Queensland and Queensland region construction activity: Quarterly projection update – March quarter 2009

A report for the
Queensland Department of Public Works

Prepared by the
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1. Introduction

This update is for the March quarter 2009. There is a complete set of data available for the December quarter 2008 for all building data.

Revisions to data and price base

It should not be assumed that just because the data is available to the December quarter that this will represent the final estimate. Preliminary estimates are continually being revised, especially over the next two to three quarters.

It should also be noted that the price base is for the 2006-07 year.

Because the macroeconomic outlook is uncertain and unstable some attention to general, that is, non construction, issues is required.

The world economy

Between October 2008 and February 2009 the world economy was in free fall. The financial shocks of September and October, and the intensification of the credit squeeze that followed, delivered a recession to almost all countries either directly, because finance was no longer viable to allow expenditure plans to proceed, or simply because businesses and households expected that a recession would be the natural consequence of the financial instability. Orders dried up and businesses slashed inventories, capital investment and employment. This of course is not to argue that the immediate period of recession in the world economy was due to these factors. The events of September and October 2008 were the catalyst, not the cause, of what is now being designated the "great recession". The causes rested with excessive credit growth and growing (negative) structural imbalances in mainly the so-called Anglo-sphere countries.

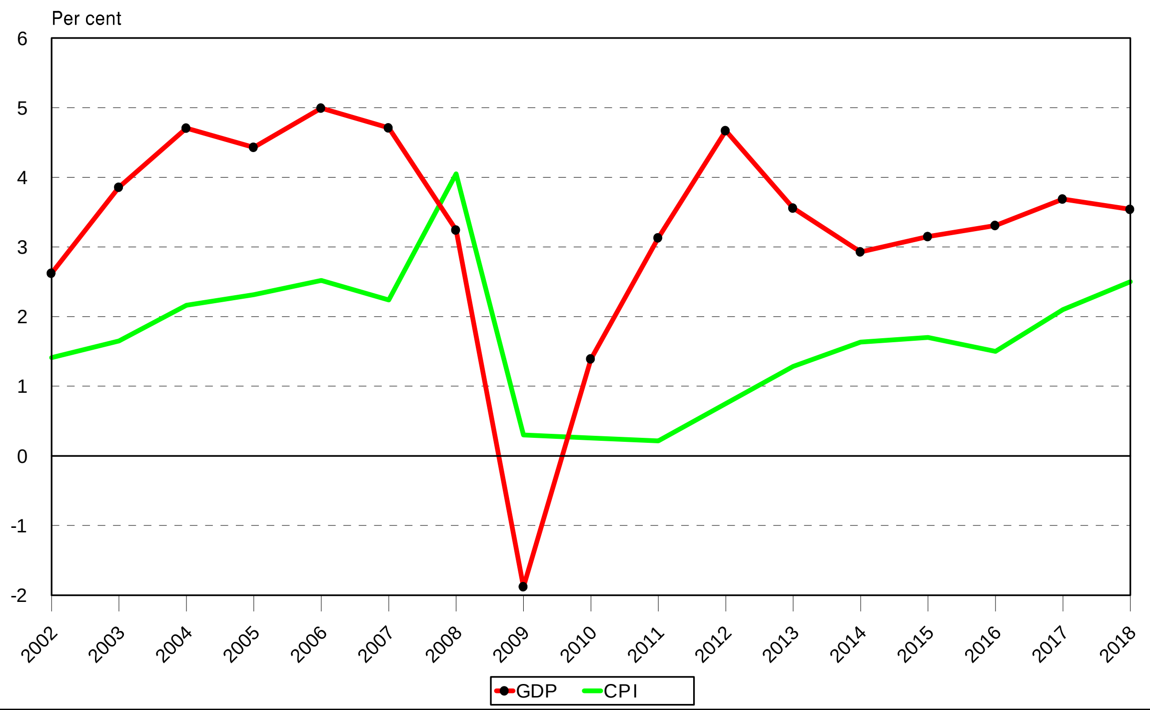
The speed of decent into recession is best indicated by the behaviour of industrial production. Industrial production data is available for most countries to either January or February. This reveals that for countries such as Spain, Singapore, Taiwan, and Malaysia manufacturing production for either January or February was at least 20% below the corresponding month a year earlier. However, the prize for a significant country performance must go to Japan, with a fall of just under 40%. For most countries the fall has been at least 10%.

To this point in time demand has fallen significantly less than the industrial production decline. This is because firms have shut down capacity in order to quickly work off excess inventory holdings. The short-term world policy problem has, therefore, focused on the need to inject a suitable degree of stimulus to ensure that at least some of the shutdown capacity is reopened in 2009. That stimulus has generally been between 2% and 4% of GDP.

As the attached figure shows, world GDP is projected to fall by just under 2% for 2009. At the extreme negative end of the spectrum, the fall in Japan's and Singapore's GDP will be of the order of 7% to 9%. For continental European economies, including France and Germany, the fall in GDP for 2009 will generally be between 3% and 5%. For the United States and the United Kingdom, the epicentre of the catalyst of the current crisis, the fall in GDP will be between 3% and 5%. The only significant countries with positive growth rates are India and China.

On the assumption that the announced stimulus packages are implemented relatively quickly, and the inventory cycle stabilises, the projection for world growth in 2010 is for a small growth rate of 1.4%, followed by a 3.1% growth rate in the following year. This type of growth profile will be strong enough to turn a sentiment from bearish to bullish, which will combine to produce a typical high growth rate for 2012 signalling the end of the great recession in 2012. It goes without saying that at this point in time the downside risks associated with this profile are significantly greater than the upside risks.

Figure 1: World GDP and inflation



Australia: The short term outlook – summary

The Australian economic growth profile that underpins this projection of Queensland construction differs from the profile of previous recessionary and recovery periods, particularly in comparison with the recessions of the early 1980s and the early 1990s. The differences are both in terms of the length of the recessionary period and the strength of the recovery. The length of this recession is unprecedented since the end of World War II. The peak GDP level before the recession was in the September quarter 2008. It is not until the June quarter 2011 that the level of national GDP exceeds the September quarter 2008 outcome.

On a four quarter span basis, Australian economic growth turns negative in the June quarter 2009 and remains negative until the first quarter of 2011. On a four quarter span basis, the growth in Australian GDP is negative from the June quarter 2009 until the December quarter 2010. In 2012 the Australian GDP growth rate reaches between 4% and 5%. This is typical for recovery years. What is different this time round is that the high growth rates cannot be sustained. The economy is then back in recession in the first half of 2014.

Why is it so? The first reason, of course, is the severity of the world recession.

The second reason is the fact that the household sector is approaching debt saturation, so that through this recession the household sector's savings ratio will, on balance, increase through the recession rather than decline, which has been the outcome for previous recessions.

The third reason is the balance of payments constraint to growth. Just like household debt over the decades, Australia's foreign debt to GDP ratio has been slowly creeping upwards. The point has now been reached, as is pointed out below, where Australia's international financing requirement each year is perhaps the highest among significant economies. If a major economy is likely to meltdown with an exchange rate, banking and economic crisis similar to what Iceland experienced last year and Argentina in 2001, then Australia must rank with perhaps the highest possibility of being that country. Because Australia now imports most of its equipment investment then, as recovery occurs, the balance of payments deficit will deteriorate significantly. This will mean that any recovery is going to be relatively short-lived.

These three factors are the key drivers of the economic growth profile of this projection.

The question that has to be answered, however, is why Australia is not more immune from the world financial crisis? The Government has announced economic packages which will result in some $50 billion being injected into the Australian economy over the two and a half to three years from the end of 2008. For an economy with a relatively low export to GDP ratio, one would have thought that the stimulatory packages would have easily offset the decline in exports and the reduction in export sector investment that would have been a natural consequence of the world recession.

The short answer is that the stimulatory packages have largely offset the structural weakness in the Australian economy, rather than the world financial crises on the Australian economy. In particular the household saving ratio had to rise, and it did, significantly, in the December quarter. Without the stimulatory packages the Australian economy would have contracted 3% to 4% in 2009-10 rather than 1% to 2%.

Interest rates

The expectation is that Australian interest rates can fall to low levels (1% to 2%) to drive the recovery. This view is not accepted in this report. The reason for this will be the return of the balance of payments constraint to growth which will limit the degree to which interest rates can fall. This has already been evidenced by the response to the April 2009 interest rate cut by the Reserve Bank of Australia of 0.25 percentage points. On average, less than half the interest rate cut was passed on by the major banks because the average wholesale cost of funds was not likely to fall in-line with the official interest rates. In part, this would be due to the need to attract foreign funds which demand a higher premium, presumably in part because of the risk of exchange rate loss.

This response to interest rate reductions is likely to become more important over the short-term, that is, the next couple of years, while in the longer-term foreign considerations are likely to become preeminent as interest rate drivers. This will place a floor under interest rates which in all probability will increase from current levels.

National and Queensland GDP growth profile

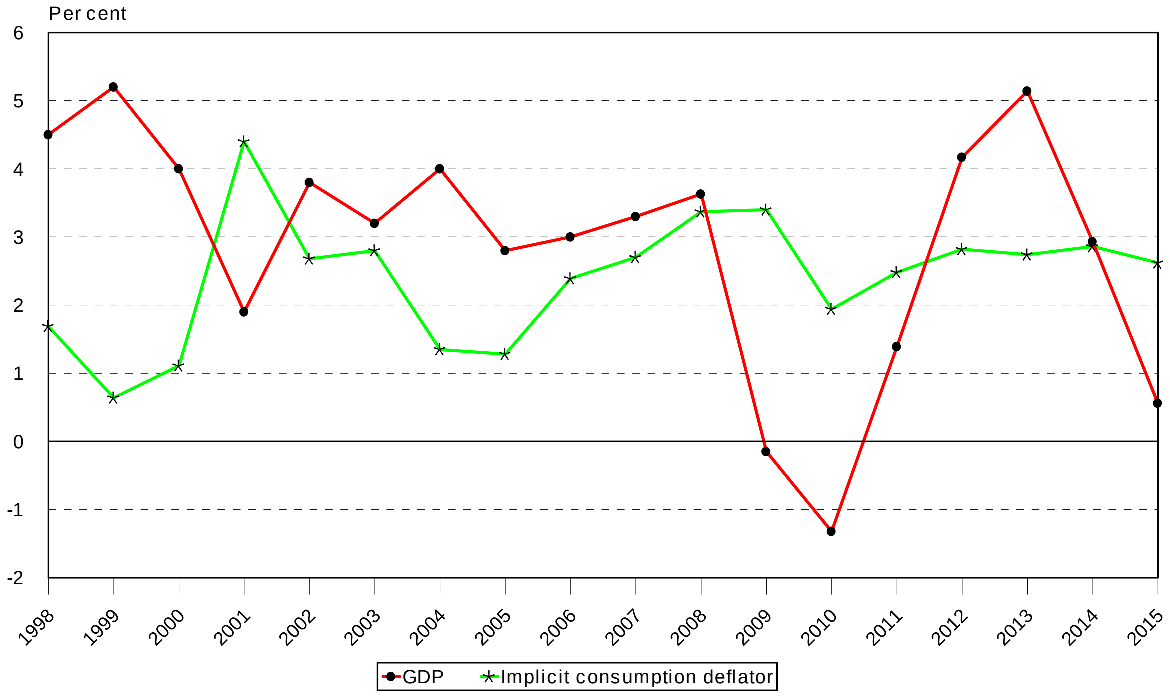
The latest national and GDP inflation profile is given in Figure 2. The corresponding Queensland gross state product and employment growth profile is given in Figure 3.

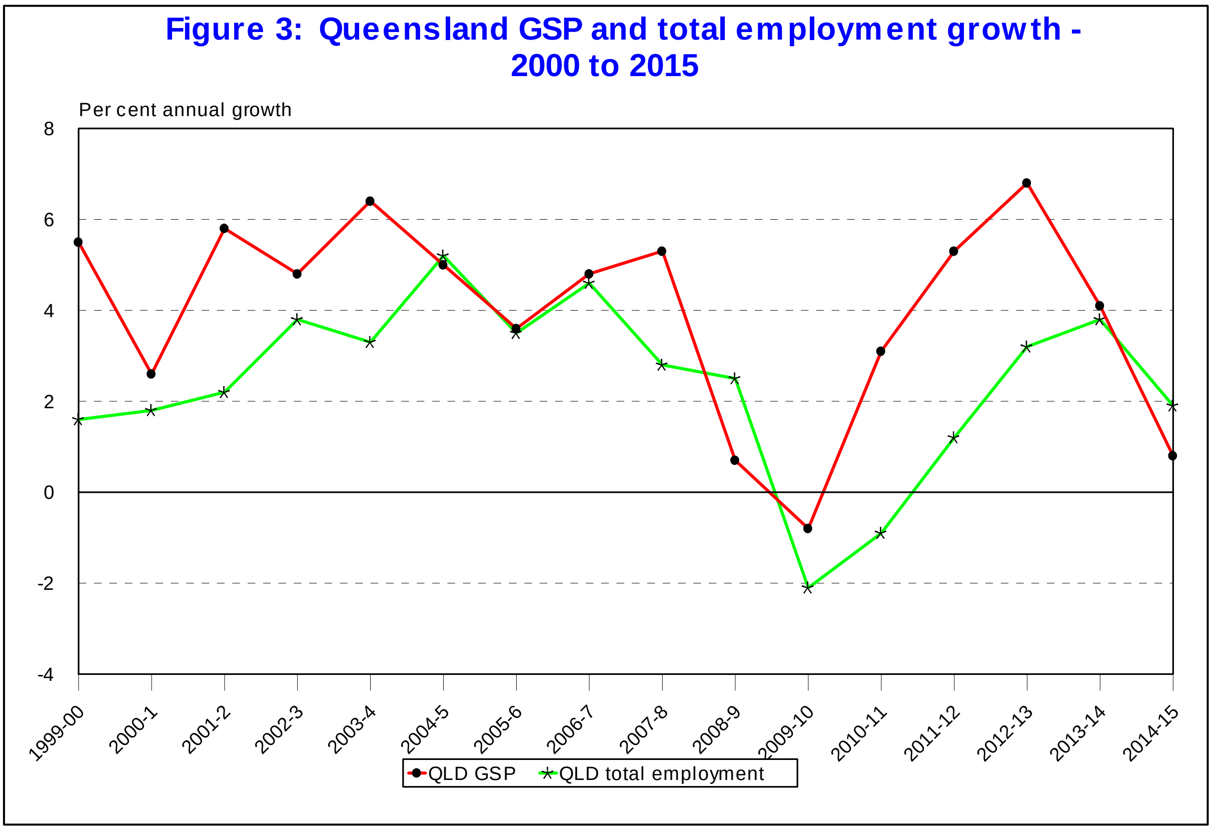
Although the Queensland economy is projected to perform better than the national economy, its current and projected performance is well down on immediate past outcomes. Over the 2006 and 2007 fiscal years, the average annual rate of growth of the Queensland economy was 5% per annum. In 2008-09 fiscal year the Queensland economy is projected to grow by a little less than 1% and to contract by a little less than 1% in the following fiscal year. It is not until 2012 and 2013 that Queensland growth rates are projected to return to the growth rates that are similar to the growth rates produced over the 2004 to 2007 period.

Over the 2010 and 2011 fiscal years, Queensland employment is projected to decline by 3%. Given the population growth rate, this means that the unemployment rate will be tending upwards, towards 10%.

The economic outlook explains why, over the 2009 to 2011 period, the direct stimulus to the construction sector provided by the Federal Government is significantly offset by contraction in private sector construction activity. This is especially the case in non-residential building.

Figure 2: Australian GDP and inflation growth by fiscal year (per cent change)





Queensland construction

The revisions to the Queensland construction sector largely represent the bringing forward of the previously predicted 12% downturn in Queensland construction in the two year period post June 2010.

It has to be noted and remembered that the revisions to the projections are not based on the recent movement of the standard indicators used to make projections in the past. This is particularly the case for non-residential building. Based on the standard models there may well have been an upward revision to the projections compared to the last update (though not for residential building). The reality however is that we are living in uncertain times largely driven by the actual availability of finance or alternatively the fear that finance will not be available. Projects are being cancelled. The rate of cancellation at this stage is unknown with any certainty. Accordingly judgment is the only methodology available to factor these issues into the projections along with information as to the latest orders into building material supplier firms. It is therefore judgment, anecdotal evidence from building materials supplier firms, the evidence from the regional survey undertaken, and the general macroeconomic outlook that have formed the basis for the downward revisions compared to the previous update.

In 2007-08 total Queensland construction activity grew by 7.9% to $38.4 billion in 2006-07 prices, with the major driver of growth being engineering. Over the 2008-09 fiscal year total Queensland construction activity is projected to increase by 3.6%. This represents a 2% upward revision from the previous bulletin. However in the following fiscal year, that is for 2009-10, total Queensland construction activity is projected to fall by 10%, in terms of the level of activity projected for 2009-10 this update represents a 9% downward revision from that projected in the previous update.

The main reasons for the downward revisions are downward revisions to the activity in non-residential building as well as in residential building. Engineering construction is only relatively lightly revised.

A full long-term update will be available in July 2009. However for the record at this stage, a further contraction in total Queensland construction activity of 3.5% is anticipated for 2010-11 fiscal year. It is in this fiscal year that the current stimulatory measures will have most effect as well as spilling over into the following fiscal year. As a result total Queensland construction activity is projected to increase by 4.8% in the 2011-12 fiscal year.

In terms of the previous longer-term projections it can be seen that the change to the profile is one of pulling forward the downturn with the overall floor remaining unchanged. Of course while the downturn in both the world and Queensland economies was expected at the time of the last long-term projection its severity was not. Thus what has happened is that the severity of the downturn has been offset by additional public sector stimulatory measures thereby keeping the broad longer-term profile for Queensland construction activity more or less intact.

2. Residential construction

The short-term outlook for residential building is one of decline. In 2008-09 residential building is projected to fall by 3%, followed by an 8% fall in 2009-10.

The reasons are straight forward. The March quarter estimate, based on data to February, is for the real value of residential building approvals in Queensland to be half the level prevailing in the December quarter 2007.

If this trend continues it would imply a dire outlook for Queensland construction over the next 12 to 18 months. However, it is not likely to be as bad as current trends suggest.

Firstly, the home buyers' assistance scheme, announced in the first $10 billion stimulatory package of late last year, is likely to see a boost in the number of dwellings approved by between 2,000 and 3,000 for the June quarter 2009. The scheme will continue in a less generous form.

Secondly, the 20,000 national social housing scheme, announced in the second stimulus package, will start coming through in 2009-10. However, delays have been assumed, which means that the major stimulus spills over into 2010-11. This of course may or may not be the case.

Although real house prices are now falling in Queensland, the rental vacancy rate remains low in Queensland. These updates have often noted that this will put a high floor under Queensland residential construction. Unfortunately, the rental vacancy rate is a function of the unemployment rate and the rapid rise in the unemployment rate expected over the next 18 months will result in an upward shift of the rental vacancy rate toward the 3% mark.

For the time being, until the mechanics of the social housing component of the second stimulus package becomes known (e.g. public-private partnership) and until the target regions are identified, it is safer (in terms of not distorting the regional pattern of expenditures) to include the social housing component in private residential construction expenditures.

Overall, the downward revision in Queensland residential construction activity is 4.5% for 2008-09 and 12.5% for 2009-10, compared to the level of activity projected in residential construction for 2009-10 in the last update.

Also, part of the reason for this downward revision reflects the abandonment of high-rise projects that were under construction that have been abandoned because of lack of finance or because finance is too costly.

In 2010-11, under the full impact of the Government stimulatory program, Queensland residential construction is expected to recover strongly with a growth rate of 8%. The maintenance of relatively low interest rates to at least the middle of 2010 will assist in this recovery.

Figure 4: Queensland dwelling - new construction approvals

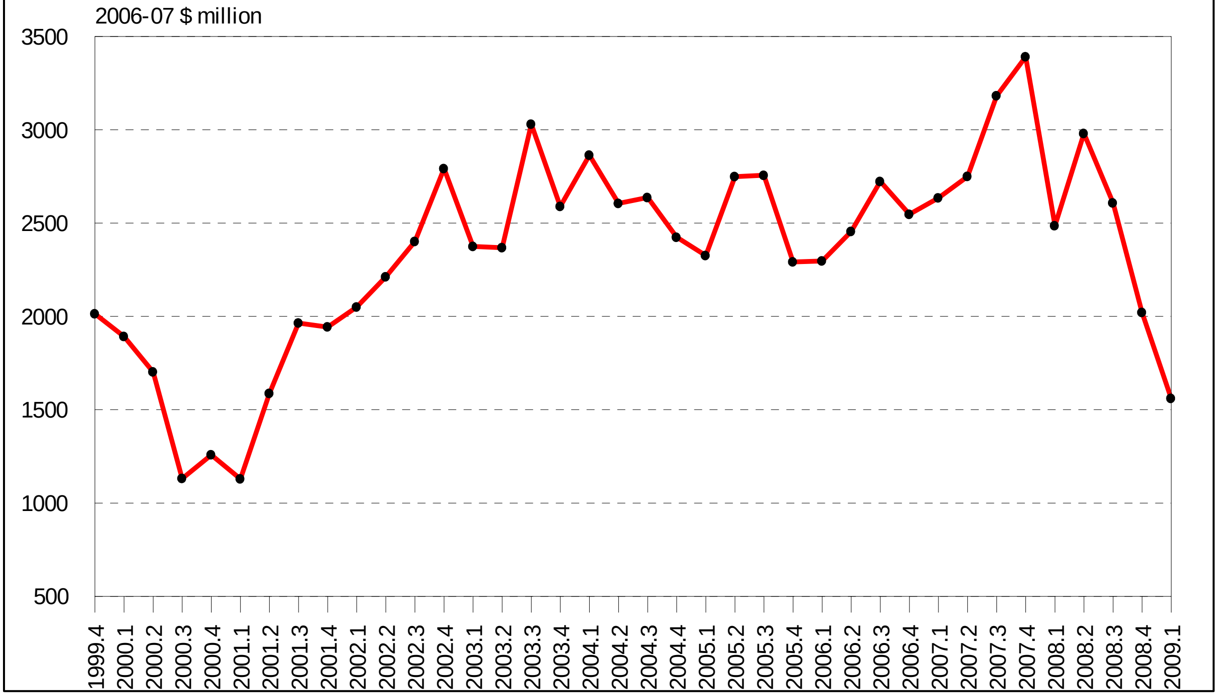


Figure 5: Real Queensland established house prices

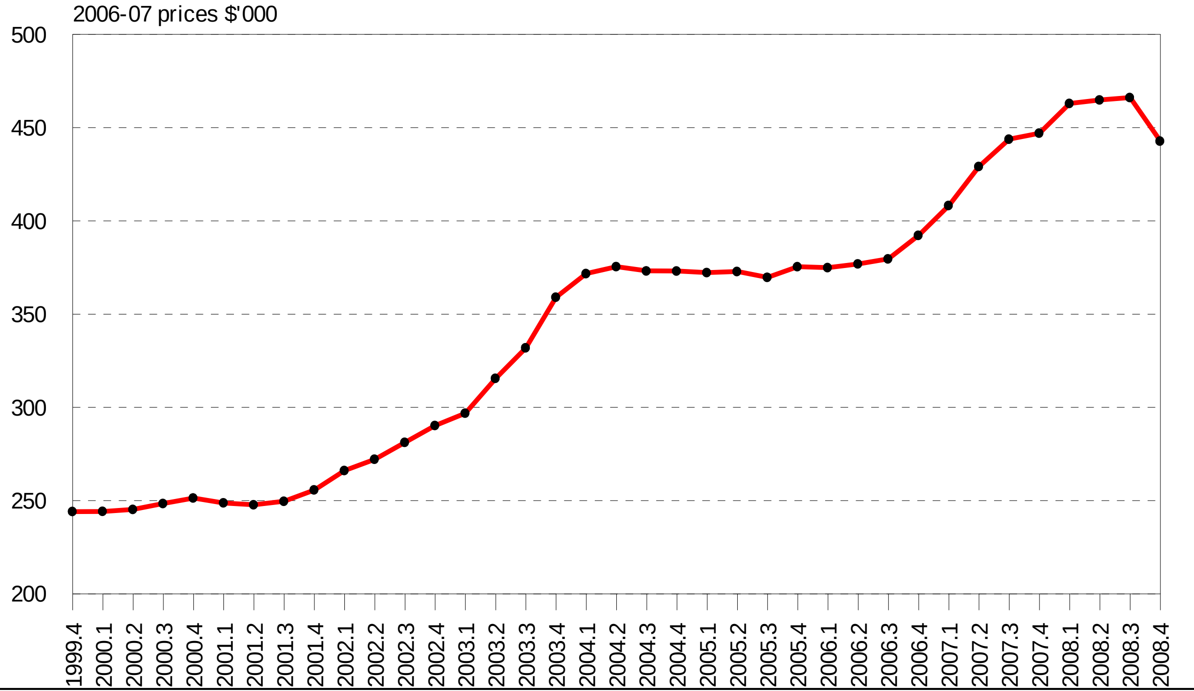


Figure 6: Queensland housing rental vacancy rate

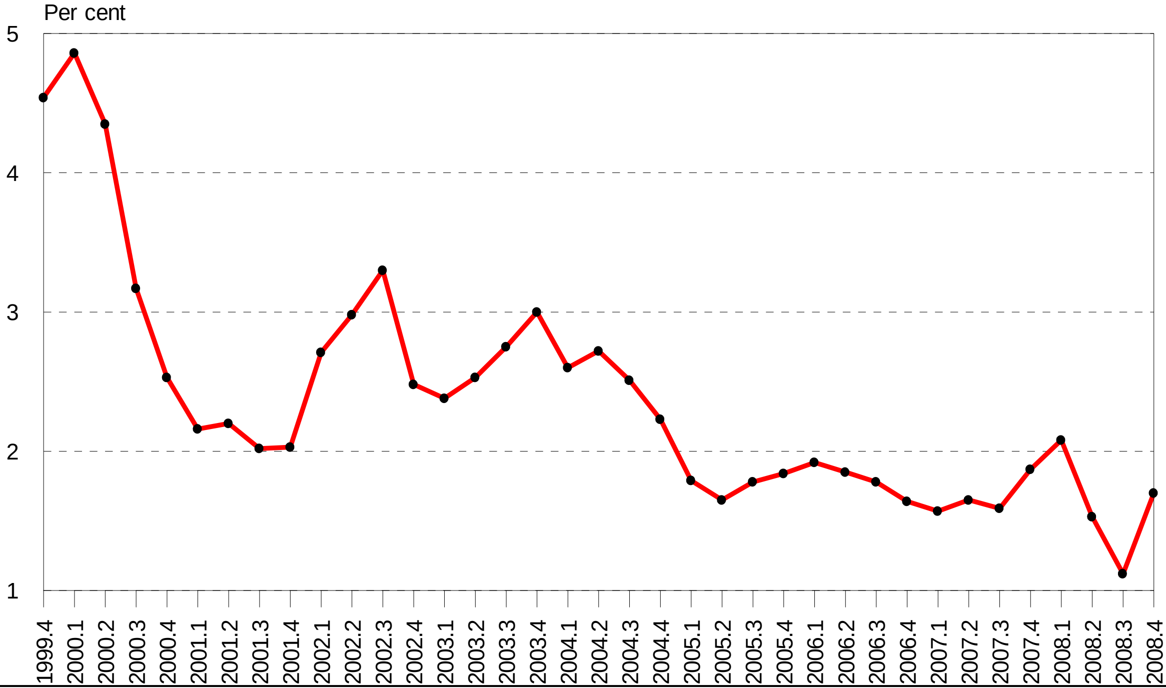


Table 1 Value of work done: Residential new construction by region – chain volume measure 2006-07 reference year ($ million)

	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
	Actual					**Forecast**				
Brisbane	943	953	996	1007	1110	920	937	892	943	967
Moreton	629	618	718	658	737	568	597	526	488	616
Wide Bay/Burnett	152	156	160	148	157	136	139	132	89	141
Darling Downs	72	68	69	70	77	69	70	66	80	71
South West	3	3	4	4	4	3	3	3	4	3
Fitzroy	105	103	103	97	100	82	84	81	57	90
Central West	1	1	1	1	2	1	1	1	2	1
Mackay	115	107	99	93	96	88	95	87	66	94
Northern	126	143	165	168	168	119	111	99	104	134
Far North	160	159	167	153	143	112	102	91	88	130
North West	4	4	5	4	4	5	5	5	3	4
Queensland	**2311**	**2315**	**2488**	**2404**	**2598**	**2102**	**2145**	**1983**	**1922**	**2252**

Table 2	Value of work done: Residential other renovations building by region – chain volume measure 2006-07 reference year ($ million)									
	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
	Actual					Forecast				
Brisbane	692	672	705	681	728	726	694	688	764	706
Moreton	494	479	502	484	518	515	492	486	534	501
Wide Bay/Burnett	92	90	95	92	98	98	94	93	103	95
Darling Downs	56	54	57	55	58	58	55	55	61	57
South West	5	5	5	5	5	5	5	5	6	5
Fitzroy	55	54	57	55	60	59	57	57	63	57
Central West	2	2	2	2	2	2	2	2	2	2
Mackay	50	49	52	51	55	55	52	52	58	53
Northern	73	71	75	73	79	79	76	76	84	76
Far North	97	95	100	96	103	103	98	97	106	99
North West	2	2	2	2	2	2	2	2	3	2
Queensland	**1619**	**1573**	**1652**	**1596**	**1709**	**1703**	**1628**	**1612**	**1782**	**1653**

Table 3 Value of work done: Private residential building by region – chain volume measure 2006-07 reference year ($ million)

	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
	Actual					Forecast				
Brisbane	1636	1625	1701	1688	1838	1645	1632	1579	1706	1672
Moreton	1123	1097	1220	1143	1255	1083	1088	1013	1023	1116
Wide Bay/Burnett	244	246	255	240	256	234	233	225	192	236
Darling Downs	128	122	126	124	135	127	126	120	141	128
South West	8	8	9	9	9	8	8	8	9	9
Fitzroy	160	157	160	153	159	141	141	137	119	148
Central West	3	3	3	3	3	3	3	3	4	3
Mackay	165	156	152	144	151	143	148	140	124	147
Northern	199	214	240	241	248	199	187	175	188	210
Far North	257	253	266	249	246	214	200	188	193	230
North West	6	6	7	7	6	7	8	7	6	7
Queensland	**3930**	**3888**	**4140**	**4000**	**4307**	**3805**	**3773**	**3596**	**3705**	**3905**

3. Non-residential building

In 2007-08 non-residential building activity was valued at $6.7 billion. For 2008-09 non-residential construction activity is expected to be stable at the 2007-08 level, this is followed by a decrease of 14.8% in 2009-10. This trend continues with a further decrease of 7.1% for 2010-11. In the 2011-12 fiscal year non-residential building should commence a modest recovery.

There has been an upward revision of 2.4% in the value of non-residential building construction activity for 2008-09. However, for the subsequent fiscal year the downward revision is just over 11%.

Large projects that have moved to the construction phase are the $90 million retail development at Beenleigh known as 'O.C. @ Exit 35' and the $10 million 'Bunnings Warehouse' retail outlet, south of Tweed Heads.

In real terms over the six months to December 2008 the value of non-residential projects under construction or committed has decreased by 14% or $201 million, and projects under consideration have declined by 0.5% or $5 million.

Over the three months to December 2008 the value of non-residential projects listed as completed was $100 million and the value of new projects under construction was $100 million, giving no net change.

The major non-residential project that has been completed over the December quarter is the $100 million Staged 'Riverlink' redevelopment of North Ipswich rail yards.

Major new non-residential commitments are the $93 million Harbourside project – construction of mixed use tower including 140 serviced hotel apartments and retail component in Townsville, a $35 million 7-storey commercial property development in Fortitude Valley, Brisbane and the $25 million "M171" – 15-lot office park subdivision at Nerang Gold Coast.

Nevertheless given the recent strength of approvals, in the absence of the global financial crisis, strong future growth in non-residential construction would have been expected. In order to derive the projections of this update it has been assumed that on average 25% of the value of private non-residential building that has been committed or approved to this point in time will not proceed due to the lack of finance availability or the projects under longer viable in the current and projected economic environment.

The key aspect to note in the non-residential projections is the decline in private non-residential building and the build-up in public non-residential building. This reflects the very large non-residential building component of the second stimulus package which is focussed on education facilities. Nation-wide, the direct non-residential construction activity component of the package is in the vicinity of $15 to $20 billion.

The importance of the stimulus package to Queensland non-residential building can be seen from the fact that between the June quarter 2008 and June quarter 2010 the value of non-residential building construction is projected to fall by 50%. Over the same period the value of public sector non-residential construction is forecast to increase by approximately 100%.

Figure 7: Queensland non-residential projects under construction, committed and under consideration (at quarterly construction rates) - $ million

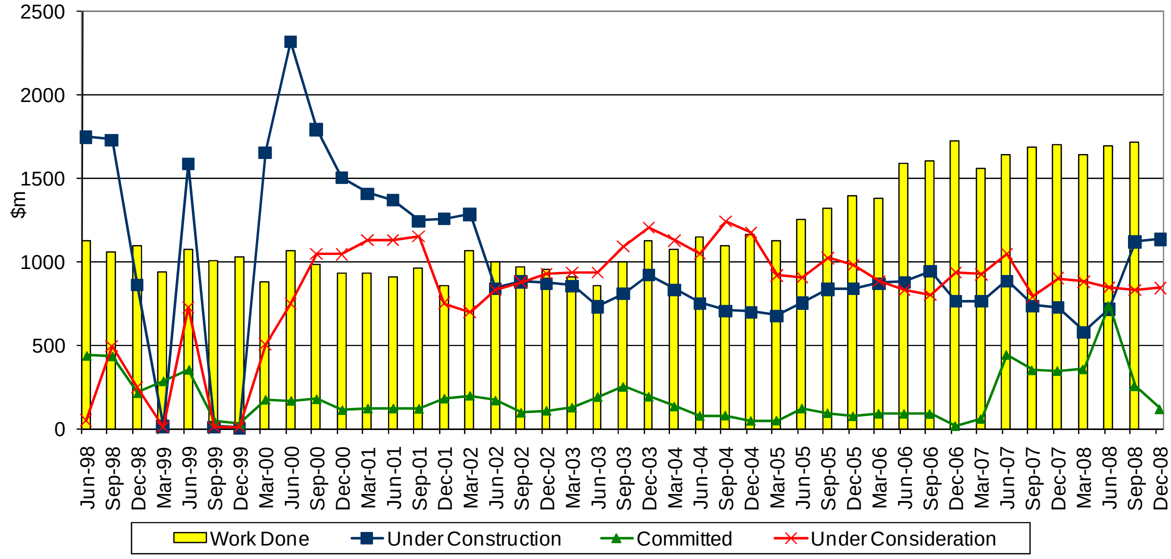


Figure 8: Queensland non-residential building approvals and work done

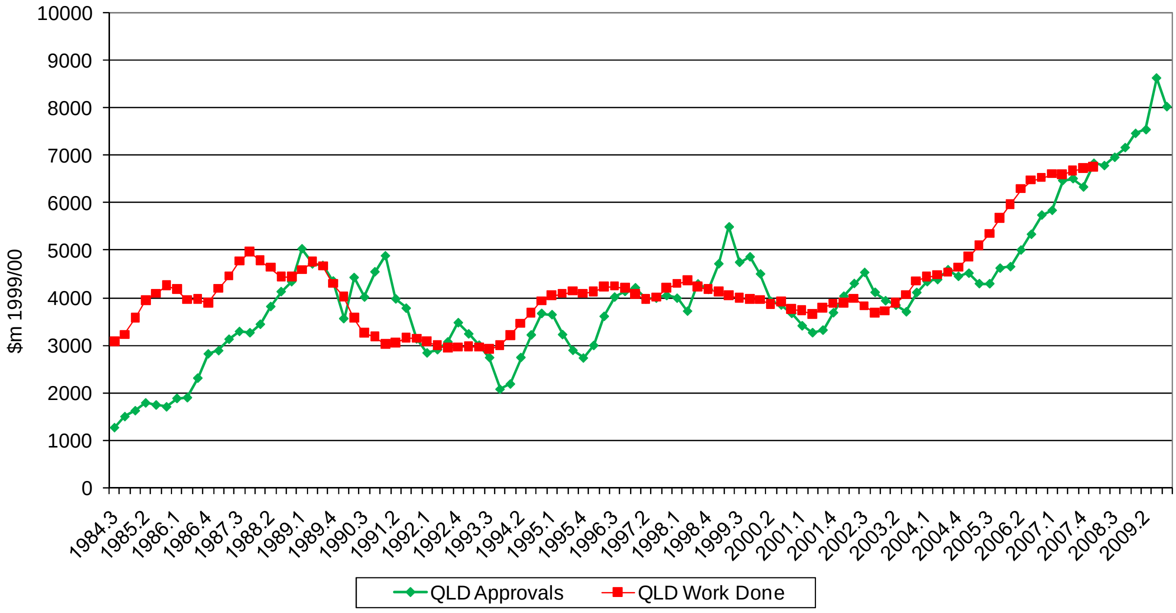


Figure 9: Queensland total non-residential building construction approvals

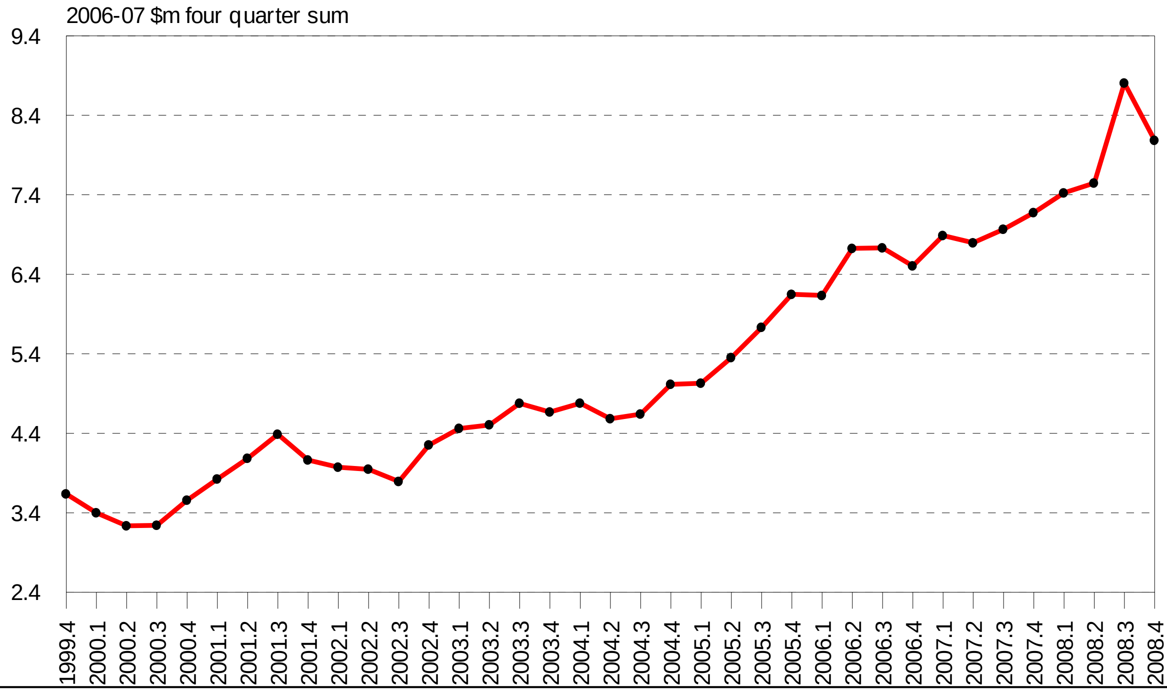


Table 4 Value of work done: Non-residential building by region – chain volume measure 2006-07 reference year ($ million)

	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
			Actual					Forecast		
Brisbane	1074	1109	1108	1095	1160	970	885	842	698	993
Moreton	240	215	191	167	196	279	327	335	236	243
Wide Bay/Burnett	42	38	58	63	57	44	37	34	34	45
Darling Downs	43	42	40	33	32	28	31	45	30	36
South West	2	6	6	4	3	2	1	3	4	3
Fitzroy	55	41	36	37	60	67	59	46	40	49
Central West	1	2	3	3	2	1	2	2	2	2
Mackay	59	55	61	60	76	65	62	64	43	60
Northern	78	64	98	127	129	82	72	64	64	86
Far North	61	83	109	108	96	138	141	119	91	105
North West	7	8	7	5	3	3	3	4	6	5
Queensland	**1660**	**1662**	**1715**	**1702**	**1812**	**1679**	**1621**	**1558**	**1248**	**1628**

4. Engineering construction

In 2007-08 engineering construction expenditure was $15.6 billion. The growth profile into the forecast years is that for 2008-09 engineering construction increased by 12.3%, while for 2009-10 a projected decrease of 10% is projected and for 2010-2011 this trend continues with a further decrease of 14.5%, followed by another decrease of 6% for 2011-12.

For 2009-10 the cumulative downward revision to the rejections compared to the projection of the last update is a little under 4%. The leading factor in the decline in engineering construction is a 30% decline in mining investment over the next two years and delays in commencing major projects because of financing constraints.

The major projects that have moved into the construction phase are the $691 million upgrade to the Boyne Island aluminium smelter, the $206 million Callide project a 30-megawatt coal-fired power plant.

In real terms over the last six months the value of engineering projects under construction or committed have declined by 13.4% or $607 million, and projects under consideration have declined by 7.3% or $189 million.

Over the three months to December 2008 the value of engineering projects listed as completed was $3,871 million and the value of new projects under construction was $897 million, giving a net decline of $2,974 million.

The major engineering projects that have been completed over the December quarter are the $2,493 million Western Corridor Recycled Water pipeline, the $1,209 million development of a desalination plant to provide water to the Gold Coast at Tugun, the $109 million Third Rail Loop at the Dalrymple Bay Coal Terminal and the $60 million construction of a gold mine and new processing plant at Mungana northwest of Mt Garnet in northern Queensland.

There were no major new engineering commitments in Queensland over the December quarter.

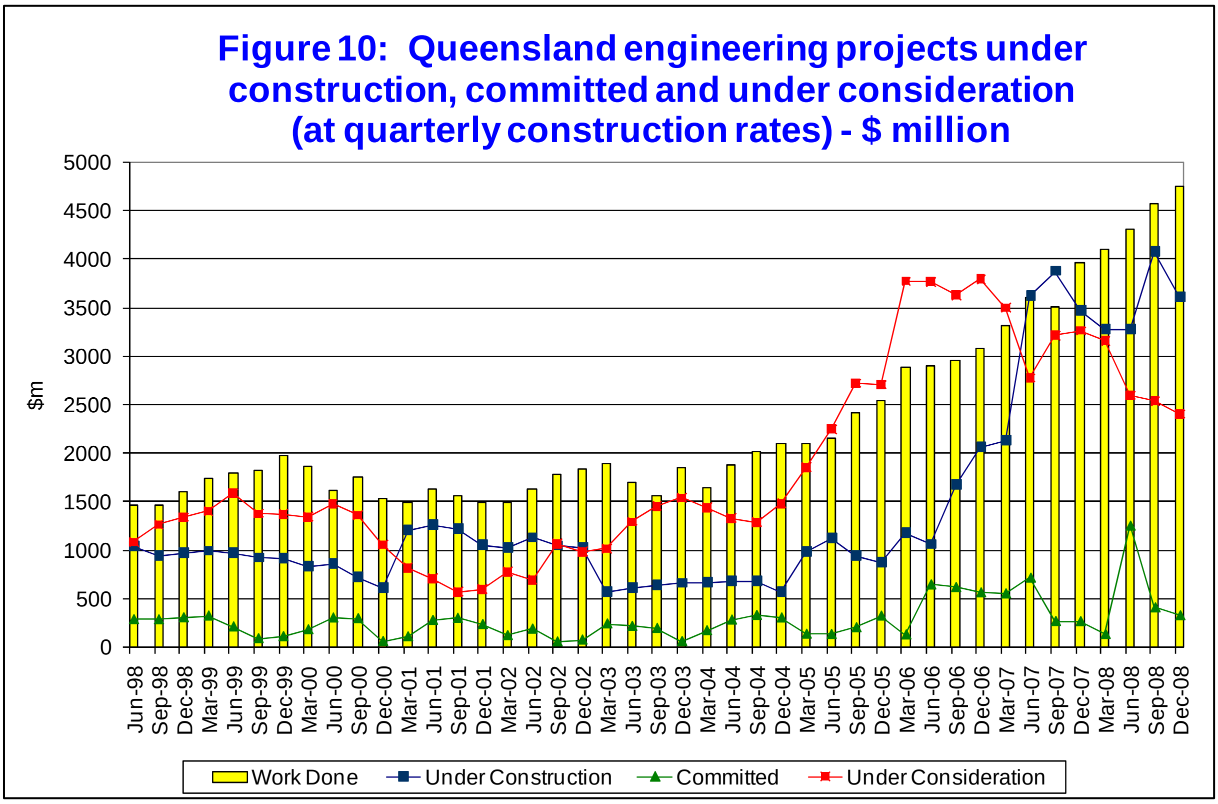


Figure 10: Queensland engineering projects under construction, committed and under consideration (at quarterly construction rates) - $ million
$m
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
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Sep-98
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Mar-99
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Sep-08
Dec-08
Work Done
Under Construction
Committed
Under Consideration

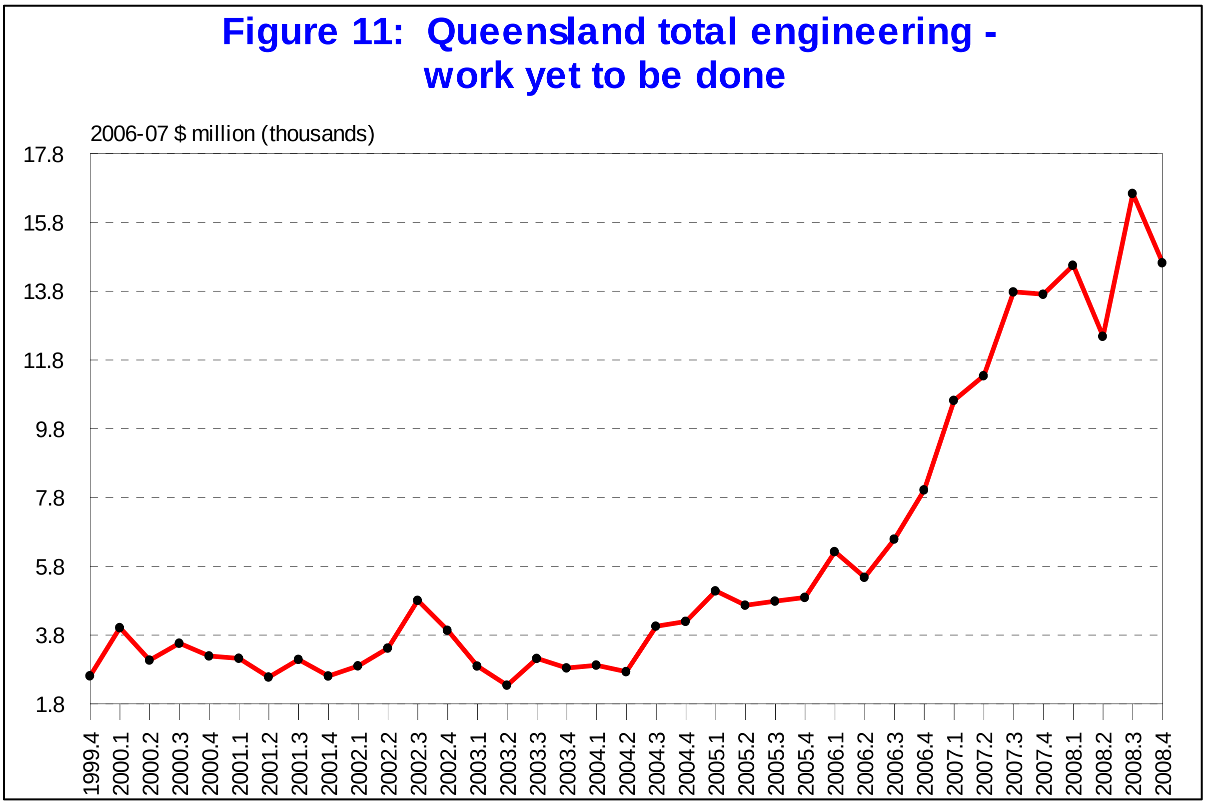
Figure 11: Queensland total engineering - work yet to be done
2006-07 $ million (thousands)
17.8
15.8
13.8
11.8
9.8
7.8
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3.8
1.8
1999.4
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2008.4

Table 5 Value of work done: Total engineering construction activity by region – chain volume measure 2006-07 reference year ($ million)

	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
			Actual					Forecast		
Brisbane	1444	1770	2023	2093	2231	2339	1926	1810	1628	1918
Moreton	461	576	672	773	821	854	708	666	588	680
Wide Bay/Burnett	220	276	320	327	343	354	290	271	226	292
Darling Downs	167	170	160	163	174	187	164	165	200	172
South West	22	19	14	15	17	24	29	38	102	31
Fitzroy	397	362	307	319	362	417	380	381	391	368
Central West	11	10	9	9	9	9	8	8	7	9
Mackay	308	298	266	279	306	331	285	284	232	288
Northern	162	166	156	158	164	170	144	138	130	154
Far North	142	142	131	134	140	153	142	147	191	147
North West	60	51	39	40	42	47	42	44	64	48
Queensland	**3395**	**3840**	**4097**	**4310**	**4610**	**4885**	**4119**	**3952**	**3760**	**4108**

5. Total construction activity and the regional pattern

As noted above, in 2008-09 total Queensland construction activity is projected to increase by 3.6%, following a further estimated 10% contraction for 2009-10.

For 2008-09, most Queensland regions are expected to experience an increase in construction activity compared to the previous fiscal year. The major exception is the Northern region where a decline of around 7% is projected.

For 2009-10 the situation is reversed. The Darling Downs is the only significant region that is projected to experience an increase in construction activity. For the Southeast Queensland regions a decline in construction activity is between 10 and 20%.

Table 6	Value of work done: Total construction activity by region – chain volume measure 2006-07 reference year ($ million)									
	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
	Actual					**Forecast**				
Brisbane	4167	4525	4848	4891	5249	4973	4459	4249	4049	4601
Moreton	1826	1893	2087	2086	2275	2219	2126	2020	1851	2043
Wide Bay/Burnett	509	563	635	631	656	633	563	533	455	575
Darling Downs	339	334	326	321	342	344	323	332	372	337
South West	32	34	30	28	29	34	38	49	115	43
Fitzroy	617	565	506	510	581	625	582	566	553	567
Central West	15	15	15	15	14	13	13	13	13	14
Mackay	534	510	479	485	536	543	497	489	400	497
Northern	443	448	497	529	543	456	408	383	387	455
Far North	463	482	509	492	485	508	485	456	478	484
North West	73	65	53	52	53	58	54	56	76	60
Queensland	**9017**	**9435**	**9985**	**10040**	**10763**	**10405**	**9548**	**9146**	**8750**	**9677**

Table 7	Value of work done: Total construction activity by region – chain volume measure 2006-07 reference year – Qtr. 4 2007-08 = 100									
	2007-08 December	2007-08 March	2007-08 June	2008-09 September	2008-09 December	2008-09 March	2008-09 June	2009-10 September	2010-11 September	Average 2007-08 and 2010-11
	Actual					Forecast				
Brisbane	86	93	100	101	108	103	92	88	84	95
Moreton	88	91	100	100	109	106	102	97	89	98
Wide Bay/Burnett	80	89	100	99	103	100	89	84	72	91
Darling Downs	104	102	100	98	105	105	99	102	114	103
South West	108	115	100	94	98	115	129	165	387	146
Fitzroy	122	112	100	101	115	124	115	112	109	112
Central West	99	101	100	104	95	87	87	87	87	94
Mackay	111	106	100	101	112	113	104	102	84	104
Northern	89	90	100	107	109	92	82	77	78	92
Far North	91	95	100	97	95	100	95	90	94	95
North West	137	122	100	97	99	108	102	104	144	113
Queensland	**90**	**94**	**100**	**101**	**108**	**104**	**96**	**92**	**88**	**97**

6. Prices and labour shortages

Between the December quarter 2008 and the March quarter 2009 it is estimated that the Queensland construction industry moved from a situation of labour shortage to one of labour surplus. The weakening Queensland construction sector will result in an increase in surplus labour over the next 18 months. By the end of 2009 it is estimated that the surplus labour will increase to 45,000

In the December quarter 2008 there was a reversal of the trend over the past four years of increases in real prices across all sectors the Queensland construction industry. Given the steady increases in surplus labour it is to be expected that the immediate past real cost decline will continue for the next 18 months.

Figure 12: Queensland total construction activity and Queensland construction industry

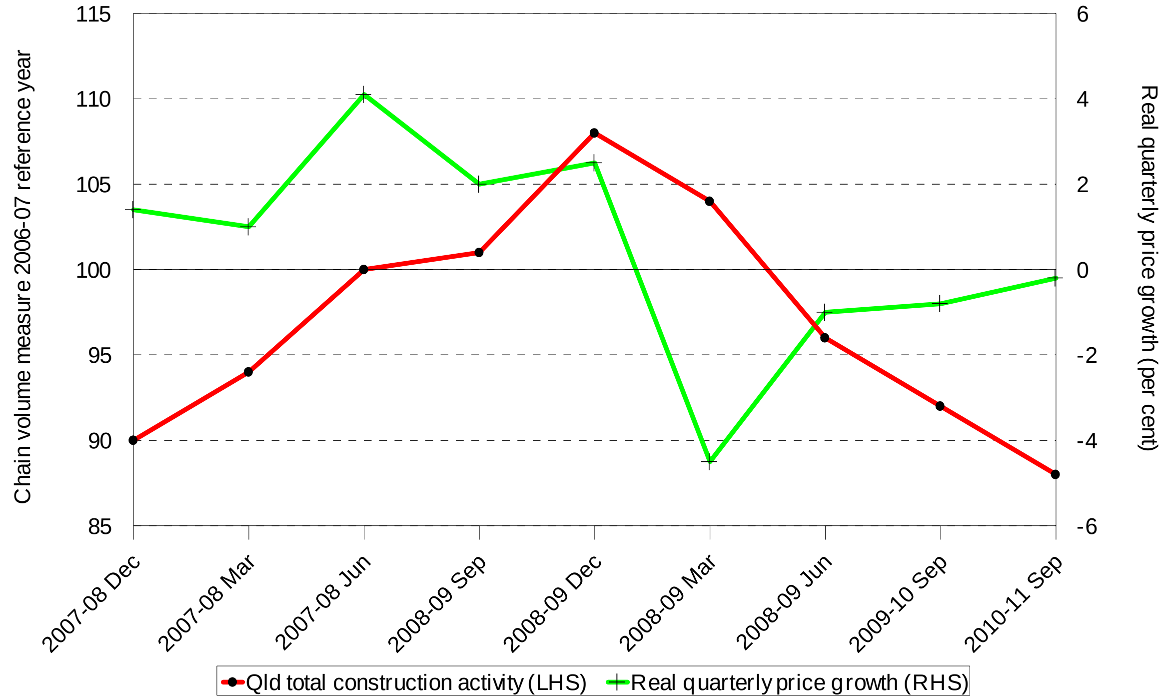

Table 8	Queensland construction industry – real quarterly price growth at annual rates (per cent)									
	2007-08 December	**2007-08 March**	**2007-08 June**	**2008-09 September**	**2008-09 December**	**2008-09 March**	**2008-09 June**	**2009-10 September**	**2010-11 September**	**Average 2007-08 and 2010-11**
	Actual					**Forecast**				
Non-residential building	0.7	-1.9	0.7	1.8	3.1	-6.7	-1.8	-1.8	-1.7	-0.8
Residential building	1.8	2.4	5.4	0.8	0.1	-3.5	-0.5	-0.2	0.9	0.8
Engineering construction	1.2	0.7	4.3	4.1	6.2	-4.8	-1.3	-1.2	-0.9	0.9
Total construction	**1.4**	**1.0**	**4.1**	**2.0**	**2.5**	**-4.5**	**-1.0**	**-0.8**	**-0.2**	**0.5**

Note: Real price/cost growth is the nominal rate of increase less the increase in the Queensland financial demand implicit deflator.

Table 9	Shortage of construction labour by Queensland region – number (shortage is donated by (+) and surplus (-))								
	Mar-08	**Jun-08**	**Sep-08**	**Dec-08**	**Mar-09**	**Jun-09**	**Sep-09**	**Dec-09**	**Mar-10**
Brisbane	11.0	11.0	11.0	11.0	11.0	9.5	8.0	6.5	5.0
Moreton	2.0	0.3	-1.5	-3.3	-5.0	-7.2	-9.4	-11.5	-13.7
Wide Bay/Burnett	3.3	2.9	2.4	2.0	1.6	0.1	-1.3	-2.7	-4.2
Darling Downs	1.0	1.0	1.1	1.1	1.1	0.7	0.3	-0.2	-0.6
South West	-0.4	-0.7	-1.1	-1.4	-1.7	-1.8	-1.8	-1.8	-1.8
Fitzroy	-0.2	-0.1	0.0	0.1	0.2	-1.5	-3.2	-4.9	-6.6
Central West	0.0	-0.7	-1.4	-2.1	-2.9	-4.2	-5.6	-7.0	-8.3
Mackay	5.5	5.7	6.0	6.2	6.4	5.2	3.9	2.6	1.3
Northern	2.6	1.9	1.2	0.5	-0.1	-1.9	-3.7	-5.5	-7.3
Far North	4.7	4.0	3.2	2.4	1.6	0.5	-0.6	-1.7	-2.8
North West	-0.3	-0.7	-1.2	-1.7	-2.2	-3.1	-3.9	-4.7	-5.6
Queensland	**29.3**	**24.5**	**19.6**	**14.7**	**9.9**	**-3.7**	**-17.3**	**-30.9**	**-44.5**

7. Construction stressed regions

There is a perception that construction activity in SEQ is flattening off. Currently tenders are coming back giving prices that are under what has been estimated. This is different to six months ago when tender pricing was either above or equal to what had been estimated. Generally, demand has been met.

The level of construction industry activity varies across the State with the Whitsunday region reporting very high levels of construction activity and difficulties in sourcing labour and materials, while other regions are reporting a slowdown in activity and fewer issues in the supply of labour and materials.

Construction activity in South East Queensland has slowed and local government policy, to reduce levels of growth around the Sunshine Coast Region, is slowing residential construction activity further. A strong program of State Government works should ensure that the construction sector activity remains at reasonable levels during any private sector downturn.

While commercial activity on the coastal strip to the South of Brisbane has slowed recently there are a number of major public projects. It would only take the development of one or two major towers on the Gold Coast to significantly increase pressures on labour supply.

Typically, the construction hot spots remain in resource rich regions and their service centres.

The supply of concrete and steel is of concern, particularly in regions impacted by the mining boom.

Commonalties summary

- The fortunes of the construction sector have changed significantly since the 2008 survey. There are regional differences, but in general it is possible to say that there has been a downturn in the levels of activity of commercial and housing construction, leading to higher levels of interest in government projects and the improved (lower pricing) of government tender responses.

- South East Queensland is likely to be the most competitive region in terms of pricing at this time and we are seeing contractors, in some cases, reducing pricing by as much as 30% in order to win government projects. Some other regions reported little or no change to pricing to date, while the Gold Coast report a reduction in pricing followed by a recent increase.

- There are pricing variations between regions and also within regions, some contractors a less willing to negotiate lower prices at this time.

- The significant slowdown in the mining industry is impacting on construction industry in two ways, firstly reducing the volume of construction in the regions most impacted by the decline, as the impact of job layoffs impacts local communities and local development. Some regions reported significant numbers of workers being made redundant or leaving at the end of contract periods. This has meant that trades people are now returning to look for work in general construction outside of mines.

- In most cases there was a view that skills would be less of an issue as there was more capacity to ‘pick and choose’ contractors and sub contractors. There was concern that the downturn would impact on apprenticeship programmes and the cycle that left the industry short of skilled young people after the last economic downturn, would be repeated yet again. ‘This could leave a big black hole in 3 or 4 years time’.

- Private sector property development had slowed sharply and some regions reported shortage of work at the design stage suggesting a future downturn in construction activity.

- A number of respondents stressed the importance of various government programmes and packages in giving the construction industry some level of stability. Respondents also noted that Queensland, because the state had a Department of Public Works, had a greater capacity to roll out any special stimulus packages far more effectively and quickly than other states.

- Comments regarding the need for up-skilling the industry to work effectively on Green Star buildings were repeated in this year’s survey. It was felt that this was a must across all parts of the industry and the need for up-skilling in this area includes engineers, architects, electricians, mechanical trades and materials specialists. There were also comments about better integration of building processes to engage practitioners and contractors more fully in the life cycle of a buildings construction.

- QBuild offices all reported high levels of activity and many were busier than before, administering and project managing both Federal and Queensland Government funded projects. Respondents also reported that it was now possible to fill vacant positions, generally from a strong pool of applicants. Positions filled ranged from project managers to day labourers.

- In terms of cost many reported little change in the price of materials, although steel prices had fallen dramatically and that these falls would flow through to construction pricing in due course. The cost of labour was reported as being more competitive, however one respondent pointed out that high and unrealistic labour costs, were hard to wind back.

- In terms of industry capacity, regions were reporting variation which ranged from 50 to 100% operating capacity, highlighting the different dynamics and phasing of various regions. In terms of the capacity of the contractors, many had laid off staff (as many as 50% of staff) and this reduced the contractor’s capacity to deliver projects or even undertake projects of a larger scale. Some respondents pointed to a possible problem with skill levels and quality if the industry needs to rebuild.

- The Gold Coast, which has reported a recent upturn, saw itself as an indicator of industry conditions as it tended to feel the impacts of ups and downs in the economic cycle before other regions did. The Sunshine Coast region and its industry were feeling the impact of the downturn, while Rockhampton was reported to be doing well.

- The downturn was rapid, hitting regions in October 2008 and deepening around the Christmas period. Stimulus related activity and other programmes have lifted the industries fortunes in more recently.

- Remote regions were still difficult in terms of the willingness of contractors to take on jobs, their capacity to return to jobs to make fixes and the pricing of jobs. There was less competition for projects in remote regions but things had eased a little from the boom times of 18 months ago.

- As expected, quality issues were greater in those regions were urgent repairs were required due to natural disasters, flooding etc, and in remote regions.

By region

Brisbane – the feeling is construction running at less than capacity utilisation. Before meltdown the view was that activity should settle at about 90-95% capacity utilisation. Stress is on high level skills, including green star trades and engineers, and green design.

Southport and South Coast – activity slowing, stress on design and engineering. Tenders prices coming off as private sector slows, a number of public sector projects will benefit from slow down. The point was made that the coast was volatile in terms of demand, a couple of major private sector projects can impact significantly on labour supply.

Sunshine Coast – cooling of capacity utilisation running at around 95%, perhaps slightly below. The region is suffering from loss of trades to mining regions. Public projects should benefit from private sector slowdown.

Wide Bay – activity down significantly from two years ago – capacity utilisation running at about 90%. No stress evident there than the general issue of structural steel supply across the State.

Darling Downs – activity continues at high levels but slightly lower levels than in previous years. The growth of Toowoomba is driving construction. Capacity utilisation is at 95%, with no evident stress outside pull of trades to mines.

Whitsundays – Mackay is stressed and not meeting demand, mining activity and general shortage of trades. Capacity utilisation over 100% and pressure on costs and quality.

Far West – activity slowing, stress caused by locational issues, hard to attract staff to more remote towns. Capacity utilisation is down from 110% to around 95%. High level skills are missing.

Rockhampton – could be stressed depending on role out of projects. Capacity utilisation is running at 95% plus. Overall, in the short term construction activity will continue at current levels. In the longer term, there is talk of another 25 to 30 mines opening in the region in the next decade and this could lead to the construction of another coal loading facility at Shoalwater Bay and a 500 kilometre rail line to the Galilee Basin near Alpha. This infrastructure would require at least 2,500 additional workers during the construction phase. The proposed increase in mining activity will drive significant increases in construction activity in coming years.

Burdekin – slowing from 100%. Townsville is still very busy and still running at 100% with some slight adjustment at the consulting end. The commercial sector is still buoyant. There is evidence of better prices but completing smaller projects remains difficult.

Far North – the market has eased with some parts of the construction sector softening significantly. Construction of apartments and other residential has slowed. Government and tourist infrastructure development has slowed a little. Capacity utilisation 90-95% with further slowing.

Cape York and Northern Group – Stress caused by remoteness and difficulty of getting trades to go to these locations. Activity across Cape running at about 95% capacity utilisation with slowdown forecast. There will still be individual stress points in remote locations.

Appendix A

Detailed tables – 2003.3 to 2010.2

Table A.1 Private dwelling value of work done: new construction (including alterations and additions) – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	903	726	103	56	2	58	1	45	68	89	1	2051	89
2003.4	1013	821	126	63	2	63	1	57	79	94	1	2319	100
2004.1	1019	747	135	68	2	57	1	62	83	92	1	2268	98
2004.2	960	762	132	66	2	56	1	64	96	88	1	2228	96
2004.3	1009	760	139	78	3	58	1	68	111	113	1	2341	101
2004.4	983	704	144	81	3	63	1	76	108	131	1	2297	99
2005.1	971	673	146	84	3	64	2	85	102	139	1	2270	98
2005.2	949	684	143	84	3	68	1	95	114	139	2	2282	99
2005.3	945	662	147	89	3	71	1	96	125	139	3	2281	99
2005.4	944	653	154	89	3	72	1	96	124	122	2	2261	98
2006.1	896	628	147	86	3	74	1	89	114	105	2	2146	93
2006.2	921	675	147	89	4	84	1	91	116	109	2	2238	97
2006.3	920	662	152	88	4	97	1	100	117	120	2	2263	98
2006.4	942	675	167	88	4	107	1	104	124	160	3	2375	103
2007.1	954	718	161	79	4	107	1	102	126	168	5	2425	105
2007.2	934	686	152	76	3	106	1	120	124	169	4	2375	103
2007.3	943	629	152	72	3	105	1	115	126	160	4	2311	100
2007.4	953	618	156	68	3	103	1	107	143	159	4	2315	100
2008.1	996	718	160	69	4	103	1	99	165	167	5	2488	107
2008.2	1007	658	148	70	4	97	1	93	168	153	4	2404	104
2008.3	1110	737	157	77	4	100	2	96	168	143	4	2598	112
2008.4	920	568	136	69	3	82	1	88	119	112	5	2102	91
2009.1	937	597	139	70	3	84	1	95	111	102	5	2145	93
2009.2	892	526	132	66	3	81	1	87	99	91	5	1983	86
2009.3	845	510	110	67	3	68	2	75	92	80	4	1856	80
2009.4	820	452	92	68	3	57	2	63	88	80	4	1730	75
2010.1	836	451	79	70	3	50	2	58	92	78	3	1721	74
2010.2	943	488	89	80	4	57	2	66	104	88	3	1922	83
Fiscal year													
2004	3894	3057	496	253	8	235	3	227	326	363	4	8866	
2005	3912	2821	572	326	11	254	5	325	435	522	6	9190	
2006	3707	2618	595	353	13	301	4	373	479	475	9	8926	
2007	3749	2741	632	331	15	417	5	427	492	617	14	9438	
2008	3899	2624	617	279	14	408	5	414	602	638	17	9518	
2009	3859	2428	565	281	13	347	5	367	498	448	19	8829	
2010	3443	1901	371	285	13	231	7	262	377	326	14	7230	

Table A.2 Private dwelling: other value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	562	394	70	45	4	45	1	37	57	81	2	1299	83
2003.4	609	429	76	48	5	49	1	40	61	87	2	1407	89
2004.1	570	403	71	45	4	45	1	37	57	81	2	1316	84
2004.2	616	436	77	48	5	49	1	40	61	87	2	1422	90
2004.3	588	418	74	46	4	46	1	38	58	82	2	1359	86
2004.4	604	430	76	47	4	47	1	39	60	84	2	1395	89
2005.1	622	443	78	49	5	48	1	40	62	86	2	1437	91
2005.2	654	465	83	51	5	51	2	43	65	91	2	1512	96
2005.3	672	478	86	53	5	52	2	45	68	93	2	1554	99
2005.4	641	456	82	51	5	49	1	43	65	89	2	1484	94
2006.1	635	452	82	50	5	49	1	43	65	88	2	1472	94
2006.2	666	473	86	53	5	51	2	46	68	92	2	1544	98
2006.3	640	455	83	51	5	50	1	44	66	88	2	1486	94
2006.4	755	538	99	61	5	59	2	53	78	104	2	1756	112
2007.1	751	535	99	61	5	59	2	53	78	104	2	1749	111
2007.2	729	520	97	59	5	58	2	52	76	102	2	1702	108
2007.3	692	494	92	56	5	55	2	50	73	97	2	1619	103
2007.4	672	479	90	54	5	54	2	49	71	95	2	1573	100
2008.1	705	502	95	57	5	57	2	52	75	100	2	1652	105
2008.2	681	484	92	55	5	55	2	51	73	96	2	1596	101
2008.3	728	518	98	58	5	60	2	55	79	103	2	1709	109
2008.4	726	515	98	58	5	59	2	55	79	103	2	1703	108
2009.1	694	492	94	55	5	57	2	52	76	98	2	1628	104
2009.2	688	486	93	55	5	57	2	52	76	97	2	1612	103
2009.3	724	510	98	58	5	60	2	55	80	101	3	1695	108
2009.4	745	525	101	59	5	61	2	57	82	104	3	1745	111
2010.1	759	533	103	61	5	62	2	58	84	106	3	1776	113
2010.2	764	534	103	61	6	63	2	58	84	106	3	1782	113
Fiscal year													
2004	2356	1663	294	186	18	188	6	153	236	336	9	5444	
2005	2468	1756	311	194	18	192	6	161	246	343	9	5702	
2006	2613	1859	335	207	19	202	6	177	265	363	9	6055	
2007	2876	2048	377	232	21	226	7	202	298	398	9	6693	
2008	2750	1959	368	222	20	222	6	203	292	388	9	6439	
2009	2836	2011	383	227	20	233	7	214	310	401	10	6652	
2010	2992	2103	405	239	22	246	7	229	329	417	10	6998	

Table A.3 Private dwelling: total value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	1464	1121	173	101	6	103	2	81	125	170	3	3350	86
2003.4	1621	1250	202	111	7	112	2	96	140	181	3	3726	96
2004.1	1589	1150	206	113	6	102	2	99	140	173	3	3584	92
2004.2	1575	1199	209	115	7	105	2	104	157	175	3	3650	94
2004.3	1598	1179	213	124	7	104	2	106	170	195	3	3700	95
2004.4	1587	1134	220	129	7	110	2	116	168	215	4	3692	95
2005.1	1593	1116	224	132	7	112	3	126	164	225	4	3707	95
2005.2	1603	1149	226	135	8	119	3	138	180	230	4	3794	98
2005.3	1617	1140	233	142	8	123	3	141	192	232	5	3835	99
2005.4	1585	1109	236	140	8	121	2	139	189	212	5	3745	96
2006.1	1531	1080	229	137	8	123	2	132	179	193	4	3618	93
2006.2	1587	1149	233	142	8	135	2	137	184	201	4	3782	97
2006.3	1559	1118	235	140	8	147	2	144	183	209	4	3749	96
2006.4	1697	1213	265	149	10	166	3	157	202	264	6	4131	106
2007.1	1705	1252	260	140	9	166	3	155	204	272	7	4174	107
2007.2	1663	1206	248	134	8	164	3	173	200	271	7	4077	105
2007.3	1636	1123	244	128	8	160	3	165	199	257	6	3930	101
2007.4	1625	1097	246	122	8	157	3	156	214	253	6	3888	100
2008.1	1701	1220	255	126	9	160	3	152	240	266	7	4140	106
2008.2	1688	1143	240	124	9	153	3	144	241	249	7	4000	103
2008.3	1838	1255	256	135	9	159	3	151	248	246	6	4307	111
2008.4	1645	1083	234	127	8	141	3	143	199	214	7	3805	98
2009.1	1632	1088	233	126	8	141	3	148	187	200	8	3773	97
2009.2	1579	1013	225	120	8	137	3	140	175	188	7	3596	92
2009.3	1568	1020	208	125	9	127	3	130	172	181	7	3551	91
2009.4	1565	977	193	127	9	118	3	120	170	184	6	3475	89
2010.1	1595	984	182	131	9	112	3	116	176	184	5	3497	90
2010.2	1706	1023	192	141	9	119	4	124	188	193	6	3705	95
Fiscal year													
2004	6250	4720	791	439	26	422	8	380	562	699	12	14310	
2005	6380	4577	883	520	29	446	11	486	682	865	15	14892	
2006	6320	4478	930	561	32	503	10	549	744	838	17	14981	
2007	6625	4789	1009	563	35	642	11	629	790	1015	23	16131	
2008	6650	4583	985	501	34	630	11	617	894	1026	26	15957	
2009	6695	4439	948	508	34	579	12	581	808	849	28	15480	
2010	6435	4004	775	524	35	477	14	491	706	743	24	14228	

Table A.4 Private non-residential building value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	418	178	24	24	1	18	2	15	32	61	1	774	61
2003.4	463	182	23	25	1	22	1	20	33	61	1	833	66
2004.1	458	188	21	25	1	23	1	24	30	40	1	812	64
2004.2	478	205	28	30	0	22	1	26	30	24	2	845	67
2004.3	488	199	34	32	0	20	1	24	33	20	2	854	68
2004.4	477	206	34	27	1	24	0	19	35	55	2	880	70
2005.1	445	235	31	23	1	24	3	19	40	102	1	924	73
2005.2	476	238	29	20	1	21	3	27	45	98	0	958	76
2005.3	569	228	54	24	2	25	2	48	46	68	1	1066	84
2005.4	590	240	68	31	2	33	1	47	41	41	3	1097	87
2006.1	632	248	50	34	1	31	1	41	55	33	4	1131	90
2006.2	663	236	41	36	2	27	0	42	64	32	3	1147	91
2006.3	670	262	42	50	3	33	0	48	55	40	3	1206	95
2006.4	655	293	45	61	2	37	0	52	63	46	3	1258	100
2007.1	695	259	40	55	1	36	0	51	54	44	2	1237	98
2007.2	725	198	36	38	1	42	0	52	43	41	2	1179	93
2007.3	842	182	34	28	1	42	1	55	50	41	4	1278	101
2007.4	877	158	31	25	0	33	1	47	48	39	5	1264	100
2008.1	968	151	49	31	1	30	1	52	53	79	5	1420	112
2008.2	931	135	53	26	1	29	1	52	58	87	4	1376	109
2008.3	965	170	47	25	1	51	0	69	58	79	2	1468	116
2008.4	819	207	35	26	1	62	0	63	58	55	2	1328	105
2009.1	745	224	28	30	1	56	1	61	62	44	3	1256	99
2009.2	704	216	27	43	2	43	1	61	54	42	3	1195	95
2009.3	707	213	28	52	3	38	1	56	50	38	4	1189	94
2009.4	629	184	26	39	2	34	1	46	44	36	3	1044	83
2010.1	517	144	22	25	1	28	1	36	35	31	2	842	67
2010.2	443	119	19	18	1	23	0	31	29	28	2	714	56
Fiscal year													
2004	1817	753	96	103	3	85	5	85	124	186	5	3264	
2005	1886	878	128	102	4	88	7	90	152	275	6	3615	
2006	2454	952	213	125	7	116	5	178	206	174	11	4441	
2007	2745	1012	163	204	8	148	1	203	215	170	10	4880	
2008	3618	625	167	110	2	134	4	206	209	246	17	5338	
2009	3233	817	136	123	5	212	3	254	233	221	11	5247	
2010	2296	659	95	134	8	123	3	169	158	133	11	3788	

Table A.5 Public non-residential building value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	126	33	5	5	0	5	0	2	34	9	4	224	56
2003.4	166	59	10	8	0	4	0	2	11	14	6	281	70
2004.1	209	43	10	5	0	4	1	1	12	11	4	300	75
2004.2	209	47	6	2	0	3	1	2	16	5	2	295	74
2004.3	158	44	5	2	0	3	1	4	19	4	1	240	60
2004.4	149	39	8	13	0	3	1	6	28	6	1	254	64
2005.1	149	26	14	18	1	3	1	7	24	9	2	251	63
2005.2	161	29	23	22	1	3	0	10	27	10	1	288	72
2005.3	126	33	21	15	5	3	0	11	22	7	1	244	61
2005.4	139	37	13	17	6	7	0	8	13	18	0	260	65
2006.1	197	30	13	16	3	11	1	6	11	23	1	311	78
2006.2	279	66	19	13	2	15	1	6	11	28	1	441	111
2006.3	199	93	10	6	0	11	0	4	37	15	1	377	95
2006.4	197	92	8	5	1	10	0	6	85	15	1	422	106
2007.1	192	61	6	5	1	13	1	7	93	19	2	399	100
2007.2	270	63	8	9	1	18	1	7	68	18	2	466	117
2007.3	232	58	8	15	1	13	0	4	28	20	3	382	96
2007.4	232	57	7	17	6	8	0	8	16	44	3	399	100
2008.1	140	40	9	9	5	6	2	9	45	30	2	295	74
2008.2	164	33	10	7	3	8	2	8	69	21	1	326	82
2008.3	195	26	10	7	2	8	1	6	71	17	1	343	86
2008.4	151	72	9	3	0	5	1	2	24	83	0	350	88
2009.1	140	102	9	1	1	4	1	1	9	97	0	365	92
2009.2	139	119	7	3	1	3	1	3	9	77	1	363	91
2009.3	162	139	8	5	1	4	1	5	12	76	1	413	104
2009.4	181	135	9	6	2	6	1	6	16	78	1	442	111
2010.1	225	130	13	9	2	12	1	9	25	79	3	507	127
2010.2	255	117	15	12	3	17	1	12	34	63	4	534	134
Fiscal year													
2004	710	181	32	21	1	16	3	8	73	39	16	1100	
2005	617	137	50	54	2	11	2	27	98	29	5	1032	
2006	741	167	66	61	16	36	3	31	57	75	3	1257	
2007	857	309	33	25	4	52	2	24	284	67	5	1664	
2008	767	188	34	48	16	35	4	29	158	115	9	1402	
2009	625	320	35	13	4	20	4	13	114	274	2	1422	
2010	823	521	44	33	8	38	5	32	87	295	9	1896	

Table A.6 Total non-residential building value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	544	211	29	29	1	23	3	17	66	70	5	998	60
2003.4	629	241	33	33	1	26	1	22	44	75	7	1114	67
2004.1	668	231	31	29	1	27	2	25	42	51	5	1112	67
2004.2	687	251	35	32	1	25	2	28	46	29	4	1140	69
2004.3	646	243	39	34	1	23	1	27	52	25	3	1094	66
2004.4	626	245	42	40	1	27	1	26	62	60	3	1134	68
2005.1	594	260	45	41	2	26	3	26	64	111	2	1175	71
2005.2	637	266	52	41	2	23	4	37	72	108	2	1245	75
2005.3	695	261	75	39	7	28	3	60	68	75	1	1311	79
2005.4	729	277	81	48	8	39	2	56	54	59	4	1357	82
2006.1	829	279	63	50	5	42	2	47	67	56	4	1443	87
2006.2	942	302	60	49	4	42	2	47	75	60	5	1588	96
2006.3	868	355	53	57	4	44	1	52	92	54	4	1584	95
2006.4	853	385	53	66	3	47	1	58	148	61	3	1680	101
2007.1	886	319	47	59	3	49	1	58	147	63	3	1635	98
2007.2	995	261	44	47	2	61	1	59	111	59	4	1645	99
2007.3	1074	240	42	43	2	55	1	59	78	61	7	1660	100
2007.4	1109	215	38	42	6	41	2	55	64	83	8	1662	100
2008.1	1108	191	58	40	6	36	3	61	98	109	7	1715	103
2008.2	1095	167	63	33	4	37	3	60	127	108	5	1702	102
2008.3	1160	196	57	32	3	60	2	76	129	96	3	1812	109
2008.4	970	279	44	28	2	67	1	65	82	138	3	1679	101
2009.1	885	327	37	31	1	59	2	62	72	141	3	1621	98
2009.2	842	335	34	45	3	46	2	64	64	119	4	1558	94
2009.3	869	352	35	57	5	42	2	61	62	114	5	1602	96
2009.4	810	319	35	45	4	40	2	52	60	113	5	1486	89
2010.1	742	274	35	34	4	39	2	45	60	110	5	1349	81
2010.2	698	236	34	30	4	40	2	43	64	91	6	1248	75
Fiscal year													
2004	2528	935	128	124	4	101	8	93	198	225	21	4364	
2005	2503	1015	178	156	6	99	9	116	250	303	10	4648	
2006	3195	1118	279	186	23	151	8	209	264	249	14	5698	
2007	3602	1321	197	230	12	201	3	227	499	238	15	6544	
2008	4385	813	201	157	18	169	8	234	367	361	26	6739	
2009	3857	1137	171	137	9	232	6	267	346	495	13	6669	
2010	3118	1180	140	167	16	161	7	201	245	429	20	5684	

Table A.7	Non-Queensland Government engineering value of work done – 2006-07 $ million											
	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens- land	Queensland December 2007 = 100
2003.3	399	157	65	30	21	214	2	37	40	49	27	1040	34
2003.4	505	199	83	38	26	267	2	47	50	64	34	1316	43
2004.1	435	175	74	31	23	242	2	42	42	60	30	1157	38
2004.2	464	194	87	35	24	317	2	58	51	75	36	1343	44
2004.3	641	227	103	50	29	169	3	73	57	73	44	1469	48
2004.4	652	223	105	52	29	199	3	88	57	74	46	1528	50
2005.1	629	217	100	196	28	171	2	82	57	69	44	1596	52
2005.2	547	184	85	215	24	228	2	108	58	63	41	1554	51
2005.3	667	227	102	218	29	240	3	125	77	76	50	1812	59
2005.4	600	202	90	212	26	286	2	155	93	72	49	1787	58
2006.1	607	200	89	210	25	405	3	221	119	85	57	2019	66
2006.2	666	226	102	204	28	347	3	198	116	95	62	2048	67
2006.3	829	242	111	194	29	353	3	202	125	112	60	2258	73
2006.4	678	191	90	119	24	456	2	255	116	107	72	2110	69
2007.1	830	242	112	146	30	508	6	347	146	120	85	2573	84
2007.2	1061	319	148	152	22	460	4	333	151	121	67	2839	92
2007.3	1126	349	163	131	14	346	3	264	129	100	44	2668	87
2007.4	1430	456	214	135	10	311	2	251	131	100	35	3076	100
2008.1	1712	563	266	131	7	264	2	226	127	94	26	3415	111
2008.2	1754	653	270	134	7	276	2	237	128	95	26	3582	116
2008.3	1914	709	291	150	10	324	2	268	138	105	30	3942	128
2008.4	2007	736	301	164	17	380	2	293	145	117	35	4197	136
2009.1	1626	597	240	144	22	344	2	244	120	109	32	3481	113
2009.2	1528	559	221	146	32	345	2	238	115	115	35	3334	108
2009.3	1561	565	221	162	47	377	2	256	118	130	42	3480	113
2009.4	1495	538	206	169	63	381	2	224	114	140	47	3378	110
2010.1	1430	513	192	176	79	352	2	195	111	149	51	3249	106
2010.2	1365	489	178	182	96	352	2	183	108	157	56	3168	103
Fiscal year													
2004	1803	724	309	134	94	1040	7	185	184	250	126	4856	
2005	2469	850	393	513	109	767	10	351	229	280	176	6147	
2006	2539	855	383	843	108	1278	11	698	405	327	218	7666	
2007	3398	995	462	610	104	1777	15	1136	537	460	286	9780	
2008	6021	2021	913	530	37	1197	9	978	515	389	131	12741	
2009	7075	2601	1053	604	81	1393	7	1043	518	445	133	14954	
2010	5850	2105	797	688	286	1462	7	858	451	576	196	13275	

Table A.8	Queensland Government engineering value of work done – 2006-07 $ million												
	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	196	54	36	20	11	66	7	31	33	55	17	526	69
2003.4	198	54	37	20	11	66	7	32	33	55	17	530	69
2004.1	186	51	32	17	9	60	6	29	28	47	15	481	63
2004.2	213	58	34	17	10	67	6	32	30	49	16	532	70
2004.3	228	61	34	16	9	70	6	33	30	48	16	552	72
2004.4	242	65	34	16	9	72	6	34	29	47	16	570	75
2005.1	207	58	31	15	7	68	5	31	26	41	14	501	66
2005.2	241	70	38	19	8	88	5	38	32	48	16	603	79
2005.3	232	71	39	20	8	93	5	40	33	47	16	603	79
2005.4	276	89	50	26	9	124	5	51	42	57	20	750	98
2006.1	335	108	59	36	11	123	7	57	47	62	23	867	114
2006.2	340	113	60	42	11	103	8	54	46	58	22	856	112
2006.3	283	97	50	40	9	72	7	43	36	45	18	701	92
2006.4	388	139	69	65	13	84	11	56	48	57	25	957	125
2007.1	310	110	55	46	10	61	8	44	36	44	18	744	97
2007.2	281	99	50	37	8	50	7	39	31	38	15	657	86
2007.3	318	112	57	37	9	52	8	44	34	41	16	727	95
2007.4	341	120	62	35	9	50	8	47	35	42	16	764	100
2008.1	311	110	55	29	8	43	7	41	29	37	13	682	89
2008.2	339	120	57	29	8	43	8	42	30	39	13	728	95
2008.3	317	113	52	24	7	37	7	38	26	35	12	668	87
2008.4	332	119	53	23	7	37	7	38	25	36	11	687	90
2009.1	301	111	51	20	6	36	6	41	24	33	10	638	84
2009.2	283	107	50	19	6	36	6	45	24	32	9	618	81
2009.3	288	114	55	19	6	40	6	55	26	34	9	652	85
2009.4	263	109	54	17	6	40	5	60	25	33	8	619	81
2010.1	272	107	52	18	6	41	6	56	24	34	9	626	82
2010.2	263	100	48	17	6	39	6	49	22	34	9	593	78
Fiscal year													
2004	794	216	139	74	41	259	26	123	124	207	65	2068	
2005	918	255	136	65	34	298	22	136	117	184	62	2227	
2006	1183	381	208	124	38	443	24	202	168	224	81	3076	
2007	1263	446	225	188	40	267	34	182	152	184	78	3058	
2008	1309	461	231	129	33	188	31	173	127	160	58	2901	
2009	1232	449	206	86	26	146	27	162	99	136	42	2612	
2010	1087	429	209	71	24	161	22	220	97	135	34	2489	

Table A.9	Total engineering value of work done – 2006-07 $ million												
	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	595	210	101	50	32	279	9	69	73	104	44	1565	41
2003.4	703	253	119	58	37	333	9	79	83	120	51	1847	48
2004.1	622	226	106	48	32	302	8	71	71	108	45	1637	43
2004.2	677	251	121	53	34	384	8	89	81	125	52	1875	49
2004.3	869	288	137	67	38	239	9	106	86	122	60	2021	53
2004.4	894	288	139	68	38	272	9	122	86	121	62	2098	55
2005.1	836	275	131	211	35	239	7	113	83	110	58	2096	55
2005.2	788	254	123	233	32	315	7	146	90	111	58	2158	56
2005.3	898	297	141	237	37	333	7	164	110	123	66	2415	63
2005.4	876	291	140	238	34	410	8	206	136	129	68	2537	66
2006.1	941	308	149	245	36	528	9	278	166	147	80	2887	75
2006.2	1006	339	161	246	39	451	10	252	162	153	84	2904	76
2006.3	1112	339	161	234	38	425	10	244	161	156	79	2960	77
2006.4	1066	331	160	184	37	540	13	311	164	165	98	3067	80
2007.1	1140	353	168	192	39	568	14	391	183	164	104	3316	86
2007.2	1343	418	199	188	30	510	12	372	182	159	83	3495	91
2007.3	1444	461	220	167	22	397	11	308	162	142	60	3395	88
2007.4	1770	576	276	170	19	362	10	298	166	142	51	3840	100
2008.1	2023	672	320	160	14	307	9	266	156	131	39	4097	107
2008.2	2093	773	327	163	15	319	9	279	158	134	40	4310	112
2008.3	2231	821	343	174	17	362	9	306	164	140	42	4610	120
2008.4	2339	854	354	187	24	417	9	331	170	153	47	4885	127
2009.1	1926	708	290	164	29	380	8	285	144	142	42	4119	107
2009.2	1810	666	271	165	38	381	8	284	138	147	44	3952	103
2009.3	1849	679	275	181	54	417	8	311	143	164	51	4132	108
2009.4	1758	647	260	186	68	422	7	284	139	172	55	3997	104
2010.1	1702	620	244	193	85	393	7	251	135	183	60	3875	101
2010.2	1628	588	226	200	102	391	7	232	130	191	64	3760	98
Fiscal year													
2004	2598	941	448	208	135	1298	34	308	308	456	191	6924	
2005	3387	1105	529	578	143	1065	32	487	346	464	238	8374	
2006	3722	1236	592	967	146	1721	35	901	573	552	298	10742	
2007	4661	1441	687	799	145	2043	49	1318	689	644	363	12838	
2008	7330	2482	1144	659	70	1385	40	1151	642	549	190	15642	
2009	8307	3050	1259	690	107	1540	33	1205	617	582	175	17566	
2010	6937	2534	1006	759	309	1623	29	1078	547	711	230	15764	

Table A.10 Public dwelling value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens- land	Queensland December 2007 = 100
2003.3	19	1	1	0	0	0	0	1	8	5	0	35	78
2003.4	15	3	1	1	0	1	0	1	7	3	0	32	71
2004.1	18	3	1	1	1	1	0	1	7	3	0	36	80
2004.2	22	4	0	2	1	1	0	1	6	2	0	39	87
2004.3	19	3	0	1	0	0	0	0	6	2	0	32	71
2004.4	19	3	1	1	0	0	0	1	6	2	0	33	73
2005.1	22	4	1	1	0	1	0	1	8	3	0	42	93
2005.2	31	1	1	2	1	1	0	1	4	2	1	46	102
2005.3	31	1	1	1	0	2	0	0	4	1	1	42	93
2005.4	29	3	1	0	0	1	0	0	4	1	1	40	89
2006.1	29	6	2	1	0	3	0	1	5	2	0	49	109
2006.2	29	6	2	1	0	2	0	1	7	3	0	52	116
2006.3	19	3	2	1	0	3	0	0	5	2	0	35	78
2006.4	20	3	1	1	0	2	0	0	5	3	0	35	78
2007.1	17	2	1	0	0	3	0	1	5	2	0	32	71
2007.2	18	4	1	1	0	2	0	2	4	3	0	35	78
2007.3	13	3	3	0	0	4	0	2	3	3	0	32	71
2007.4	21	5	3	1	1	5	0	1	5	3	0	45	100
2008.1	16	3	2	1	1	3	0	1	3	3	0	33	73
2008.2	16	3	1	1	1	1	0	2	3	1	1	29	64
2008.3	19	3	1	1	1	0	0	3	2	2	1	35	77
2008.4	19	2	1	1	1	1	0	4	5	2	1	37	83
2009.1	16	3	3	1	0	1	0	3	5	2	1	35	77
2009.2	17	6	3	1	0	2	0	2	6	3	0	40	89
2009.3	16	5	2	1	0	2	0	2	6	2	0	36	81
2009.4	15	5	2	1	0	2	0	2	5	2	0	35	78
2010.1	18	6	2	1	0	2	0	2	6	3	0	40	90
2010.2	17	5	2	1	0	2	0	2	6	2	0	37	82
Fiscal year													
2004	75	10	2	4	1	3	0	3	29	13	1	142	
2005	91	11	2	4	1	3	0	4	24	9	2	153	
2006	118	16	6	4	1	7	0	2	20	7	2	183	
2007	74	12	6	2	1	11	0	3	18	9	1	137	
2008	66	14	8	3	3	14	1	5	13	10	1	139	
2009	72	15	7	5	1	4	0	11	18	10	3	147	
2010	66	21	9	4	0	8	0	7	23	10	1	148	

Table A.11 Total construction: value of work done – 2006-07 $ million

	Brisbane	Moreton	Wide Bay/ Burnett	Darling Downs	South West	Fitzroy	Central West	Mackay	Northern	Far North	North West	Queens-land	Queensland December 2007 = 100
2003.3	2623	1543	304	180	39	406	13	168	272	349	52	5949	63
2003.4	2969	1747	356	203	45	472	13	198	275	379	62	6719	71
2004.1	2896	1610	343	192	40	432	12	196	260	335	53	6370	68
2004.2	2962	1705	365	201	42	514	12	223	289	331	59	6704	71
2004.3	3132	1713	389	225	46	366	13	240	314	343	66	6847	73
2004.4	3126	1670	402	238	46	409	12	264	322	399	69	6957	74
2005.1	3044	1655	400	385	45	378	13	266	319	449	64	7020	74
2005.2	3060	1671	402	411	42	459	13	323	346	450	65	7243	77
2005.3	3241	1700	450	420	52	486	13	365	374	430	73	7603	81
2005.4	3218	1680	458	427	50	572	12	402	383	400	77	7679	81
2006.1	3331	1672	443	433	48	696	14	458	417	398	89	7997	85
2006.2	3565	1796	457	438	52	629	14	437	428	417	93	8326	88
2006.3	3559	1815	451	431	50	619	13	441	441	421	87	8328	88
2006.4	3636	1932	480	400	50	755	17	527	518	492	107	8913	94
2007.1	3748	1927	476	392	52	786	18	605	538	501	114	9158	97
2007.2	4019	1890	493	371	41	736	16	605	497	491	94	9252	98
2007.3	4167	1826	509	339	32	617	15	534	443	463	73	9017	96
2007.4	4525	1893	563	334	34	565	15	510	448	482	65	9435	100
2008.1	4848	2087	635	326	30	506	15	479	497	509	53	9985	106
2008.2	4891	2086	631	321	28	510	15	485	529	492	52	10040	106
2008.3	5249	2275	656	342	29	581	14	536	543	485	53	10763	114
2008.4	4973	2219	633	344	34	625	13	543	456	508	58	10405	110
2009.1	4459	2126	563	323	38	582	13	497	408	485	54	9548	101
2009.2	4249	2020	533	332	49	566	13	489	383	456	56	9146	97
2009.3	4302	2056	522	364	67	588	13	503	382	462	63	9322	99
2009.4	4149	1948	491	359	81	581	12	459	374	473	66	8992	95
2010.1	4057	1883	463	360	97	547	12	414	377	480	71	8761	93
2010.2	4049	1851	455	372	115	553	13	400	387	478	76	8750	93
Fiscal year													
2004	11450	6605	1368	776	166	1825	50	784	1096	1394	225	25741	
2005	12361	6709	1593	1259	179	1613	52	1093	1302	1641	264	28066	
2006	13355	6848	1807	1717	202	2382	53	1661	1601	1646	332	31604	
2007	14962	7563	1899	1594	193	2897	64	2177	1995	1906	402	35651	
2008	18431	7892	2338	1320	124	2198	59	2007	1917	1946	243	38477	
2009	18931	8640	2386	1340	151	2354	52	2064	1789	1935	220	39862	
2010	16557	7739	1930	1454	360	2269	51	1776	1521	1893	275	35825	

Appendix B

Queensland construction survey questions

April 2009

Appendix B: Queensland construction survey April 2009

Respondents were asked a series of questions to seek their views on the current state of the industry, its outlook and the underlying factors impacting on construction activity in Queensland.

Respondents were asked to identify any major projects that may occur, the respective costs, industry sector, start date and other associated details. Not all respondents necessarily had a complete view across all sectors of the construction industry.

Questions asked by the survey were as follows.

1. How has the industry performed in your region recently?

2. Are there any regional factors that have accelerated or constrained the construction industry's performance recently?

3. What is the split between public and private sector activity?

4. Relative to last year's growth in the construction sector how do you think performance will compare; a) over the short term (next 12 months) and b) over the medium term (next 2-3 years)?

5. Are there any regionally specific factors that you believe will deliver comparatively superior/inferior performance in your area over the short to medium term, being next 12 months out to 2-3 years?

6. Are you aware of any major projects that will occur prior to 2019? Are you aware of the details of the respective projects costs, timing, developers, and industry?

7. Are there any particular industries that you can identify which are likely to be subject to major investment/projects prior to 2019?

8. In respect of these projects can you confirm costs and timing for the respective projects?

9. Thinking of the total volume of work the industry is able to undertake with 100% being unable to take on any further work, in percentage terms what capacity do you estimate the industry is currently operating at 70/80/85/90/95/100?

10. By how much have construction costs increased over the last year?

11. Labour shortages by type?