

smart
infrastructure facility

University of Wollongong



APEC – Is Australia managing?

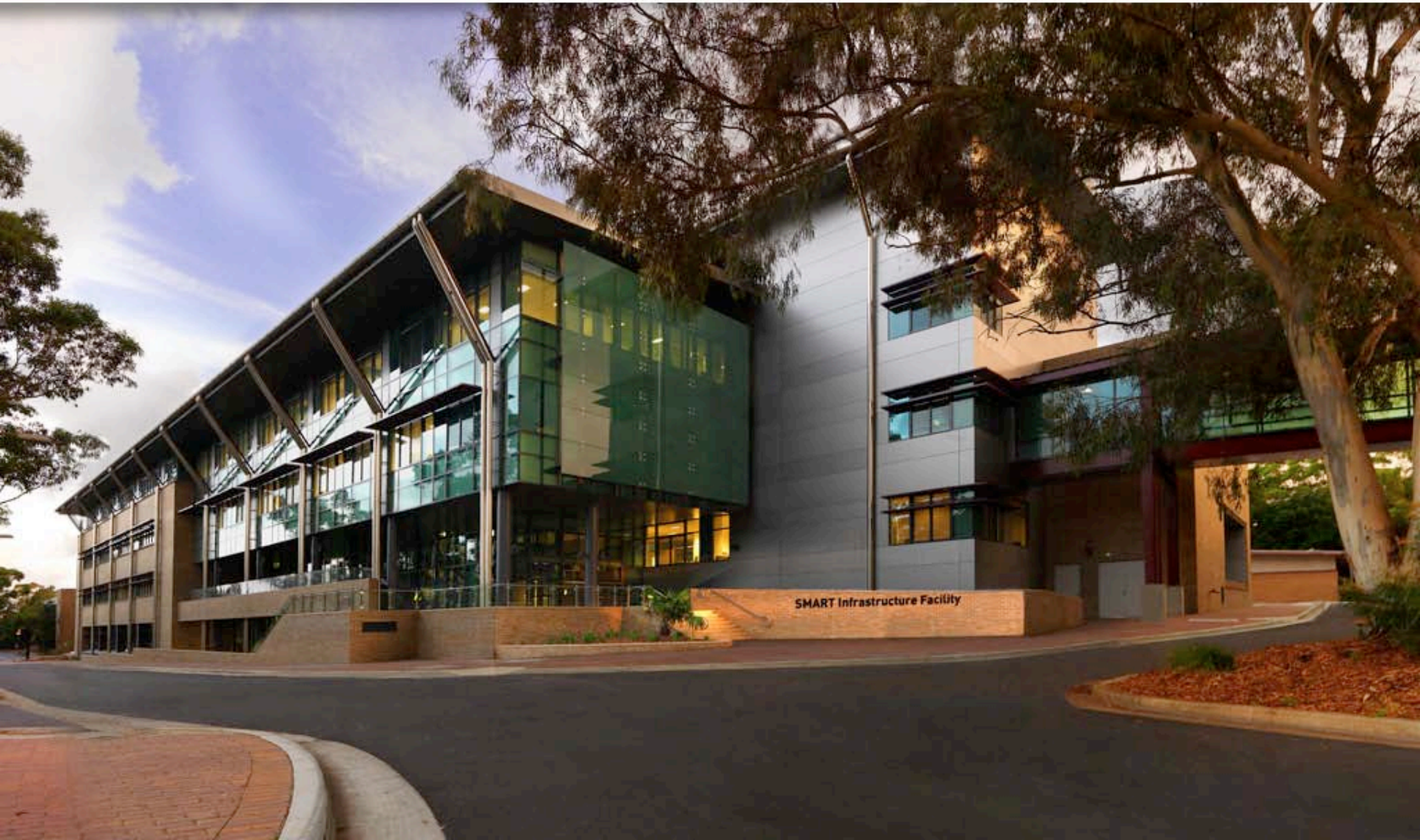
The State of Australia's Competitiveness – An Infrastructure Perspective

Garry Bowditch, CEO SMART Infrastructure Facility

Melbourne, November 2011

SMART Infrastructure Facility

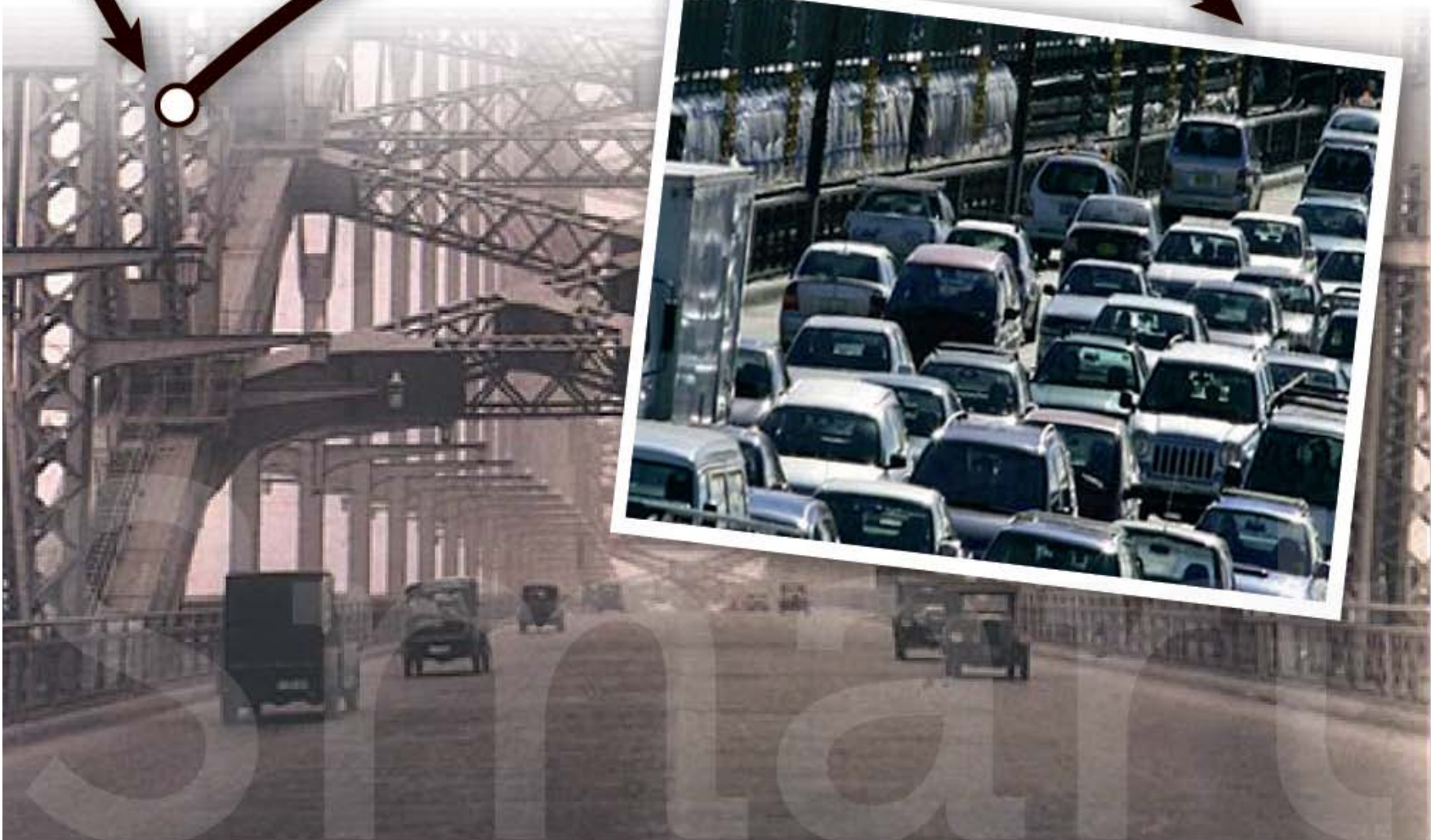
integrated infrastructure planning & management



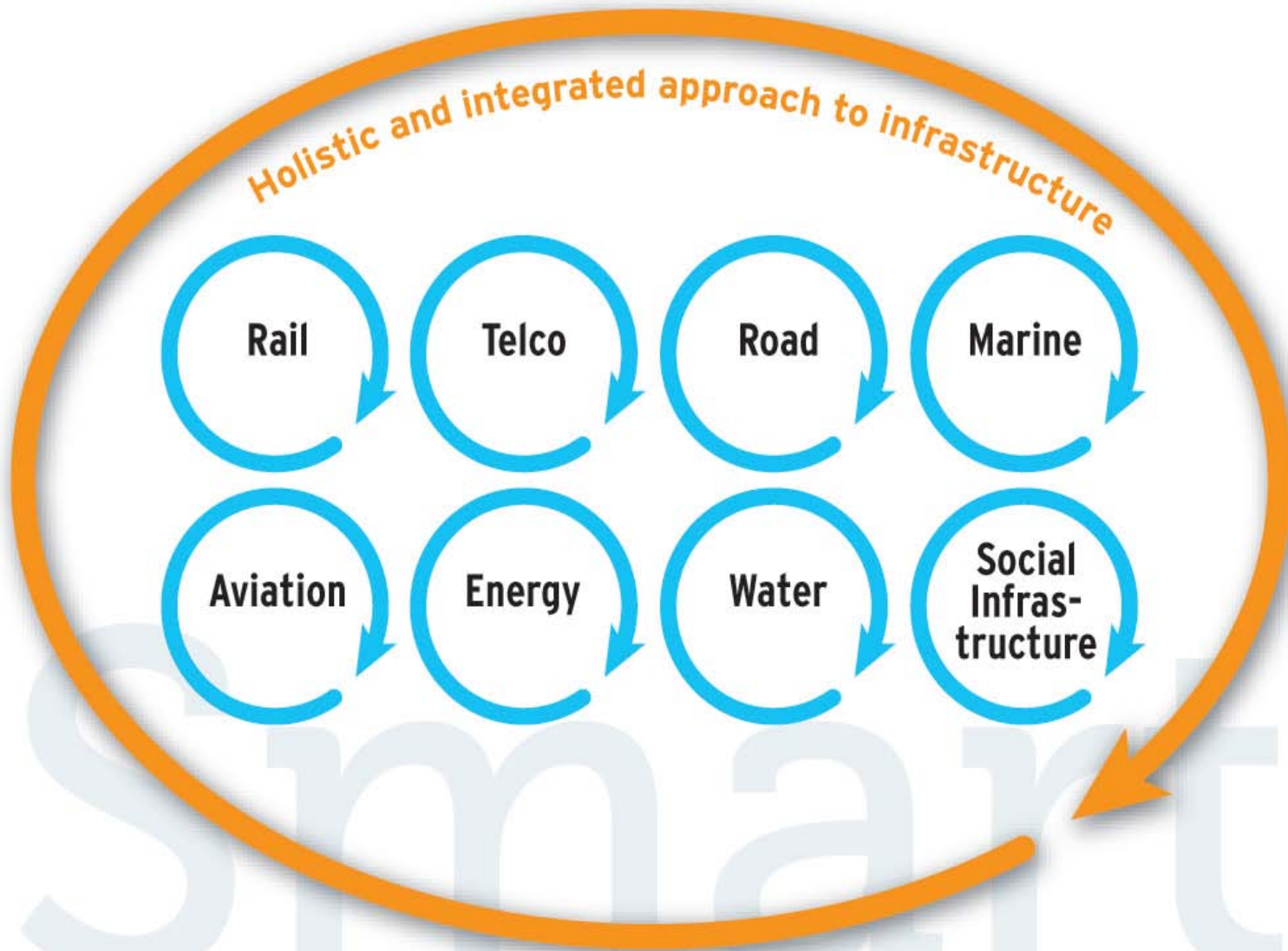


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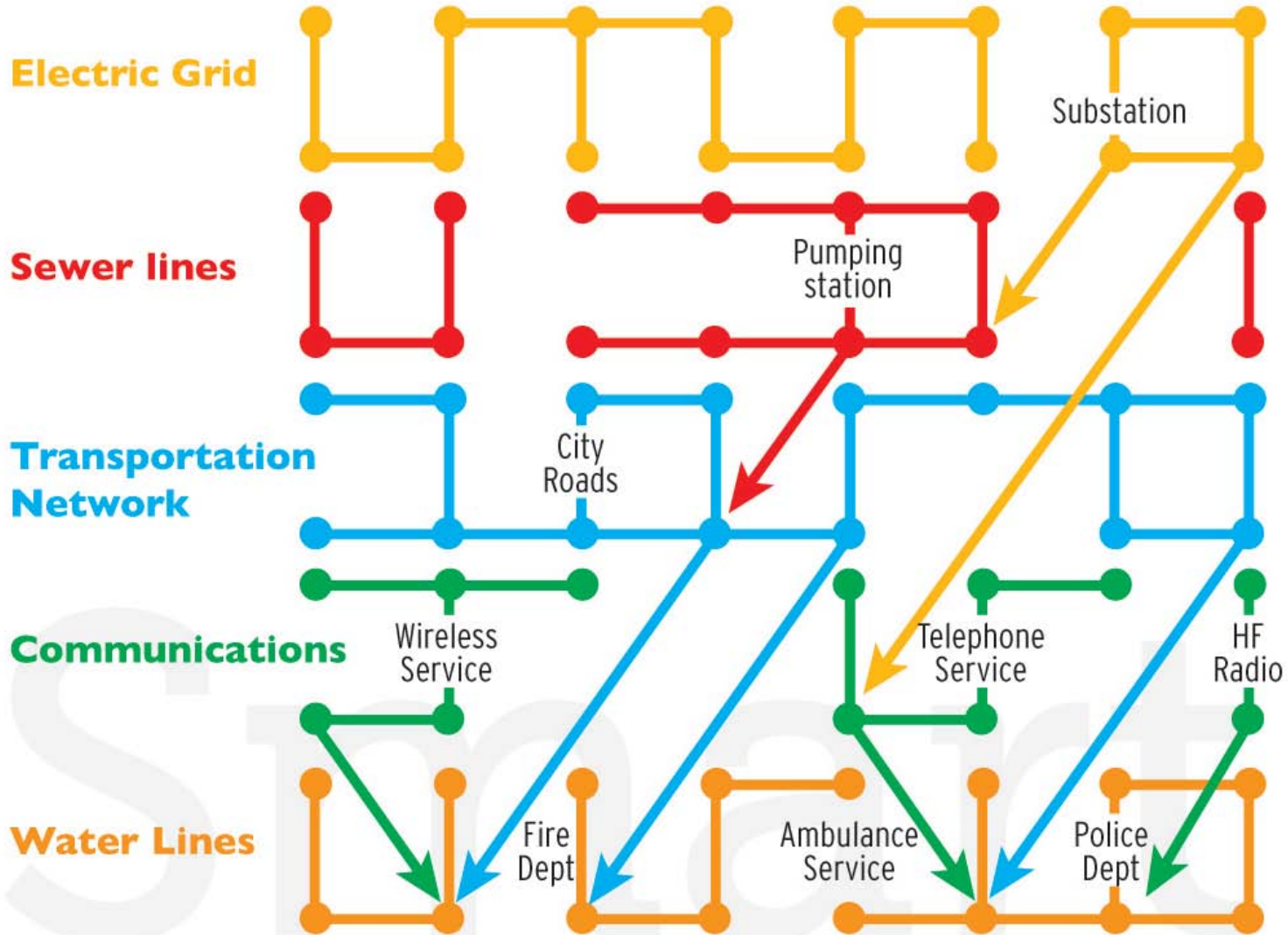
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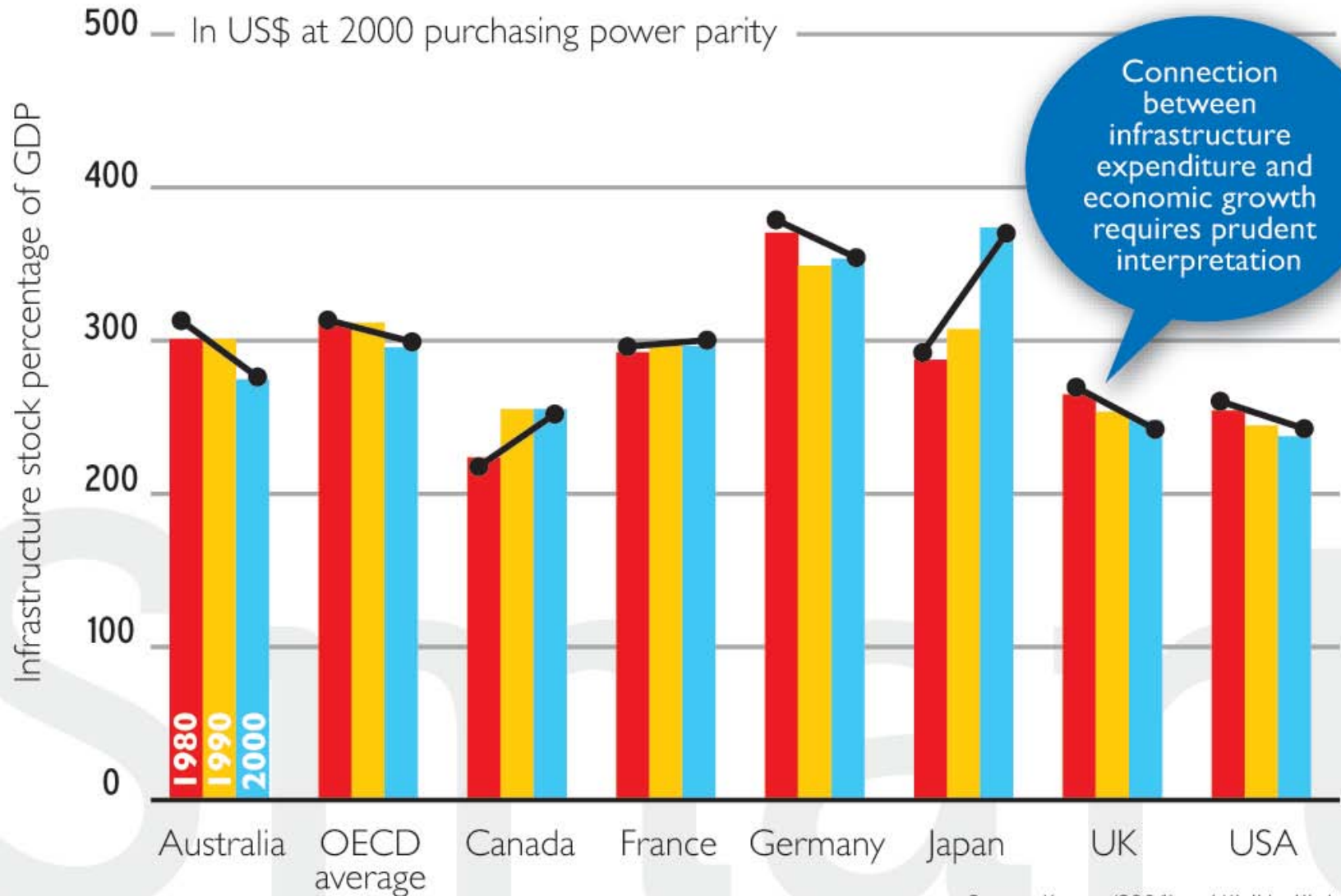
BREAKDOWN THE SILOS



INTERDEPENDENT 'SYSTEM'



Total net capital stock to GDP ratio in Australia & OECD has gradually declined in the past 3 decades ... but is this a problem?



Source: Kamps (2006) and Kiell Institute (2006)



PROPOSITION

Governments must do more to actively and explicitly shape the infrastructure market - according to its objectives and public policy requirements.

**... if not,
the mismatch with capital will continue**

BETTER POLICIES

Governance as a lever for reform and productivity

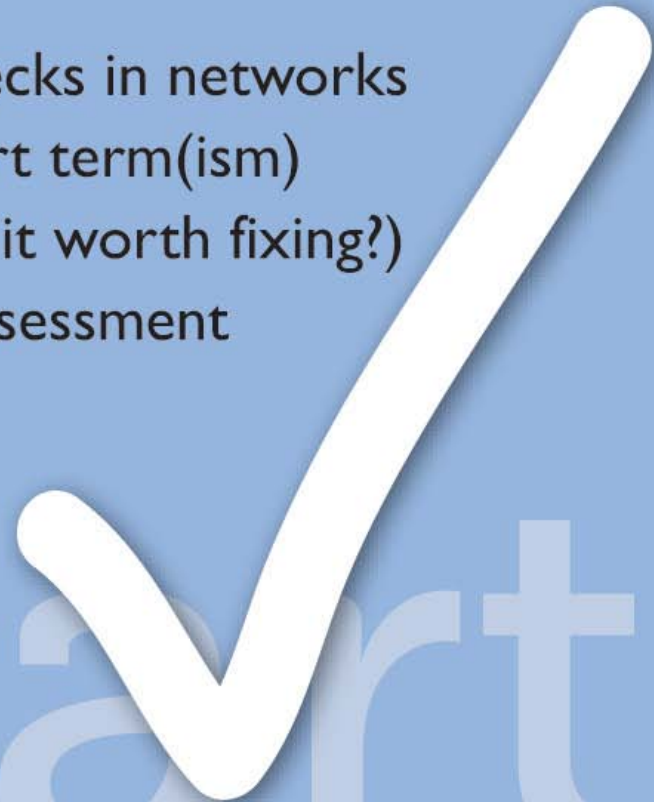
- Focus on services not assets
- Transparency
- Best practice
- GTEs

Efficient pricing = better signals for new investment

MOST IMPORTANT REFORM

More rigorous cost benefit analysis

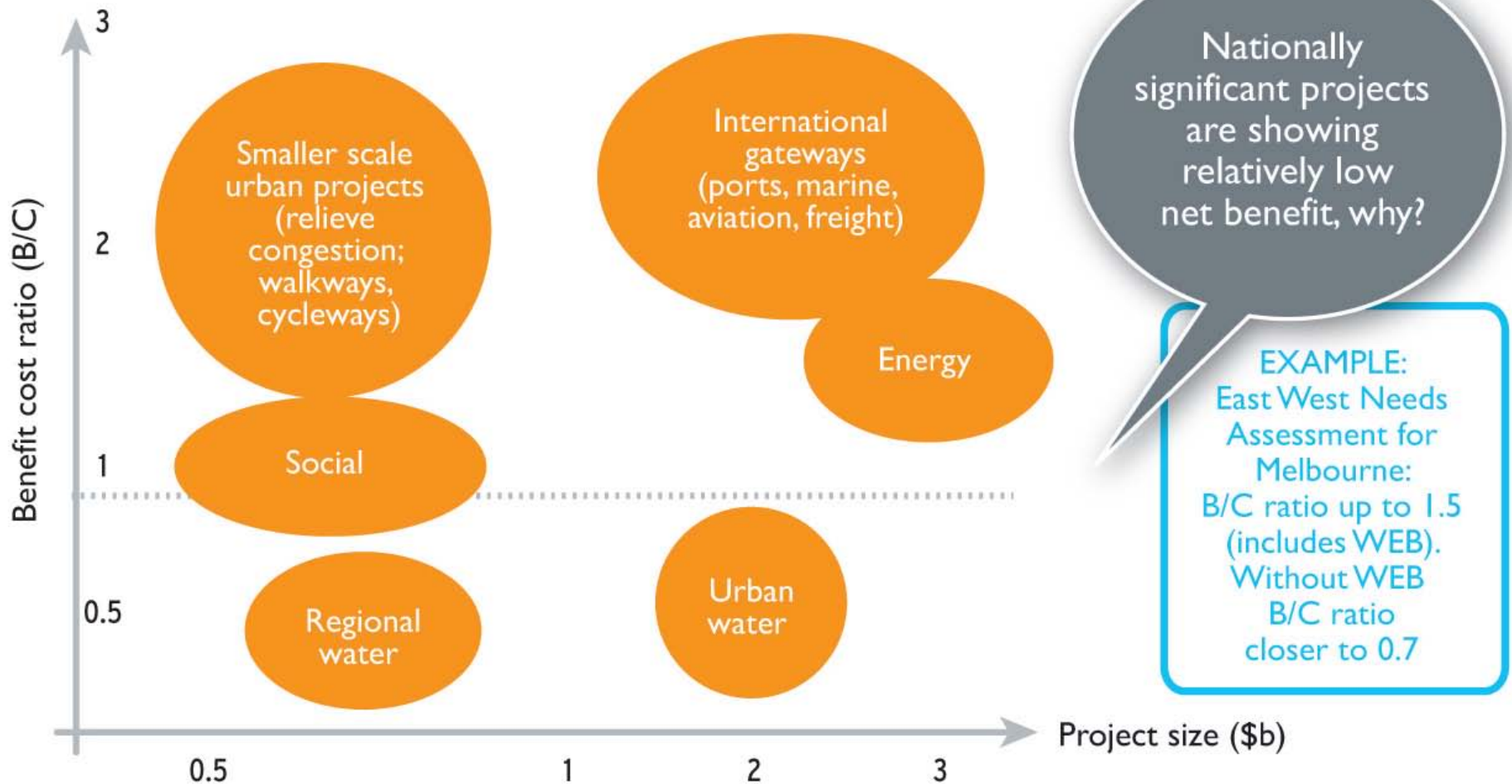
- Compare projects
- Biggest payoff – fix bottlenecks in networks
- Target gold plating and short term(ism)
- Let bygones be bygones (is it worth fixing?)
- Wider economic benefit assessment
- Open public scrutiny



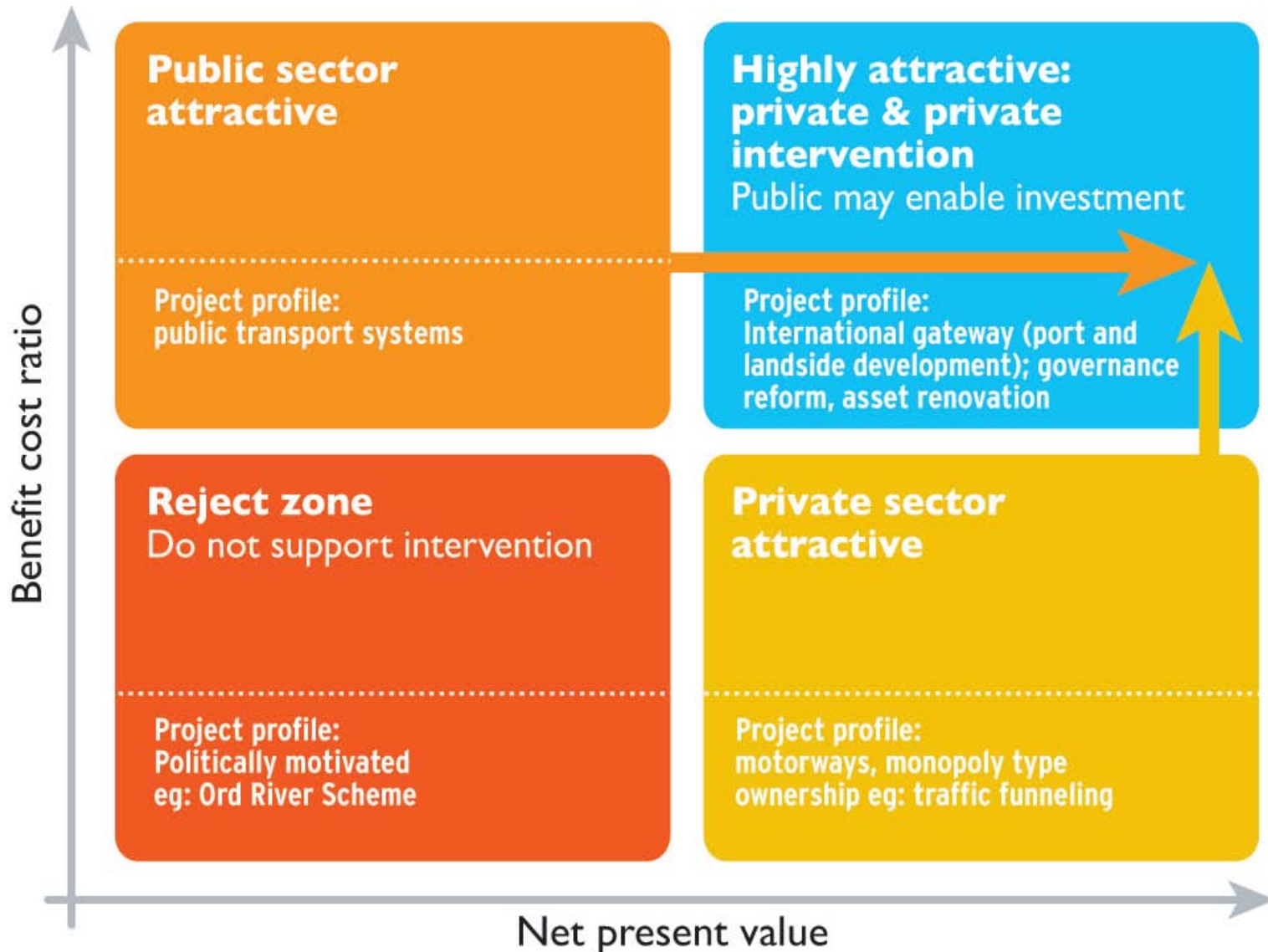
Smart

IS CBA PROVIDING INSIGHT?

Australia's future infrastructure project profile

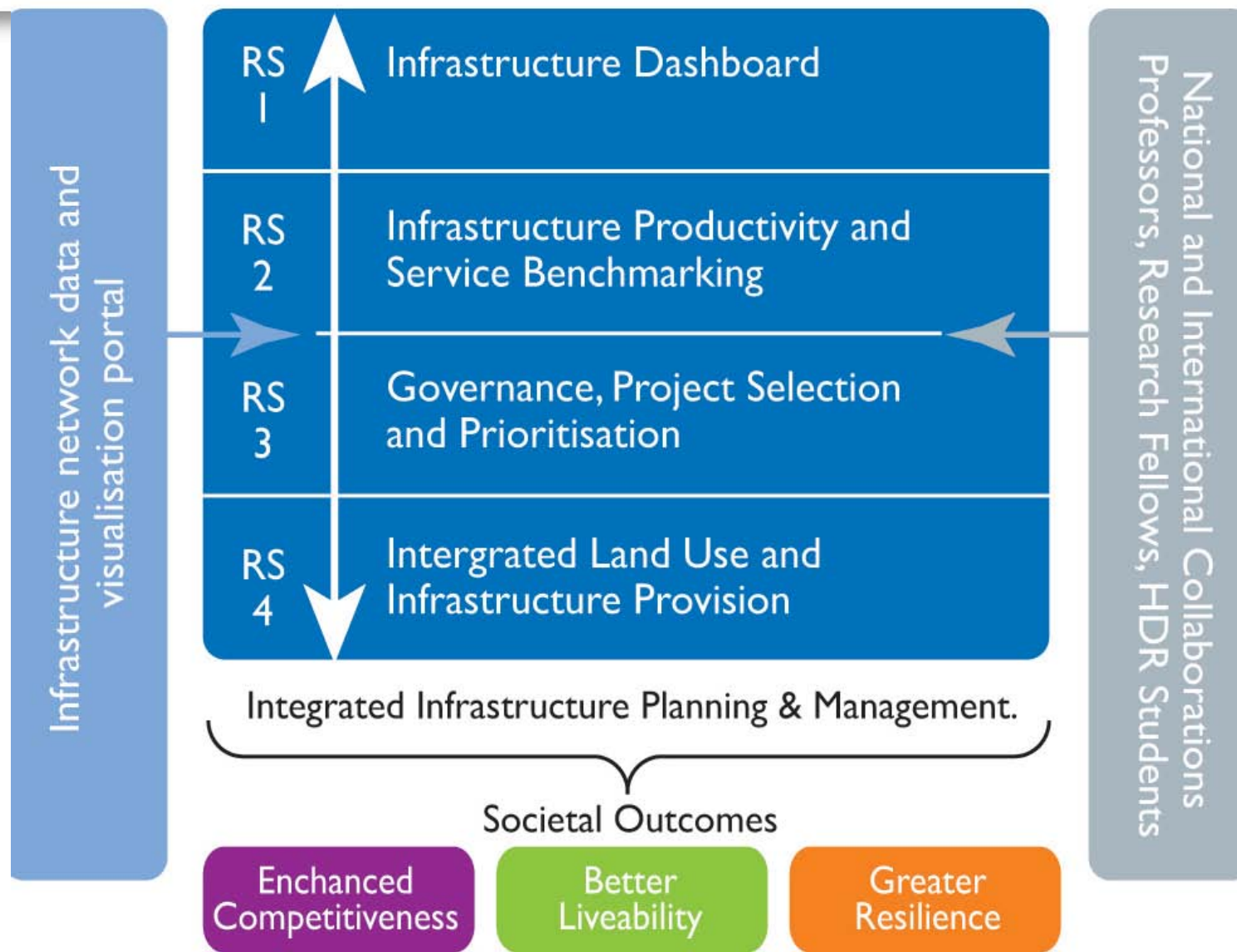


WHAT CHOICES?





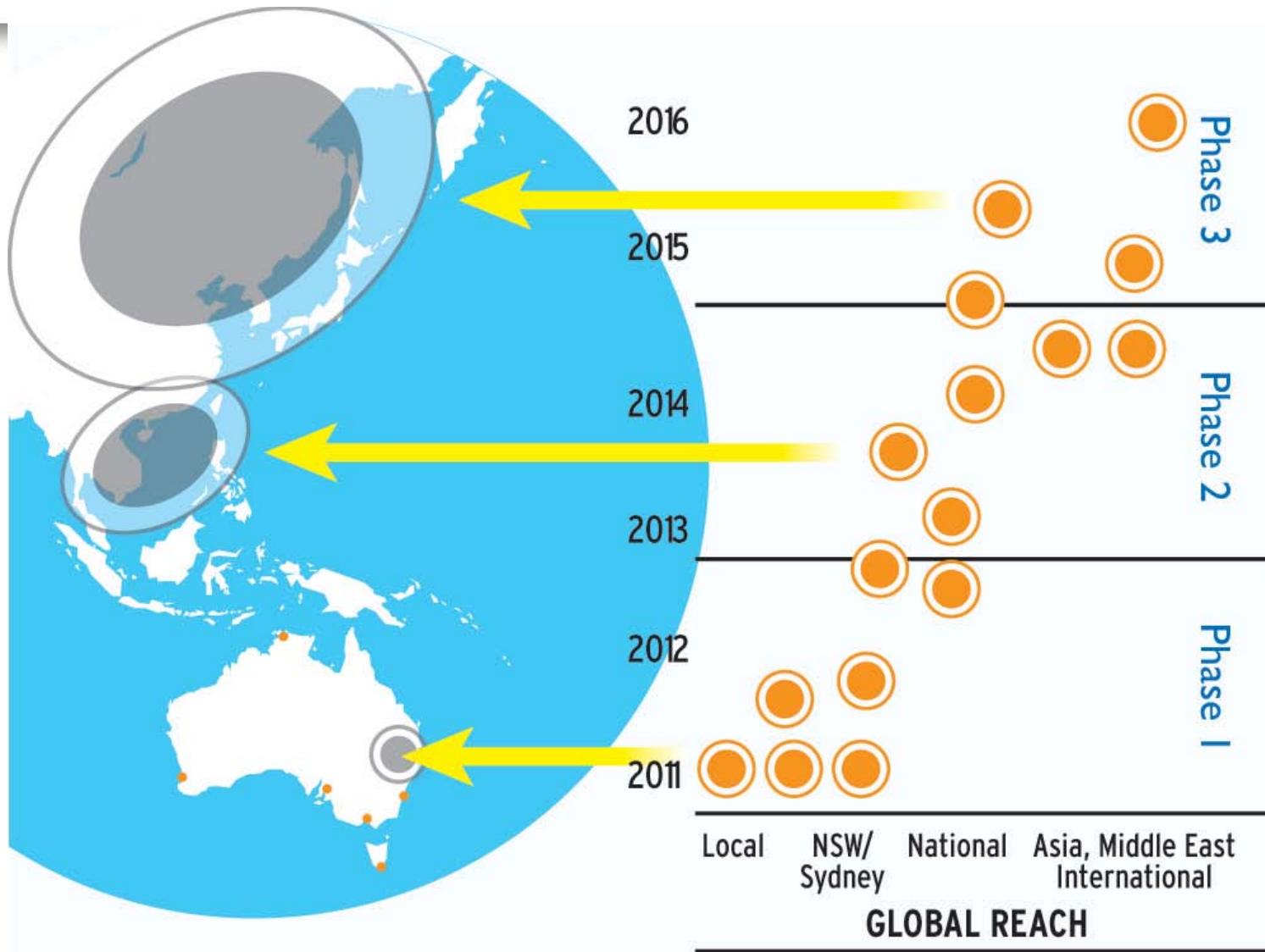
PROGRAM OF RESEARCH STREAMS



GOVERNMENT – MARKET MAKER

Market Maker? Enhances efficiency via	For Government that means ...
Connecting market agents	Long term infrastructure plan (not just project lists)
information broker	Articulate strategic and enduring objectives
Liquidity (Project pipeline) enables better information discovery	Define infrastructure through services and (customers)
Lowers transaction costs	Set up a culture for better 'reasoning'
Smart	art

GEOGRAPHIC SCOPE



What is APIP?

Regional technical advisory group

Advise Govt's in early stage infrastructure planning

Help Govt's launch projects in capital markets

Act as an honest broker

APIP's DESIRED OUTCOMES

Bankable Projects

- Establish long term integrated planning for infrastructure within Asia Pacific Govts.
- Complete regional pipeline of medium term high quality bankable projects.
- Synthesise project opportunities to maximise funding success.

More Private Capital

- Attract long term investors to the infrastructure sector.
- Address long standing asset-liability mismatch in regional capital markets, with high quality medium term pipeline of infrastructure projects.
- Expand long term savings pools especially pension, life and superannuation institutions.

Better Investment Climate

- Disseminate region-wide best practice for PPPs & private sector participation in infrastructure.
- Open architecture & knowledge sharing.
- Greater regional cooperation to support long term investment & risk management.

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