

Media Release

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Infrastructure Funding Requires New Approach

Whilst recent funding commitments to big ticket infrastructure projects have been a welcome development, neither the Coalition nor Labor have outlined how they intend to fund Australia's infrastructure backlog, which is estimated to cost up to \$770 billion dollars¹.

With less than a week before the Federal Election, the Urban Development Institute of Australia (UDIA) is urging all sides of politics to consider new ways to finance infrastructure investment, such as the establishment of an Urban Infrastructure Fund.

According to UDIA National President Julie Katz, infrastructure investment in cities around the country has struggled to keep up with population growth in recent years.

"As Australia's cities have grown rapidly over the past decade, critical infrastructure has been put under increasing strain," said Ms. Katz.

"In the coming years, hundreds of billions of dollars will need to be invested in key infrastructure such as roads, public transport, community facilities, and electricity, water and communications networks if we want to ensure that Australian cities remain world class places to live and do business."

"Unfortunately funding new infrastructure through Government expenditure is likely to become increasingly difficult due to the revenue challenges facing both State and Federal Government Budgets. This is why alternative funding methods must be explored."

UDIA is proposing the establishment of a new "Urban Infrastructure Fund", which would raise money for infrastructure projects by issuing infrastructure investment products to both retail and institutional investors.

"The Urban Infrastructure Fund has the potential to raise billions of dollars for infrastructure funding at minimal cost to the government, whilst providing an attractive and low risk return for investors. It offers a win-win for investors, the government, and Australian cities," Ms. Katz said.

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¹ BCA (2011) and Citigroup (2008)