

Country case: International competition in infrastructure projects in Australia

Description

Trade Minister Andrew Robb has hailed the emergence of new international competition in the local construction industry as an opportunity to get AUD 125 billion of infrastructure built cheaper and faster than it could have five years ago.

Mr. Robb said the arrival of six Spanish construction firms in Australia to compete for greenfields infrastructure had broken down the duopoly that had dominated the Australian market and highlighted the benefits of freer global trade.

Wrapping up weekend talks with trade ministers from the G20 meeting of the world's biggest economies, Mr. Robb said the competition had been drawn to Australia by the prospect of infrastructure investment being reinvigorated by asset sales to fund new developments.

"It is a huge opportunity to do it and have some of the best construction companies in the world bringing state-of-the-art expertise and innovation to all of this rollout of infrastructure," Mr. Robb told The Australian.

"What was seen as a duopoly in Australia with major projects has now become highly competitive in the space of five years," Mr. Robb said. He highlighted the east-west road development in Melbourne where there were Spanish companies in each of three short-listed consortia bidding for the project.

Infrastructure investment is one of the major themes for the G20 under Australia's presidency this year, in line with domestic efforts to encourage states to sell assets and recycle the money back into new projects.

Treasurer Joe Hockey has offered the states AUD 5 billion in top-up payments if they sell assets such as ports and electricity transmission and distribution networks and use the proceeds to build new roads, rail and hospitals.

Mr. Robb said the apparent certainty of funding for the projects from asset sales, combined with low financing costs and a shortfall of work elsewhere in the world had drawn international players to Australia.

Source: OECD (2015), [Effective Delivery of Large Infrastructure Projects: The Case of the New International Airport of Mexico City](#), OECD Publishing, Paris

Public Procurement
Principle: **Access, Efficiency**

Procurement Stage:
Tendering

Audience: **Policy Maker,
Procuring Entity, Private
Sector**