



## Recycling of Infrastructure Assets Needed to Improve Supply Chain Efficiency

Governments of all levels should do more to identify assets which could be 'recycled' and be made available for private sector investment to boost national productivity, Australian Logistics Council Managing Director Michael Kilgariff said today.

Mr Kilgariff was speaking at the Victorian Transport Infrastructure Conference ([click here](#) for the speech).

"As we have seen in NSW with the long term lease of Port Botany and Port Kembla, there are infrastructure assets in the marketplace which could potentially be transferred to the private sector," said Mr Kilgariff.

"The money raised from the sale of assets which have been assessed by governments as being suitable for private ownership could be then used to improve supply chain efficiency.

"ALC encourages federal and state governments to follow the lead set by the NSW Government and to identify infrastructure assets that could potentially be recycled.

"On this note, ALC welcomes the NSW Government's plans announced yesterday to offer a 99-year lease for the Port of Newcastle.

"To maximise the benefit to the NSW and Australian economy arising from this initiative, ALC encourages the NSW Government to place as much of the revenue from the lease of the Port of Newcastle as possible into the Restart NSW Fund to fund critical freight logistics infrastructure in the future.

"We have seen this method work effectively in NSW already, with the Government announcing in yesterday's budget the proceeds from the long term lease of Port Botany and Port Kembla going towards capital expenditure for the WestConnex project.

"ALC will be monitoring with interest the transfer of ownership of these three ports to the private sector, with a particular eye on its implications for port users," he said.

Mr Kilgariff said the recycling of assets is a necessary step to unlock greater levels of private sector investment in infrastructure.

"The Industry Super Network estimates there is up to \$15 billion ready to invest in the nation's infrastructure assets by industry super funds," he said.

"That is encouraging, but given the size of the super pool available, estimated at around \$1.6 trillion, there is obviously the potential to invest much more if ground rules can be established which make it attractive for the super funds to invest in new infrastructure projects.

"There are currently not enough infrastructure opportunities in Australia to satisfy local superannuation investment demand, and this demand is being met offshore.

"The interest is obviously there – the challenge before government is to harness it."

Mr Kilgariff also used the speech to encourage governments to facilitate the uptake of more public private partnerships to fund essential freight logistics infrastructure.

"The Federal Government's proposal to provide a tax loss incentive for designated infrastructure projects is a positive step.

"ALC encourages future governments to continue these sorts of innovations to facilitate greater levels of private sector investment in nationally significant infrastructure projects," he said.

Wednesday 19 June 2013

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