



**AUSTRALIAN OWNED
CONTRACTORS**

MEDIA RELEASE

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AUSSIE CONTRACTORS WANT FAIR GO ON MAJOR PUBLIC INFRASTRUCTURE PROJECTS

- Australian Owned Contractors (AOC) alliance formed by nine mid-tier contractors to combat “contracting oligopoly”
- 80 per cent of Australia’s largest infrastructure projects (\$500m+) are delivered by foreign owned multinationals
- Profits, expertise, knowledge and IP are flowing overseas, restricting growth of local companies and economy

Nine local mid-tier civil construction companies have banded together to lobby governments across Australia for more opportunities in the delivery of major public infrastructure projects.

Australian Owned Contractors (AOC) want Federal and state governments to mandate the inclusion of a local non-Tier One contractor in the prime contract of all infrastructure projects in Australia valued at more than \$500 million.

About 80 per cent of Australia’s largest infrastructure projects (\$500m+) are delivered by foreign owned multinationals. Nearly 100 per cent of these projects are delivered by Tier One contractors.

Australian owned mid-tier contractors have the physical and technical capacity to play a significant role in building public infrastructure, but have been “risked out” of the market.

Contract risk has escalated on major public infrastructure projects to the point where only Tier One contractors (the majority of which are foreign owned and/or controlled) have the balance sheet capacity to accept these risks.

AOC director and Georgiou Group chairman John Georgiou said governments needed to intervene and rectify the “crowding out” impact of the large players dominating the infrastructure market because Australia now faced an undesirable “contracting oligopoly”.

“Profits, expertise, knowledge and IP are flowing overseas,” Mr Georgiou said.

“Local contractors cannot build capability and grow to support the Australian economy.

“There is considerable concentration risk for governments by having a handful of foreign multinationals with a disproportionate share of major public infrastructure projects.

“These foreign companies are now joint venturing – reducing competition even further. This is not good for competition and the Australian taxpayer.”

AOC director and Decmil Managing Director and Chief Executive Scott Criddle said AOC member companies had been lobbying both sides of politics for better outcomes for Australian owned contractors.

He said the Morrison Government was investigating how it could deliver more opportunities for Australian owned contractors on major public infrastructure projects.

Federal Labor had also made a commitment to place more conditions on Federal infrastructure grants to states and territories to secure better work opportunities for mid-tier construction firms.

Mr Criddle said AOC members wanted the opportunity to play a greater role in the delivery of the nation's public infrastructure.

"Australian owned contractors have been involved in several head contracts on large infrastructure projects across Australia in the past which were delivered on time and on budget," he said.

"Mandating the requirement of local contractors would increase competitive tension on infrastructure bids, with Tier Ones having to partner with mid-tier contractors during procurement processes, rather than partnering up themselves.

"It will also eliminate instances of Tier One companies joint venturing and providing governments with one bid on major infrastructure projects."

AOC director and BMD Group Executive Director Operations Scott Power said governments had mandated the involvement of mid-tier contractors in the head contract in the past and AOC members were now calling for a national and consistent approach.

"Government needs to support the growth of the Australian contracting industry," Mr Power said.

"Our proposal will increase the knowledge, skills, expertise and capability of local contractors and allow us to compete and participate in major infrastructure projects.

"It will also result in a more competitive environment for government procuring major infrastructure projects, which is a great outcome for the taxpayer."

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ABOUT AUSTRALIAN OWNED CONTRACTORS

Australian Owned Contractors advocates for Australian owned mid-tier construction companies to have more opportunities to deliver major public infrastructure projects across the country.

Australian Owned Contractors is made up of nine local mid-tier construction companies across Australia:



Members of Australian Owned Contractors are:

- Majority Australian owned and controlled – at least 51% owned by Australian shareholders
- Have revenue in excess of \$250 million
- Companies that have participated in Federal and State Government funded infrastructure

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