

Australia's newest infrastructure PM

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Malcolm Turnbull has already won many plaudits among the infrastructure community since being sworn in as Australia's 29th prime minister on 15 September. The fact these endorsements have occurred before any new policies have been implemented is a symptom of the disenchantment with former prime minister Tony Abbott.

Abbott, elected in 2013 as the self-proclaimed infrastructure prime minister, developed a hostile relationship with many state officials because of differences in opinion over funding of major infrastructure projects. Abbott was particularly stubborn in his refusal to provide federal funding for urban infrastructure projects and favoured major road projects instead.

Turnbull, conversely, is a self-declared agnostic on the roads versus rail debate in Australia and has stated that each will be granted an equal footing. "We shouldn't be discriminating between one form of transit and another" he said when announcing his cabinet on 20 September. "Roads are not better than mass transit or vice versa, each of them has their place."

While Warren Truss, the leader of the National Party of Australia, remains minister for infrastructure, Turnbull's appointment of Jamie Briggs as the minister for cities and built environment and Paul Fletcher as minister for major projects, under the auspices of the environmental ministry, has strengthened the belief that the scales have started to tip in favour of urban transport projects

Federal funding

"The mood has changed recently because of two key developments," said David Larocca, partner & Oceania leader, infrastructure advisory at Ernst & Young. "The first is the creation of the two new ministries, and the second is the fact that the federal government, when working with the states, will be transport mode agnostic when considering funding for new projects."

Under Abbott's premiership, the number of major road projects benefiting from Commonwealth government funding increased. The [2014 budget](#), the previous administration's first in office, provided for major concessional loans and grants for several projects including [WestConnex](#) in Sydney, the [Toowoomba Second Range Crossing](#) in Queensland, and Victoria's [East West Link](#).

Abbott shied away from providing Commonwealth funding for urban transport projects however and instead preferred to encourage state governments to fund these projects, often through capital recycled from asset sales. In last year's budget the government launched its A\$5 billion (\$3.5 billion) asset recycling initiative, which provides financial incentives for states to privatise existing assets.

A lack of alignment of priorities between state and federal governments was best demonstrated by the East West Link project. The Labor government of Victoria led by Daniel Andrews scrapped the project shortly after coming to power in

November 2014. It has been in dispute with the federal government ever since, which had refused to reallocate the funding available for the project to the [Melbourne metro](#) project.

Continuity and change

With Turnbull coming to power, the Andrews administration hopes the federal government will now allow the reallocation of funding from East West Link to the Melbourne metro. The metro is one of several projects across the country that previously struggled to obtain funding but could now be revived. The list includes Cross River Rail in Brisbane, the Parramatta light rail in Sydney and Perth light rail.

For other areas though the Commonwealth government's influence is already blunted by the control wielded by the state governments. This is most notable in the sales of various state-owned assets. These have been embraced by nearly all states aside from Queensland and are mostly carried out without federal government influence.

For the renewable sector the feeling towards the change in leadership is more sanguine. The new environmental minister Greg Hunt has gone to great lengths to emphasise the government's support for the sector. He has also lifted the government's unenforced ban on the Clean Energy Finance Corporation (CEFC) funding wind projects, although has stated his preference for solar and geothermal.

As the national government reached an agreement with the opposition in just May this year on the renewable energy target (RET), there are unlikely to be any major policies changes announced soon. The RET sets out the amount of energy Australia seeks to produce from renewable sources by 2020 and as such is the main source of influence for Australia's market for power purchase agreements.

A new hope

The Abbott government and Labor, which holds the balance of power in Australia's Senate, reached a compromise agreement to reduce the RET to 33,000GWh. The Abbott administration had previously sought to reduce the target to 26,000GWh and the agreed target was widely viewed as a fair compromise, bringing much needed stability to Australia's renewable sector.

Like with all policy developments though the devil is in the detail and there has been some criticism among developers about the inclusion of wood waste within the target. There are also doubts around the new government's agnosticism towards funding for transport infrastructure project. It remains to be seen how many projects put forward by the state governments will receive federal funding.

The Queensland state government has already sent a list of twelve priority projects to Infrastructure Australia that are in need of federal funding. Not all twelve are expected to receive Commonwealth support, but even if only a couple of the major projects, such as Cross River Rail and stage two of the Gold Cost Light Rail, do so it will be viewed positively by the industry.

All eyes now turn to Infrastructure Australia to see how many projects put forward are listed in its 15-year priority plan due to be published early next year. This should give a good indication to the level of federal government support for funding major urban transport projects. The general feeling within the industry is that it can't be worse than under the previous government.

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