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Budget 2016: Morrison upsets the infrastructure lobby



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Infrastructure groups have called on the federal government to extend the asset recycling fund. 3AW



by [Mark Ludlow](#)

Treasurer Scott Morrison wants to keep \$854 million that his predecessor, Joe Hockey, planned to spend on roads, bridges and other infrastructure. That's upset the construction lobby.

Infrastructure Partnerships Australia chief executive Brendan Lyon wants more money put into a \$4.2 billion "asset recycling" fund that rewards state governments that sell assets and use the money to build infrastructure.

"We were a bit surprised to see the asset recycling initiative closed given it's been among the most sensible and effective national government infrastructure policies in the last 20 years," Mr Lyon said.

"It has been extremely successful so it should be extended."

There wasn't a lot of demand for the scheme because state governments were reluctant to sell assets because of political opposition.



Rather than extend the program past the June 30 deadline, Mr Morrison allocated the money back into consolidated revenue to help the budget bottom line.

The federal government has allocated \$3.3 billion to NSW, Victoria, Northern Territory and the ACT from the scheme, which was introduced by Mr Hockey in the 2014 budget.

The bulk of the money, or \$2.19 billion, went to NSW for its Sydney Metro project after the sale of electricity business TransGrid, while Victoria received \$877 million for its Metro project.

The Coalition wanted a brief window to encourage states to sell assets to be eligible for the funding, which topped up state funding for new significant infrastructure projects.

NSW was planning to sell another electricity business, Ausgrid, but it had not progressed enough to be part of the asset recycling scheme.

NSW Treasurer Gladys Berejiklian said they were happy to receive two-thirds of the \$3.3 billion in funding - and would always welcome more.

"We would of course always welcome further contributions to infrastructure but these decisions are a matter for the federal government," Ms Berejiklian said.

"Our asset recycling decisions have been, and will continue to be, made on what is in the best interests of the state irrespective of whether incentive payments might become available."

Queensland Treasurer Curtis Pitt claimed his state was punished by sticking to its election commitment not to sell any assets.

"There's not a lot of good news for Queensland in this budget – the Sunshine State is now the forgotten state," he said.

"On a population basis, we should have expected to received at least \$1 billion. This lack of funding is designed to blackmail us into asset sales."

Economic oblivion

Industry association Consult Australia said Queensland risked going into "economic oblivion" by ignoring asset sales.

"The current government's refusal to budge from its pre-election commitment is stifling infrastructure growth in our state," Consult Australia Queensland manager Stacey Rawlings said.

"The \$850 million from the federal government's asset recycling initiative that has been returned to consolidated revenue is Queensland's loss and reflects the Queensland government's stubbornness in continuing to hold on to assets at the expense of productivity, jobs and an improved standard of living."

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West Australian Premier Colin Barnett has softened his stance on privatisation due to a deterioration in the state's budgetary position, but it was too slow off the mark to sell off Fremantle Port or the TAB to take advantage of the asset recycling scheme. The state did, however, receive \$500 million for roads due to a lower share in GST funding.

Separately, the Turnbull government said money for a \$5 billion Northern Australia Infrastructure Facility would start flowing from July.

Minister for Resources, Energy and Northern Australia Josh Frydenberg announced the board that will vet potential projects in Queensland, Western Australia and Northern Territory.

West Australian businesswoman Sharon Warburton, who has worked at Rio Tinto, Citigroup and Brookfield Multiplex, will chair the new board.

She will be joined by former Northern Territory deputy chief minister Barry Coulter, investment banker Justin Mannolini, Brisbane lawyer Khory McCormick, company director Sally Pitkin, former mayor Bill Shannon and mining executive Karla Way-McPhail.

The board will only invest in projects that boost economic infrastructure and need the financial assistance to get across the line. The loan will also have to be repaid.

Mr Frydenberg said the Northern Australia Infrastructure Facility would continue the legacy of other great nation building initiatives, such as the Snowy Mountains Scheme.

"It will play an important part in providing basic infrastructure across Northern Australia for new investment, creating more jobs," he said.

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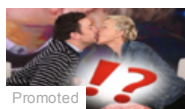
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