, pension funds, fund managers, banks and other infrastructure professionals.

This year's report reveals a 17-percentage point fall in investor certainty. The record low is attributed to the cumulative impact of repeated interventions in energy regulation, taxation policy and foreign investment rules. Australia has also lost its position as the most attractive region for infrastructure investors – with Europe and North America surpassing our market for the first time. Political risk emerged as the biggest challenge for investors, with one domestic investor stating:

“Governments are constantly changing the rules and it seems to be driven by very short-term reactionary policies impacting much longer-term investments. One needs to be pretty brave to underwrite investments predicated on a policy which could change.”

While airports were not cited as displaying high levels of regulatory risk, any adverse change to the current regime would risk seeing the high level of investor uncertainty spread to airports and the broader national market. This could further reduce our global standing as an infrastructure investment destination of choice.



Thank you for your consideration of this submission, if you require further detail please contact Nick Hudson, Director of Economics and Policy, on (02) 9152 6018 or nick.hudson@infrastructure.org.au. We would also be pleased to provide an in-person briefing on the report, if you would find it of use.

Yours sincerely,



ADRIAN DWYER
Chief Executive Officer