

Who's buying Australia? Oh, Canada!

Even ahead of realisation of the [CANZUK dream to revive British imperial ambitions](#) in the post-Brexit era—to create a free trade and free movement zone throughout Canada, Australia, New Zealand and the UK—Canada's "shared culture, language and legal system" has already given it a foot in the door for a massive buy up of Australian assets. Canada's buying spree stands in stark contrast to Chinese investment in Australia, which despite falling in recent years is highly controversial, whereas the same figures who characterise Chinese investment as undermining Australia sovereignty don't bat an eyelid about Canada.



From electricity to rail grids Canadian pension funds are squeezing the profit out of Australian infrastructure. (National Pacific train in South Australia-Wikipedia)

Former Prime Minister Tony Abbott—who was recently appointed to the British Board of Trade to assist the UK in establishing a free trade deal with Australia and has supported a CANZUK free trade zone including "full mutual recognition of standards and credentials, and free movement of people"—spruiked opportunities to invest in Australian infrastructure when he visited Canada as Prime Minister in 2014. He dined with representatives of the Ontario Teachers' Pension Plan (OTPP) in Ottawa, and according to the 9 June 2014 *Australian Financial Review* he "said he wants Canada's renowned pension funds to look more towards Australia and help his government realise its infrastructure plans".

The problem is while Abbott and Australia courted Canadian pension investment into Australia, Australia has its own massive pool of superannuation funds, almost a quarter of which is being invested overseas. Australia has just \$113 billion of the national \$3 trillion pool of super invested in local infrastructure, yet we invest \$700 billion in infrastructure around the world! This infrastructure funding model is a fraud that only benefits paper-shufflers. In today's financial climate, pension funds are geared towards high returns and thus their investments more closely approximate a predatory corporate takeover model than investment in infrastructure as a public good. They work in packs, forming consortia and joint ventures to access new markets and pull off takeovers, across borders. They often appear to compete for assets, but in reality they collude.

Macquarie Bank, an Australian bank with British origins, has cornered the market with this model, making a fortune out of Public-Private Partnerships (PPPs), where- by governments subsidise schemes to unlock huge private profits. It was Prime Minister Paul Keating's compulsory super scheme that turned Macquarie Bank into a mammoth money spinner, going all over the world buying and building private infrastructure with public assistance that the public would pay to use—and generating big profits for its investors.

Canadian holdings

The following survey of Canadian pension fund invest- ments in Australia is not exhaustive, but it reveals how the Macquarie model has taken off. Bear in mind, *these investments are from only the pension sector of just one country!*

The **Public Sector Pension Investment Board** (PSP Investments), which manages pension funds for Canada's federal public servants, is the single biggest investor in Australian agriculture "with a land and water portfolio valued at more than \$3 billion", according to a 20 May *Weekly Times* investigation, "Who owns Australia's farms 2020—the full list". Funds operated by Macquarie Bank and a US-based company came in in second and third place, according to the piece.

Summarising PSP investments, the article reported: "In the past year alone it has been involved in two of the biggest deals in the nation's history, each worth more than \$850 million." It purchased 12,000 hectares of almond orchards in Sunraysia, Victoria and permanent water rights worth \$490 million for irrigation. It purchased the water from the Singapore agribusiness company, Olam, for 25 years with the option to extend it to 50 years. The orchards were previously owned by a consortium of international investors, according to the 3 December 2019 *Sydney Morning Herald*, which included European private equity manager Schroder Adevq. Almond producers saw up to a 160 per cent increase in profit in 2018-19, over the previous year. PSP has permanent crop investments around the

world.

While a similar Chinese purchase would have generated controversy, Canada's buying spree doesn't. Chairman of the Victorian Farmers Federation's water council Richard Anderson told the *SMH*: "Really, all you've got is a change of ownership, it (the water) has gone from a Singapore-owned company to a Canadian pension fund. It's a big bulk of water but it's still being used in agriculture." In a joint venture with Australian Food & Fibre, in 2018-19 PSP bought a 15 per cent stake in agribusiness Webster Limited, snapping up three NSW farms, and completed its takeover of Webster with a share buy-up in 2020. Webster is one of the largest irrigated farming operations in the southern hemisphere, producing nuts, cotton, cattle and sheep, and running an apiary business.

PSP purchased a majority stake in NSW cropping business BFB, and a Victorian vineyard, in 2018. In 2020 in a joint venture with Warakirri Asset Management it purchased the iconic Erregulla Plains farm in WA, adding to its existing stable of farming operations. In another joint venture with Hewitt Cattle Australia, PSP owns 13 cattle stations worth over \$120 million, and 15 per cent of organic beef company Arcadian Organic & Natural Meat. It also owns avocado orchards.

The **Ontario Teachers' Pension Plan** has around \$1 billion worth of investments in Australia. This includes some half a billion dollars' worth of almond and avocado farms in South Australia and Victoria, according to the *Weekly Times*. It also owns the country's second largest avocado farm in WA. Morgans agribusiness analyst Belinda Moore told *Farm Online* on 9 October 2019 that Canadian pension funds were interested in large-scale investments in corporate agriculture and infrastructure rather than family-farm investments. Money has also gone into pipelines and roads; in 2013 OTPP "took a 70 per cent stake in three telecommunications companies", *AFR* re-ported in 2014.

In 2015 Australia was "the target of a record \$34 billion in acquisitions" by Canadian investors "who are applauding the nation's strategy of selling state assets to fund new railways, roads and hospitals", reported Canada's *Globe and Mail* on 16 December 2015. This was an eightfold increase according to Bloomberg data. Australia is the destination of choice for Canadian investment after its neighbour, the USA.

The Australian model involves the "Asset Recycling" privatisation initiative (an extension of the disastrous economic strategy of selling the family silver rather than fixing the economy), devised by Liberal Treasurer for the Abbott government Joe Hockey in 2014, and heavily pro- moted in the USA ("[Australian fund managers attempt to swindle Trump](#)", *AAS*, 20 July 2017; "[Union super funds back Liberals' privatisation scam](#)", *AAS*, 2 Aug. 2017). The plan offers states 15 per cent of the value of any asset sold to fund new infrastructure. The *Globe and Mail* cites Ron Mock, chief executive officer of OTPP, which manages about \$155 billion: "We're there to invest in infrastructure, and they are the model. They've figured out how to attract capital from all over the world."

In 2019, Australia's largest super fund, AustralianSuper, teamed up with OTPP, to embark on a major investment in India's National Investment and Infrastructure Fund which invests in transportation, energy and urban infrastructure.

Caisse de dépôt et placement du Québec,

Canada's second-largest pension fund, has around 20 per cent of its infrastructure portfolio invested in Australia. Caisse is part of the NSW Electricity Networks consortium which contracted a 99-year lease of TransGrid, the NSW electricity transmission network, in late 2015. The pension fund holds 25 per cent of the asset. Caisse is part of



TransGrid servicing electricity substation. Photo: LinkedIn/TransGrid

Pipeline Partners Australia, a consortium which includes investment fund the Hastings Funds Management trust, also a member of the NSW electricity consortium. Caisse has increased its shareholdings in Hastings operations to gain control of the gas pipelines and hubs at Moomba in South Australia and Gladstone in Queensland. Through a joint venture with Melbourne-based Plenary Group in 2013, Caisse acquired 30 per cent of the Port of Brisbane. In 2019 it acquired a 25 per cent stake in the PPP contract for Sydney Metro train systems. It has also invested in office buildings, military barracks, hospitals, health projects, courts, science and exhibition facilities in major cities.

Brookfield Asset Management Inc., Canada's largest alternative asset manager, was part of a consortium through its Brookfield Infrastructure arm that took over Asciano Limited in 2016 for \$9 billion. Asciano ran railways, ports and bulk and automotive ports services (BAPS), through Pacific National and Patrick Corporation. The company was split into three separate operations upon sale.

Brookfield competed for nine months with Australian logistics company, Qube, to take over Asciano. To address Australian Competition and Consumer Commission (ACCC) concerns about their plan to

acquire all of Asciano, Brookfield, which already owned transport and port infrastructure in Australia, joined forces with Qube, forming a consortium with six international investment funds. The ACCC questioned the cross-ownership stakes of the new consortium but approved the sale after the group detailed a complex split of ownership of the spoils.

Canada Pension Plan Investment Board (CPPIB) joined with Australian investment management company Challenger to enter the shadow banking sector in Australia and New Zealand, offering credit to property developers, according to the 1 August 2018 *AFR*. CPPIB's Asia Pacific head Suyi Kim said the new partnership "is a further step in the expansion of CPPIB's investment activities into new asset classes across Asia-Pacific". CPPIB also invested \$1 billion in the Barangaroo development precinct at Sydney Harbour.

In 2018 CPPIB purchased a 51 per cent stake in the WestConnex toll road project through the Sydney Transport Partners consortium. According to a CPPIB release, at the end of the 2018 financial year CPPIB had "C\$11.0 billion invested in Australia across real estate, infrastructure, public equities, real estate investment funds, and direct investments". These include a "25 per cent interest in the NorthConnex tunnel project in North West Sydney; a 25 per cent interest in the Westlink M7 toll road in Sydney; a majority ownership stake in BAI Communications, a communications infrastructure provider; and a 33 per cent interest in rail freight operator Pacific National."

Canada Pension, the nation's largest pension plan, has some \$6.7 billion of investments in Australia. International head Mark Machin told the *Globe and Mail* that the Australian system's "creativity" should provide a global model: "It's excellent policy", he said. "They're getting tremendous interest and tremendous value from international capital and domestic capital." Echoing arguments for the CANZUK alliance, he added that the common history, culture and legal system shared by the two countries made Canadian investment in Australia very straightforward.

OMERS, the Ontario Municipal Employees' Retirement Scheme, was part of the Lonsdale Consortium which leased the Port of Melbourne in 2016 for 50 years. They have other investments through subsidiaries, including in a Victorian soil treatment facility, and coal export terminals in Queensland and NSW.

By Elisa Barwick, Australian Alert Service, 16 September 2020