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# New investment model de-risks Asian infrastructure projects, says John Walker



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InfraCo Asia wants more Australian companies to bid for Asian infrastructure projects Dave Tacon



by Jenny Wiggins

John Walker, chairman of InfraCo Asia and Macquarie's Korea operations, has called on Australian engineering and construction groups to be more adventurous in Asia and participate in broader range of infrastructure projects to help boost private investment in the region.

Australian expertise in building water projects, heavy rail and light rail, airports and seaports as well as infrastructure technology, such as road pricing and logistics systems, could help Asian countries develop dams, wind farms and grain markets, Mr Walker said.

"We would like to see a little more of [Australian companies]," Mr Walker told *The Australian Financial Review*.

Mr Walker, who also chairman of Macquarie Capital's Asian infrastructure business, joined the government-funded [InfraCo Asia](#) group as chairman in January.

Singapore-based InfraCo Asia, which receives money from Australia, the UK and Switzerland and backed by the [Private Infrastructure Development Group](#), provides funds to kick-start new infrastructure projects in 12 Asian countries, including India, Pakistan, Cambodia, the Philippines and Vietnam.

While Australian contractors are comfortable operating in Singapore, Hong Kong, and Indonesia, they have been less keen on working in other parts of Asia due to financial and legal risks, Mr Walker said. "People have been burnt."

But InfraCo Asia, which has already worked with infrastructure consultants SMEC and Tasmanian power and water consulting group Entura, believes its co-development model makes it less risky for Australian firms to participate in Asian public-private partnerships.

## DONOR FUNDING USED

The group, which has nine projects under construction, uses donor funding to take the risk of designing and developing infrastructure projects, and only brings in additional investors once financing contracts have been signed. It abides by the UK's tough Bribery Act and the US's Foreign Corrupt Practices Act, and requires its local joint venture partners to do the same.

It aims to fully exit projects at a profit after construction is finished by attracting investment from private equity and pension funds, and recycle the profits back into new projects.

Current projects include [wind power plants in Pakistan](#) and [a waste disposal plant in Sri Lanka](#). InfraCo Asia could potentially build hundreds of projects over the next decade, Mr Walker said.

InfraCo Asia, which is domiciled in Mauritius, started operating in 2010 with \$US30 million (\$39 million) in funding, and now has capital commitments of \$US200 million, of which \$US100 million is currently deployed. The Australian government has contributed \$22 million since 2012, and InfraCo Asia has requested additional funding.

It wants more governments to participate as donors and hopes Asian countries such as Korea and Japan as well as Canada will consider making contributions.

Separately, French construction and engineering companies have joined the first French business delegation to Australia in 20 years to assess potential opportunities.

Executives from construction group Vinci, public transport operators Transdev and Keolis (which already has a joint venture with Downer EDI in Australia) are visiting Sydney, Melbourne and Canberra this week.

The delegation will propose "new partnerships" between Australian and French companies, says Guillaume Pepy, head of the France Australia Business Council and

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president of French national railway company SNCF. "We understand that the Australian needs are mainly about disruptive innovation," Mr Pepy said.

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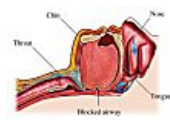
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