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## Spanish building armada to invade Australia

Philip Hopkins  
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A LEADING Australian construction expert has foreshadowed that Spanish companies will soon play a bigger role in Australia's infrastructure sector.

Phillip Greenham, a senior partner at Minter Ellison and the firm's expert on construction, said there were already several Spanish construction and infrastructure companies in Australia. "A number of others are also looking to come here," he said.

This was one of the conclusions Mr Greenham took from his recent participation in a meeting of the International Bar Association in Dubai, which was followed by a visit to Spain.

Mr Greenham said the Spanish sector was organised differently from that in Australia, where construction companies generally did not put equity into any project. They just did the building.

In contrast, Spanish infrastructure groups tended to be part of a conglomerate that included construction and concession companies.

Mr Greenham said such companies were part of a recent big trade delegation to Australia that had been encouraged by state premiers concerned that the local market was too concentrated and lacking in competition, given that Australia faced an infrastructure backlog of up to \$700 billion.

"They liked Australia - something to do with our sunny, open, bright and breezy atmosphere - similar to Spain," he said, as well as our stable economic, political and legal environment.

Since then, Spanish companies have been disappointed they had not won more infrastructure jobs, especially as they had been invited to tender.

Mr Greenham said impediments to succeeding in Australia included the high bidding costs for projects. This could be tens of millions of dollars. Bids for EastLink, for example, cost \$30 million, so if you bid for three projects, you could spend up to \$90 million, he said. Given profits on such projects were small, it took a huge amount of turnover to afford \$90 million in bid costs.

Mr Greenham said an added incentive for Spanish companies was their own sluggish economy. "Many are looking to increase the percentage of their work overseas, by up to 50 per cent," he said.

There were still many opportunities in Australia, because private public partnerships and alliance contracting were likely to constitute up to 30 per cent of future infrastructure projects, he said.