



# INFRASTRUCTURE PROJECTS ARE DIFFERENT

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Practitioners of strategic sourcing will not be surprised to hear that not all capital projects are the same. The procurement of civil infrastructure is very different from those of building projects, differences that go beyond just the amount of dirt being moved around. There are fundamental differences in the required skill sets and the supply chain inputs and resources. The following table summarises some of the distinguishing characteristics.

## Some distinguishing characteristics of infrastructure vs building projects

INFRASTRUCTURE	BUILDINGS
Mainly public sector (and also in mining) General major organisations	Both in public and private sectors Major and Minor organisations
Largely heterogeneous (generally ‘not been done before’ or critical elements are different. Difficult to benchmark on costs)	Largely homogenous (many repeatable elements “has been done before” and can be easily benchmarked on cost)
Extensive use of naturally occurring materials which leads to increased unpredictability	Extensive use of artificial materials (manufactured) which lends to predictability
Engineers mostly undertake design	Architects,-Engineers involved in designed
High interface with (unpredictable) natural environment	Typically from the ground up – minimal interface with (unpredictable) natural environment
Relatively high risk profile (because natural environment impacts and heterogeneity)	Relatively low risk profile of construction
High Exposure to cost pressures (eg Labour, Hydrocarbons)	Low exposure to cost pressures, Fixed Price Elements
Found in both Urban / Remote Locations	Mostly located in major cities and towns (urban)
Generally integrated in a network of other infrastructure assets	Focus on stand-alone assets
<b>“NATION BUILDING”</b>	<b>“BUSINESS AND SOCIAL ACTIVITIES”</b>

Off course, like all things worth our close attention and study, differences are not black and white. Many practitioners in the field would consider the construction of a major hospital, with its many specialised spaces and service requirements, more like an infrastructure asset than a building. A good discussion point for a slow rainy day if anyone is interested in such a debate.

To use that well know qualifier, “all else being equal”, infrastructure projects tend to be high cost, high risk and (I think) more glamorous! They are difficult to deliver consistently well (that is, on a rigours budget and on time). Infrastructure projects have longer lead times and longer construction times; and yet everyone wants those infrastructure assets sooner rather than later.

Given that infrastructure assets are so troublesome to procure, so very expensive, why do we direct the wealth of the nation to these projects? Investment in infrastructure is seen to create wealth for the nation and to improve the quality of life for all citizens. They lead to more and better jobs, improved health outcomes, road and rail travel is safer and faster and so on. Investment in infrastructure is seen as an investment in increasing the economic productivity of the nation.