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Trump Public-Works Plan Gets Nudge From \$2 Trillion Pension Pool.

- **Pension industry Down Under says it can help unlock funds**
- **Turnbull leads 22-strong business delegation to Washington**

Australian Ambassador to the U.S. Joe Hockey discusses investing in U.S. infrastructure. President Donald Trump's pledge to fix America's ailing roads, bridges and airports may get an unlikely boost from retirement savers some 10,000 miles away in Australia.

In face-to-face talks at the White House this week, Prime Minister Malcolm Turnbull will propose using a chunk of Australia's A\$2.53 trillion (\$1.99 trillion) pension savings pool to help unlock funding for Trump's infrastructure push. He's being joined on the trip by local money managers who help control the world's fourth-largest pot of retirement savings.

"There's a very bold ambition to drive U.S. infrastructure and Australia should be front and center in terms of project design, build, financing and management," Trade Minister Steven Ciobo said in an interview ahead of the visit.

Trump's \$1.5 trillion public-works plan has hit potholes amid a lack of bipartisan support in Congress and questions over who would pay for the initiative despite his pledge of \$200 billion in federal funding over 10 years. Australian officials have pointed to their own success in selling or leasing public assets to finance new construction without incurring new debt — a concept known as asset recycling.

Joe Hockey, now Australia's ambassador to the U.S., was a key champion of the initiative when he was federal Treasurer and has been pivotal in promoting it in Washington.

"There's no doubt when it comes to infrastructure and better rollout of infrastructure, Australia has some examples that may be of use to the United States," Hockey said Wednesday. Australia could help deploy "private money in partnership with state, county and city governments to give the infrastructure America desperately needs just to maintain its current economic growth, not to fall backwards," he said.

Fund managers in Turnbull's delegation of 22 business leaders will continue the push at the National Governors Association meeting this weekend.

"The key blockage in the U.S., which is also common across the world, is the political risk due to community concern over private ownership of what people perceive should be public assets," said David Whiteley, chief executive of Industry Super Australia — the representative body for not-for-profit funds that invest the retirement savings of 5 million Australians with more than A\$224 billion under management.

Assets in Australia's compulsory pension savings system, known as superannuation, have increased nearly ten-fold in the past two decades. Assets aren't expected to peak for another 20 years, with

estimates of the system's ultimate size ranging from A\$3.5 trillion to A\$5.1 trillion.

"Few Australians — and even fewer Americans — know Australia has grown a titanic stock of capital in its superannuation funds," the University of Sydney's United States Studies Centre said in a report released on Thursday. "Massive amounts of this colossal investment pool" is already invested in the U.S., helping "grow American firms, build and repair U.S. infrastructure."

Brett Himbury, chief executive officer of Melbourne-based IFM Investors Pty, canvassed potential cross-border infrastructure deals with Vice President Mike Pence last year and joins Turnbull on this trip.

"The administration needs \$1 trillion and it's unlikely that can all be supplied from the public purse," Himbury said. "So there is a growing realization that private capital is needed."

IFM, which has A\$101 billion of assets under management, invests money on behalf of entities from 16 countries including seven of the top 10 U.S. pension funds, according to Himbury.

"Part of our pitch is that this is worker's money from many different countries being used to build infrastructure in the U.S. and helping to create jobs for U.S. workers," Himbury said. "And we think that is a pretty compelling proposition."

Still, some U.S. states and municipalities remain wary of private ownership, even if assets are bought by not-for-profit retirement funds. Ten years ago, Chicago's move to lease its parking meters for 75 years cost the city \$974 million in lost revenue and angered voters who were left paying higher fees.

"The U.S. is obviously free market, but many of the states still have quite socialist attitudes towards ownership of some infrastructure assets," said Jim Miller, chairman of Infrastructure Victoria in Australia's second-largest state. "Many states are pretty unlikely to change their attitudes to private ownership."

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