

infrastructure projects – particularly roads. Consequently, COAG’s Infrastructure Working Group has commissioned a review of traffic patronage forecasting methodology.²⁹

Under a demand risk insurance model³⁰, the Government provides an insurance policy against the risk of traffic volumes being significantly lower than expected. This model charges a commercial premium to the project and would pay out an agreed sum per vehicle multiplied by any shortfall in actual traffic volumes in a period below a specified level. The premium is “commercial” in that it reflects the probability of the Government making payments and the potential amount of payments, in line with the practices of commercial insurers. A benefit of this method is to promote accuracy in traffic forecasting. However, this structure could create a contingent liability on the Government’s balance sheet.

Potential Benefits of Government underwriting of projects

Governments underwriting projects by taking on demand risk would certainly increase interest by the private sector in infrastructure projects and therefore increase the pool of finance made available by the private sector.

Limitations of Government underwriting of projects

Government underwriting takes ‘skin out of the game’ from the perspective of the private sector, meaning that they would be prepared to partner in risky projects that in other circumstances they would not be interested in. Governments may be exposed to all downside risks in terms of project patronage.

CASE STUDY: Buga-Tulua Road, Colombia

The 23 kilometre Buga-Tulua road upgrade in Colombia includes a minimum traffic guarantee with cash compensation and a maximum traffic ceiling above which government receives windfall revenue.³¹

Issues

11. Do you think government underwriting of the financial performance of projects is an efficient way to encourage private sector investment? Are there other strengths and weaknesses of government underwriting of projects that are not identified?

²⁹ A. Albanese (2011) “Managing Patronage Forecasting and Risk”, 21 June, http://www.minister.infrastructure.gov.au/aa/speeches/2011/AS18_2011.aspx

³⁰ KPMG (2011) “Australian PPP Debt Markets Update”, May, 10-11.

³¹ International Finance Corporation, “Summary of Project Information: Colombia-Buga-Tulua_La Pailla Highway”, <http://www.ifc.org/ifcext/spiwebsite1.nsf/0/BCF86AA44981AE4D852576C10080CEA6> (accessed 16 June 2011).

2.6 SALE OF BROWNFIELD ASSETS

Some potential investors, such as superannuation funds, have expressed a clear preference for brownfield assets because, as noted, they do not carry construction risk and offer greater stability of returns that are well aligned with investor's priorities. Consequently, this method of financing involves the sale of public assets and the reinvestment of those proceeds in new infrastructure. In time, the new infrastructure can itself be sold and the proceeds reinvested. The sale of public assets will necessarily involve significant consideration by relevant state and territory governments.

A recent example is the Queensland Government's sale of a portfolio of five assets in 2010 and 2011. These included:

- the sale of Queensland Motorways Limited roads portfolio to the Queensland Government's investment arm QIC for \$3.088 billion;
- the initial public offering of 66 per cent of QR National for \$4.6 billion;
- the 99 year lease of the Abbott Point Coal Terminal to Mundra Port Pty Ltd for \$1.829 billion;
- the 99 year lease to manage Queensland's forestry plantations to Forestry Plantations Queensland Pty Ltd for \$613 million; and
- the 99 year lease of the Port of Brisbane to Q Port Holdings for \$2.1 billion.

In this model, the proceeds of \$12 billion could be placed in an infrastructure fund to develop green field projects which, in turn, could be divested upon reaching maturity. In order for this method to be effective, a forward programme of asset divestments is required that enables potential investors to prepare for upcoming divestments. Two of the benefits are the transferral of risk to the private sector as a result of privatisation as well as the creation of deal flow for traditional infrastructure investors.

Consulting firm Ernst & Young cautions, however, that this method "...does not necessarily generate additional funding capacity. Privatisation is an alternative method to debt for accessing the present value of the future cash flows of a government business".³² In particular, it notes that the following four conditions must be present for the privatisation to produce an efficiency improvement:

- the private acquirer can improve the efficiency of the business and is prepared to price this efficiency in the sale proceeds to the government;
- the government does not retain an inequitable business risk in the business;

³² Ernst & Young (2010) *Infrastructure Funding and Financing: the Role of Superannuation in Meeting the Infrastructure Challenge*, 9 November: p. 24.

- the yield required by the private acquirer is comparable to the existing business WACC; and
- there is a competitive market for the business subject to the privatisation.

2.7 TAXATION TREATMENT OF INFRASTRUCTURE INVESTMENTS

The private return on investment in infrastructure can be reduced if the tax system does not adequately recognise costs. Under the current Australian taxation system, tax losses created from the early stage expenses in a project are not able to be used by the project sponsor until there is sufficient income in future to offset the tax loss. As such, the tax value of expenditure is reduced because it cannot be used immediately as a tax deduction and are devalued by inflation and the time value of money. The delay in using deductions also brings with it the risk that, if there is a substantial ownership change in the project and a change in business operation then taxation laws may not allow the owners to access those deductions, rendering them effectively useless.

As part of the 2011-12 Budget, the Commonwealth Government announced substantial reforms to the taxation treatment of new infrastructure projects; namely, that a project assessed as *nationally significant* by Infrastructure Australia may be eligible to have the value of its early stage losses uplifted over time, and exempted from tax rules which prevent tax losses being used where there is a change of ownership. The new tax incentive will have a global capital expenditure cap of \$25 billion over the period from Royal Assent of the enabling legislation to 30 June 2017. The Australian Treasury will be releasing a discussion paper shortly and industry stakeholders will have the opportunity to provide their views on this matter.

Issues

12. Do the models here outline all the possible options for expanding the pool of finance available for infrastructure investment?
13. On what bases should a model be preferred over another?
14. Would a Commonwealth equity injection to a nationally significant project influence your willingness to invest in green field projects?
15. What form of Commonwealth assistance do you think is most needed to attract private sector investment?
16. Would the size of the transaction costs associated with the 'recycling of funds' (sale of assets) substantially impact the viability of pursuing such a mechanism?
17. The criticism has been levelled that current financial models favour the development of infrastructure projects of the smallest size necessary to address immediate demand rather than of the appropriate scale to address medium-term demand, and this has resulted in inefficiencies associated with retrofitting capacity. Is this criticism valid? If so, what measures could help to address this bias?

CHAPTER 3: HOW CAN THE FUNDING AVAILABLE FOR INFRASTRUCTURE BE MAXIMISED?

This chapter addresses the issue of funding for infrastructure investments. That is, the manner in which infrastructure finance is repaid to investors. As noted above, there are two fundamental sources of funding for infrastructure: either an allocation from general taxation revenue or direct user charges. This chapter explores the concepts of availability payments, user charges, freight toll roads, and tax increment financing.

3.1 AVAILABILITY PAYMENTS

Under an availability payments model, governments take responsibility for any downside departure from agreed patronage outcomes and possibly share in any upside outcomes.

Under the model, the private sector designs, builds, finances, operates and maintains the asset for the concession term. The Commonwealth Government can co-fund with the States a portion of the periodical payments made to the infrastructure asset developer/operator for the life of the concession period, which only commences once the infrastructure has been delivered and is operational. These payments are used to repay the private sector finance and provide a return to equity providers. The payments are reduced if the asset is not available in the contractually agreed condition throughout the concession.

One method of determining when payments should be made available is through the tax system. Improved loss offsets and infrastructure tax concessions can be used to provide projects with early stage funding as part of an availability payments model. This method does not need to be contracted over project by project, reducing complexity and ensuring that treatment of different projects is fair. Further, tax loss provisions share the risks and benefits more evenly between government and the contractor as they do not fully fund a project's expenditure and do not fully capture windfall gains.

In the case of commercial services, such as transport for example, a flow of revenue is generated that can be returned to government to offset the availability payments. At the end of the concession, options include sale of the asset or adding the asset to public net worth for further leverage. This model is commonly used in the public transport sector.

For projects that are not shovel-ready, this would delay the first payment required by the government. For those that are shovel-ready, it would mean a fraction of the government's contribution would be required in the short term compared to block grants. The government would not need to raise debt in the short term to meet payments over the full term of the concession. Only a fraction of the contribution is required upfront and then only when the project is complete. This differs from grants, whereby payment is required generally even before works commence.

This model lends itself to managing demand by enabling tolling in a network pricing context (along with other demand management measures) to help pursue public policy outcomes in a manner that is independent of the question of financing the infrastructure. It also insulates the Commonwealth from design and construction risk, to which it is effectively exposed with up front lump sum payments. Another benefit is that of intergenerational equity as the infrastructure is paid over the life of the concession rather than only by today's taxpayers. Nevertheless, the model requires repayment of the principal plus interest to the asset owner.

It should also be noted that managing demand risk can be achieved by improving the quality and accuracy of patronage forecasts. More robust and reliable forecasts could reduce some of the uncertainty associated with infrastructure projects that rely on patronage for revenue. Inaccuracy in patronage forecasting has been highlighted as a key impediment to private sector investment in major infrastructure projects – particularly roads.

CASE STUDY: Peninsula Link, Victoria

The Peninsula Link project where the private sector will design, finance, construct, maintain, and operate 25 kilometres of four-lane highway connecting the Mornington Peninsula Freeway and Mt Martha with the Frankston Eastlink Freeway at Carrum Downs. Construction is expected to be complete by 2013. The 25 year concessions uses an availability model backed by quarterly government payments. No toll is levied on users.

CASE STUDY: Autoroute 30, Canada

A PPP project³³ where the private sector will design, finance, construct, maintain, and operate about 42 kilometres of road, including a tunnel and two bridges and will finance, operate and maintain a supplemental 35 kilometres of road. One of the bridges is to be tolled. Payments to the private sector are made by the Government, with deductions for failure to comply with agreed standards. In addition, the private sector collects the toll revenues from the bridge on behalf of the Government, with revenue sharing above a threshold figure.

3.2 MARKET MECHANISMS: USER CHARGES & NETWORK PRICING

User charges and pricing are among the most controversial issues in the infrastructure funding debate. Critics point out that citizens pay taxes and should not be required to pay again for use of public infrastructure. On the other hand, taxation revenue has proven insufficient to fund the entirety of the demands for infrastructure investment and, consequently, many citizens must endure suboptimal levels of service or miss out entirely.³⁴

User charges for infrastructure have been introduced in the past to create a market mechanism for what is essentially a public good. This helps to ensure the efficient allocation of that piece of infrastructure. Historically, user charges have proved relatively successful at

³³ For a discussion see pwc (2011) *Funding infrastructure: Time for a new approach*, April.

³⁴ Infrastructure Australia (2011) *Communicating the Imperative for Action: A Report to the Council of Australian Governments*, p. 16.
http://www.infrastructureaustralia.gov.au/2011_coag/files/2011_Report_to_COAG.pdf

raising revenue and managing demand across a range of public utilities including electricity and communication infrastructure. Toll roads are a common method by which roads are priced. Tolls are used not only to help fund comparatively costly infrastructure such as bridges and tunnels, but also have been used as a way to manage congestion through appropriate price signals. Indeed, the *Australia's Future Tax System Review (2010)* recommended that, ideally, fuel taxes and registrations be replaced by road pricing based on short-run marginal prices, which are higher in cities due to congestion. The (2006) urban congestion review initiated by COAG in 2006 also found that pricing was likely to be amongst the most effective of measures for rationing limited road space.³⁵

Despite these findings, governments have yet to trial or introduce urban road pricing. Current approaches to user charges are piecemeal. Tolling on the Sydney Motorway Network, for example, ranges between 17 cents and \$3.33 per kilometre, with differing regimes for each motorway. In its 2010 report to COAG, Infrastructure Australia noted the potential role of user charges along with the need to foster their legitimacy:

*Notwithstanding that road user charges (including congestion charging) may prove unpopular in the short term, more serious consideration of such measures will be necessary if the required investment in road and public transport infrastructure is to be delivered...[and] it is particularly important to demonstrate that funds collected from road user charges are directed back into transport infrastructure.*³⁶

As a variation, there is also the potential for governments to commercialise individual assets by attaching revenue streams to them – such as the introduction of tolls on bridges that do not presently attract user charges – and either using that revenue or otherwise securitising that revenue stream through bonds to fund new infrastructure. A related option involves extending existing concessions, such as toll roads, in return for a commitment to augment that asset, such as the M2 Motorway Upgrade for example.

CASE STUDY: M2 Motorway Upgrade, Sydney

Sydney's M2 Motorway is currently undergoing upgrade from four to six lanes financed by its owner/operator Transurban and funded through the extension of the concession by 4 years; a one off 8 per cent toll increase on completion; and three new toll points.

Issues

18. Can you think of other effective ways to improve the operation of markets in infrastructure?

³⁵ Competition and Regulation Working Group (2006) *Review of Urban Congestion, Trends, Impacts and Solutions: Report Prepared for the Council of Australian Governments*, December, <http://www.bitre.gov.au/publications/56/Files/COAG_Urban_Congestion_Review_Report.pdf> p. 18.

³⁶ Infrastructure Australia (2010) *Getting the Fundamentals Right for Australia's Infrastructure Priorities*, June, <http://www.infrastructureaustralia.gov.au/publications/files/Report_to_COAG_2010.pdf> p. 19.

3.3 FREIGHT TOLL ROADS

As one form of user charges, this model of infrastructure funding involves the application of tolls on freight vehicles in order to fund freight-specific road upgrades and bypasses that improve freight efficiency.³⁷ An example might be a regional town bypass that is funded exclusively through a toll on freight vehicles. The marginal utility of the toll for the vehicles would include the ability to maintain a higher speed and avoid the fuel consumption and other inefficiencies arising from slowing and accelerating. The benefit to the community arises from less freight traffic and improved amenity. This method has been utilised in Hungary and, to a lesser extent, France and the Netherlands.

Moving from indiscriminate taxes to efficient prices would allow Australia to leverage the value of its existing transport infrastructure. COAG has committed to a review of the feasibility of a more direct heavy vehicle pricing system in support of improving the efficiency and productivity of the freight industry.³⁸ If ultimately found feasible and effective, heavy vehicle charging reforms could pave the way for the introduction of market signals in the broader transport sector.

CASE STUDY: Western Highway, Victoria

This case study modelled the hypothetical costs and benefits of adding two town bypasses on the Western Highway road freight corridor between Melbourne and Adelaide. The \$68 million project assumes 320,000 truck movements per annum (the actual 2009 patronage was over 400,000 trucks). The model results in a toll of \$18.35 per truck movement, compared to additional fuel consumption of \$19.00 and an additional 15 minutes travel time arising from two 90 degree turns at low speed; two narrow roundabouts; one railway crossing, one school zone; and seven sets of traffic lights in 60 km/h zones.³⁹ At a price of \$1,600.00 per interstate freight haul, this bypass toll represents a freight surcharge of 0.11 per



³⁷ L. Fraser (2011) "Can Regional Freight Finance Its Own Roads?", *The Challenges of Financing Infrastructure Inaugural Conference*, 19 April.

³⁸ COAG (2007) *The COAG Road Reform Plan* <

http://www.roadreform.gov.au/login.aspx?ReturnUrl=%2fDesktopModules%2fBring2mind%2fDMX%2fDownload.aspx%3fTabID%3d63%26Command%3dCore_Download%26EntryId%3d772%26PortalId%3d0%26TabId%3d63&TabID=63&Command=Core_Download&EntryId=772&PortalId=0&TabId=63>

³⁹ The model assumes a 40 year project operating concession; a pre-tax real WACC of 15.03 per cent; a nominal risk-free rate of 5.5 per cent; and a project beta of 1.51.

3.4 TAX INCREMENT FINANCING (TIF)

Tax increment financing developed in the United States, where it is widely applied. TIF involves offsetting some or all of the cost of developing an infrastructure asset – typically transport infrastructure – by levying a tax surcharge or increment on the land owners and/or businesses adjacent to the asset who stand to benefit from it. In the United States, 49 states have adopted statutory frameworks enabling the use of TIF by local governments. In these states, nearly all cities with populations above 50,000 contain one or more TIF zones.⁴⁰ The State of California was first to enact legislation in 1951 so that TIF could be used as a local government financing tool to match federal urban renewal funds.

In the United Kingdom, the Cameron-Clegg Government legislatively empowered local governments to borrow against future tax increment revenue in order to fund infrastructure projects.⁴¹ However, there are a number of drawbacks to the TIF method. For instance, if surcharges affect marginal tax rates it could have a detrimental impact as it would encourage businesses to move away from the surcharge zone thus eroding the base and reducing the initial benefit of the project. Another major criticism of the TIF method is that there is a substantial risk if the expected increment fails to emerge. Moreover, unless central governments guarantee the returns, the price of borrowing may be inefficient. Another criticism concerns the risk that more prosperous areas will attract investments that might otherwise have been directed to areas in more pressing need.

CASE STUDY: Gold Coast Rapid Transit

In Australia, the Gold Coast Rapid Transit Project is funded by \$120 million from the Gold Coast City Council, \$464 million from the Queensland Government and \$365 million from the Commonwealth Government. The Gold Coast City Council is raising a portion of its contribution through a City Transport Improvement Charge levied on all ratepayers. Although not strictly a TIF charge because it is levied on all ratepayers and not only those who benefit directly from the infrastructure, the case study is illustrative.⁴²

3.5 JOINT PROPERTY DEVELOPMENT

Another funding model widely used overseas is the practice of the infrastructure provider capturing value through the development of adjacent real estate. In this model, the transport infrastructure provider jointly develops the real estate in and around the infrastructure to generate a revenue stream to offset the cost of its provision.

⁴⁰ J.K. Brueckner (1999) *Tax Increment Financing*, University of Illinois at Urbana-Champaign, September.

⁴¹ For a discussion of the United Kingdom experience see C. Sear (2011) "Tax increment financing" House of Commons Library, 7 March
<http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snpc-05797.pdf>

⁴² Queensland Government "Gold Coast Rapid Transit", <http://goldcoastrapidtransit.qld.gov.au/the-project/background> (accessed 16 June 2011)

For example, Hong Kong's MTR Corporation utilises a model known as "Rail + Property" to develop real estate located near its stations.⁴³ The MTR has developed shopping malls on and around 12 of its stations (see below). In 2010, it generated AUD\$1.4 billion in profits and an operating ratio in excess of 200 per cent, allowing the MTR Corporation to reinvest in its network.

CITYLINK PLAZA MALL (LOCATED ABOVE EAST RAIL LINE SHA TIN STATION), HONG KONG



Issues

19. Have funding models been omitted that should be included in the tool kit available to government? On what bases should one funding model be preferred to others?

⁴³ MTR Corporation Limited, *Annual Report 2010*,
http://www.mtr.com.hk/eng/investrelation/2010srpt_e/E214.pdf (accessed 23 June 2011)

CHAPTER 4: HOW CAN THE COSTS ASSOCIATED WITH THE PROCESS OF DELIVERING INFRASTRUCTURE BE REDUCED?

4.1: HOW CAN BID COSTS BE REDUCED?

A frequent criticism of Australian infrastructure processes is that bidding for projects is expensive.⁴⁴ Typically, Australian bids cost are in the order of 0.5 to 1.2 per cent of project capital value.⁴⁵ For example, bid costs average \$2.5 million for a \$250 million project rising to \$30 million for a \$2 billion project.

Bid costs in Canada are generally lower than in Australia at 0.35 to 1 per cent of capital value. On the other hand, costs in the United Kingdom are typically higher, ranging between 2 and 3 per cent of capital value. The reader should note, however, that a like for like comparison is complicated by the fact that (1) the average value of Australian PPP projects is twice that of Canada and over three times that of the United Kingdom, and (2) unlike other jurisdictions, Australian governments do not use PPPs only to supplement public infrastructure expenditures but for any project where they are deemed to be the most suitable procurement approach.

A related issue to that of bid costs is the question of timeliness, which can also contribute to overall costs. Typical Australian timeframes are around five weeks for the Expression of Interest (EOI) stage and 14 to 16 weeks for the Request for Proposal (RFP) stage. According to a 2010 analysis of procurement efficiency commissioned by Infrastructure Australia:

PPP processes [in Australia] compare very favourably with similar processes internationally. The average procurement time for social infrastructure of 17 months is significantly shorter than that in the UK (34 months) and only slightly longer than that in Canada (16 months).⁴⁶

Some of the strategies utilised in foreign jurisdictions – particularly Canada – to reduce bid costs include:

- rigorous adherence to project timelines;
- earlier selection of preferred bidder coupled with more reliance on the preferred bidder developing its proposal;
- greater standardisation of contracts;
- common procurement of information requirements (such as geotechnical surveys) on behalf of all bidders;

⁴⁴ See for example M. Ashbolt of the Victorian Funds Management Corporation quoted in D. Hughes (2008) "Funds Target Infrastructure Bid Costs", *The Australian Finance Review*: p. 8.

⁴⁵ KPMG (2010) *PPP Procurement: Review of Barriers to Competition and Efficiency in the Procurement of PPP Projects (Report to Infrastructure Australia)*, May.

⁴⁶ KPMG (2010): p. 3.

- revealing the public sector comparator (PSC) to bidders in order to enhance transparency and understanding of the expectations; and
- payment of an honorarium by the successful bidder to the other bidders to defray bid costs.

With regard to use of an honorarium, it would be rational for the successful bidder to incorporate the payment of the honorarium into the bid costs, thus passing them onto government. Since every bidder is seeking to be successful, it follows as rational that the honorarium fees are incorporated into every bid.

Issues

20. Which of these reforms are preferred as means of reducing bid costs in Australian processes?

21. What other reforms may also be available to reduce bid costs?

4.2: HOW SHOULD THE WITHDRAWAL OF MONOLINE INSURANCE BE ADDRESSED?

In the wake of the global financial crisis, the demise of monoline insurers has seen project bond issuance decline significantly. Monoline insurance is a form of underwriting in which the credit rating of an infrastructure bond issue is enhanced by ‘wrapping’ it in a monoline insurance policy. This offers investors recourse to the policy and thereby reduces the cost of capital for the project. Project bond issuance in 2005, 2006 and 2007 included a substantial contribution from monoline-wrapped bond issuance for PFI/PPP projects, but this had declined significantly by 2008.⁴⁷

The proposed *Europe 2020 Project Bond Initiative*⁴⁸ operates like monoline insurance by utilising public funds to underwrite up to 20 per cent of a project’s bond issue in order to increase the bond’s rating to investment grade, thereby reducing the cost of raising capital. There are other similar proposals either being contemplated or in the market. For example the Hadrian’s Wall Capital (specialist debt firm) proposal involves the provision of subordinated debt to achieve an uplift in the senior debt component to investment grade.⁴⁹ Another aspect of this proposal is that Hadrian’s Wall Capital would take on credit management responsibility for the lenders, which would be beneficial to lenders (such as superannuation funds) who may not have their own in house credit risk management capability.

⁴⁷ Moody’s Investors Services (2011) “Europe 2020 Project Bond Initiative: Capable of Credit Enhancing PFI/PPP Project Bonds from Low-Investment Grade to Single-A Ratings”, 28 June, www.moodys.com

⁴⁸ At the time of writing, the European Commission was consulting on the *Europe 2020 Project Bond Initiative* through European Commission (2011) *Stakeholder Consultation Paper on the Europe 2020 Project Bond Initiative* <http://ec.europa.eu/economy_finance/consultation/pdf/bonds_consultation_en.pdf>

⁴⁹ KPMG (2010) *Project Finance and the Capital Markets: Bridging the divide* www.kpmg.com

Issues

22. Is there a need to replace the role of monoline insurance? If so, which parties are best placed to assume that role and what reforms are necessary to support it?

4.3: WHAT WILL BE THE IMPACT OF THE BASEL III CAPITAL REGULATIONS ON INFRASTRUCTURE INVESTMENT?

In the wake of the global financial crisis, the G20 group of nations tasked the Basel Committee on Banking Supervision within the Bank for International Settlements to review bank capital and liquidity requirements.⁵⁰

The resulting Basel III capital regulations require that banks' highest quality capital – known as Tier 1 capital – will have to increase from the current 2 per cent to a core capital ratio of 4.5 per cent by 2015, plus a countercyclical buffer of 2.5 per cent to apply when lending is growing faster than the economy. Basel III also tightens the requirements for inclusion as Tier 1 capital, implying that even banks with a strong Tier 1 capital position under Basel II (current) regulations may have their ratio decreased under Basel III.⁵¹

A 2010 report by the Bank for International Settlements found that if Basel III capital rules had been in force at the end of 2009, the 263 banks sampled would have faced a collective capital shortfall of €577 billion (AUD\$827 billion).⁵² The implications for investment (including infrastructure) are clear – there is a likely to be a tightening of liquidity and a consequent diminution in loanable funds.⁵³

⁵⁰ Basel Committee on Banking Supervision "International Regulatory Framework for Banks (Basel III)", <http://www.bis.org/bcbs/basel3.htm> (accessed 5 July 2011)

⁵¹ B. Alves (2011) "Who's Afraid of Basel III?", *Infrastructure Investor*, <www.ijonline.com>

⁵² Bank for International Settlements (2011) *Results of the Comprehensive Quantitative Impact Study*, December.< <http://www.bis.org/publ/bcbs186.pdf>>

⁵³ "Bankers divided over options as Basel III approaches", (2011) *Infrastructure Journal*, 30 June, www.ijonline.com (accessed 30 June 2011)

APPENDIX A: TIMELINE OF INFRASTRUCTURE FINANCE REFORMS

2011	Introduction of <i>National Infrastructure Construction Schedule</i>
2011	Introduction of exemption for deductibility of early stage losses for designated infrastructure projects from the Continuity of Ownership Test and the Same Business Test .
2010	Infrastructure Australia delivers 2 nd <i>National Infrastructure Priorities</i> report
2009	Infrastructure Australia delivers 1 st <i>National Infrastructure Priorities</i> report
2008	National Public Private Partnership and Policy Guidelines
2008	Infrastructure Australia delivers 1 st national infrastructure audit