



MEDIA RELEASE

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Commitment to tax and policy certainty critical for infrastructure investment – FSC submission to public infrastructure inquiry

The Financial Services Council has recommended state and federal governments commit to ongoing tax and policy certainty to reduce the risk incurred by superannuation funds when making long term investments in infrastructure.

This was one of three recommendations made by the FSC in its submission to the Productivity Commissions inquiry into public infrastructure.

John Brogden AM, CEO of the Financial Services Council, said: "Australia's \$1.75 trillion superannuation industry has already invested a significant \$45 billion into Australia's infrastructure."

"As superannuation grows it will continue to be a stable source of capital for infrastructure financing provided the investment environment is reliable."

The FSC has also recommended that state governments commit to a capital recycling model to provide certainty that a pipeline of projects will be available for long term investment by superannuation funds.

"In this context, the role of government in investing in infrastructure, proving long term returns and then selling the infrastructure on to superannuation funds is important for governments to consider," Mr Brogden said.

Recycling capital in this way reduces the budget burden for governments and gives superannuation funds the type of asset they require. In return, superannuation funds are reliable, have a growing capital base and can be trusted to prudently manage and invest in the asset over the long term."

The FSC has also suggested APRA could play a role in increasing the number of funds which are able to invest in infrastructure and the size of their infrastructure holdings.

"The number of superannuation funds decreased from 4,700 in 1996 to 352 in 2012," Mr Brogden said.

"There are now more superannuation funds with the critical mass to invest in infrastructure without creating risk to their liquidity."

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.2 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.