

Project examining PRC Investment in Critical Infrastructure

Conducted jointly by China Matters and PwC

Project goals

The project 'PRC Investment in Critical Infrastructure', conducted jointly by China Matters and PwC, brought together stakeholders from security and business communities to discuss how to manage foreign investment in Australian critical infrastructure. The project facilitated dialogue on specific strategies to assess and manage tolerable risk.

This project was timely. Australia's critical infrastructure requires renewal and growth. But foreign investment is often viewed with suspicion or outright hostility. Foreign investment in critical infrastructure is especially controversial.

Any critical infrastructure investment rules will apply to all investors, but investors from the People's Republic of China (PRC) are most likely to bump up against these rules. The interest of the PRC in infrastructure investment; the size and scale of its foreign investment; its different government and regulatory system; and how the Australian public perceives it all increase the likelihood of a crisis arising. So understanding how and when these potential crises may occur – and discussing the strengths and weaknesses of methods of mitigation and risk management – is of benefit to all investors and domestic stakeholders. This specifically was the goal of the project.

The project began with a three-month-long research period, including face-to-face interviews. The research shaped the questions for a high-level roundtable that brought stakeholders together. These interviews and discussions were used in the joint China Matters-PwC report. The topic was then the focus during Session II of the Sixth China Matters National Meeting. Finally, this report was launched at a second roundtable.

Looking forward, the controversies around PRC investment in Australian critical infrastructure will remain a focus of China Matters' work.

Project events

1. *"Managing the complexities of foreign investment in critical infrastructure"* – Senior-level Roundtable hosted by China Matters and PwC, Sydney 24 August 2017

Attended by: Brendan Bourke, Port of Melbourne; Jamie Briggs, PwC; Jason Clare, Shadow Minister for Trade and Investment; Stephen Day, PwC; David Epstein, Smart City



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Taskforce of the Committee for Sydney; Rick Francis, Spark Infrastructure; Mike Hughes, Darwin Port, Shandong Landbridge Group; David Irvine, Foreign Investment Review Board; Linda Jakobson, China Matters; Anastasia Kapetas, Australian National University; Kathryn McCrea, Treasury; Rory Medcalf, Australian National University; Bob Seidler, Hunter Phillip Japan Ltd; David Spence, Vocus Group; Andrew Warnes.

2. *“Australia needs PRC investment. But how to deter PRC control, especially in critical infrastructure?”* – Session II of China Matters Sixth National Meeting, Canberra 17 October 2017

Panellists: Natalie Cope (moderator), Australia China Business Council; Stephen Day, PwC; David Irvine, Foreign Investment Review Board; Lloyd Jones, Blue Scope Steel.

3. *“PRC investment in Australian critical infrastructure”* – Roundtable to launch the report, hosted by China Matters and PwC, Sydney 8 December 2017

Attended by: Peter Cai, Virgin Australia; Natalie Cope, Australia China Business Council; Stephen Day, PwC; Connor Dilleen, Attorney-General’s Department; Grant Dooley, Hastings Infrastructure; David Epstein, Vigot & Co; Hugh Funder, Austrade; Hans Hendrichske, University of Sydney Business School; Linda Jakobson, China Matters; James Laurenceson, Australia-China Relations Institute; Sung Lee, PwC; Bing Liu, Austrade; Robin McKenzie, Department of Foreign Affairs and Trade; Craig Merry, Commonwealth Treasury; Amit Misra, Austrade; Bruce Morgan, Sydney Water; Sam Mugford, Crosby Textor Australasia; Zoe Neill, China Matters; Nicholas Schiffer, Spark Infrastructure; Jeremy Stevens, China Matters; Noah Vaz, China Matters; Sophia Sun Zou, China Matters.

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