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Building Australia Model to unlock infrastructure investment, create jobs and kick-start economy after Covid-19

Industry super owned IFM Investors has today proposed a new way of financing infrastructure construction that would help kick-start the economy, create jobs, and better meet the needs of governments, regulators and the community, while driving investment and returns for millions of workers.

IFM Investors is ready to unlock billions of dollars for Australian infrastructure projects to support the post-Covid-19 economic recovery.

With industry super capital already set to contribute \$19.5 billion over the next three years and create 200,000 jobs, the additional billions would “supercharge” the existing stimulus pipeline already committed by industry super.

IFM Investors’ proposed *Building Australia Model* seeks to:

- Reduce the risk of cost blowouts and delays on major greenfield projects, while projects could get underway faster, creating jobs sooner
- Align the interests of long term investors with the public interest by requiring long term ownership;
- Ensure a competitive and transparent tender process
- Avoid risks being shifted back to governments which typically lead to project delays and cost overruns that hurt taxpayers
- Increase the ability of local medium-sized contractors to compete with large contractors backed by passive investors.

The benefits of the new *Building Australia Model* are:

- Major projects being broken up into smaller packages, enabling them to be shovel-ready faster and allowing mid-tier contractors to compete in bidding processes, stimulating job creation and construction
- Less risk for taxpayers, with more active management of projects by the long-term equity partner, enabling issues to be identified earlier and dealt with quickly
- More transparency and greater cooperation by jointly developing project scope, delivery milestones and project costings, and
- More effective risk transfer to the private sector, as equity partners have an incentive to ensure the project delivers a quality service to the community at a reasonable price over the long term.

As we come out of the Covid-19 crisis there is an opportunity to ‘build back better’, helping deliver thousands of jobs and the major projects that Australia needs. Industry super funds, investing on behalf of more than half of all Australian workers, is ready to help make that happen.

IFM Investors is owned by 27 Australian Industry super funds. Our primary purpose is to protect and grow the long term retirement savings of millions of working people, who are members and beneficiaries of superannuation and pension funds, and like-minded investors globally.

Quotes attributable to IFM Investors Chief Executive, David Neal:

“Our Building Australia Model will help us build back better – it would create jobs, boost the economy as we recover from Covid-19, and protect and grow the retirement savings of millions of working Australians.”

“IFM Investors is ready to invest billions of dollars in job-creating Australian infrastructure projects – we are putting forward this constructive proposal to help us do just that.”

“This model is a win for taxpayers and it’s a win for working Australians: it will help grow their superannuation returns, while delivering them the public benefit of better infrastructure now and into the future.”

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About IFM Investors:

IFM Investors is an investor-owned global fund manager with A\$156 billion under management as of 31 March, 2020. Established more than 20 years ago and owned by 27 major superannuation funds, IFM Investors’ interests are deeply aligned with those of its investors. Investment teams in Australia UK/Europe, North America, and Asia manage institutional strategies across infrastructure (equity and debt), debt investments, listed equities and private equity. IFM Investors is committed to the United Nations supported Principles for Responsible Investment and has been a signatory since 2008. IFM Investors has offices in nine locations; Melbourne, Sydney, New York, London, Berlin, Tokyo, Hong Kong, Seoul and Zurich. For more information please visit www.ifminvestors.com