

Australian case of Asset Recycling

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About myself

1

17 years in Energy & Infrastructure

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Government, Consulting Corporate, International agency

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Worked on Asset Recycling of two major Australian assets

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Worked on Asset Recycling policy in APAC

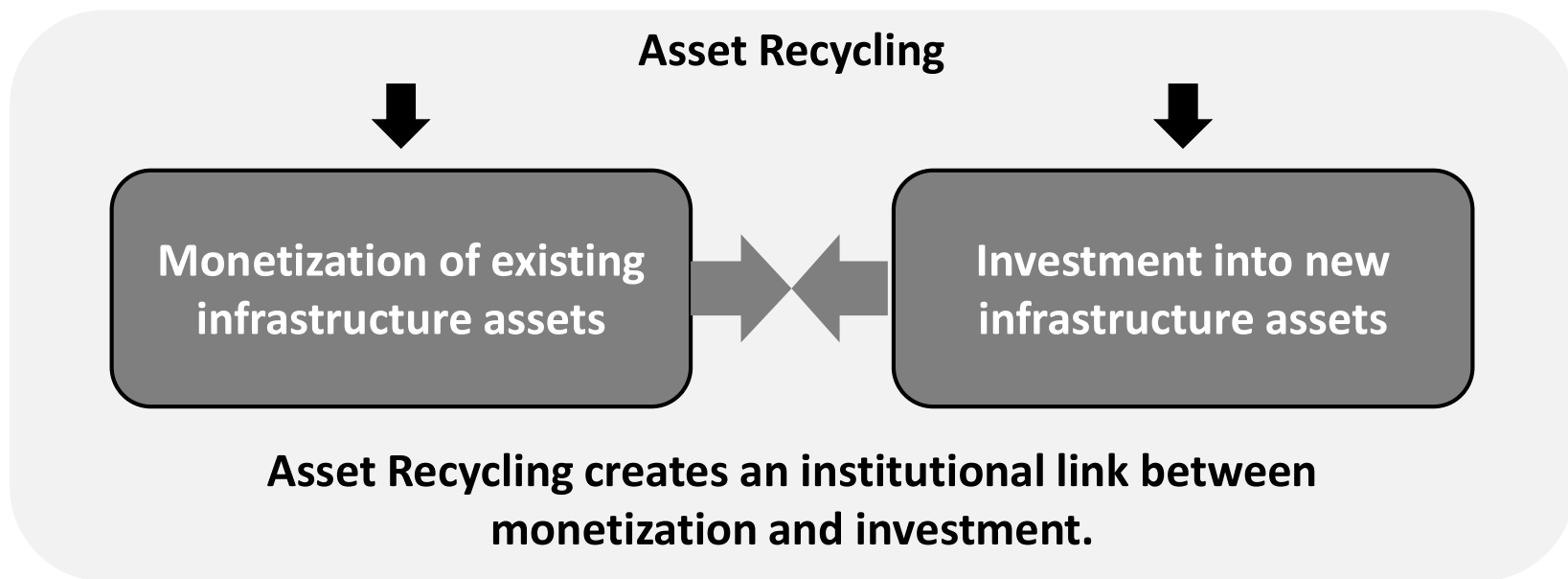
Australian case of asset recycling

1 What is Asset Recycling?

2 Outcomes from application in Australia

3 Challenges faced

1.1 Defining Asset Recycling (1 of 2)



1.1 Defining Asset Recycling (2 of 2)

Many forms of Asset Recycling

Levels of Government	Forms of monetisation	Forms of investment
<ul style="list-style-type: none">• Federal• State• Municipal	<ul style="list-style-type: none">• Outright sale• IPO• Lease• Partial sale	<ul style="list-style-type: none">• Equity• Grant• Viability Grant Funding

Key are two things:

- **Credibility of commitment**
- **Transparency**

1.2 What problem is it solving?

**Ensuring money is directed towards
prioritized investment projects**

2.1 Scope of application in Australia

Federal



State



2.2 NSW application of Asset Recycling

Restart NSW fund

- Dedicated trust account to invest in new infrastructure

Infrastructure NSW

- Independent body
- Identifies, prioritises and recommends projects for investment

2.3 Outcomes achieved from Australia's Asset Recycling Initiative

- Assisted in reducing infrastructure funding constraints.
- Accelerated Government decision making and asset divestment decisions.
- Accelerated infrastructure investments.
- Allowed for project investment to occur that otherwise would not.
- Supported greater economic activity, jobs, and productivity.

Sydney Metro



Canberra Light Rail



Parramatta Light Rail



2.4 Westconnex as the epitome of Asset Recycling



3.1 Challenges faced (1 of 2)

Asset Recycling has slowed down in Australia

1. Reduced supply of commercial assets

2. Perceived poor Economic Regulation frameworks

3. Covid-19

4. Political backlash from foreign ownership

3.1 Challenges faced (2 of 2)

Issues with the Federal Government scheme

- **Clearer definition of reinvestment asset scope**
- **Payment timing and limited pool of funds**
- **Limited timeframe did not allow new projects to be developed**
- **Some jurisdictions did not participate due to strong ideological misalignment**
- **Balance of funds available not always known**
- **Administrative arrangements at times unclear**
- **Further approval flexibility is needed when projects change**
- **Further funding flexibility may be better**