Chinese investment in Australian infrastructure assets: accounting for local public preferences

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Abstract

Chinese investment in Australian infrastructure assets can bring economic benefits for both countries. However, it can also create domestic political challenges. This is because Australian public support for foreign investment in infrastructure is limited. In order to better inform public policy in China and Australia, this paper undertakes a choice modelling analysis of original survey data to determine the drivers of local public preferences. The Australian public is found to be more concerned by the share of foreign ownership an investment will bring rather than the fact it is from China. Accounting for these preferences, such as through the recruitment of local partner companies, will facilitate Chinese investment in Australian infrastructure, and potentially, greater bilateral engagement on the Belt and Road Initiative. The Australian case might also offer wider lessons for Chinese investment in infrastructure assets abroad.

Key words – foreign investment, infrastructure, Belt and Road Initiative, public preferences

JEL codes – F21, O19, O24

I. Introduction

By the early 2010s China had emerged to become the world's third largest outward investor, behind the United States (US) and Japan (Sauvant and Chen, 2014). According to the China Global Investment Tracker maintained by the American Enterprise Institute, until the end of 2016 Australia followed only the US as a recipient country of large-scale Chinese overseas direct investment (ODI) (KPMG and Sydney University, 2017). Australian infrastructure assets have proven to be of particular interest to Chinese investors. For example, in 2013 State Grid Corporation of China bought a majority stake in Jemena, a major electricity distributor in the Australian state (province) of Victoria (Maiden, 2013). As Chinese investment in Australia's mining sector has waned, infrastructure has grown in relative importance. In 2016, Chinese investment in infrastructure totalled $A4.3 billion, accounting for 28.3 percent of total Chinese investment in Australia, and in sectoral terms was second only to commercial real estate (KPMG and Sydney University, 2017). Meanwhile, China's Belt and Road Initiative (BRI), with its stated aim of boosting Chinese and regional economic connectivity, means that infrastructure is likely to be an increasingly popular asset class for Chinese ODI in the years ahead, including in Australia.

Australian sellers of infrastructure assets, particularly state governments, have welcomed Chinese interest as their presence adds competitive tension to the auction process. In 2012, the Australian federal (national) government also signed a Memorandum of Understanding (MOU) with the Chinese government on "enhancing cooperation in infrastructure cooperation" (ABC, 2012). In one of the more recent examples, in 2016 a consortium that included China's sovereign wealth fund, China Investment Corporation, was approved to buy Australia's busiest port, the Port of Melbourne (Lefort and Kaye, 2016). The Australian

government has also acknowledged the need for better infrastructure in the Asia-Pacific region and the contribution the BRI can make towards filling the existing gaps (Ciobo, 2017).

At the same time, Australian engagement with Chinese investment in infrastructure has not been without qualification. Unlike other usually like-minded countries such as New Zealand and Singapore, the Australian government has resisted signing a general MOU with China on BRI cooperation. Instead, the Australian government limited its intent to cooperating with China on the BRI in third countries (ACRI, 2017). One possible reason for Australian reservations is that as a security ally of the US, the BRI presents unique strategic and geopolitical challenges. When the lease to operate Port of Darwin was sold to Shandong-based Landbridge Group in 2015, the decision attracted significant criticism from some Australian and US security commentators, although the Australian government itself and senior defence officials rejected such concerns (Nicholson, 2015). In other instances such as the 2016 sale of Ausgrid, Australia's largest electricity distribution company, and in the upcoming 5G telecommunications infrastructure rollout, the Australian government blocked Chinese participation, citing national security concerns (Karp, 2016; Grigg and Murray, 2018).

Another explanation for this qualified support might stem from Australian domestic politics. A poll of Australian public opinion by the Lowy Institute (2014) revealed that only a minority (37 percent) of Australians are "in favour" of foreign investment in infrastructure such as ports and airports. The same survey found that 56 percent of Australians consider that the Australian government allows "too much investment from China". Put bluntly, this means there may be little political upside for an Australian government embracing increased Chinese investment in infrastructure, perhaps even more so if asset sales are branded with

the imprimatur of the Chinese government-sponsored BRI. Potential domestic political costs are accentuated by the fact that under Australia's foreign investment approvals process, the federal Treasurer, a popularly-elected official, has ultimate say on whether a proposed investment will receive approval. The Treasurer's decision is required to be made against a relatively vague "national interest" test (Mendelsohn and Fels, 2014). In justifying foreign investment decisions with reference to the "national interest", it is not unusual for the Treasurer to cite public opinion. For example, when then-Treasurer, Joe Hockey blocked the sale of GrainCorp Ltd to American company, Archer Daniels Midland in 2013, he referred to a high level of community concern surrounding the deal (Hockey, 2013). Similarly, in initially rejecting a bid by Chinese company, Shanghai Pengxin for cattle stations owned by S Kidman and Co in 2016, then-Treasurer Scott Morrison also said that his decision was partly motivated by not wanting to undermine broader Australian public support for foreign investment (Morrison, 2016).

To be clear, public opinion is not the only input into the foreign investment approvals process, nor is there is anything inherently wrong with public opinion being factored into the Treasurer's decisions. Bath (2012, 18) notes that in a liberal democracy such as Australia the influence of "community concerns" is not irrelevant to determining the national interest. The salient point is that if public opinion does serve as input into the approvals process, it is important for optimal public policy formation to clarify exactly how these preferences are determined. To what extent does public opinion turn on the country-of-origin of investment? To what extent are Australians concerned by where an investment is from compared with other attributes, such as the whether the investment is being made by a state or privately-owned company? As the BRI increasingly takes center stage in China's

foreign policy, shedding light on these questions might help to facilitate deeper engagement. The risk is that the economic benefits from infrastructure cooperation might not be sufficient to garner host country support if local preferences towards Chinese investments are not accounted for and political opposition grows. Better understanding the views of the Australian public might hint at the preferences of the publics in other liberal democracies, which are also confronting the political challenges associated with rising Chinese investment in infrastructure assets (Alderman, 2018). In studying local preferences, this paper contributes to the general point made by Liao and Zhang (2014) that China will need to take into account the concerns of recipient countries as it continues to rise as a source of global capital. He and Wang (2014) add that aside from responding to host country sensitivities, Chinese ODI can be further promoted by regional measures aimed at improving investment governance.

Section II of this paper sets the stage by providing a brief background on existing literature that considers public opinion towards foreign investment, with a particular focus on Australia. What this serves to highlight is that public support for foreign investment appears to be conditioned on investment attributes, such as the country-of-origin and/or the ownership type of the acquiring firm. Disentangling the relative importance of different investment attributes is challenging but necessary if public policy is to be effectively formulated. To that end, section III outlines the choice modelling methodology used to determine how the preferences of the Australian public over foreign investment in infrastructure are formed. Section IV presents descriptive statistics of original survey data that was collected and used to estimate empirical models of preference formation. Section V discusses the findings, noting that the most important determinant of public preferences

towards an investment is simply the share of foreign ownership that will result. Other attributes such as country-of-origin are also statistically significant but the strength of preferences attached to these other attributes can readily be offset by changes in the share of foreign ownership. Section VI draws implications for public policy in Australia and China.

II. Background

Some previous studies report that the publics in the US and UK are, in general, in favour of promoting foreign investment rather than restricting it (e.g., Jensen and Lindstädt, 2013). However, this support is not without qualification and appears to vary depending upon the attributes of foreign investment. For example, Jalensky and Malesky (2010) found that while 55% of US respondents were supportive of foreign investment, this increased to 61% for Japanese investment and fell to 35% for Chinese investment. That is, country-of-origin appeared a relevant consideration in influencing public opinion. Aside from the country-of-origin, the ownership type of the foreign firm undertaking the investment might also be relevant. Tingley, et al. (2015) reported that mergers and acquisition activity by state-owned enterprises (SOEs) have encountered significant political opposition in examining cases of Chinese investment in US companies from 1999 to 2014. Woo (2014) notes that Canada has also paid specific attention to investment from Chinese SOEs, driven in part by public suspicion around this investment.

In some cases, the precise concerns of publics around foreign investment are difficult to pinpoint. Burgoon and Raess (2014) suggest that opposition in Europe to foreign investment can stem from past experience, citing cases in which Chinese investment was criticized for

facilitating unsafe working conditions and the undermining of labor unions. However, a case could also be made this this debate might be more accurately focussed on a lack of regulation, or protectionism of European labour markets, rather than investment country of origin.

In the case of Australia, Goot's (1990) review of opinion polls regarding the public's attitudes to foreign investment since the 1950s highlights significant and ongoing levels of concern. Goot (1990, 248) summarises that overall Australians have consistently been characterized by wanting "a little instead of a lot of foreign investment". He also observes that public opinion appears to vary depending upon country-of-origin. This point is also made by Uren (2015). In the 1950s and 60s, there was much resentment in Australia towards investment from the US as opposed to that from the United Kingdom (UK), while in the 1970s and 1980s there were strong objections directed at investment from Japan (Uren, 2015). It is possible that Chinese companies, as relative newcomers on Australia's foreign investment scene, are now viewed with the same suspicion that was initially directed at their American and Japanese counterparts.

As in North America, Australian policy-makers have shown particular concerns towards foreign investment when it is undertaken by SOE's (Drysdale and Findlay, 2009), although the extent to which this view is shared by the general public has not yet been clearly established.

The economic sector attracting the foreign investment is also relevant to determining public support. In section I it was noted that only a minority of Australians support foreign investment in agriculture and infrastructure such as ports and airports. However, this

increases to a majority with respect to the manufacturing sector (58%) and the financial sector (55%) (Lowy Institute, 2014).

III. Methodology

To shed light on how the Australian public forms preferences, this paper takes a discrete choice experiment (DCE) approach. To the best of the authors' knowledge, Laurenceson, Burke and Wei (2015) were the first to use a DCE to study public preferences over foreign investment. This was undertaken in the context of foreign investment in Australia's agricultural sector and so the results of this earlier study may not be consistent with preference formation around infrastructure. DCEs have been widely used in other settings such as healthcare and consumer marketing to better understand the drivers of preferences (McFadden 1974; Ben-Akiva and Lerman, 1985; Louviere et al., 2000; Train, 2009; Burke, et al. 2010; Burke 2013; Burke, et al. 2015).

Traditional polling techniques ask respondents to consider one attribute of an issue without referring to, or trading these off against, other attributes. Lowy Institute (2014), which asks respondents whether they consider the Australian government is allowing "too much" investment from China, is one such example. No attempt is made to contextualised opinion toward investment from China by comparing it with investment from other countries, nor with how country-of-origin matters relative to other investment attributes. This means that traditional polls are unable to decipher the drivers of public preferences that are most important versus those that might only be a concern at the periphery.

In contrast, a DCE presents survey respondents with a hypothetical scenario called a choice set. Each choice set comprises several alternatives: say, investment profile A, investment profile B and investment profile C. Respondents are asked to nominate which option they believe best matches given criteria; in this instance which investment profile option they most and least prefer. By asking respondents to select the most preferred and the least preferred profiles, a full ranking of the three investment profiles in each choice set can be collected. The investment alternatives are described by various attributes. In turn, each attribute has two or more levels. For example, one attribute of foreign investment could be country-of-origin, while the levels could be China, India, Japan, the United Arab Emirates (UAE) and the US.

A key characteristic of DCEs is that the response scale provided to respondents is a discrete outcome (i.e., a choice) rather than continuous (e.g., a rating on 1 to 7 scale). Van Vaernebergh and Thomas (2013) provide an account of response style biases that can arise in the use of continuous rating scales in public opinion research. For example, some respondents have a tendency to avoid the extreme ends of the rating scales.

A choice model can also be used to study how public support or opposition to a particular issue may be a function of underlying characteristics such as socio-demographics or psychographics (e.g., Lu and Tian 2008).

In this paper, to provide context for survey respondents a DCE was designed that referred to the sale of a lease by an Australian state government to operate a maritime port. Such sales have featured prominently in infrastructure deals in recent years (Table 1). We considered eight attributes associated with foreign investment in maritime ports that might have an impact on public preferences (Table 2). These were informed by previous instances of such

investment and the existing literature cited in the previous section. They included: 1. the foreign ownership share the investment will bring, 2. the length of lease the sale confers, 3. the dollar size of the investment, 4. the investment country-of-origin, 5. whether the investment is coming from a state-owned or privately-owned entity, 6. the extent of local management control following the investment, 7. the proposed outcome of the investment such as whether there will be an expansion in the port's capacity, and 8. the proposed use of the sale proceeds such as whether they will be used to fund new infrastructure construction.

Table 1 here

Table 2 here

Survey respondents were presented with the background information shown in Figure 1 prior to completing the DCE task. A screenshot of the actual DCE task is presented in Figure 2.

Figure 1 here

Figure 2 here

The levels for attributes in each choice set presented to respondents were determined using a randomised design in order to detect potential higher order effects. For example, in addition to main effects, one higher order interaction that might be of particular interest is China country-of-origin and government-owned ownership type. That is, the Australian public may display particular concern towards a foreign investment proposal in an Australian maritime port if it is from a Chinese SOE. A view sometimes expressed is that Chinese SOEs may enjoy unfair advantages over rival bidders due to artificially low borrowing costs and / or they may be motivated by broader strategic agendas rather than

having a strict commercial focus (Mendelsohn and Fels, 2014). However, this interaction term proved statistically insignificant, as did most other interactions. Three models were estimated based on the most preferred investment profile, the least preferred investment profile and an aggregation of the two sets of responses (i.e., a combined model). Differences between the model results were minimal and hence for brevity and parsimony, what follows in section V is a presentation of the combined, main effects model.

IV. Data

The respondent sample was drawn from the Australian panel of a global online data panel company in March 2016. It was drawn proportional to key demographic statistics in census data from the Australian Bureau of Statistics relating to gender, age and location, amongst others (Table 3). All respondents were eligible to vote in the July 2016 Federal election, meaning they were all Australian citizens. In total, data were collected from 1002 respondents and each respondent was presented with eight DCE tasks. Thus, model estimation was conducted on the basis of preferences displayed towards $1002 \times 8 = 8016$ foreign investment choice sets.

Table 3 here

V. Results

The model estimates are presented in Table 4. All investment attributes are found to be highly statistically significant. In terms of the ordering of statistical significance, the most important attribute of foreign investment determining public preferences is simply the

foreign ownership share that results. The coefficient to the foreign ownership share is negative. This implies that, everything else held constant (i.e., the lease length is the same, the investment is from the same country-of-origin, and so on), as the foreign ownership share increases, the public prefers an investment proposal less. The foreign ownership share was also found by Laurenceson, Burke and Wei (2015) to be the most important driver of Australian public preferences towards foreign investment in Australia's agricultural sector and hence appears robust across sectors in which particular sensitivities around foreign ownership are held.

Explaining why the Australian public is not enamoured with a high foreign ownership share would benefit from further research. Goot (1990) emphasised the importance of perceptions of a loss of control. In turn, these perceptions might be fanned by factors such as exaggerated media coverage. The impact the media can have in influencing public opinion, as well as specific decision-makers, is well-established in existing literature (Cook, et al. 1983; Mutz and Soss, 1997; Soroka, et al. 2015). In the case of economic engagement between Australia from China, Goodman (2017, 775) remarks that, "From the public discourse, especially as carried in and by the mass media one would be forgiven for thinking that Australia was already not just a Chinese economic colony, but falling under the sway of the Chinese Communist Party and its control of the PRC". Similarly, McCarthy and Song (2018, 325) observe that Chinese investment in Australia has "produced an acute anxiety" that is "out of proportion" to the actual nature of these investments. They note this anxiety is "widely circulated in political and media discourse". In contrast to the sometimes alarmist media coverage, the reality is that according to the Australian Bureau of Statistics, Chinese direct investment in Australia only accounts for only 4.8% of total foreign

direct investment and lags well behind numerous other countries including the US (22.4%), Japan (10.9%) and the UK (9.8%) (ABS, 2018). A survey of Chinese investors in 2017 reported that Australian media were perceived to be the least supportive stakeholder group and this was in stark contrast to the strong support offered by Australian business leaders (KPMG and Sydney University, 2018). This survey followed an earlier one in 2014 that had also revealed perceptions amongst Chinese investors that one of the biggest challenges they faced was a hostile Australian media (KPMG and Sydney University, 2014).

Following the foreign ownership share in terms of statistical significance is the attribute of lease length. The coefficient is again negative, suggesting that as the lease period held by a foreign investor lengthens, the public prefers the investment less. This again ties back to Goot's (1990, 248) observation that the Australian public has long tended to want the federal government to have "lots of controls" and might perceive a longer lease length as tilting that control in the direction of the foreign investor.

Next is the investor country-of-origin. The estimated coefficients suggest that investment from the US is most preferred, followed by that from Japan, the UAE and India, while the least preferred is investment from China. However, while there is a statistically significant difference between the coefficient to China and those to US, Japan and the UAE, this does not hold with respect to India. In other words, there is no statistical basis to conclude that the Australian public prefers investment from India more than they do from China. Earlier it was noted that some Australian and American security commentators regard investment from China in infrastructure assets as posing unique challenges. Yet the above findings suggest this view is not shared by the Australian public with investment from China and India being regarded similarly. Rather, what China and India have in common is that they are

both large countries in terms of population and economic size and are investment source countries that Australians are relatively unfamiliar with.

The above findings also combine to help explain heightened public concern around specific instances of foreign investment in Australian infrastructure, such as the sale of the lease to operate Port of Darwin in 2015. As noted in Table 1, this deal involved a high share of foreign ownership share (80 percent), a long lease length (99 years) and an investor from China, all attributes that would weaken public support.

Aside from statistical significance, another way to gauge the practical importance of the preference against investment from countries such as China and India is to read the coefficient to country-of-origin in conjunction with those of other investment attributes. This facilitates an interpretation of how differences in preferences with respect to country-of-origin might be offset by other attributes. For example, the model results suggest that, all other factors constant, the public would equally prefer an investment from the US that resulted in 100 percent foreign ownership to one from China that resulted in 65 percent foreign ownership. The relevant calculation is $e^{100\times-0.017+0.369} = e^{65\times-0.017-0.229}$. Alternatively, relative to 100 percent foreign ownership from Japan, the ownership share from China that brings about equivalence in preferences is 76 percent.

Differences in preferences with respect to country-of-origin can also be offset by other attributes such as lease length. In this case, it can be said that, all other factors constant, the Australian public would be indifferent between an investment from the US that involved a length lease of 99 years and one from China with a lease length of 45 years, or alternatively, from India for 48 years.

To take such comparisons yet another step further, differences in preferences with respect to country-of-origin can be offset by multiple other attributes. For example, all other factors constant, the public would be indifferent to an investment from the US that resulted in 100 percent foreign ownership and that involved a lease length of 99 years to one from China that resulted in a foreign ownership share of 80 percent and a lease length of 75 years.

What these exercises show is that while country-of-origin is a statistically significant driver of preferences, the "real world" aversion to investment from countries such as China and India appears to be modest. This is because preferences based on country-of-origin can readily be offset by other investment attributes. In making this point, the results highlight the limitations of traditional polling techniques that fail to set preferences in a comparative context, thus leading to potentially misleading conclusions being drawn.

Following country-of-origin, investment size was the next most important determinant of preferences. The coefficient is positive, suggesting that the public prefers an investment more as its dollar value increases. The fact that the public appear to prefer bigger dollar value investments while objecting to a larger foreign ownership share is not necessarily contradictory. The public may value the capital contribution of the former, while lamenting the loss of control implied by the later.

The coefficient to management control is positive, indicating that if foreign investment sees Australian citizens retained in a majority of senior management positions, it is regarded more favourably.

The coefficient to fund uses is positive, implying that the public prefers an investment more if the funds raised by the Australian state government from foreign investment are used to

build new infrastructure rather than repay outstanding government debt. This might be taken as a vote of public confidence in asset sales that directly underpin the delivery of new jobs and broader economic activity.

The coefficient to capacity is positive, meaning the public prefer an investment more if it expands the capacity of the port to process goods rather than maintains existing capacity. This might be taken to support a view that the public is more convinced by foreign investment that results in the creation of new assets ("greenfield investment") rather than simply transfers the ownership of existing ones ("brownfield investment").

Finally, the coefficient to ownership type is positive, albeit small in magnitude. This implies the public prefers an investment more if the foreign company is government-owned rather than privately-owned. This result may appear surprising but is consistent with results of Laurenceson, Burke and Wei (2015) in the context of foreign investment in Australia's agricultural sector, which also failed to find evidence of a negative relationship between local preferences and the ownership type of the foreign investor.

Table 4 here

The above results are based on the responses of the sample as a whole. Another line of enquiry is to consider whether different groups within this sample exhibited different preferences. In addition to the main effects results in Table 4, we therefore also included interaction terms between investment attributes and the socio-demographic characteristics presented in Table 3. The statistically significant interactions are reported in Table 5.

For example, with respect to the foreign ownership share, statistically significant differences are apparent according to gender, age, education level, income and birthplace. Specifically,

females (relative to males), older Australians (relative to younger Australians), those with a university Bachelor degree or above (relative to those without), those with lower incomes (relative to those with higher incomes) and those born in Australia (relative to those born overseas) are less likely to prefer an investment proposal if it features a higher foreign ownership share.

On country-of-origin, the age group was found to be particularly relevant. Older Australians had a distinct preference for investment from the US and Japan, while they were less likely to prefer investment from India and China. Males were less likely to prefer investment from the US. Those born in Australia were less likely to prefer an investment if it was from China. Those who only spoke English at home (relative to those who spoke a language other than English at home) were more likely to prefer investment from the US but less likely to prefer it if it was from Japan.

VI. Policy implications

These findings offer implications for managing some of the political challenges around Chinese investment in Australian infrastructure. The positive news is that local public preferences do not work sharply against investment proposals from China in Australian infrastructure *per se*. However, if Chinese companies are intent on seeking majority or complete ownership of such assets, they will struggle for public acceptance. In turn this will make it politically more challenging for the Australian government to approve such investments. This implies that where possible a more pragmatic approach might better serve both Australian and Chinese interests, with joint ventures that recruit local partner companies presenting as a logical alternative investment mode. Interestingly however,

surveys of Chinese investors in Australia in 2014 and 2017 reveal a continued strong preference for obtaining majority control (KPMG and Sydney University, 2014; KPMG and Sydney University, 2017). This implies that achieving a cultural change with respect to entry modes for Chinese investors is unlikely to take place quickly.

This paper has also identified a host of other factors that combine to determine public support for an investment proposal. For example, if in addition to partnering with a local company, Chinese investors also permit ongoing local management control then they will be supported by the public to an even greater extent.

These lessons from Australian data might have wider applicability to promoting Chinese investment in infrastructure assets abroad, particularly in other high-income liberal democracies.

A limitation of this research that presents as an obvious opportunity for future exploration is to test the applicability of the results to different settings. For example, that the same basic determinants drive Australian public preferences in agriculture and infrastructure has now been established. However, whether this sectoral stability holds in other countries where Chinese investors have an interest, such as the US, remains to be definitely confirmed. Strictly speaking, the results also only reflect the determinants of public opinion in Australia at the particular point in time the survey was undertaken. Thus, there is scope to repeat the exercise in coming years to examine whether there is stability in the determinants over time. It might be speculated that once Australians have had an ongoing exposure to investment from China their level of concern might diminish, just as it did with respect to American and Japanese investment in earlier periods. Finally, there is an opportunity to better understand why the public considers certain attributes of foreign investment to be of

greater concern. It was suggested that exaggerated media coverage might be one contributing factor to alarm over a high foreign ownership share. If this were the case, a policy proposal that would follow is the collection and public dissemination of more comprehensive data around foreign investment to support a debate based on facts rather than myths.

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Table 1. Foreign investment in Australian maritime ports

Port Name	Foreign investor	Australian partner(s)	Details of lease
Port of Melbourne	CIC Capital (China) (20%), NPS (Korea) (20%), OMERS (Canada) 20%)	QIC (20%), Future Fund (20%)	2016, 50 years, 9.7 billion
Port of Darwin	Landbridge Group (China) (80%)	Northern Territory Government (20%)	2015, 99 years, $506 million
Port of Newcastle	China Merchants Group (China) (50%)	Gardior's The Infrastructure Fund / Hastings (50%)	2014, 98 years, $1.75 billion
Port Botany, Port Kembla	Tawreed Investments (United Arab Emirates) (20%)	IFM Investors, Australian Super, Q Super (80%)	2013, 99 years, Botany: $4.31 billion, Kembla: $760 million
Abbot Point Port	Mundra Port Pty Ltd (India) (100%)		2011, 99 years, $1.8 billion
Port of Brisbane	Tawreed Investments (United Arab Emirates) (19%), Caisse de dépôt et placement du Québec (Canada) (27%)	IFM Investors Queensland Investment Corporation (54%)	2010, 99 years, $2.3 billion

Source – news sources

Table 2. Attributes and levels in DCE

Attribute	Levels
1. Lease length	a) 25-year lease; b) 50-year lease; c) 75-year lease; d) 99-year lease
2. Investment size	Randomly selected lease sale price of between $250 million to $6 billion.
3. Country-of-origin	a) China; b) India; c) Japan; d) UAE; and e) US.
4. Ownership type	The foreign company investing is: a) government-owned; or b) privately-owned.
5. Foreign ownership share	Randomly selected foreign ownership share of a lease of between 25 percent and 100 percent.
6. Management control	After the foreign investment, the port will be managed with Australian citizens in a: a) majority of senior management positions; or b) minority of senior management positions.
7. Capacity	After the foreign investment, the port will be able to: a) expand its capacity to process goods; or b) maintain its current capacity to process goods.
8. Fund use	After the foreign investment, the state government will use the funds raised to: a) build new infrastructure; or b) repay outstanding government debts.

Table 3. Sample descriptive statistics

Gender		**Metro/Rural**	
Male	48.9%	Capital city	55.0%
Female	51.1%	Large coastal city/town	15.2%
		Large country city/town	8.0%
Age		Small coastal city/town	6.8%
up to 24	11.9%	Small country city/town	12.4%
25-29	9.6%	Other	2.7%
30-34	7.3%		
35-39	10.5%	**Work status**	
40-44	13.5%	Full-time	39.6%
45-49	11.3%	Part-time	22.6%
50-54	11.4%	Unemployed	7.7%
55-59	9.9%	Not in labour force (i.e. students, retired)	30.1%
60-64	6.7%		
65-69	3.2%	**Education**	
70+	4.9%	Bachelor or higher	33.0%
		University/TAFE diploma or certificate	41.0%
Location		High school or lower	25.9%
NSW	36.9%		
VIC	24.2%	**Birthplace**	
QLD	19.4%	Australia	84.5%
SA	6.3%	Other	15.5%
WA	9.9%		
ACT	1.2%	**Language at home**	
TAS	1.4%	English only	86.5%
NT	0.8%	Other languages	13.0%

Table 4. DCE results

	Coefficients	Std. Err.	t-stats	
Foreign ownership share (in %)	-0.017	0.000	-36.87	***
Lease length (in years)	-0.011	0.000	-28.68	***
Country-of-origin				
USA	0.369	0.021	17.72	***
India	-0.188	0.020	-9.22	***
China	-0.229	0.020	-11.21	***
UAE	-0.135	0.020	-6.61	***
Japan	0.183	0.020	8.96	***
Investment size (in billion)	0.099	0.006	16.05	***
Fund use				
Build new infrastructure	0.266	0.021	12.94	***
Repay debt	0.000			
Management Control				
Majority Australian	0.220	0.020	10.76	***
Minority Australian	0.000			
Capacity				
Expand capacity	0.139	0.020	6.81	***
Maintain capacity	0.000			
Ownership type				
Government-owned	0.074	0.020	3.64	***
Privately-owned	0.000			

Note - *** signifies statistical significance at the one percent level

Table 5. Investment attribute and socio-demographic interactions

1. Metro VS. Non-Metro	Coefficients	Std. Err.	t-stats	
Country-of-origin - *UAE*	0.0501	0.0218	2.3000	**
Fund use - *Build new infrastructure*	-0.0558	0.0221	-2.5300	**
Ownership type – *Government-owned*	-0.0443	0.0218	-2.0300	**
2. Male VS. Female				
Foreign ownership share (in %)	0.0015	0.0005	3.0700	***
Country-of-origin - *USA*	-0.0646	0.0217	-2.9700	***
Investment size (in $ billions)	0.0269	0.0065	4.1400	***
Management Control - *Majority Australian citizens*	-0.0697	0.0214	-3.2600	***
3. Mean Centred Age				
Foreign ownership share (in %)	-0.0002	0.0000	-5.1200	***
Lease length (in years)	-0.0001	0.0000	-4.1600	***
Country-of-origin - *USA*	0.0077	0.0015	4.9600	***
Country-of-origin - *India*	-0.0031	0.0015	-2.0600	**
Country-of-origin - *China*	-0.0056	0.0015	-3.7300	***
Country-of-origin - *Japan*	0.0039	0.0015	2.6200	***
Investment size (in $ billions)	0.0032	0.0005	6.9300	***
Capacity - *Expand capacity of port*	0.0034	0.0015	2.2300	**
Ownership type – *Government-owned*	0.0033	0.0015	2.1800	**
4. University Bachelor Degree VS. No Degree				
Foreign ownership share (in %)	-0.0012	0.0005	-2.2400	**
Lease length (in years)	-0.0010	0.0004	-2.2000	**
Investment size (in $ billions)	0.0187	0.0073	2.5500	**
5. Personal weekly income mean centred (in $ hundreds)				
Foreign ownership share (in %)	0.0003	0.0001	3.6500	***
Investment size (in $ billions)	0.0043	0.0011	4.1000	***
6. Australia VS. Overseas Born				
Foreign ownership share (in %)	-0.0046	0.0007	-6.4900	***
Country-of-origin - *China*	-0.0806	0.0311	-2.5900	**
Investment size (in $ billions)	0.0195	0.0095	2.0600	**
7. English only VS. Other language				
Country-of-origin - *USA*	0.0878	0.0333	2.6400	***
Country-of-origin - Japan	-0.0932	0.0326	-2.8600	***

Note – **, *** signifies statistical significance at the five percent and one percent levels, respectively

Figure 1. DCE background

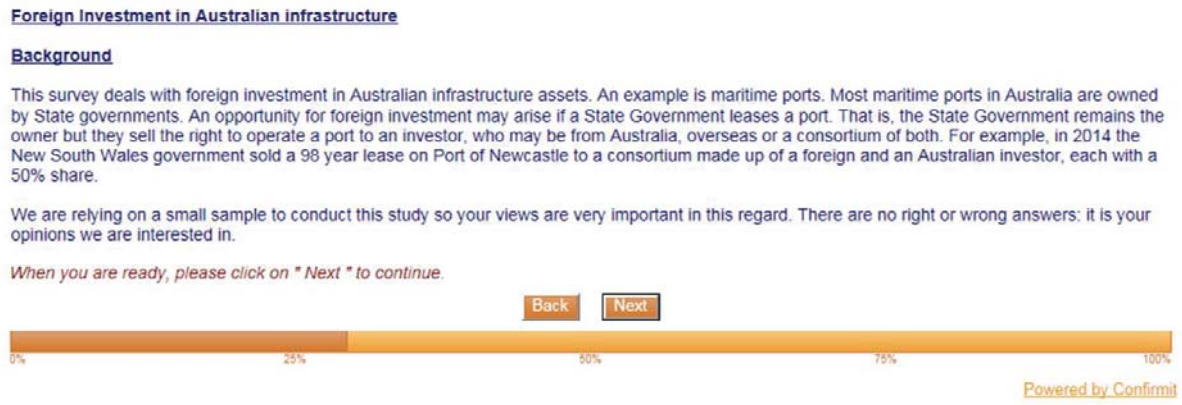
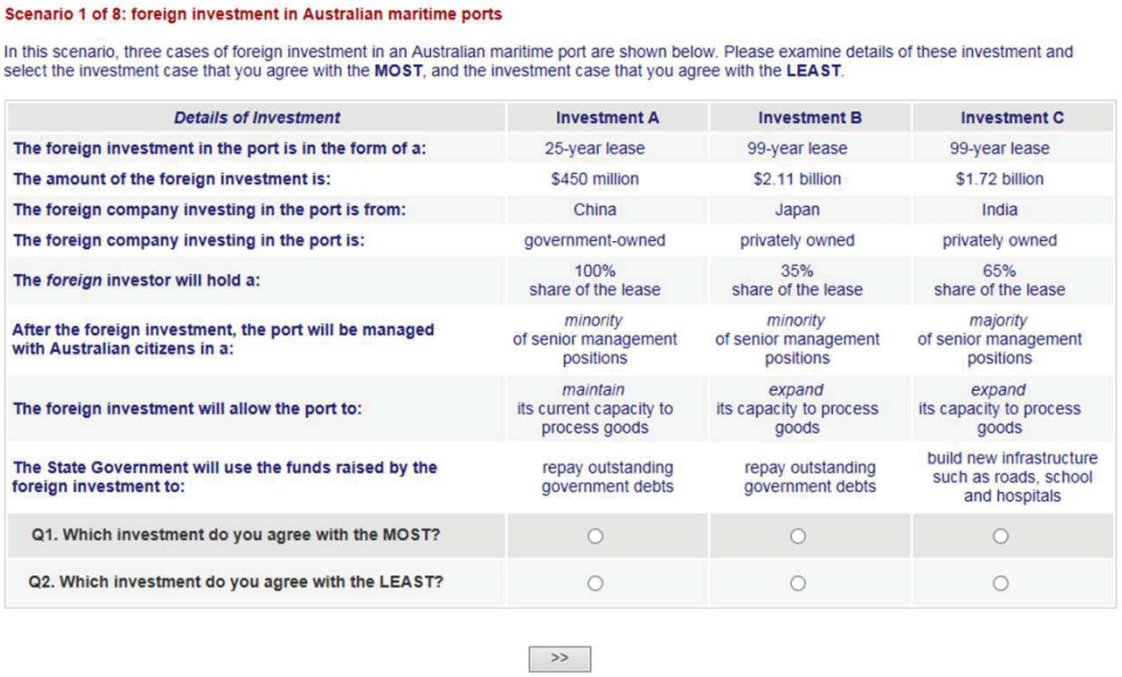


Figure 2. Screenshot of the DCE experiment



Scenario 1 of 8: foreign investment in Australian maritime ports

In this scenario, three cases of foreign investment in an Australian maritime port are shown below. Please examine details of these investment and select the investment case that you agree with the **MOST**, and the investment case that you agree with the **LEAST**.

Details of Investment	Investment A	Investment B	Investment C
The foreign investment in the port is in the form of a:	25-year lease	99-year lease	99-year lease
The amount of the foreign investment is:	$450 million	$2.11 billion	$1.72 billion
The foreign company investing in the port is from:	China	Japan	India
The foreign company investing in the port is:	government-owned	privately owned	privately owned
The *foreign* investor will hold a:	100% share of the lease	35% share of the lease	65% share of the lease
After the foreign investment, the port will be managed with Australian citizens in a:	*minority* of senior management positions	*minority* of senior management positions	*majority* of senior management positions
The foreign investment will allow the port to:	*maintain* its current capacity to process goods	*expand* its capacity to process goods	*expand* its capacity to process goods
The State Government will use the funds raised by the foreign investment to:	repay outstanding government debts	repay outstanding government debts	build new infrastructure such as roads, school and hospitals
Q1. Which investment do you agree with the MOST?	○	○	○
Q2. Which investment do you agree with the LEAST?	○	○	○

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