

MEDIA RELEASE

WALL OF CAPITAL KNOCKING ON THE DOOR OF AUSSIE INFRASTRUCTURE

Australia is still the destination of choice for infrastructure investors, but a lack of investment opportunities, the cost and complexity of bidding, and policy instability risk Australia losing out on capital, according to a new report from [Infrastructure Partnerships Australia](#) and [Allens](#).

2021 Australian Infrastructure Investment Report

Key findings include:

- 84 per cent of investors remain ‘highly likely’ to invest in Australia, down from 90 per cent in 2019
- ESG has become a growing investment driver for traditional and emerging assets, with 93 per cent of participants agreeing that ESG has grown in importance over the last two years
- Only 22 per cent see the availability of stock as an attraction to the Australian market
- 44 per cent see competition for assets as a key challenge to investing in Australia
- 76 per cent say the cost of bidding hinders investment, and
- 73 per cent agree that uncertainty in Australia’s policy and regulatory settings limits their willingness to invest.

“While Australia still performs well among its international peers as a leading destination for infrastructure investment, a lack of opportunities, the cost and complexity of bidding, and policy instability are starting to bite,” said Infrastructure Partnerships Australia Chief Executive, Adrian Dwyer.

“The message from investors is clear - capital is a coward, it will go where it is treated well.

“With the United States set to pass a US\$1 trillion infrastructure package and Europe gearing up for a major investment drive in renewable energy, Australia risks losing out on capital unless we get our investment and policy settings right.

“The grass isn’t quite greener in the other paddocks yet, but they are being well-watered and we need to be watchful.

“The capital is available to finance Australia’s recovery, but we need government to put their deal pants on and get brokering.

“Investors have told us there is an insatiable appetite for ESG friendly investment opportunities, with investor preference for renewable energy and social infrastructure assets a clear favourite in the market.

“While there is strong demand for ESG-friendly opportunities, investors have made clear that Australia risks being left behind by more capital-hungry markets unless we develop a coherent set of decarbonisation policies.

“Greater policy and regulatory clarity in the energy sector could catalyse investment in more sustainable energy, transport, waste and construction projects and see Australia outperform global peers.

“Australia has one of the best infrastructure investment reputations in the world, underpinned by a strong track record of infrastructure business, knowledgeable market participants, and good economic fundamentals – but reputations are hard won and easily lost,” Mr Dwyer said.

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About the Australian Infrastructure Investment Report

This year’s survey captures the views of international and Australian investors who collectively own or manage more than \$570 billion of infrastructure assets across the globe. Our report provides a comprehensive view of investor appetite and sentiment. The report reveals insights into the drivers and challenges for infrastructure investors, which include sovereign wealth funds, pension funds, fund managers, banks, and other infrastructure professionals.

About Infrastructure Partnerships Australia

Infrastructure Partnerships Australia is an independent think tank and executive member network, focused on excellence in social and economic infrastructure. Formed in 2005 as a genuine and enduring policy partnership between Australia’s governments and industry, we exist to shape public debate and drive policy reform for the benefit of the national interest. For further information, go to www.infrastructure.org.au.

About Allens

Allens is a commercial law firm working throughout Australia and Asia. Through its integrated alliance with Linklaters it provides clients access to 40 offices in 28 countries around the world. For further information, go to www.allens.com.au.