



9 April 2014

Peter Harris  
Chairman  
Productivity Commission

infrastructure@pc.gov.au

Dear Mr Harris,

**RE: Productivity Commission Public Infrastructure Draft Report (2014)**

**Transurban Group**

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Transurban would like to commend the Productivity Commission on its Public Infrastructure Draft Report released on 13 March 2014. We believe that, if implemented, many of the report's recommendations would help the public and private sectors leverage their skills and resources most effectively to address Australia's critical infrastructure needs.

An area of great interest to Transurban is the funding and financing of infrastructure, a topic covered extensively in the report.

**TIFIA-style loans**

In recent years, we have advocated for the Federal Government to provide 'patient capital' to major infrastructure projects in the form of a program similar to the Transportation Infrastructure Finance and Innovation Act (TIFIA) in the United States. TIFIA is a low-interest government loan program that plays a critical role in enabling major transportation infrastructure projects across the highway, transit, railroad, intermodal freight and port sectors.

Transurban believes a program like TIFIA could work well in the Australian context.

However, we would assert that, on major infrastructure projects, private capital should be harnessed first, followed by TIFIA-style loans and then direct government funding.

In the TIFIA context, the capital available under the program effectively leverages the private capital contribution before other public funding sources are considered. This has proven an effective way of stimulating private sector investment in infrastructure by improving the project economics upon which these investments are made.

In our view, there is no shortage of private capital available in Australia. You need only look at recent projects such as NorthConnex in Sydney, which has more than two-thirds of its financing from private sources.

Transurban believes a specialised loan program for infrastructure would deliver significant benefits to Australia. If it is designed primarily to *support* private capital, it will help ensure our public and private sector resources are used to greatest effect.

**User charges**

An additional topic of interest to Transurban is the application of direct user charges, also covered in the Commission's report.

In general, Transurban supports this concept given its potential to simplify charges and make them more consistent and transparent. We also believe it can deliver more effective utilisation of transport infrastructure across the spectrum.

However, we know this is a complex issue that will require a great deal of discussion and public education on the true costs of providing and maintaining roads and how taxes are re-invested in the network. Making a long-term shift toward this model will take the full cooperation of many stakeholders, and Transurban, as the largest owner and operator of toll roads in Australia, stands ready and willing to work with Government to progress this.

Thank you for the opportunity to respond to your report, and we look forward to future communication with the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wes Ballantine', written in a cursive style.

Wes Ballantine  
Group General Manager, Strategy