

Article Information

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Sydney to become Global Infrastructure Hub

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The G20 Leaders' communiqué released at the end of the two-day summit in Brisbane in November 2014 focussed on raising global growth. It sets an "ambitious goal to lift the G20's GDP by at least an additional two per cent by 2018" as well as pledging to stimulate job growth, bolster global financial institutions and address climate change.

The communiqué identifies "tackling global investment and infrastructure shortfalls" as being "crucial to lifting growth, job creation and productivity". The Brisbane Action Plan recognises investment in infrastructure as a high priority in most countries as it can support both near-term demand and supply capacity in the medium-term.

The G20 Leaders seek to support quality public and private investment, including by optimising the use of the public balance sheet while maintaining appropriate risk controls. They have called for the swift implementation of major investment initiatives contained in the growth strategy of countries including Australia.

An integral part of the plan of the G20 Leaders to raise global growth by increasing investment in infrastructure is the establishment of a Global Infrastructure Hub in Sydney.

Sydney was chosen because it is recognised as being a well-known financial centre. Work and meetings will also be undertaken where relevant stakeholders and experts are located, as well as through a virtual network.

The establishment of the Hub has been on the agenda of Treasurer, Joe Hockey and his G20 team in the 8 months preceding the conference. It was part of the G20 Global Infrastructure Initiative agreed by the G20 Finance Ministers and Central Bank Governors following their meeting in Cairns in September and was endorsed by the G20 Leaders in November.

The Hub will have a 4 year mandate to deliver the objectives of the G20 Global Infrastructure Initiative which are aimed at improving the quality of infrastructure investment across the world. Subject to this mandate, a review of the Hub will be conducted after three years to assess its effectiveness.

The Hub is intended to draw together the collective expertise of governments, the private sector, national, regional and multilateral development banks, international organisations and other stakeholders to yield ongoing improvements to the functioning of infrastructure markets. It is intended that the Hub will act as a knowledge sharing platform and network between those groups and foster collaboration among them.

The Hub will be established under Australian law as a not-for-profit company limited by guarantee with a simple organisational structure. A Board comprising 7 directors, chosen for their experience and skills in managing entities of this nature, representing G20 countries and agreed in consultation with G20 countries, will be responsible for formal governance, reporting and other legal obligations and for ensuring that the operational aspects are aligned with the Hub's

mandate.

At least two representatives from an advanced G20 economy and at least two representatives from a developing or emerging G20 economy will be included. Australia will be Chair of the Board for the four-year term of its mandate.

One of the Board's first tasks will be to put in place appropriate procedures for handling conflicts of interest, especially regarding financial and staffing arrangements.

It will be funded on a voluntary basis from G20 members, non-member countries, international organisations, non-government stakeholders and the private sector. The Hub is expected to require funding of US\$10 - \$15m per annum once established. The Australian Government will be a major contributor with financial support also committed to date from the United Kingdom, China, Saudi Arabia, New Zealand, the Republic of Korea, Mexico and Singapore.

An international search for a CEO, who will provide coordination and communication across countries, stakeholders, relevant organisations and banks, has commenced.

Both G20 and non-G20 countries as well as relevant international organisations will be free to engage with it and use the information it disseminates on a voluntary and non-binding basis.

The Hub will be open and transparent in its operations and will report to the G20 via its relevant working groups. It will not be a G20 institution.

The Global Infrastructure Initiative allows the Hub to "enter into Memoranda of Understanding (MOUs) with relevant international organisations and regional and national development banks that express a willingness to work with and contribute to the knowledge network, and build on their expertise, networks and resources to achieve goals within its remit. The MOUs would define the interactions between the Hub and these organisations, focusing on the areas of collaboration".

The Hub will maintain an ongoing and close working relationship with the private sector and other non-government stakeholders, drawing on their expertise and assistance as necessary. Consultation mechanisms involving private sector and non-government stakeholders will be used to provide advice to the Board and the CEO.

The Hub will be operational as soon as possible and will provide a set of deliverables against the Global Infrastructure Initiative by the next G20 Summit to be held in Turkey in late 2015. Infrastructure is intended to be a key driver for the Australian and global economies in the future. It will be interesting to see how the Hub develops and whether it is able to achieve its objectives.

Piper Alderman is a national Australian commercial law firm. Our lawyers have extensive experience in major infrastructure projects. We will be monitoring the progress of the global infrastructure hub and announcement of infrastructure proposals.

For further information, please contact [Partner, Tania Zordan](#).