

Infrastructure Financing in Australia

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FINANCING/FORMATION PERIODS

- Bretton Woods, Keynesianism and the Utilities
- Restructuring and National Competition Policy
- The Clumsy Period
 - Clumsy Privatisation and Debt Reduction
 - Clumsy Centralisation and Debt Expansion
- The Recycling Capital Period

Year	Australia	Sydney (GMR)
1850	0.4 mil	39,000
1900	3.7 mil	481,000
1950	8.3 mil	1,700,000
2000	19.2 mil	4,085,000
2050	35.0 mil	7,500,000

Bretton Woods, Keynesianism and the Utilities

- Within federated Australia
- Within primate state capitals
- State financed, commissioned and operated

Restructuring and National Competition Policy

- Within a national project of international competitiveness, rising productivity and economic rationalism for the state apparatus
- Sell-off of national non-infrastructure state enterprises (Qantas, Commonwealth Bank, Commonwealth Serum Laboratories)
- Corporatisation and marketisation of utilities

The Clumsy Period Part 1: Clumsy Privatisation and Debt Reduction

- Sell-off state utilities
- Sell-off national telecommunications carrier
- Repeated fiscal surpluses
- Funding of pension liabilities esp. by Future Fund
- Infrastructure emerges as a financial product and as a private economic sector

The Clumsy Period Part 2: Clumsy Centralisation and Debt Expansion

- Continued sell-off of state utilities
- Establishment of Infrastructure Australia
- But Global Financial Crisis and massive spending response
- Repeated fiscal deficits
- Infrastructure role devolved to private sector

The Recycling Capital Period

- Long term public finance difficulty
- Continued sell-off of state utilities
- Funds (to be) recycled into newly commissioned projects
- Maturing assets privatised and cycles repeated.

Public sector		Trusts, SIVs	Private sector		
on balance sheet (perhaps outsourced provision)	off balance sheet	usually former utilities, former GTEs	state procured; private provision, private operator	state regulated market	other 'market'
departments, ministries, councils	utilities, GTEs, PPPs	trusts, SIVs	equity and investment vehicles		
perhaps fee or user charge	fee or user charge	fee or user charge	fee or user charge	fee or user charge	fee or user charge
-roadways -public transport -municipal	-water storage -water distribution and retailing -sewerage -electricity (some states)	-seaports -airports	- motorways	-telcos -broadcasting -air travel -elec/gas generation -elec/gas retailing	-private transport -private freight handling -private telco -private sea/airports

(Some of) What Matters Now

- Source of finance/balance sheet capacity
- Qualitative nature of the asset
 - Distributed/hierarchical
 - Vertically integrated/unbundled
- Market structure and depth
- Nature of state power required
 - Regulatory
 - Market creation
 - Property creation
 - Corporations powers

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Government announces new
infrastructure inquiry