



MEDIA RELEASE

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Call to open up infrastructure investment to all super funds

The SMSF Association and the Financial Services Council (FSC) are urging the reconstituted National COVID-19 Commission (NCC) Advisory Board and the National Cabinet to expand the role that superannuation funds can play in infrastructure investment as a critical element in generating the economic growth needed to lift Australia out of recession.

The SMSF Association and the FSC represent more than \$1.7 trillion of the \$2.7 trillion superannuation pool. The two organisations have joined forces to present a common policy front that calls on the NCC to recommend the establishment of unitised, transparent and liquid investment vehicles to house infrastructure assets.

Infrastructure investment vehicles will make them attractive to all superannuation investors and overcome community concerns around illiquidity and asset pricing. In the past, self-managed superannuation funds (SMSFs), in particular, have been largely excluded from this asset class.

SMSF Association CEO John Maroney said: “It has always been a bone of contention with the Association that SMSFs have been largely precluded from investing in infrastructure.

“The benefits of this asset class to SMSFs include managing longevity risks in retirement by offering long-term investment options with low volatility, moderate yield relative to inflation and capital growth, and the desire of trustees to have control via direct investing.

“Infrastructure offers a relatively low-risk investment alternatives to cash and term deposits at a time of record low interest rates.

“So, the opening up of infrastructure investment to SMSFs in a unitised, liquid form would provide a new avenue for SMSF investment that could help fund Australia’s recovery and future infrastructure investment needs.”

Maroney adds that SMSFs have been historically excluded from infrastructure investment because of the high dollar threshold for this investment and the illiquid nature of the asset.

“But the FSC proposal, in addressing the liquidity issue and removing the administrative barriers such as high entry costs, goes a long way to removing the challenges that SMSFs face in accessing an asset class that dovetails their investment profiles with Australia’s economic need for infrastructure development.”

FSC CEO Sally Loane said: “Opening infrastructure investment to SMSFs and superannuation investors would democratise investment in critical domestic infrastructure, as well have the benefit of offering stable, predictable income streams to fund Australians’ retirement.

“Stronger infrastructure investment would allow the National Cabinet and State Governments to turbocharge asset recycling to finance new job-creating infrastructure projects and create jobs.”

The SMSF Association and the FSC also gave their full support to the Prime Minister repositioning the NCC Advisory Board with a focus on creating jobs and stimulating the economy.

The FSC’s Accelerating Australia’s Economic Recovery report can be found [here](#).

The SMSF’s policy position on infrastructure: <https://www.smsfassociation.com/wp-content/uploads/2020/07/SMSFA-Policy-Position-Paper-on-Infrastructure.pdf>

SMSF Association – Nicholas Way, 0434 729 577 | FSC – Esther Jago, 0421 102 944