

19 June 2014

A joint letter from Australia's superannuation and infrastructure sectors to the Members and Senators of the Australian Parliament

We are writing to express our support for the proposed asset recycling fund.

Together, we speak for Australia's \$1.6 trillion dollar superannuation industry, and the national infrastructure sector.

We are writing to you because this legislation provides an important incentive for states to get on with the job of finding the money the country needs for new infrastructure.

Australia's superannuation funds have the capital, expertise and commitment to invest in Australian infrastructure.

Australia's infrastructure sector has the sophisticated engineering, financial and project skills to deliver the new projects we need.

The Australian public deserve much better infrastructure services, at much lower costs.

What is missing is the ability and capacity to pay for major new projects, without lifting taxes or cutting services.

Asset recycling is a proven way of marshalling the billions of dollars that governments need to break the infrastructure backlog.

Superannuation fund members also stand to benefit from asset recycling.

As more Australians enter retirement, this will drive demand for assets with reliable income streams, such as port infrastructure and energy networks.

Superannuation funds stand ready and willing to invest, but there has not been a consistent pipeline of suitable projects.

Providing incentives to the states to sell mature assets will help establish a steady, long-term pipeline of investment opportunities, while freeing up the capital required to deliver the new infrastructure the Australian community both needs and deserves.

We understand privatisation can lead to community concern about how the assets will be managed in the future.

In this regard there is a natural symmetry between the interests of superannuation funds, who want to achieve sustainable, long-term returns, and the interests of the community, who want to ensure these assets are managed responsibly and for the long-term benefit of society.

The sale of public assets is the only way for Australia's states to repay their debts and catch up on infrastructure.

Every Australian stands to benefit from recycling money from old assets to fund the infrastructure we need to make the country grow again.

This legislation should be supported, because it is in the nation's interest.

Yours faithfully,

Brendan Lyon

Chief Executive Officer | IPA

Pauline Vamos

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