New Infrastructure Australia Act

Amended Infrastructure Australia Act, September 2014

New powers, independent IA Board with right to appoint its own CEO

Establishes IA as an independent statutory body with a mandate to prioritise and progress nationally significant infrastructure
Our Board and CEO

Board members (12)
• Mark Birrell, Chairman
• Julianne Alroe
• Gerard Blood
• Michael Carapiet
• Peter Corish
• Colin Duffield

Chief Executive Officer
• Philip Davies

• John Ellice-Flint
• Nicole Lockwood
• Daniel Norton AO
• Kerry Schott AO
• Gabrielle Trainor
• Peter Watson
Work priorities

• Northern Australia Infrastructure Audit
• Australian Infrastructure Audit
• 15 year Australian Infrastructure Plan
• Infrastructure Priority List
Northern Australia Infrastructure Audit
Australian Infrastructure Audit
Audit, Plan and Infrastructure Priority List

Australian Infrastructure Audit
Released 22 May 2015
- A strategic approach to assessing our nation's infrastructure needs.
- Examines the drivers of future infrastructure demand, particularly population and economic growth.

Australian Infrastructure Plan
- A strategic framework that responds to the issues identified in the Audit.
- Will outline the policy and governance reforms that will enhance our infrastructure decision making.
- Developed in close consultation with State and Territory governments and stakeholders.

Infrastructure Priority List (IPL)
- A list of nationally significant initiatives and projects which align with the strategic challenges identified in the Audit and other sources, such as Jurisdiction infrastructure plans.
Australia’s projected population growth

National population projections, 2031 to 2061 (million)
Growth in Australian capital cities

Projected population of Australian capital cities, 2011–2061

million

Sydney | Melbourne | Brisbane | Perth | Adelaide | Canberra | Hobart | Darwin

2011   | 2031      | 2061     |
Growth in congestion - Transport

Annual congestion cost across Australia's 6 largest cities

$ billion, 2011 prices

Ten reform challenges

1. Population
2. Productivity
3. Connectivity
4. Competitive markets
5. Funding
6. Governance
7. Sustainability and resilience
8. Regional
9. Indigenous
10. Best practice
Australian Infrastructure Plan

- The Plan will set infrastructure priorities for the next 15 years
- Focus on boosting economic productivity and enhancing quality of life
- Based on evidence from the Audits as well as other reports
- Structured around 10 challenges
- A reinvigorated Infrastructure Priority List
PPPs in Australia
Federal & State Infrastructure Investment

- Projects at MYEFO through to 2019–20: $39 billion
- Infrastructure Growth Package 2014–15 budget: $11.6 billion
- Over $50 billion Commonwealth Government spending

Catalysing state/territory and private sector investment:

- Around $68 billion
- Over $58 billion*

= Over $125 billion of infrastructure investment

* This figure does not include potential additional private sector funding stimulated by the Asset Recycling Initiative.
Private investment

• Increasingly governments look to private sector to provide services and infrastructure
• Successful delivery of PPP projects is aided by stable political and social environment
• Key partners for Australian PPP projects come from around the world
• Offshore investors and builders provide innovation, capacity and competition
• Increasing interest from long term investors in privatised government assets
PPPs in Australia - Overview

- Over 100 major PPP projects contracted in the past twenty-five years
**Major PPP Projects**

**Northern Territory**
- Darwin Prison $495m
- Darwin Convention Centre $108m

**Western Australia**
- Mundaring Water Treatment Plant $360m
- Perth Convention and Exhibition Centre $220m
- Midland Public Hospital $360m
- CBD Court Complex $235m
- Eastern Goldfields Prison $246m

**South Australia**
- New Royal Adelaide Hospital $2.9b
- Education Works (6 Schools) $193m

**Victoria**
- Victorian Desalination Plant $5.7b
- Melbourne City Link $1.6b
- Eastlink $2.6b
- Peninsula Link $849m
- Royal Children’s Hospital $946m
- Comprehensive Cancer Centre $1b
- New Bendigo Hospital $630m

**Queensland**
- Airport Link $5.1b
- Gold Coast Rapid Transit $1.1b
- North South Bypass $3.2b
- Airport Rail Link $223m
- Schools 1 $550m
- New Generation Rolling Stock $4b
- Schools 2 $400m

**New South Wales**
- Passenger Rail Rolling Stock $3.6b
- Cross City Tunnel $680m
- Royal North Shore Hospital $1.1b
- Lane Cove Tunnel $1.1b
- Olympic Stadium $615m
- Sydney Convention Centre $1b
- M7 motorway $1.5b

**Tasmania**
- Risdon Prison Redevelopment $100m

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*Note: Map shows the distribution of major PPP projects across Australia.*
PUBLIC PRIVATE PARTNERSHIPS

PPP’s are vital to the development of infrastructure in Australia as they allow governments and private sector companies to work together and share resources on key projects.

The Australian, state and territory governments will consider a PPP for any project with a capital cost in excess of $A50 million.

NATIONAL PPP POLICY AND GUIDELINES

This online library makes it easy to find and understand vital information for partners developing Australia’s future infrastructure.

Access the National PPP Policy Guidelines

To access PDF versions click here.

AUSTRALIA’S PPP PIPELINE

- Below you will find information about PPP projects that are already in place (contracted), are in the process of being procured, or that governments have identified as potential candidates. PPP projects contracted (users can edit the spreadsheet) [XLS: 69 KB]
- PPP projects in the market
- Potential PPP projects

This data is updated every six months. If any information is incorrect or incomplete, please contact us at mail@infrastructureaustralia.gov.au.
Offshore participation

- Sydney Harbour Tunnel – Kumagai Gumi
- Sydney Olympic Stadium – Obayashi
- Qld Rolling Stock: Bombardier, Itochu, Uberior
- Gold Coast Rapid Transit: Bombardier, Keolis
- SA Courts: Mott McDonald
- East Link: SICE
- VCCC: PCL
- Victorian desalination plant: Suez, Degremont
- Sunshine Coast Hospital: Mizuho
- New Bendigo Hospital: Mizuho
- Port of Esperance expansion: Marubeni
- EastWest Link bidders: Acciona, Bouygues, Samsung, Ferrovial, Cintra, Ghella, Uberior
- Sydney Light Rail bidders: Transdev, Alstom
- WestConnex bidders: Ferrovial, OHL, Rizzani de Echer, Salini, Impregilo
Typical structure of PPP Consortium

- Sponsor: Macquarie, BTMU, Plenary (one)
- Contractors: Leighton, Cintra, Ghella, Samsung, Bouygues, Salini (usually 2-3)
- Operators: Serco, Veolia, Spotless, Abertis, Keolis, MTR (one)
- Equity: Ferrovial, Samsung, Itochu, ADIA, pension funds
- Debt: Mizuho, BTMU, SMBC, BBVA, Santander (can be club of 10-20 banks)
Offshore entry to Australian market

- Significant increase over last 3 years
- Spain, Italy, France, Korea, Japan
- Initially a small business development team – identify projects and pipeline
- Usually partner with local companies
- Ramp up resources when bidding and after success
PPP Process

- Market sounding
- Open Call for Registration of Interest
- Open Call for Expression of Interest (shortlisting)
- Request for Tender (from shortlist of 2-3)
- Contract close
- Financial close
- On average 17 months from call for EOI to Financial close
### Timeline Snapshot

<table>
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<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td><strong>VIC</strong></td>
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<td>WOODMAN POINT WASTE WATER TREATMENT PLANT</td>
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<td>THE QUEEN ELIZABETH HOSPITAL</td>
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<td><strong>TAS</strong></td>
<td>MACQUARIE POINT PROJECT</td>
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</tbody>
</table>

### Projects by State

- NT
- QLD

### Asset Sales

A list of publicly owned assets that are proposed to be sold or leased are available here. [View more »](#)

### Planning and Feasibility

- Planning and Feasibility Studies currently
Privatisation in Australia
Privatisation

- “Part of the answer to removing the infrastructure deficit”
- Continued public ownership of infrastructure assets prohibits new investment
- Governments have limited capacity to fund new infrastructure
- Some assets still publicly owned due to historical factors.
- Strong interest from Australian and overseas superannuation and pension funds in Australia’s infrastructure assets
- Successful asset transfers have included electricity, ports, airports, rail, lotteries and water infrastructure
Past Privatisations

1991-1997 - $60B

- South Australia
  - SAGASCO
  - Pipelines Authority of South Australia
  - State Government Insurance Commission
  - Bank SA
  - ETSA Transmission
  - Torrens Island Power Station

- Victoria
  - Trams
  - Trains
  - Electricity
  - La Trobe Regional Hospital
  - State Insurance Office

- Queensland
  - Port of Brisbane
  - QR National (Aurizon)

- NSW
  - Power Generators
  - Ports Botany & Kembla
  - Port of Newcastle
  - Sydney Desalination Plant

- Tasmania
  - Hobart Airport

2013- 14 $10b
Offshore participation

- Ports Botany & Kembla: Abu Dhabi Investment Authority
- Port of Newcastle: China Merchants Group
- Sydney Desalination Plant: Ontario Teachers Pension Plan
- 3rd terminal Port of Melbourne: International Container Services
Potential Privatisations

Northern Territory
Darwin East Arm Port

Western Australia
Utah Point Port
Kwinana Bulk Terminal
Fremantle Port

Victoria
Port of Melbourne

NSW
Electricity transmission & distribution companies (Transgrid, Ausgrid, Endeavour Energy)

Australian Government
Australian Rail Track Corporation
Privatisation process

- Scoping study by investment bank
- Market sounding
- Open call for Registration of Interest
- Indicative bids
- Final bids
- Financial close

Parties:
- Equity: pension funds, sovereign funds, infrastructure funds
- Debt: local and offshore banks
Future opportunities

- Infrastructure Australia has identified a range of assets in government hands that could be more effectively operated by the private sector.
- These include:
  - Electricity generation, transmission and distribution companies
  - Water Retailers & Suppliers
  - Ports
  - Airports
  - Rail Corporations
- Infrastructure Australia estimates up to $100B could be realised relatively quickly.
- This will require new sources of debt and equity funding.
Sydney Harbour Tunnel

New Royal Adelaide Hospital

Victorian Desalination Plant

Hobart Airport

Melbourne City Link

QR National (Aurizon) Queensland

Australian Government