Brighter Days Ahead

An Overview of Queensland Regional Economic and Industry Indicators

August 2011

CSQ

CONSTRUCTION SKILLS
QUEENSLAND

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THE ECONOMY

It has been an uneasy start to the new financial year for Australia and Queensland. Despite a relatively optimistic March quarter and the Reserve Bank holding off on further interest rate rises, consumer sentiment is at its lowest in many years. The Westpac Melbourne Institute Index of Consumer Sentiment fell by 8.3% in the *one month* to July. This follows a period of sustained weakness in the Index which has been likened to the dim outlook which characterised the deep recession of the early 1990s.

Australian businesses are also currently more pessimistic about their performance than they have been in years. High debt levels, interest rates rises, low levels of demand and taxes remain key concerns. The Australian Chamber of Commerce and Industry (ACCI) Survey of Investor Confidence shows that in June the indexes of own business conditions, sales and profitability deteriorated to their lowest point since the survey began in 1998. This situation is compounded by a strong A$ and increasing concerns about the sovereign debt crisis in Europe.

In Queensland the Treasury Mid Year Fiscal and Economic Review predicted a downward revision in the majority of economic and fiscal forecasts for 2010-11. The uncertain optimism which had characterised earlier forecasts was fleeting, and the outlook remains gloomy in the short term. Even so, there is a silver lining with Treasury predicting a recovery in the medium term, driven by investment in mining and liquid natural gas (LNG) developments, particularly in the resource rich regions and the metropolitan support base of Brisbane. The rebuilding effort following the floods is also expected to boost economic activity in the latter part of this financial year.

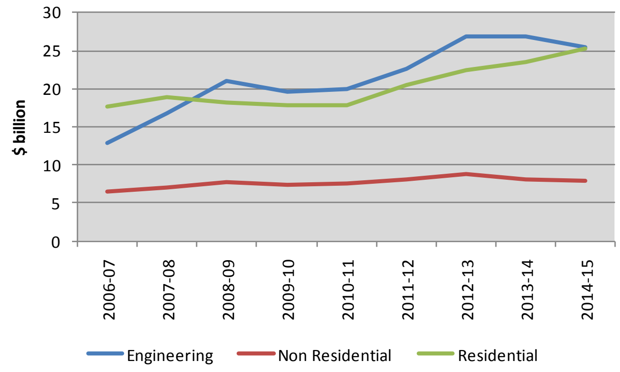
In line with this, the June Quarter Deloitte Access Business Outlook has forecast 5.6% growth in Queensland for this financial year, a significantly higher rate of growth than the national forecast of 3.5%. Whereas unemployment figures are unlikely to come down quickly, the ‘two speed’ economic recovery is likely to exacerbate jobs and skills mismatches leading to pressure on wages from the construction and mining sectors. The essential role of workforce planning and skills development is highlighted by such forecasts and will prove critical if a broad-based whole-of-economy recovery is to occur.

While the most recent outlook is brighter, it is not surprising that consumer and business sentiment remain overcast. Many sectors of the economy, still struggling with the aftermath of the global financial crisis (GFC), were hit with the summer of natural disasters, alongside concerns about financial conditions and fiscal policy. The construction sector is no exception.

QUEENSLAND BUILDING AND CONSTRUCTION

According to AIG-HIA[1], June marked the thirteenth consecutive month of contraction in all major building sub-sectors in Australia, with Queensland one of the worst performing States. This is illustrated in Figures 1 and 2 below.

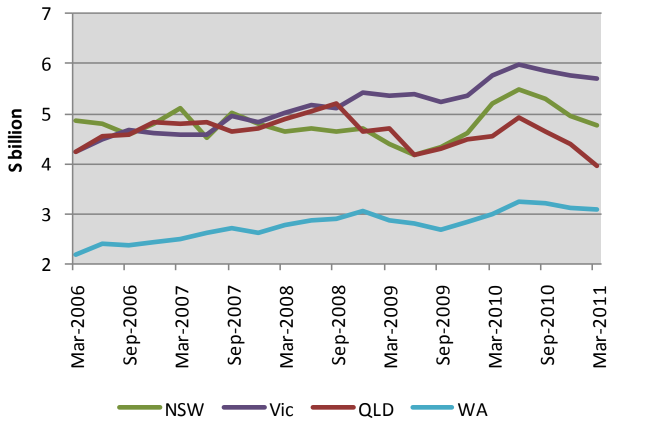
Figure 1. Historical and Forecast Value of Annual Building and Construction Activity. QLD.



Souce: Construction Forecasting Council

[1] Australian Industry Group – Housing Industry Association Performance of Construction Index June 2011

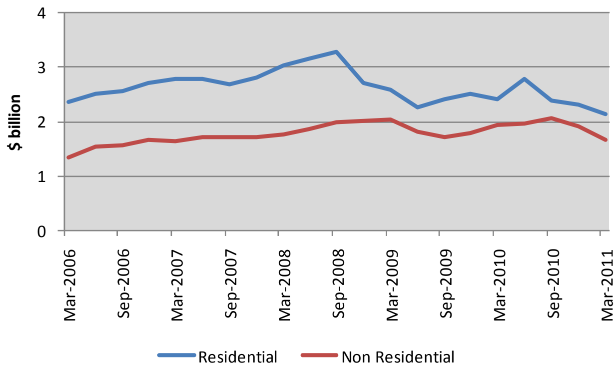
Figure 2. Value of Building Work Done. QLD & Selected States. Quarterly.



Source: ABS 8752.0 Building Activity Australia, March 2011. Quarterly. Chain Volume. Seasonally adjusted.

Whereas the flood and cyclone rebuilding efforts were expected to keep work flowing in the building and civil construction sectors, the kick-in of these work streams has taken longer than initially hoped. In fact, many Queensland businesses continue to be weighed down by productivity losses and cashflow issues associated with the GFC, the natural disasters and extended wet season. The continued slump in performance through the early part of 2011 is illustrated in Figure 3 below.

Figure 3. Value of Building Work Done. QLD.



Source: ABS 8752.0 Building Activity Australia, March 2011. Quarterly. Chain Volume. Seasonally adjusted.

The Queensland Master Builders' Association (QMBA) reports that building activity remained weak up to the end of June and the Building Industry Outlook Index remains in negative territory for the fifth quarter in a row. Level of demand, finance availability, and interest rates remain the most serious constraints on business conditions. Many businesses are working below capacity with two thirds indicating significant underutilisation in both the March and June quarters. Nevertheless both profitability and turnover are expected to improve in the quarter to September, although at a low level.[2]

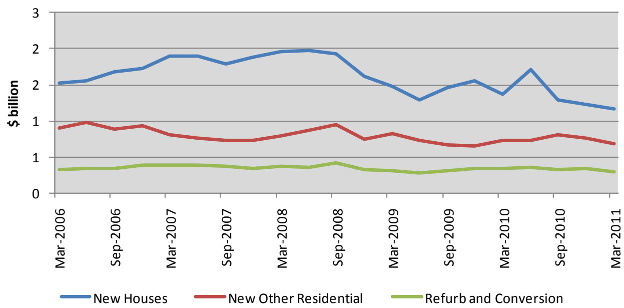
[2] QMBA Survey of Industry Conditions July 2011.

This cautious optimism may be well placed. Many forecasters expect the Queensland building and construction industry to pick up during the course of 2011-12 driven largely by a significant improvement to residential sector performance and a rise in engineering construction activity associated with the mining and resources boom. Critically, the recovery will be uneven across the State with slower recovery expected in those regions falling outside of the mining and resources corridors and centres.

RESIDENTIAL

All residential building activity declined over the quarter to March 2011, following the floods and cyclones (Figure 4). Moreover, the anticipated rallying of the residential sector on the back of the floods and cyclone rebuilding effort has remained elusive through the quarter to June, with almost three-quarters of business in the residential sector reporting softer trading conditions in the June quarter.[3] According to the Urban Development Institute of Australia (UDIA), housing finance was down a further 4.4% in June, quarter on quarter, and approvals slid another 18%, driven by declines in the volatile unit and attached dwelling sector. The Queensland Treasury notes that in June total trend dwelling approvals had fallen thirteen out of fifteen months since March 2010[4] and that 2010-11 represented the fourth consecutive *annual* decline in dwelling investment in Queensland.

Figure 4. Value of Residential Building Work Done. QLD.



Source: ABS 8752.0 Building Activity Australia, March 2011. Quarterly. Chain Volume. Seasonally adjusted.

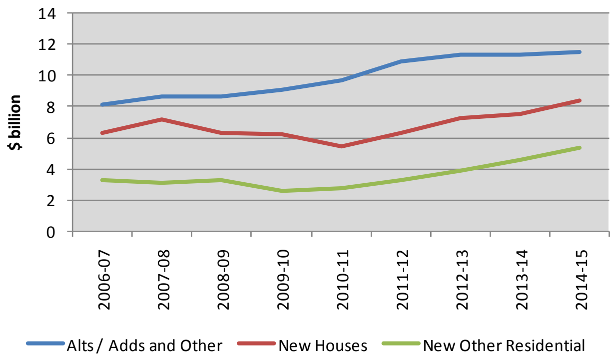
Builders have also had the added problem of clients withholding payment, with half of all builders saying that one or more customers had done so in 2010. Nearly one third of these builders reported that the average amount withheld on a job was over $10,000[5] - enough to significantly affect cashflow. In addition, concerns about the knock on effects of the carbon tax (e.g. UDIA, HIA)[6] have added to concerns about building costs and affordability with 88% of businesses indicating that

[3] QMBA Survey of Industry Conditions July 2011.
[4] Queensland Treasury Economic Review July 2011.
[5] QMBA Special Report.
[6] HIA analysis indicates the increase in the cost of a house and land package due to the carbon tax would be $5,000 - $6,000.

affordability issues are having a negative impact on demand for new housing.[7]

Nevertheless house prices have stabilised somewhat. This may drive an increase in first home buyer activity as affordability improves, alongside wages growth driven by the resources and mining boom. In addition, the State Budget announcement of a $10,000 Building Boost Grant for new home purchases is a limited but timely intervention which will assist buyers with the costs of purchasing a home, and may go some way to alleviating conditions in the ailing residential sector. Caps on infrastructure charges will also assist the sector and there are also signs that finance is becoming more easily available.

Figure 5. Historical and Forecast Value of Annual Residential Building Activity by Subsectors. QLD.

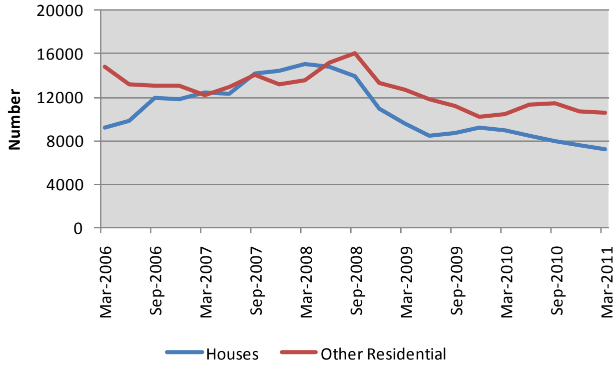


Source: Construction Forecasting Council. Note: Alterations and Additions /Other represents both large and small refurbishment activity.

The Queensland Treasury anticipates that the impact of the Grant and rebuilding from the disaster are likely to result in some recovery, particularly from the second half of 2011-12. This positive outlook is supported by the Construction Forecasting Council (CFC) and is illustrated in Figure 5, above.

The ABS monthly approvals figures released early July recorded a 1.1% increase in Queensland activity. The small rise in numbers is attributable largely to the approvals for units. As a result of an affordability squeeze in the property market, Australians are increasingly opting for alternatives to the suburban house and back yard. An emerging trend towards higher density housing (see Figure 6) is likely to see multi-unit apartment and townhouse construction gather strength in Queensland in the year ahead. IBISWorld has forecast a 10.6% rise in this subsector over the course of the current financial year.

Figure 6. Number of New Dwelling Units Under Construction. QLD.

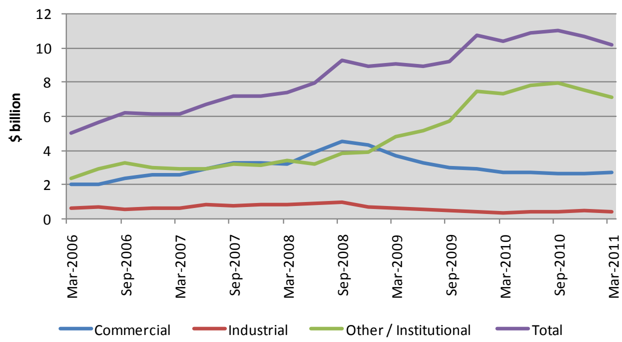


Source: ABS 8752.0 Building Activity Australia, March 2011. As at end of quarter. Original.

NON-RESIDENTIAL

The seasonally adjusted estimate of the value of non-residential building work done in Australia fell 10.1% in the March quarter, following an 8.3% fall in the December quarter as illustrated in Figure 7.

Figure 7. Value of Non-Residential Work Under Construction. QLD.



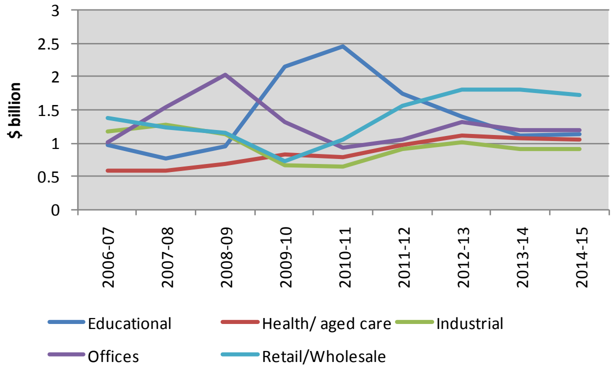
Source: ABS 8752.0 Building Activity Australia, March 2011. Original.

The Construction Forecasting Council forecasts a continuation of this trend with a 9% decline in non-residential building over the course of 2011-12. The decline in non-residential building has largely been driven by the slowdown in building in the institutional subsector and a withdrawal of stimulus spending, specifically Building the Education Revolution funding (see Figure 8). The AIG notes that the contraction in commercial activity was steeper in June and the sector continued to be restrained by a lack of private demand. Almost two thirds of businesses in the commercial sector reported softer trading conditions in the June quarter.[8]

[7] QMBA Survey of Industry Conditions July 2011.

[8] QMBA Survey of Industry Conditions July 2011

Figure 8. Historical and Forecast Value of Annual Non-Residential Building Activity by Selected Subsectors. QLD.



Souce: Construction Forecasting Council.

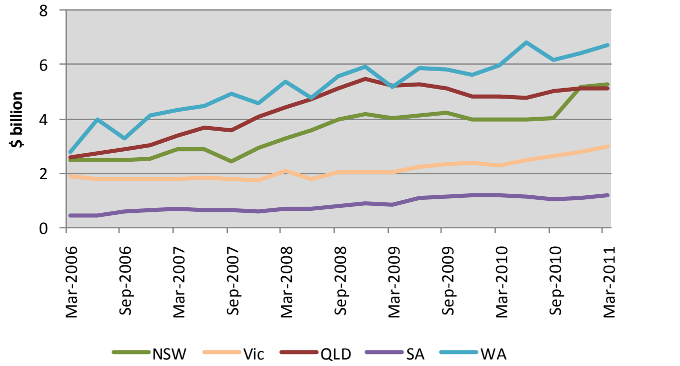
New hospital building and hospital refurbishment projects have led to a strengthening in the health and aged care sector over the past year. Activity in this subsector is expected to ease back, but to remain strong, supported by demographic trends. Industrial building was hard hit by the GFC and the difficult lending environment, but a limited growth of 8% is forecast over the course of 2011-12. Office building also slumped over the past few years, but as the oversupply of office building is worked through, the office vacancies are forecast to decline alongside a pickup in demand. The Construction Forecasting Council anticipates an 11% growth of this subsector in 2011-12 and 20% the following year. Similarly, an oversupply of retail building pre GFC led to a sharp fall over the past three years. This is expected to turn around with a growth of 13% in 2011-12, followed by a 7% growth in 2012-13[9].

ENGINEERING

Engineering construction has made a comeback through the course of the past financial year although at a slower rate than in other major States (see Figure 9 below), and is set to accelerate through the course of the new year (Figure 10). This expansion will be driven by a significant increase in heavy industry and mining work in the pipeline (Figure 11).

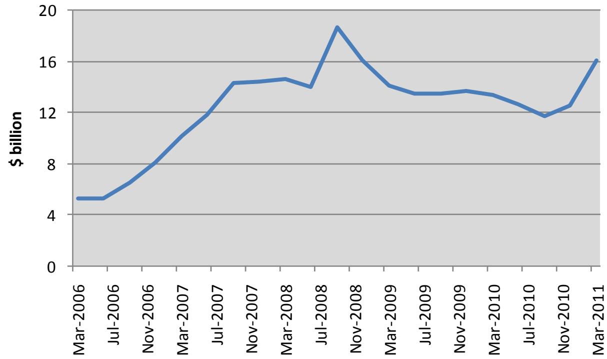
Much of the work on major water infrastructure has been completed and work in the water and sanitation sectors is likely to slow marginally. In contrast, the rebuilding of flood and cyclone damaged infrastructure is likely to create a solid level of work for the roads, bridges and rail segment in the short term.

Figure 9. Value of Engineering Construction Work Done. QLD and Selected States.



Source: ABS 8762.0. Engineering Construction Activity. Australia. March 2011. Quarterly. Seasonally adjusted.

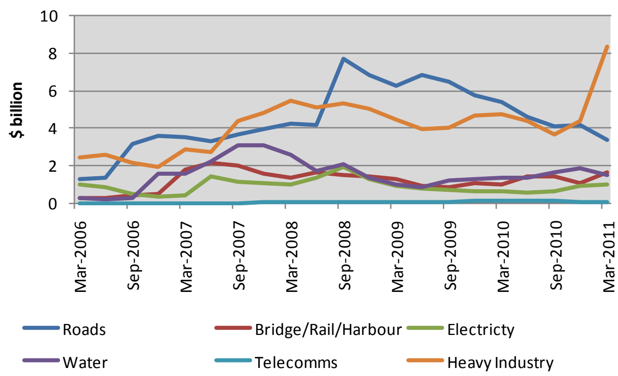
Figure 10. Value of Engineering Construction Work to be Done. QLD.



Source: ABS 8762.0. Engineering Construction Activity. Australia. March 2011. Original

The expansion of the CSG LNG infrastructure is set to cause a significant rise in the electricity and pipelines subsector through the course of the year and telecommunications infrastructure is also likely to pick up with the roll out of the National Broadband Network.

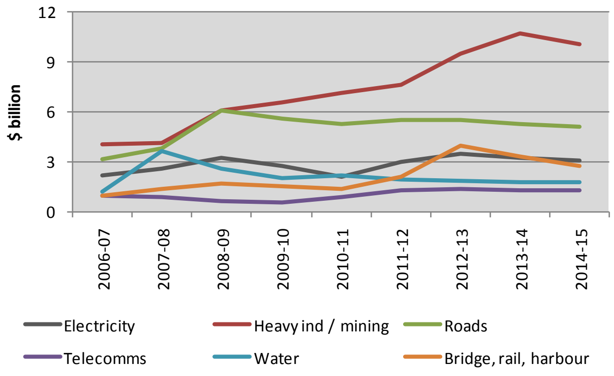
Figure 11. Value of Engineering Construction Work to be Done by Selected Subsectors. QLD.



Source: ABS 8762.0. Engineering Construction Activity. Australia. March 2011. Original

[9] Construction Forecasting Council.

Figure 12. Historical and Forecast Value of Annual Engineering Construction Activity by Selected Subsectors. QLD.



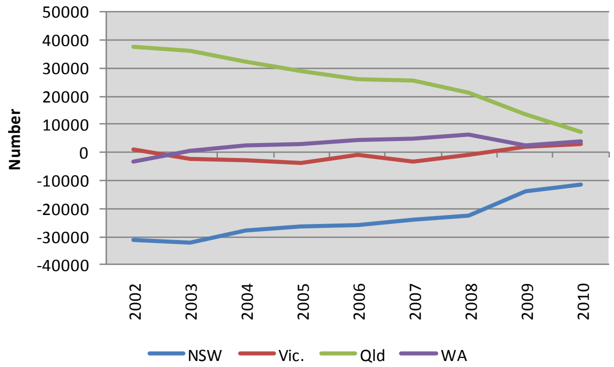
Souce: Construction Forecasting Coucnil

The subsector which is likely to see the most significant and sustained growth is the heavy engineering and mining sector with a significant rise in activity forecast over the next two years on the back of both rebuilding efforts and sectoral growth[10]. This is illustrated is Figure 12, above.

QUEENSLAND CONSTRUCTION EMPLOYMENT

The very high rate of net interstate migration into Queensland which characterised the early 2000s was largely driven by a construction and mining boom and associated jobs growth. The Queensland building and construction industry is now the third largest employer in the State, after retail and health care/social assistance. However, the rate of growth in interstate migration to Queensland has steadily declined in a trend which is counter to that of other major States (Figure 13).

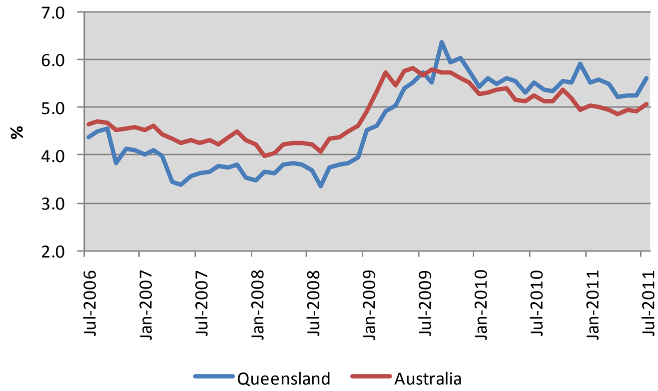
Figure 13. Net Interstate Migration. Selected States.



Source: ABS 3412.0 Migration, Australia 2009-10.

The slowing in demand for housing, associated with this decrease in migration and rising affordability issues, has had a significant impact on the building and construction industry. This is despite significant historical backlogs considered to exist in both residential and services infrastructure generated through the population boom. The slowing is also indicative of a reduction in employment opportunities in Queensland relative to other States (see Figure 14). The Queensland unemployment rate had risen to 6.4% during the GFC but fell to 5.2% in June 2011 on the back of uneven recovery. However, a 0.4% rise over one month in July to 5.6% has reversed the downward trend recorded in the second half of 2010-11. (Figures 14 & 15).

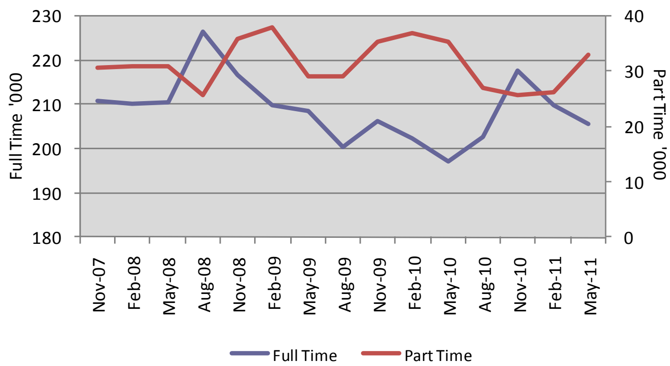
Figure 14. Unemployment Rate at July. QLD and Australia.



Source: ABS 6202.0 - Labour Force, Australia, July 2011. Seasonally adjusted.

The construction industry has been one of the hardest hit in terms of jobs losses. This is evident in a loss of about 4,600 construction jobs in the six months between November 2010 and May this year, and a trend towards replacement of full time jobs with part time ones (Figure 15).

Figure 15. Number of People Employed in the Building and Construction Industry. QLD.



Source: ABS 6291.0.55.003.Labour Force Australia, Detailed Quarterly. May 2011.

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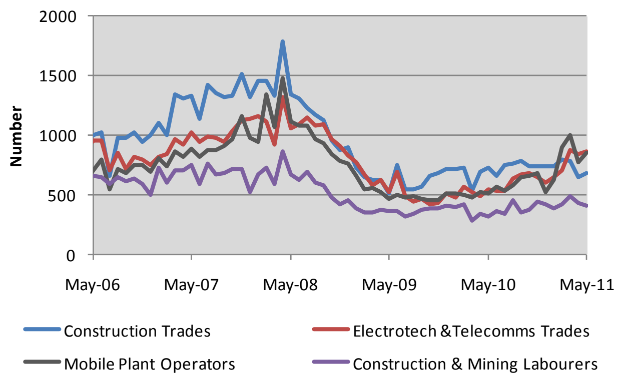
[10] Construction Forecasting Council.

The soft jobs market is also reflected in the low number of internet vacancies with numbers of advertised positions barely above those at the height of the GFC across a range of occupations (Figure 16). A small spike in advertisements for mobile plant operators in the post floods period is possibly related to the significant demand for this occupation group to assist with the clean up and rebuilding.

Figure 16. Internet Vacancies. Selected Occupation Groups. QLD.



Source: DEEWR. Seasonally Adjusted.[11]

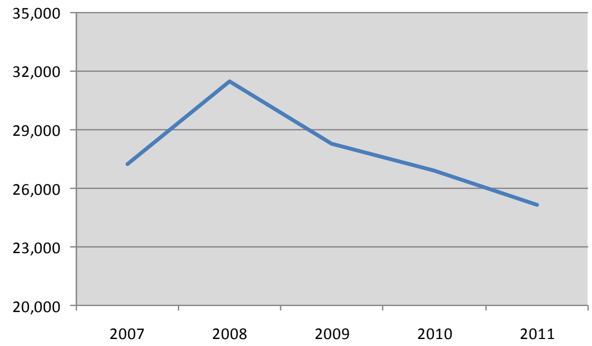
Given the current conditions, labour availability was the least cited of the top ten constraints on business identified by QMBA. On the positive side, the QMBA employment index rose slightly in the June quarter as somewhat fewer employers reduced staffing levels. Whereas one third of employers continued to shed staff nearly two thirds of businesses expected staff levels to stabilise over the next quarter. It is expected that labour availability and cost of labour will become increasingly important constraints on business as an upswing in activity moves the economy into the next cycle, and as new civil and mining projects and rebuilding activity hits the ground.

Still, the continued shedding of jobs and the slow increase in employment demand clearly indicates that it will be some time before a significant tightness returns to the building labour market overall. Few businesses reported serious difficulties recruiting and retaining suitably qualified employees and subcontractors during the June quarter.[12]

APPRENTICES AND TRAINEES

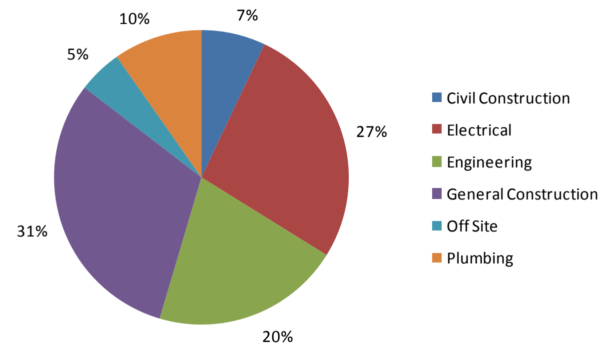
In view of the challenges faced by the industry over the past few years, it is not surprising that there has been a significant impact on the apprenticeship and traineeships system. The building and construction industry has lost a significant number of apprentices and trainees through the course of the GFC and downturn. In July this year, there were approximately 20% or 6,290 fewer construction apprentices and trainees than there were in July 2008 (see Figure 17). In line with this, about a quarter of businesses said they had reduced apprentice numbers over the June quarter.[13] The general construction trades continue to be the most common trades of choice in the Queensland construction industry, followed by associated trades in electrical and engineering (Figure 18).

Figure 17. Number of Apprentices and Trainees in Training. Construction. QLD. As at 1 July.



Source: DELTA, July 2011.[14]

Figure 18. Apprentices and Trainees in Training. Queensland. N=24 594.



Source: DELTA, July 2011.

Carpentry and plumbing have both lost over a quarter of their in-training cohort since the GFC. Painting and electrotechnology (electrician) have fared only slightly better with losses of 19% and 12% respectively over this period. Nonetheless, some trades have attracted new entrants. For example, plant operations saw a rapid growth of 133%. This may indicate a significant realignment of the subsectoral balance of the industry as the residential sector struggles to climb out of the gloom while civil and engineering construction heads through the cloud.

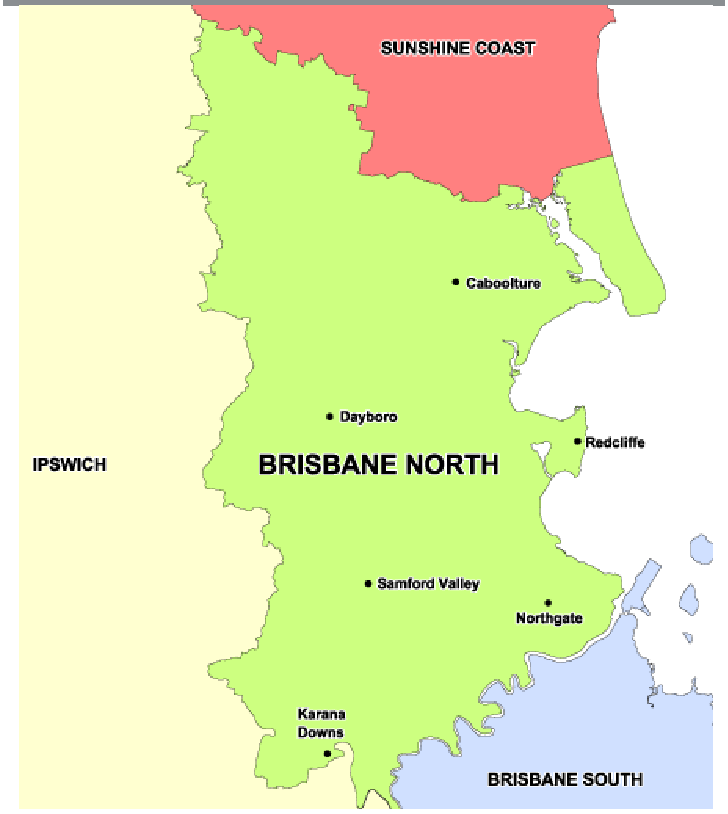
[11] http://www.skillsinfo.gov.au/skills/LMI/VacancyReport IVI is based on a count of online vacancies newly lodged on SEEK, My Career, CareerOne and Australian JobSearch.

[12] QMBA Survey of Industry Conditions July 2011.

[13] QMBA Survey of Industry Conditions July 2011.

[14] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

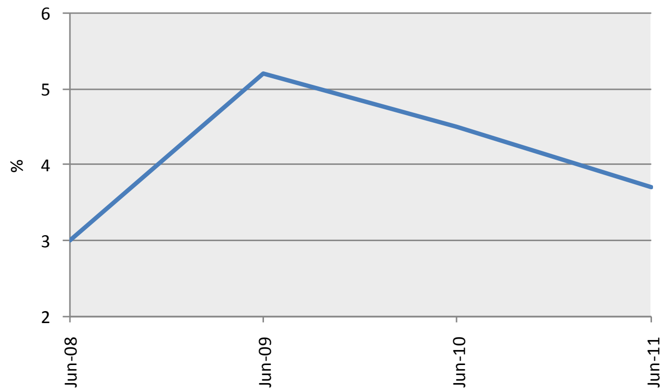
Brisbane and Ipswich



LOCAL ECONOMY

The macroeconomic conditions in Brisbane reflect the flat performance of the State overall, but a highly developed and diversified economic base has ensured that the State's capital city has managed to avoid the significant economic decline seen elsewhere in the aftermath of the GFC and floods. In fact, the unemployment rate in Brisbane has declined steadily since the GFC and is now the second lowest (after South West) in the State at 3.7% in June 2011. (Figure 19)

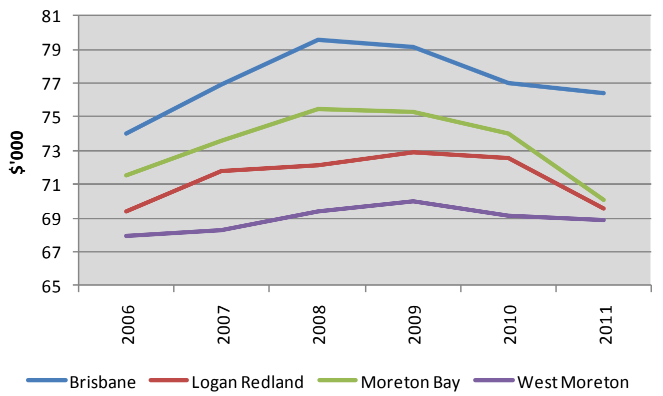
Figure 19. Unemployment Rate as at June. Brisbane.



Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

Having said this, not all indicators are positive. For example, productivity levels in all subregions of Brisbane have deteriorated since the GFC as measured by Gross Regional Product per Employee. Over the past year, these declines have been most pronounced in the Logan and Moreton Bay subregions. (Figure 20)

Figure 20. Industry GRP per Employee. Brisbane.[15]



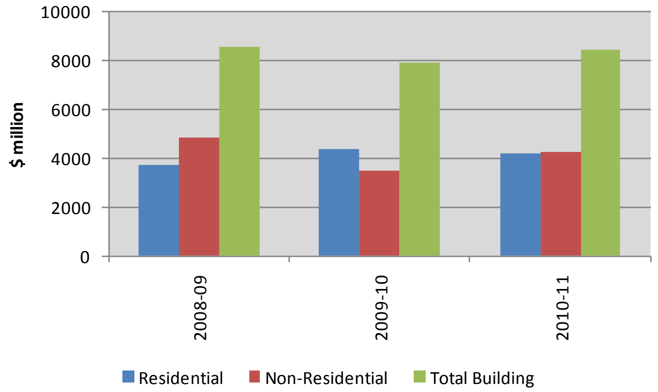
Source: National Economics ALGA State of the Regions Report 2011-2012

[15] Figures for Industry GRP (Local) are per industry employee. Chain Volume Measures at constant 2008-09 value converted from current values by the ABS using their chain volume methodology. Note: Brisbane includes Garden City, Brisbane and Chermside. Logan Redland includes Browns Plains, Beenleigh and Cleveland. Moreton Bay includes Strathpine, Redliffe and Caboolture. West Moreton includes Beaudesert and Ipswich.

BUILDING AND CONSTRUCTION

The building industry in Brisbane has managed to hold reasonably steady since the onset of the GFC, compared with many other regions. Notably, Brisbane's resilience has been less dependent on public expenditure stimulus measures aimed at supporting building in the non residential sector. This is illustrated in Figure 21.

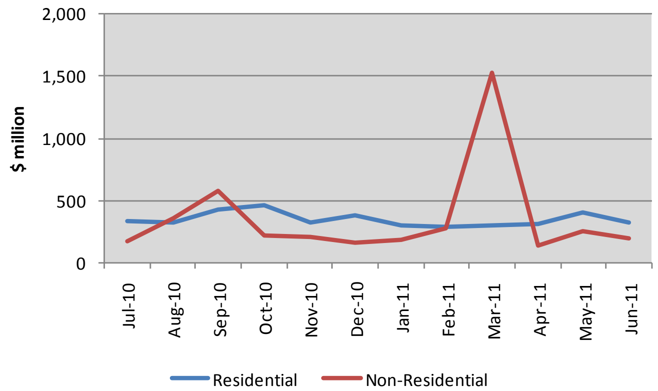
Figure 21. Annual Value of Building Approvals. Brisbane.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Still, approvals for both non residential and residential projects have been relatively flat over the past year with the exception of a spike in approvals for non residential building in March. Approvals in both subsectors fell slightly between May and June. (Figure 22)

Figure 22. Monthly Value of Building Approvals 2010-11. Brisbane.

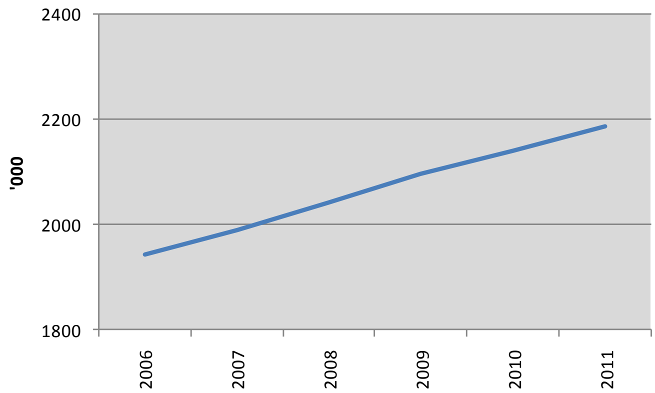


Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

RESIDENTIAL

The South East Queensland Infrastructure Plan forecasts considerable future growth in SEQ, including at least 754 000 additional dwellings by 2031.[16] Much of the projected population growth will take place in Brisbane which already supports the largest proportion of Queensland's population, and remains one of Australia's fastest growing metropolitan regions. The population of Greater Brisbane (including Logan Redland, Moreton Bay and West Moreton) has increased by 13% over the past five years and is now almost 2.2 million (Figure 23). However, growth in housing delivery has not kept pace with population growth. Over the past three years, only about 40 300 dwelling units have been approved – 60% of these houses and 40% other residential[17]. The target of 754 000 additional dwellings in the next 20 years would require slightly less than this number (around 38 000) to be built *every year* to meet these targets.

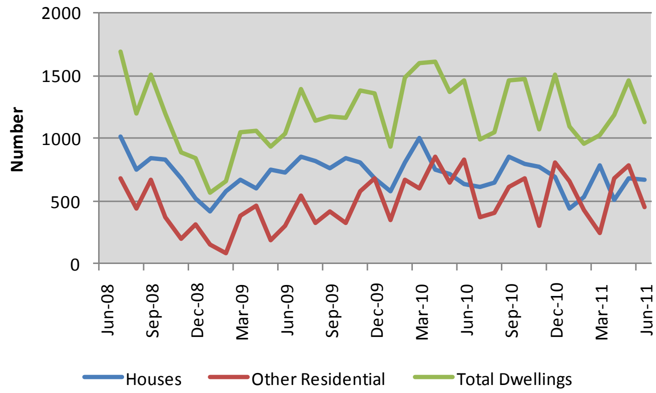
Figure 23. Population. Brisbane.



Source: National Economics ALGA State of the Regions Report 2011-2012

While the building industry remains sluggish, major projects have been planned to meet the increasing demand for

Figure 24. Number of Dwelling Approvals. Monthly. Brisbane.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

[16] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[17] ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

affordable housing, including new communities at Yarrabilba (near Logan: 20 000 dwellings); Flagstone (west of Jimboomba: 50 000 dwellings) and Ripley Valley (near Ipswich: 50 000 dwellings) to accelerate delivery and accommodate some of the anticipated future growth.

In general terms, however, the home building sector has not been able to sustain any significant recovery post GFC as illustrated in Figure 24. Whereas figures rallied over the most recent quarter, gains were lost in the month to June, driven by a fall in other residential approvals.

NON RESIDENTIAL

Substantial investment in industrial development is planned and underway in Brisbane, but much of the major works are public sector led. New Government office buildings are to be developed at Carseldine and Ipswich in order to drive growth in emerging communities. A new Children's Hospital is being built in South Brisbane. Ipswich hospital is being expanded and upgraded and expanded health facilities are planned for Caboolture and Logan. Upgrades and new facilities are planned at a large number of schools in the Brisbane region, a new primary school is being built at Mango Hill and a new high school at Murrumba Downs. A replacement police station is to be constructed at Carina. A new Police Academy at Wacol is set to provide a significant boost to law enforcement training, as is a forensic facility at Oxley. Upgrades and rehabilitation works are also planned for the Queensland Museum[18].

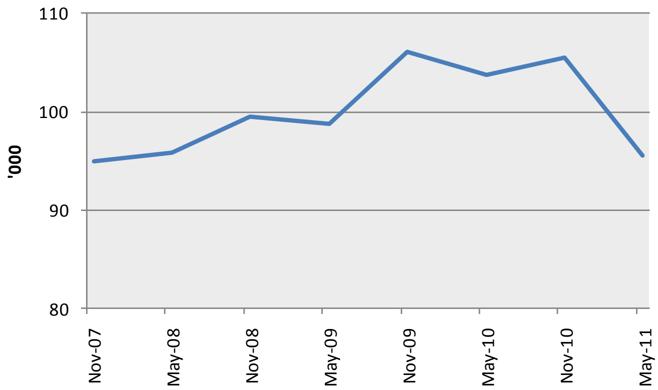
ENGINEERING

The local and Queensland economy will be supported by key roads upgrades in the Brisbane region including upgrades to the Pacific and Ipswich Motorways, and the completion of the Airport Link project (Australia's largest infrastructure initiative). Transport investment is also planned to ensure efficient mass transit, including expanding existing bus and rail networks. Road reconstruction projects following the floods include the AJ Wylie Bridge, Brisbane Woodford Road and Mt Lindsay Highway. A Cross River Rail project is being investigated to boost the capacity of Brisbane's Inner City Rail Network. The Moreton Bay Rail Link is set to cater for rapid growth in Brisbane's northern corridor[19].

CONSTRUCTION EMPLOYMENT

Despite Brisbane having a relatively low unemployment rate overall, the construction industry in Brisbane lost 10 000 employees between November 2010 and May 2011, as reflected in Figure 25 below. In May 2011, the construction industry in Brisbane (including West Moreton) employed 97 800 people and made up 41% of the total Queensland construction workforce.

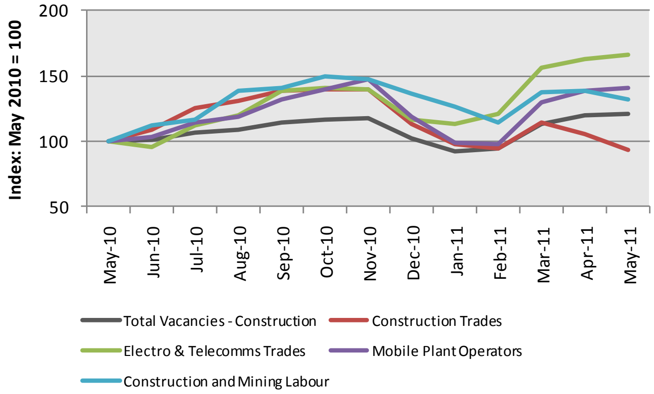
Figure 25. Construction Employment. Brisbane.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

In line with the soft industry conditions, advertisements for construction tradespersons declined over the year in Brisbane. Adverts for construction and mining labour have also fallen off slightly over the past quarter, but remain above those at the same time last year. Conversely, increased adverts for associated occupations indicate increasing tightness in the market for electrical, telecommunications and mobile plant trades. (Figure 26)

Figure 26. Internet Vacancies. Selected Occupation Groups. Brisbane.

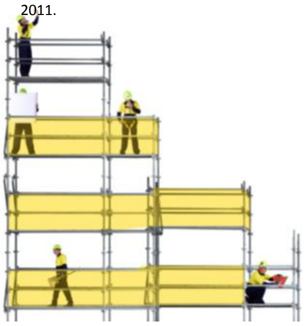


Source: DEEWR Regional IVI Series. Index May 2010=100.[20]*Includes the following: Brisbane, West End, Cleveland, Fortitude Valley, Beenleigh, Mount Gravatt, Indooroopilly and Strathpine.

[18] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[19] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

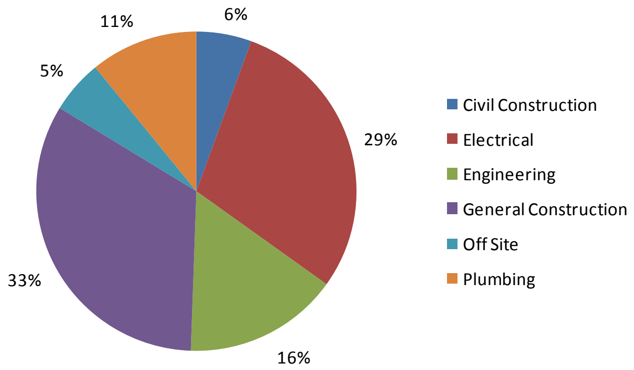
[20] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.



APPRENTICES AND TRAINEES

Brisbane accounted for 43% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Brisbane was similar to that for Queensland overall (Figure 27). The Ipswich region is a notable exception with a significantly higher proportion of engineering (26%) and civil (15%) apprentices and trainees and a lower proportion of electrical (17%) apprentices and trainees.

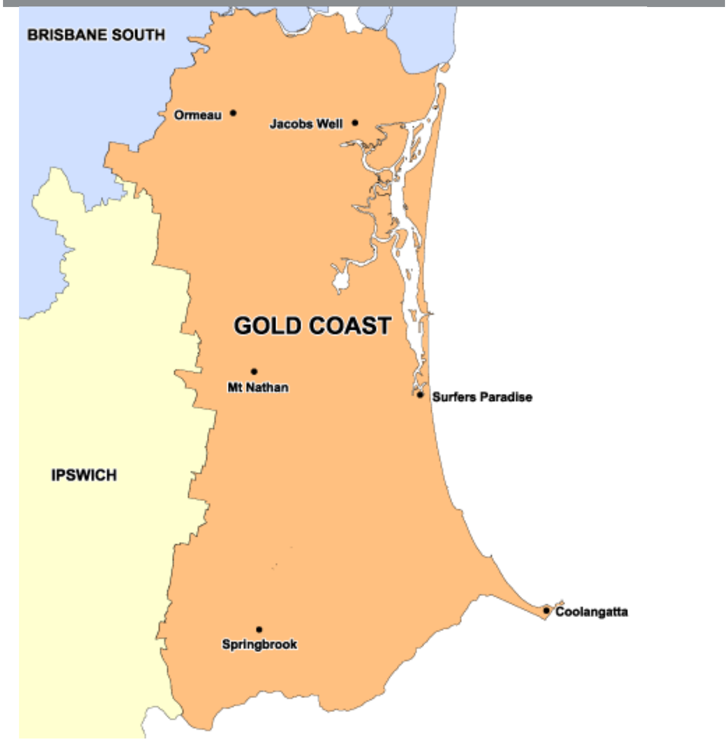
Figure 27. Apprentices and Trainees in Training. Brisbane. N=10 818.



Source: DELTA, July 2011.[21]

[21] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

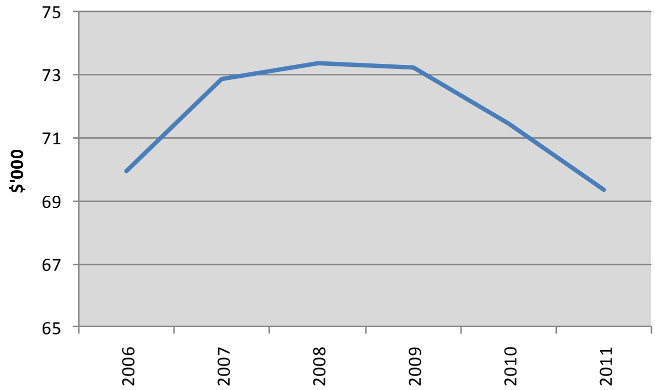
Gold Coast



LOCAL ECONOMY

The macroeconomic conditions in the Gold Coast reflect the gloomy state of affairs in many regions of the State. The Gold Coast, like other tourism focused regions is particularly impacted by the high Australian dollar and weak consumer demand. Productivity levels in the Gold Coast have deteriorated rapidly post GFC as measured by Gross Regional Product per Employee. (Figure 28)

Figure 28. Industry GRP per Employee. Gold Coast.[22]

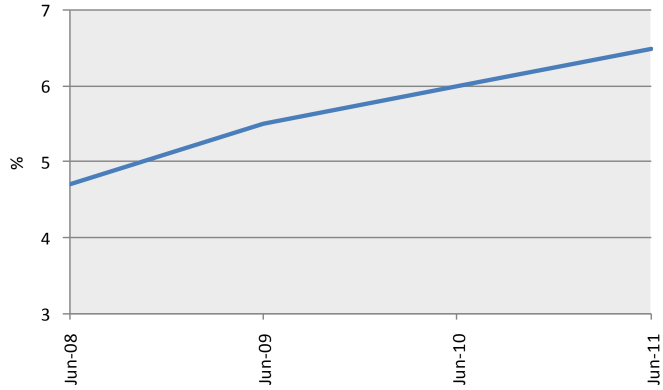


Source: National Economics ALGA State of the Regions Report 2011-2012

[22] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Further, the unemployment rate on the Gold Coast continued to rise over the past year and was 6.5% in June 2011, above the Queensland average rate of 5.1%. (Figure 29)

Figure 29. Unemployment Rate as at June. Gold Coast.

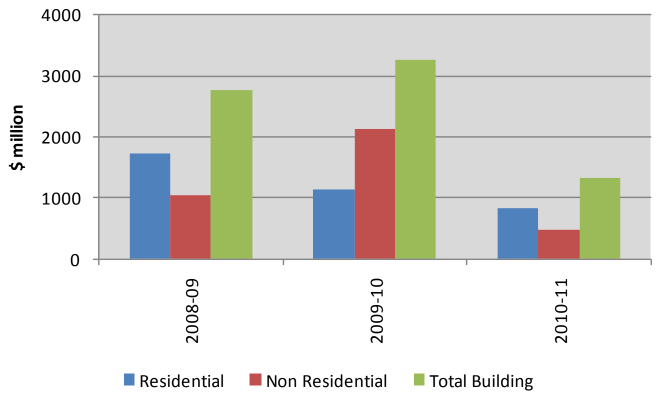


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

The building industry rallied somewhat in the 2009-10 financial year, assisted by government stimulus measures and the approval of some significant projects in the region such as the Carrara Stadium. However, 2010-11 saw approvals levels crash to new lows. This is illustrated in Figure 30.

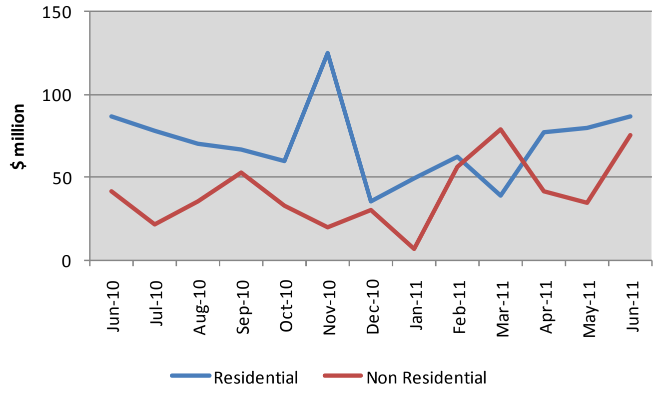
Figure 30. Annual Value of Building Approvals. Gold Coast.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

More recently, the building industry has seen a slight pickup in approvals through the second half of 2010-11, with approvals for both residential and non-residential projects improving over the month to June. (Figure 31)

Figure 31. Monthly Value of Building Approvals 2010-11. Gold Coast.



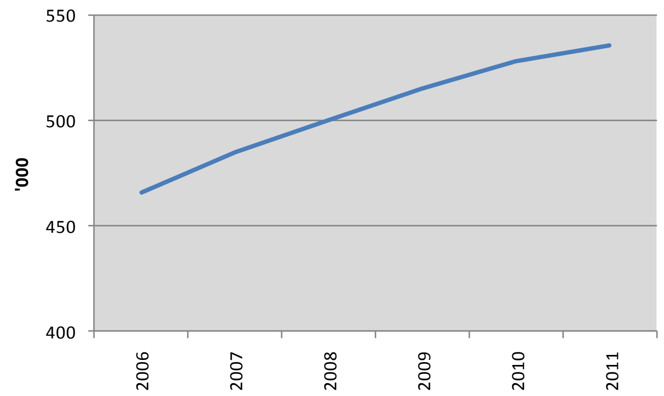
Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

In contrast with Queensland overall, weak demand was not considered the most significant constraint on business activity in Gold Coast, but rather the availability and cost of finance for both buyers and developers. However, weak demand was the second most cited constraint, followed by planning approvals processes, infrastructure charges and land availability. Over 90% of QMBA survey respondent in the Gold Coast indicated that housing affordability issues were negatively impacting demand for new homes in the region. Nonetheless, most expected affordability to stabilise or improve over the next year. Weather conditions were not considered to be as significant a constraint as was the case in many other regions. Not surprisingly, labour availability was the least cited of the key constraints. [23]

RESIDENTIAL

The South East Queensland Infrastructure Plan forecasts considerable future growth in SEQ, including at least 754 000 additional dwellings by 2031.[24] Certainly, the population on the

Figure 32. Population. Gold Coast.

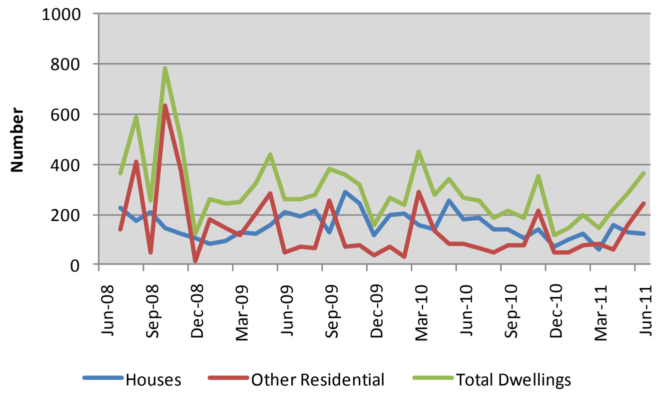


Source: National Economics ALGA State of the Regions Report 2011-2012

Gold Coast has increased steadily over the past five years, with a slight slowing of growth over the past year. (Figure 32)

Whereas dwellings approvals figures rallied over the past quarter, driven by other residential construction, approvals for detached dwellings have fallen in recent months (Figure 33).

Figure 33. Number of Dwelling Approvals. Monthly Gold Coast.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

NON RESIDENTIAL

Significant non residential building projects are planned or underway in the Gold Coast region. These include major health infrastructure projects such as the new Gold Coast University Hospital at Southport, academic and research centres at Gold Coast University Hospital, and the expansion of Robina Hospital including precinct development. A program of kindergarten building and refurbishment program is also planned for the region. A new Gold Coast show site is under construction.[25]

ENGINEERING

The commencement of the Gold Coast Rapid Transit is underway between Griffith University and Broadbeach. Early works on this project began in late 2010 creating an estimated 6300 direct and indirect jobs. The existing Gold Coast rail line is also set to be duplicated and may be extended to Coolangatta in the future.[26]

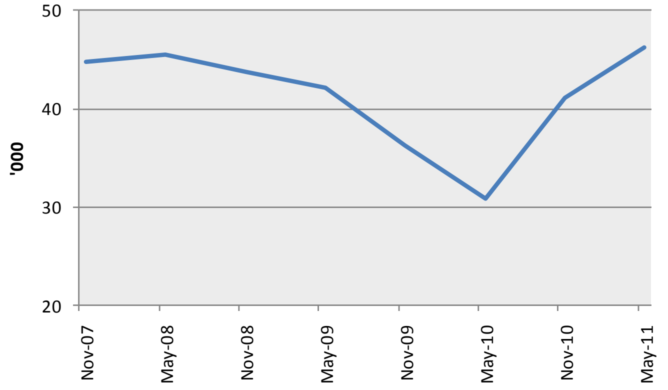
CONSTRUCTION EMPLOYMENT

Despite rising unemployment in the region, the construction industry in the Gold Coast gained 5100 employees between November 2010 and May 2011, as reflected in Figure 34 below. This increase is almost certainly driven by the labour requirements of a few key infrastructure projects in the region,

[23] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 refelects weakening conditions.
[24] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[25] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[26] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

including the Gold Coast Rapid Transit. In May 2011, the construction industry in the Gold Coast employed about 46 200 people and made up 19% of the total Queensland construction workforce.

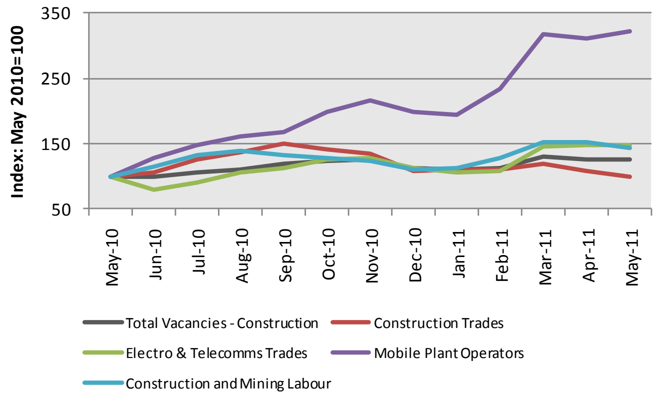
Figure 34. Construction Employment. Gold Coast.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

Despite employment growth in the construction sector, the QMBA reports that almost half of building businesses on the Gold Coast reduced the size of their workforce in the quarter to June 2011, and the situation is not expected to improve significantly in the next quarter, with over a third of businesses anticipating a reduction in the size of their workforce over this period[27]. In line with this outlook, vacancies for most construction occupations rose only marginally or remained flat over the past year (Figure 35).

Figure 35. Internet Vacancies. Selected Occupation Groups. Gold Coast.

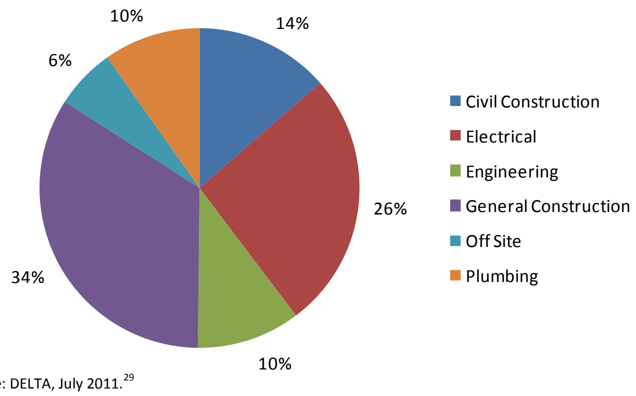


Source: DEEWR Regional IVI Series. Index May 2010=100.[28]*Includes the following towns: Gold Coast, Nerang, Southport, Coolangatta, Beaudesert, Tweed Heads, Coomera and Surfers Paradise.

APPRENTICES AND TRAINEES

Gold Coast accounted for 9.4% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Gold Coast was fairly similar to that for Queensland overall (Figure 36). Notable differences included twice as many civil construction apprentices and trainees and half the number of engineering apprentices and trainees than for Queensland overall.

Figure 36. Apprentices and Trainees in Training. Gold Coast. N=2310.

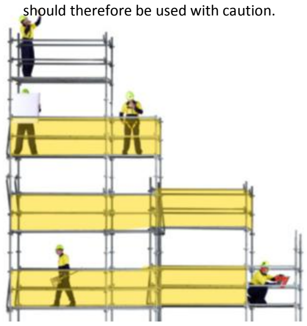


Source: DELTA, July 2011.[29]

[27] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[28] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

[29] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

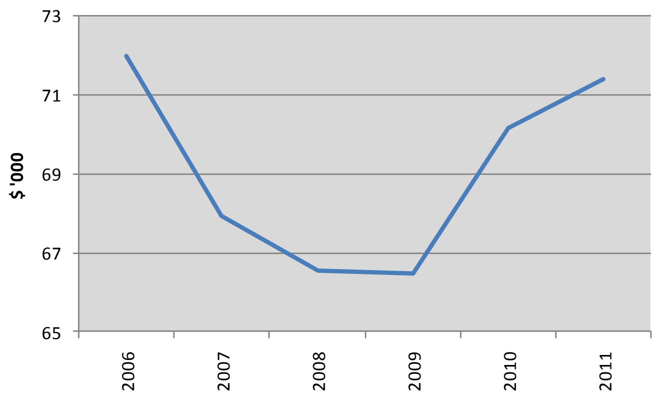


South West

LOCAL ECONOMY

The macroeconomic conditions in the South West region reflect the flat performance of the State overall, but the region is performing better than many other regions and improving against trends. This is despite the significant impacts of the floods in the region. Productivity levels in the South West have improved significantly post GFC as measured by Gross Regional Product per Employee (Figure 37).

Figure 37. Industry GRP per Employee. South West.[30]

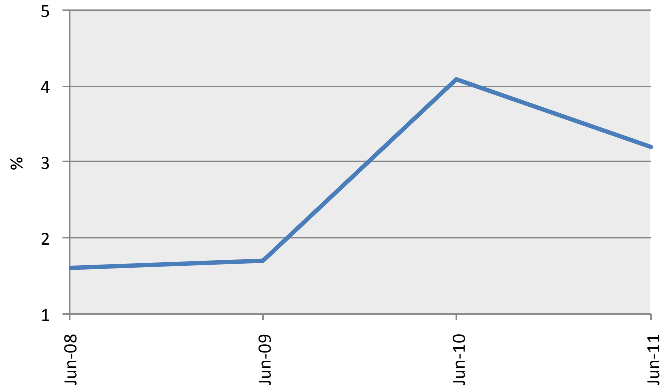


Source: National Economics ALGA State of the Regions Report 2011-2012

Moreover, the unemployment rate in South West is the lowest in the State at 3.2% in June 2011, well below the Queensland average rate of 5.1%. (Figure 38)

[30] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Figure 38. Unemployment Rate as at June. Darling Downs South West.

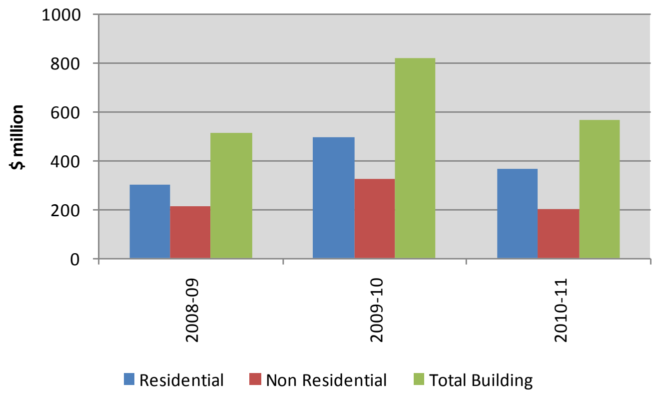


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

The South West building industry rallied somewhat in the 2009-10 financial year, assisted by government stimulus measures and the approval of some significant projects in the region. While levels of approvals have dropped off for both residential and non residential building over the past year, they are still above the overall levels recorded at the GFC low. (Figure 39)

Figure 39. Annual Value of Building Approvals. South West.

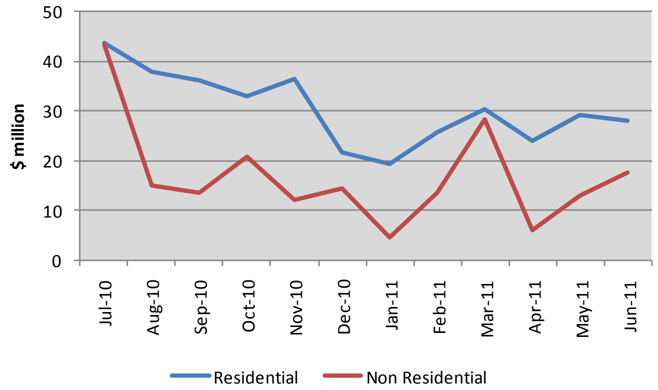


Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

The building industry has also seen a slight pickup in approvals through the quarter to June, driven largely by approvals for non residential projects. (Figure 40)

While many businesses in both the residential (60%) and commercial (50%) sector in the Darling Downs and South West reported weaker trading conditions in the June quarter 2011,

Figure 40. Monthly Value of Building Approvals 2010-11. South West.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

this negative outlook was not as common as in many other regions. Moreover, expectations are that conditions will improve to September, with both the turnover (index = 50.0) and profitability (index = 48.9) forecast to rise over the next quarter.[31]

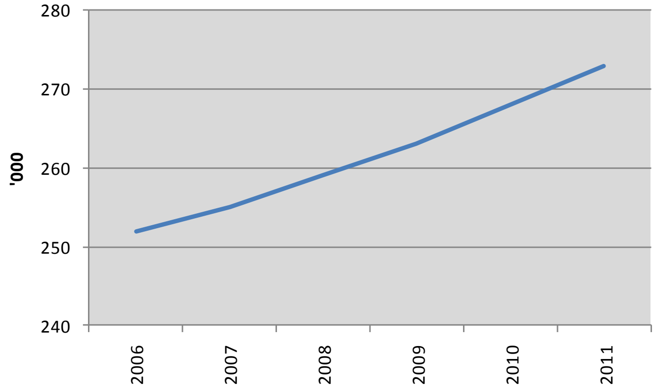
In contrast with Queensland overall, weak demand was not considered the most significant constraint on business activity in Darling Downs South West, but rather the planning approvals process followed by finance availability and cost. Weak demand was the third most cited constraint on business growth, and over 90% of QMBA survey respondent in Darling Downs and South West indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year.[32] Infrastructure charges and weather conditions were also cited as significant constraints on activity. Labour availability was the least cited of the key constraints identified.

RESIDENTIAL

The Queensland Infrastructure Plan forecasts considerable future growth in the Darling Downs South West with an estimated additional 110 000 people by 2031[33]. Certainly, the population in the region has increased steadily over the past five years. (Figure 41)

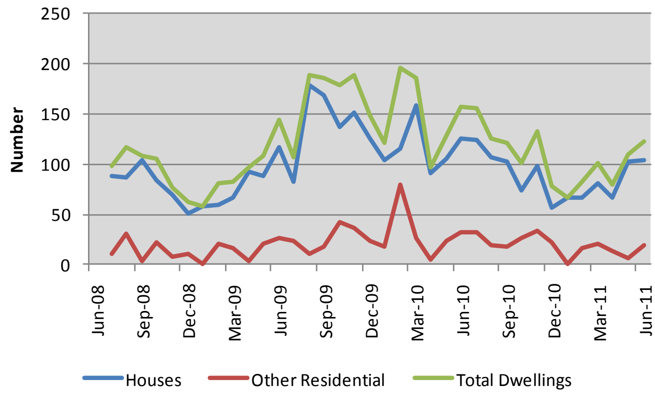
Dwellings approvals figures rallied over the past quarter, driven by house building, although approvals for other residential dwellings remain very low in the region (Figure 42)

Figure 41. Population. Darling Downs South West.



Source: National Economics ALGA State of the Regions Report 2011-2012

Figure 42. Number of Dwelling Approvals. Monthly. Darling Downs.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

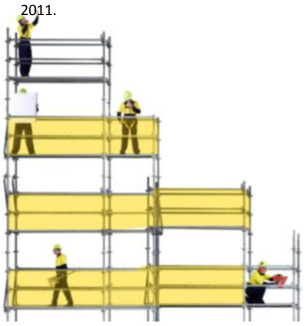
The Urban Land Development Authority has established the Roma Urban Land Development Area at Roma to provide approximately 350 dwellings and demonstrate best practice in delivery of diverse housing stock.[34]

NON RESIDENTIAL

Significant non residential building projects are planned or underway in the Darling Downs South West. These include health infrastructure projects such as the upgrades to the emergency departments of both Toowoomba and Roma Hospitals. Future police, ambulance, fire and rescue services are being planned to support the needs of a growing region. Trade training centres are being established in schools throughout the region.[35]

[31] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 refelects weakening conditions.
[32] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[33] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[34] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[35] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.



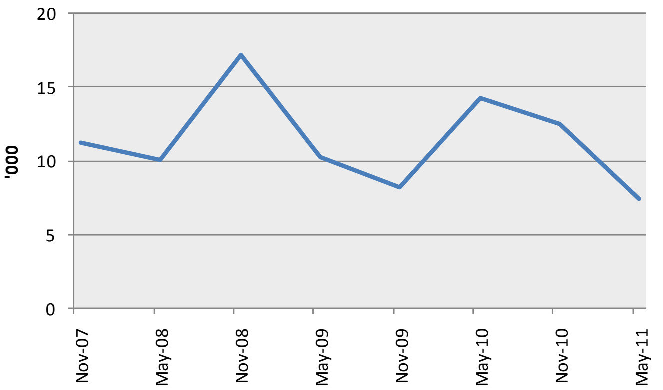
ENGINEERING

Exploration and development of the Surat Basin coal and coal seam gas resources has driven a significant increase in current and planned engineering construction in the region. Key regional projects include: the Toowoomba Bypass; Warrego Highway upgrades; Surat Basin Rail project, connecting the region to the Port of Gladstone, and associated upgrades of the Western Rail Line; the Kenya to Chinchilla Pipeline; and, upgrades to Roma and Toowoomba airports. Significant rehabilitation of infrastructure is also being rolled out under the Natural Disaster Relief and Recovery Arrangements. In addition, the Solar Dawn project (concept stage) and Kogan Creek Solar Boost projects will potentially put the region on the map as one of the worlds centres of solar power production. It is anticipated that the Kogan Creek project will create 120 jobs during the construction phase.[36]

CONSTRUCTION EMPLOYMENT

Despite having the lowest unemployment rate in the State overall, the construction industry in the Darling Downs – South West lost 5100 employees between November 2010 and May 2011, as reflected in Figure 43 below. This is very likely a direct result of the severe impact of the floods in the region and does not reflect a structural loss of capacity. In May 2011, the construction industry in the South West employed about 7400 people and made up 3% of the total Queensland construction workforce.

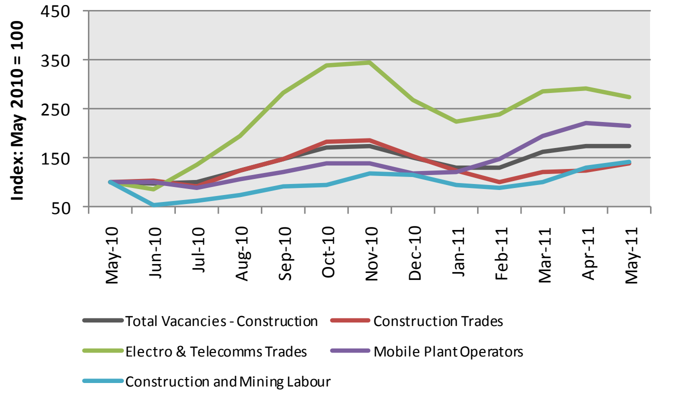
Figure 43. Construction Employment. Darling Downs South West.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

In line with this attrition, the QMBA reports that about one third of building businesses in South West reduced the size of their workforce in the quarter to June 2011. However, the situation is expected to improve significantly with only 22% of businesses forecasting further staff cuts in the quarter to September. It should also be noted that the Darling Downs South West is one of the few regions in the State where wage pressures have become a concern of late, with about a third of businesses reporting an increased average wages bill over the quarter to June.[37] A pick up in job advertisements for construction and related trades reinforces the likelihood of a tightness returning to the local labour market in the region (Figure 44).

Figure 44. Internet Vacancies. Selected Occupation Groups. Toowoomba.

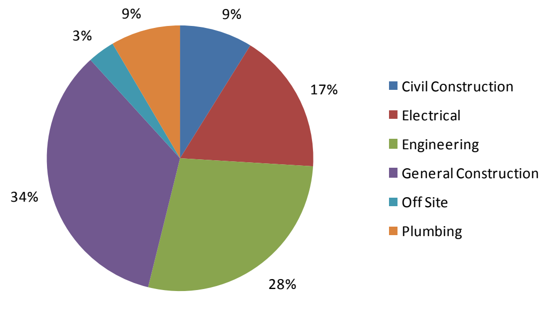


Source: DEEWR Regional IVI Series. Index May 2010=100.38*Includes the following towns: *Includes the following towns: Toowoomba, Goondiwindi, Dalby, Carole Park, Amberley, Leichardt, Cunnamulla, Ipswich and Pittsworth.

APPRENTICES AND TRAINEES

South West accounted for 7.2% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in South West was fairly similar to that for Queensland overall (Figure 45). The main differences were significantly fewer electrical and more engineering apprentices and trainees. This may reflect the increasing importance of the coal and coal seam gas industry in the region.

Figure 45. Apprentices and Trainees in Training. South West.N=1764.



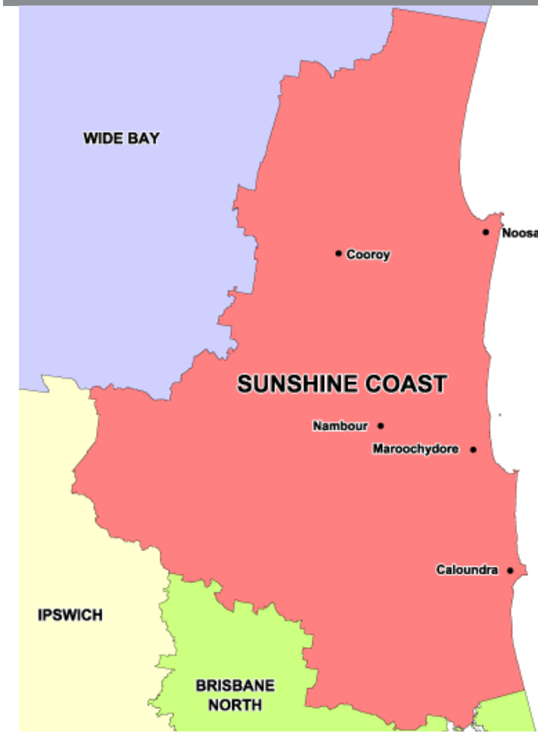
Source: DELTA, July 2011.[39]

[36] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[37] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[38] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

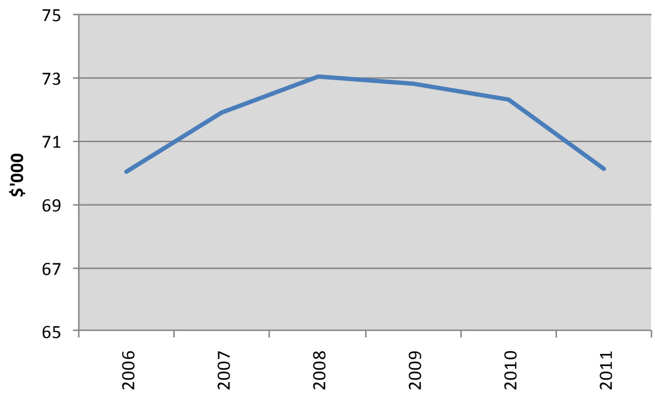
Sunshine Coast



LOCAL ECONOMY

The macroeconomic conditions in the Sunshine Coast region reflect the flat performance of the State overall. Productivity levels in the Sunshine Coast have deteriorated post GFC as measured by Gross Regional Product per Employee. (Figure 46)

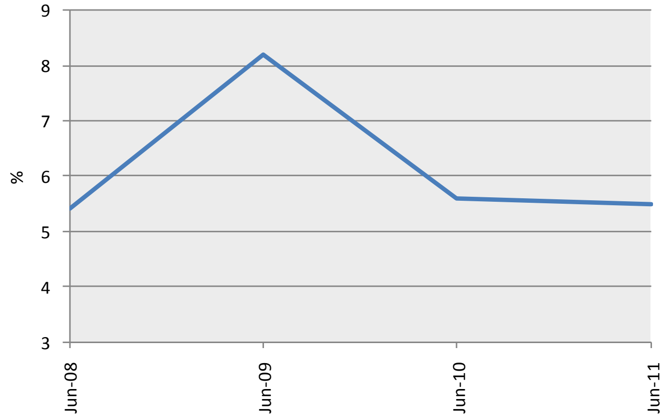
Figure 46. Industry GRP per Employee. Sunshine Coast.[40]



Source: National Economics ALGA State of the Regions Report 2011-2012

Further, the unemployment rate in Sunshine Coast is slightly higher than in the State overall at 5.5% in June 2011, although it has stabilised over the past year and returned to the pre-GFC level. (Figure 47)

Figure 47. Unemployment Rate as at June. Sunshine Coast.

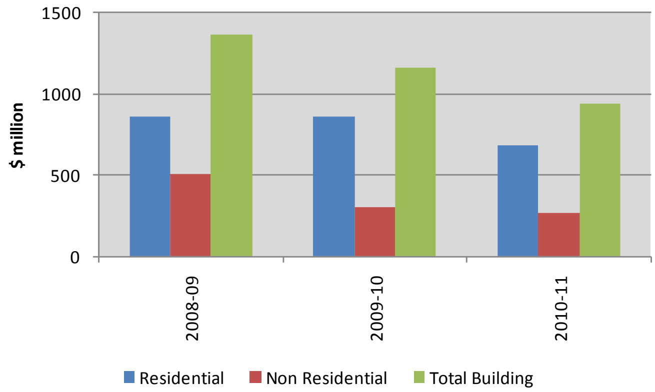


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

Unlike other areas of the State, the building industry in the Sunshine Coast declined in the 2009-10 financial year, despite the government stimulus measures aimed at supporting the building industry. While levels of approvals have dropped off further over the past year for both residential and non residential building, the continued decline is most marked in the case of residential approvals. (Figure 48).

Figure 48. Annual Value of Building Approvals. Sunshine Coast.

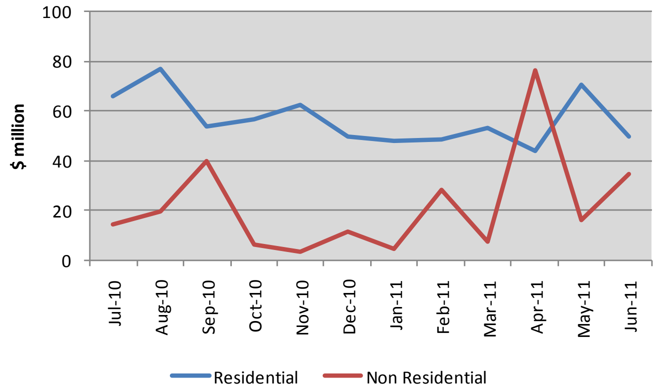


Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

More recently overall building approvals declined through the quarter to June, although the rate of decline slowed in the month to June as a result of a slight improvement in non residential construction approvals. (Figure 49)

[39] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.
[40] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Figure 49. Monthly Value of Building Approvals 2010-11. Sunshine Coast.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

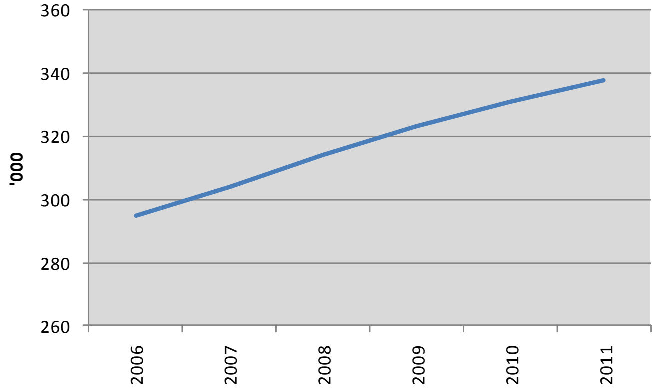
Many businesses in both the residential (74%) and commercial (69%) sector in the Sunshine Coast reported weaker trading conditions in the June quarter 2011. Despite expectations that conditions will improve significantly in the quarter to September, they are will continue to be weighed down by an overall negative operating environment. Nonetheless the turnover (index = 50.4) and profitability (index = 46.1) are forecast to improve over the next quarter.[41]

As was the case for Queensland overall, weak demand was considered the most significant constraint on business activity in Sunshine Coast, followed by finance availability and cost, interest rates, infrastructure charges and weather conditions. Over 85% of QMBA survey respondents in Sunshine Coast indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year.[42] Not surprisingly, labour availability was the least cited constraint on business.

RESIDENTIAL

The South East Queensland Infrastructure Plan forecasts considerable future growth in SEQ, including at least 754 000 additional dwellings by 2031.[43] Certainly, the population in the Sunshine Coast region has continued to grow steadily over the past five years. (Figure 50)

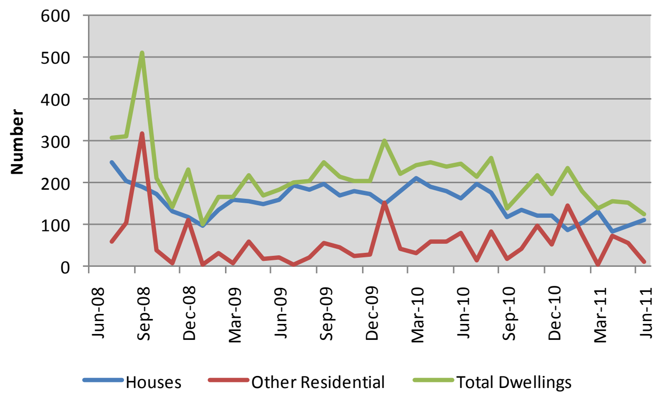
Figure 50. Population. Sunshine Coast.



Source: National Economics ALGA State of the Regions Report 2011-2012

Dwellings approvals figures have remained subdued for the past three years and they continued to decline over the quarter to June, although at a slower rate than the March quarter. There was a slight improvement to rates of approvals for houses while approvals for other residential dwellings were insignificant. (Figure 51)

Figure 51. Number of Dwelling Approvals. Monthly. Sunshine Coast.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

In order to meet the rising demand for affordable housing, a new Urban Development Area community is planned at Caloundra South which will have the potential to provide housing for a population 50 000 people (approximately 23 000 dwellings) over the next ten years.[44]

[41] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 refelects weakening conditions.
[42] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[43] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[44] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

NON RESIDENTIAL

Significant non residential building projects are planned or underway in the Sunshine Coast. These include health infrastructure projects such as the new Sunshine Coast University Hospital at Kawana and the expansion of the Caloundra and Nambour Hospitals. A Sunshine Coast Health precinct is in pre-project stage. An industrial estate at Coolum is in concept stage.[45]

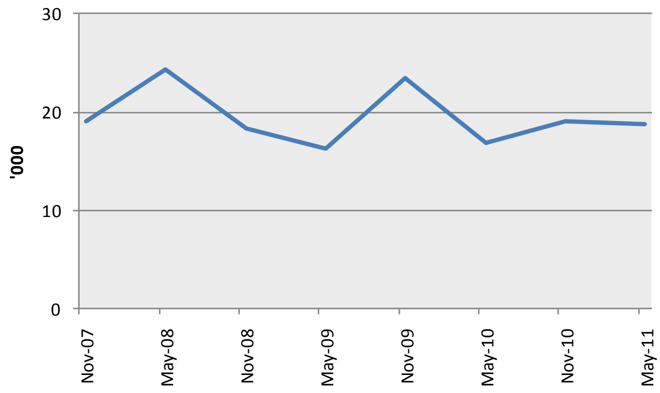
ENGINEERING

Significant post flood rehabilitation works will be undertaken on the region's road network. Major projects include upgrading the Pine River to Caloundra interchange of the Bruce Highway, the CoastConnect bus corridor, and plans for a rail line between Beerwah and Maroochydore. Numerous improvements to the arterial road network in the region are also planned or underway.[46]

CONSTRUCTION EMPLOYMENT

The construction industry in Sunshine shed 300 jobs between November last year and May this year. Considering the impact of the floods in the region, this relatively low number of job losses is a good sign that some strength is returning to the industry there. In May 2011, the construction industry in the Sunshine Coast employed about 18 700 people and made up 8% of the total Queensland construction workforce. (Figure 52)

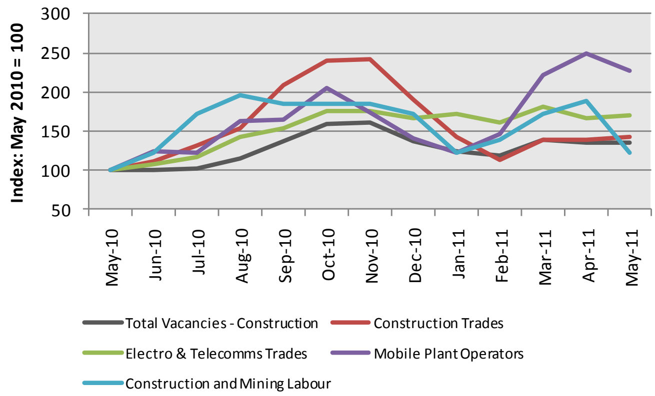
Figure 52. Construction Employment. Sunshine Coast.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

Still, about 40% of building businesses in the Sunshine Coast reduced the size of their workforce in the quarter to June 2011. The situation is expected to improve significantly over the next quarter with only 23% of businesses forecasting further staff cuts over the period to September.[47] A pick up in job advertisements for construction and related trades over the past year reinforces the likelihood of a tightness returning to the local construction labour market in the region. (Figure 53)

Figure 53. Internet Vacancies. Selected Occupation Groups. Sunshine Coast.

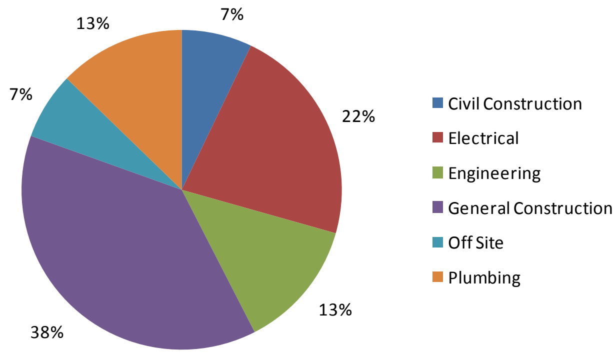


Source: DEEWR Regional IVI Series. Index May 2010=100.[48] * Includes the following towns: Sunshine Coast, Gympie, Maroochydore, Caloundra, Cherbourg, Kilcoy, Kingaroy and Goomeri

APPRENTICES AND TRAINEES

Sunshine Coast accounted for 5.9% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Sunshine Coast was fairly similar to that for Queensland overall (Figure 54). The main differences were significantly more general construction apprentices and trainees and fewer engineering and electrical apprentices and trainees than was the case for Queensland overall.

Figure 54. Apprentices and Trainees in Training. Sunshine Coast. N=1460.



Source: DELTA, July 2011.[49]

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[45] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

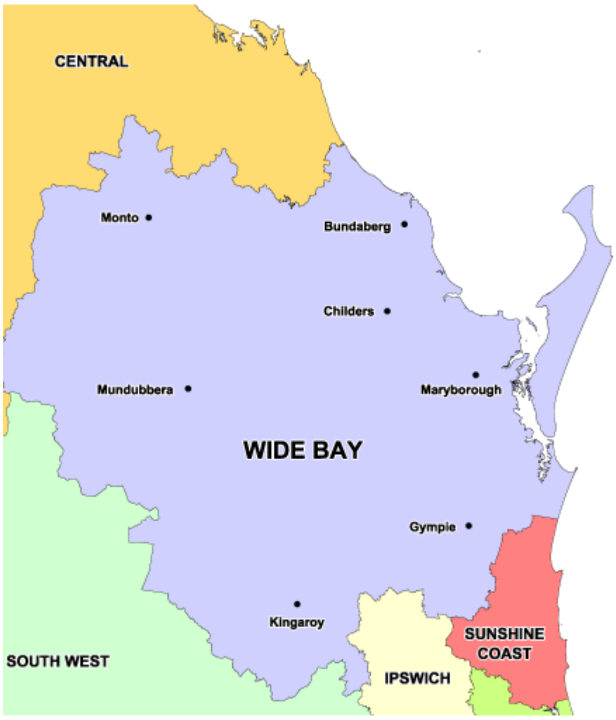
[46] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[47] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[48] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

[49] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data

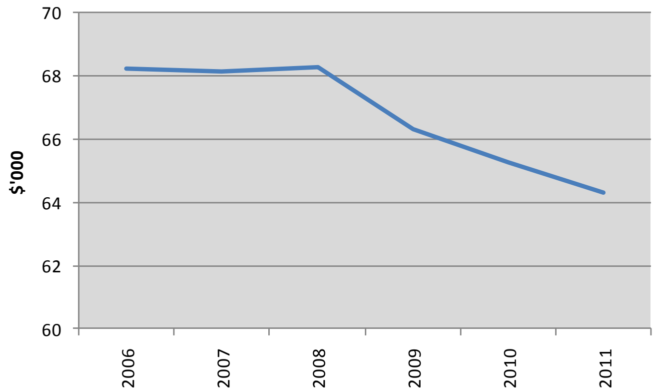
Wide Bay Burnett



LOCAL ECONOMY

The macroeconomic conditions in Wide Bay Burnett region reflect the flat performance of the State overall.

Figure 55. Industry GRP per Employee. Wide Bay Burnett.[50]



Source: National Economics ALGA State of the Regions Report 2011-2012

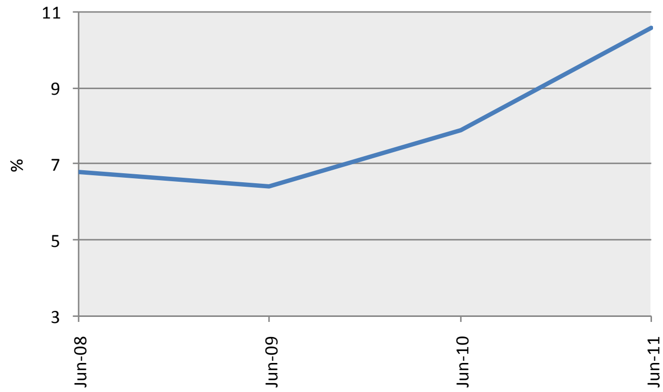
Productivity levels in the Wide Bay Burnett have fallen steadily since the GFC as measured by Gross Regional Product per employee. (Figure 55)

is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

[50] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Moreover, the unemployment rate in Wide Bay Burnett was highest in the State in June 2011, at 10.6%. Considering the impact of the floods in the Wide Bay region, with its high dependence on agriculture and tourism, the continued climb in unemployment figures over the past six months is not unexpected. (Figure 56)

Figure 56. Unemployment Rate as at June. Wide Bay Burnett.

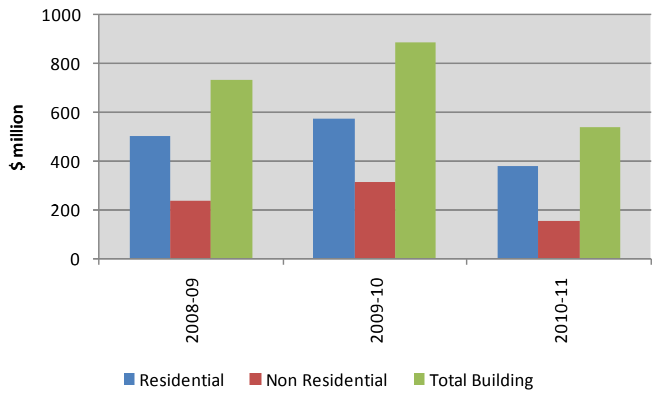


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

The building industry in Wide Bay Burnett rallied somewhat in the post GFC period, but has declined significantly in the past year. Approvals for both residential and non residential building have contracted sharply over the past twelve months. (Figure 57).

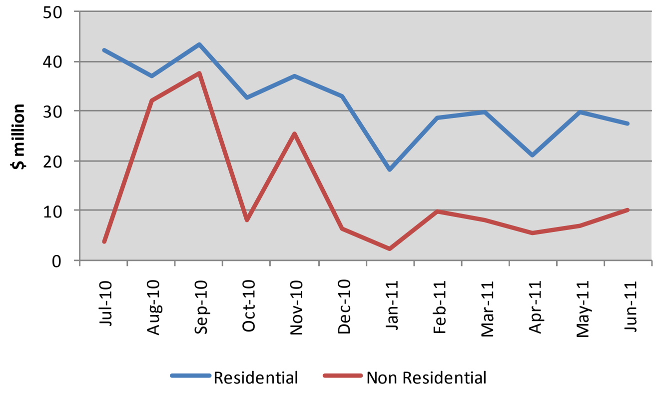
Figure 57. Annual Value of Building Approvals. Wide Bay Burnett.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

The past quarter to June saw approvals levels maintain small gains made since the floods, but approvals for both residential and non-residential building remain subdued. (Figure 58)

Figure 58. Monthly Value of Building Approvals 2010-11. Wide Bay Burnett.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

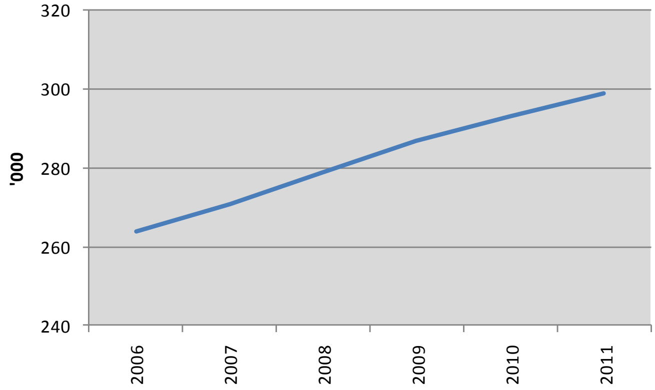
Many businesses in both the residential (over 70%) and commercial (71%) sector in Wide Bay Burnett reported weaker trading conditions in the June quarter 2011 – although this was a better result than the March quarter. Despite expectations that conditions will improve significantly in the quarter to September, they will continue to be weighed down by an overall negative operating environment. While business conditions are expected to improve overall in the September quarter, and turnover and profitability rebounded into positive territory in the quarter to June, both indices are expected to deteriorate over the next quarter, with the profitability index falling to 47.8, and the turnover index to 45.7.[51]

As was the case for Queensland overall, weak demand was considered the most significant constraint on business activity in Wide Bay Burnett, followed by infrastructure charges, labour costs, interest rates and finance availability and cost. Over 80% of QMBA survey respondents in Wide Bay Burnett indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year.[52] Labour availability was second least cited constraint on business, with land availability considered the least significant issue.

RESIDENTIAL

The Queensland Infrastructure Plan estimates that the Wide Bay Burnett population will increase by 130 000 people by 2031. It is expected that this growth will largely occur in the centres of Bundaberg, Maryborough, Hervey Bay and Gympie.[53] Certainly, the population in the region has continued to grow steadily over the past 5 years. (Figure 59)

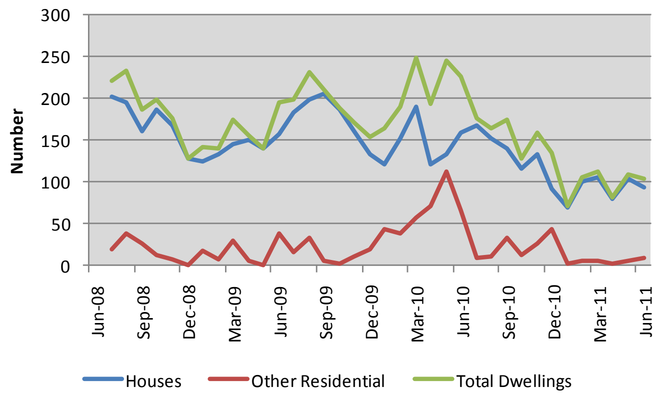
Figure 59. Population. Wide Bay Burnett.



Source: National Economics ALGA State of the Regions Report 2011-2012

Dwellings approvals figures recovered significantly in the second half of 2009-10, but subsequently plunged to rates below those at the height of the GFC. They did not recover significantly over the quarter to June (Figure 60)

Figure 60. Number of Dwelling Approvals. Monthly. Wide Bay Burnett.

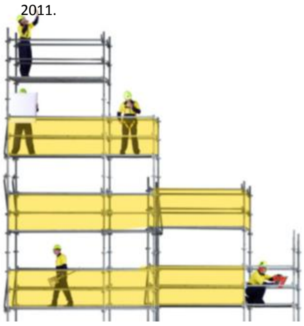


Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

NON RESIDENTIAL

A number of potential industrial and economic precincts have been identified for development in Wide Bay Burnett, including the expanded Moonaboola Industrial Estate to support the region's important manufacturing base. Projects related to health infrastructure include the Bundaberg Hospital expansion, Bundaberg Oral Health Clinic and new regional cancer centres and mental health centres at Hervey Bay and Bundaberg. Water and sewerage upgrades are required in Maryborough to cope with targeted growth. Skills and education will continue to be focus in the region and there are plans to expand and upgrade

[51] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 reflects weakening conditions.
[52] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[53] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.



education facilities from pre-primary to tertiary services, and to establish trade training centers in schools.[54]

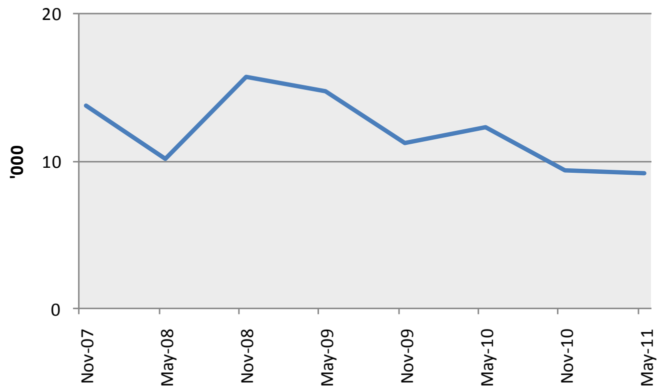
ENGINEERING

It is anticipated that the region will benefit from the expansion of mining in the Surat Basin with knock on effects into manufacturing and services. Infrastructure upgrades will focus on increasing capacity between the centres in the region and links to SEQ markets, strategic ports and the Surat Basin. In addition significant road maintenance, reconstruction and rehabilitation work is planned, including the Burnett River rehabilitation and Isis River Bridge replacement. Projects are planned to improve capacity, safety and flood immunity along the stretches of the Bruce Highway in the region. These include the Cooroy to Curra upgrade to enhance connectivity between Brisbane and Bundaberg. Ongoing upgrades to Bundaberg airport are underway.[55]

CONSTRUCTION EMPLOYMENT

Considering that the overall unemployment rate in Wide Bay is the highest in the State, and that this rate continued to rise over the past year, the loss of 200 construction jobs between November 2010 and May this year is not unexpected, and in fact represents a relatively minor impact on the industry. Further, taking into account the impact of the floods in the region, this relatively low rate of loss is a good sign that some strength is returning to the industry there.

Figure 61. Construction Employment. Wide Bay Burnett.

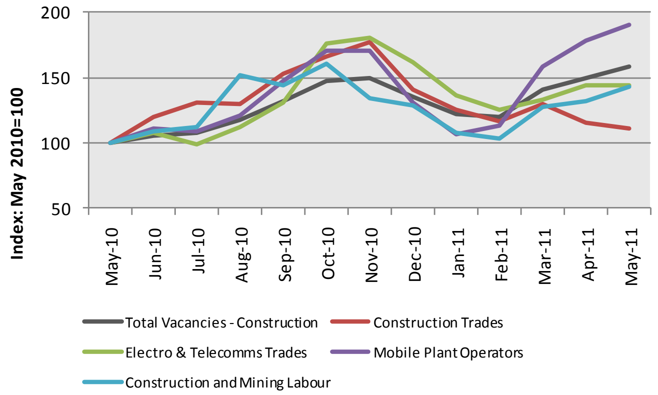


Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

In May 2011, the construction industry in the Wide Bay Burnett employed about 9200 people and made up 4% of the total Queensland construction workforce. (Figure 61)

Still, over 25% of building businesses in Wide Bay Burnett reduced the size of their workforce in the quarter to June 2011. The situation is expected to deteriorate further over the next quarter with one in three businesses forecasting further reductions in the size of their workforce to September.[56] However, when considered together with the mining and resources areas of Gladstone, Rockhampton and Emerald, a considerable pick up in job advertisements for construction jobs in this wider region reinforces the likelihood that construction employment will increase, given its proximity to these growth centres and corridors. (Figure 62)

Figure 62. Internet Vacancies. Selected Occupation Groups. Central Queensland (Including Wide Bay Burnett).



Source: DEEWR Regional IVI Series. Index May 2010=100.57 * Includes the following towns: Gladstone, Rockhampton, Emerald, Whitsundays, Maryborough, Bundaberg, and Hervey Bay.

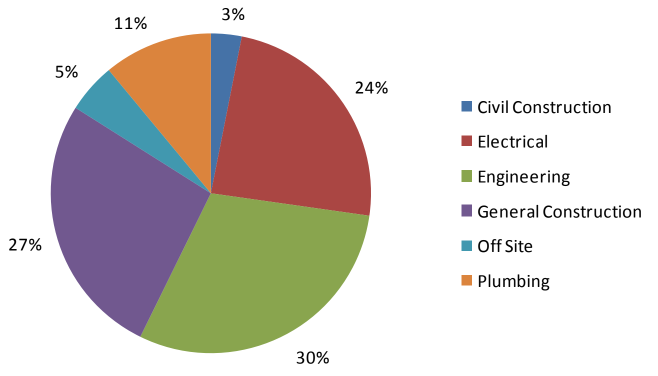
APPRENTICES AND TRAINEES

Wide Bay Burnett accounted for 3.8% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Wide Bay was fairly similar to that for Queensland overall (Figure 63). The main differences were that there were somewhat fewer civil, electrical and general construction apprentices and trainees and more engineering apprentices and trainees than was the case for Queensland overall.

[54] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[55] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

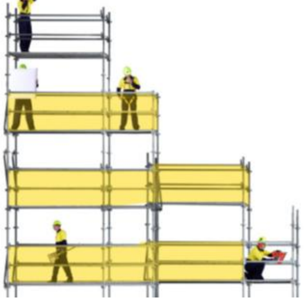
[56] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[57] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

Figure 63. Apprentices and Trainees in Training. Wide Bay. N=936.



Source: DELTA, July 2011.[58]

[58] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

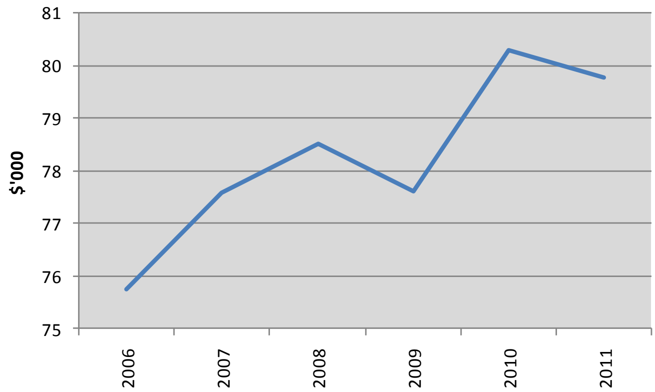


Central Queensland

LOCAL ECONOMY

The macroeconomic conditions in Central Queensland reflect a significantly less gloomy outlook than those prevailing in most of the rest of the State. Productivity levels in Central Queensland were relatively unaffected by the GFC as measured by Gross Regional Product per employee, although they have fallen off slightly over the past year. (Figure 64)

Figure 64. Industry GRP per Employee. Central QLD.[59]

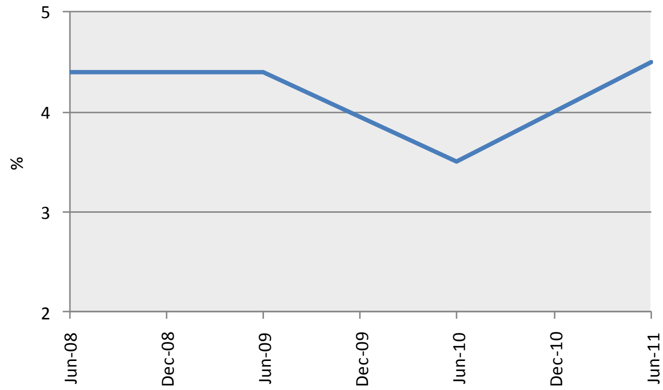


Source: National Economics ALGA State of the Regions Report 2011-2012

[59] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

The unemployment rate in Central Queensland (including Mackay) was one of the lowest in the State in June 2011, at 4.5%, although it had risen from a low of 3.5% at the same time last year. The floods and sluggish recovery in non mining sectors has impacted over the past year. (Figure 65)

Figure 65. Unemployment Rate as at June. Mackay Fitzroy Central-West.

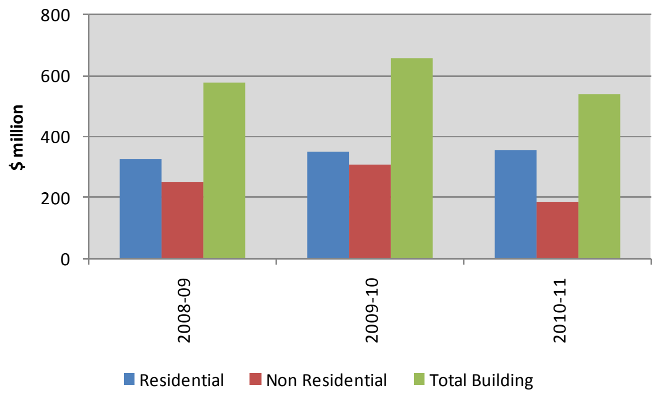


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

The building industry in Central Queensland rallied somewhat in the post GFC period, but approvals levels declined over the past year, pulled back by a significant decline in non-residential building approvals. (Figure 66)

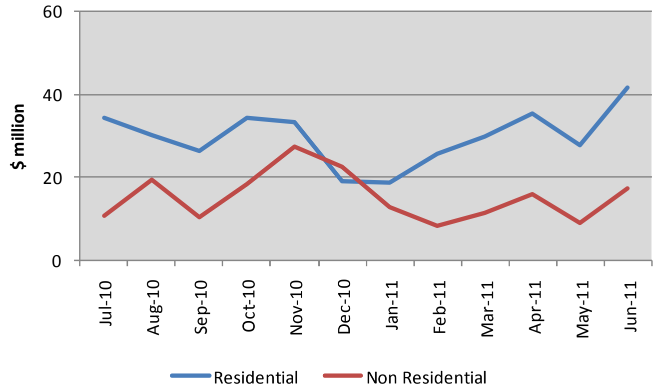
Figure 66. Annual Value of Building Approvals. Fitzroy Central Central-West



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Nonetheless, the past quarter to June saw a approvals levels maintain small gains made since the floods, and approvals levels for residential construction are now at the levels they were prior to the GFC. The month to June saw both residential and non residential approvals pick up. (Figure 67)

Figure 67. Monthly Value of Building Approvals 2010-11. Fitzroy Central Central-West.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Nevertheless, many businesses in the residential sector (over 67%) in Central Queensland reported weaker trading conditions in the June quarter 2011. In contrast, only a quarter of those in the commercial sector indicated that conditions had deteriorated during the quarter - a very low percentage when compared to other regions in the State. It is expected that conditions will improve in the quarter to September, but they will remain less than optimal. Turnover increased while profitability declined in the quarter to June, but both indices are expected to stabilise over the next quarter, with profitability remaining in the region of index = 44.4; and turnover index = 33.3.[60]

The constraints on business growth identified in Central Queensland stand in marked contrast to those most prevalent elsewhere in the State. Whereas in Queensland overall, weak demand was considered the most significant constraint on business activity, in Central Queensland this was ranked *the least* significant constraint of the top ten constraints identified. Finance availability and cost was ranked as the most significant constraint, followed by labour costs, weather conditions, planning approvals processes and interest rates. While labour availability was the least pressing concern in Queensland overall, in Central Queensland it was given a higher ranking at sixth place. The tightening of the labour market on the back of the mining boom in the region is clearly exerting upward pressure on labour availability and wages.

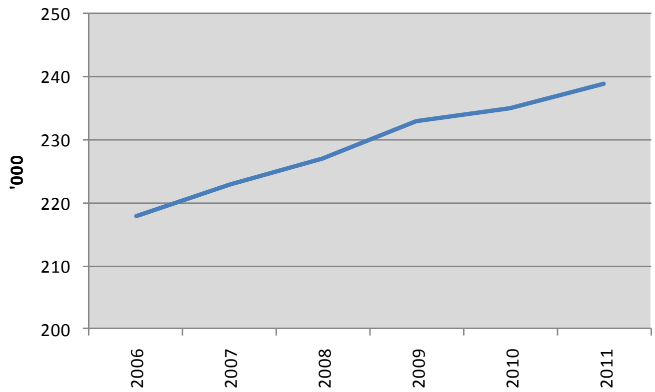
A relatively low 75% of QMBA survey respondents in Central Queensland indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year.[61]

[60] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 reflects weakening conditions.
[61] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

RESIDENTIAL

The Queensland Infrastructure Plan estimates that Central Queensland's population will increase by 123 000 people by 2031. It is expected that this growth will largely occur in eastern areas, concentrated in the major service hubs of Rockhampton and Gladstone. There are concerns that growth in the LNG industry and its associated influx of high paid workers may escalate accommodation costs in the Gladstone region and integrated housing strategies are being developed jointly with local councils to mitigate impact.[62] Certainly, the population in the region has continued to grow steadily over the past 5 years. (Figure 68)

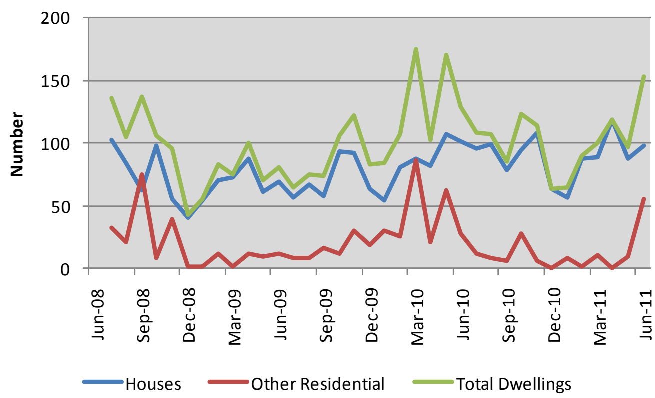
Figure 68. Population. Central QLD.



Source: National Economics ALGA State of the Regions Report 2011-2012

Dwellings approvals figures recovered considerably in the second half of 2009-10, but subsequently plunged through the first half of 2010-11. They have recovered again over the second half of 2010-11 and are now slightly above pre-GFC levels in June 2008. (Figure 69)

Figure 69. Number of Dwelling Approvals. Monthly. Fitzroy Central Central-West.



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

[62] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

NON RESIDENTIAL

Rockhampton is the primary logistics and freight hub in the region. Its strategic location makes it a critical centre for the coal industry. In addition, it serves as the primary service centre in the region for government, social services, health and education. The establishment of trade training schools is planned for Rockhampton and Longreach to ensure appropriate skills are available in the local labour market. The Hospital in Rockhampton is undergoing expansion and the project is expected to create almost 1500 construction jobs. New purpose designed health facilities will be constructed at Biggenden, Baralaba, Mount Morgan and Winton. A police station upgrade is planned at Calliope and new and replacement fire and ambulance stations are planned throughout Central Queensland. Urban amenity projects are planned in Rockhampton and Gladstone such as the Rockhampton Riverbank Redevelopment and the Flinders Parade in Gladstone. Gladstone is the key industrial hub with its extensive port facilities and resource processing industries. The significance of the CSG to LNG industry in the Gladstone region is also expected to be a major boost to the subregion in the next few decades. LNG production and export facilities are to be located in the Gladstone State Development Area.[63]

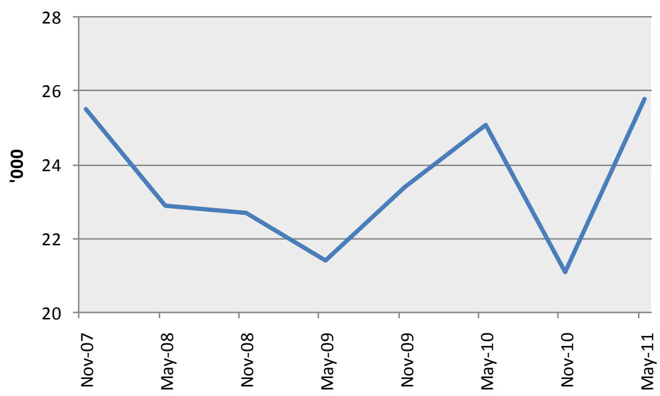
ENGINEERING

Improving accessibility and upgrading of key freight routes, and improving flood immunity of flood prone areas are considered priorities in the region. Amongst other things, this includes replacing old timber bridges on key freight routes; improving heavy vehicular access to Rockhampton, and the Surat Basin rail project. Key transport priorities include upgrades to the Dawson, Leichardt, Bruce, Capricorn and Landsborough Highways as well as improved access into the Gracemere Stanwell Industrial Corridor. Significant improvements to the Port of Gladstone are planned and underway. The Wiggins Island Coal Terminal, Fisherman's Landing Northern Expansion and Curtis Island CSG LNG production and export facilities are other major projects in the region of Gladstone. Investigations are ongoing into the development of the Nathan Dam to provide water supplies to the Surat Basin and Dawson-Callide subregion.[64]

CONSTRUCTION EMPLOYMENT

The construction industry in Central Queensland has picked up significantly with an increase of 4 700 jobs between November 2010 and May this year. There are now more people employed in the industry than there were prior to the GFC and indications are that the labour market will tighten further as competition for skilled tradespersons and labourers increases. In May 2011, the construction industry in Central Queensland (including Central West and Mackay) employed about 25 800 people and comprised 11% of the Queensland total. (Figure 70)

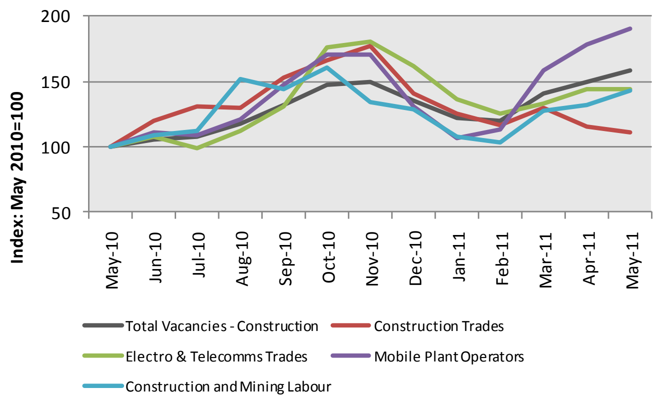
Figure 70. Construction Employment. Mackay Fitzroy Central-West



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

Only slightly more than 14% % of building businesses in Central Queensland reduced the size of their workforce in the quarter to June 2011. This is a very low number compared with other regions in the State where significantly higher numbers had shed staff. Having said this, the situation is expected to deteriorate over the next quarter with a third of businesses expecting to decrease staffing levels. Still, wage pressures run counter to trends elsewhere with half of all businesses reporting an increase in the average wages bill. Again this is attributable to a knock on effect from high wages in the mining sector.[65]

Figure 71. Internet Vacancies. Selected Occupation Groups. Central Queensland (Including Wide Bay Burnett).



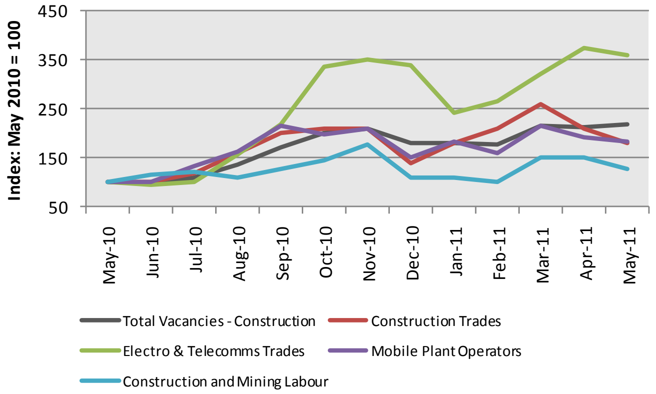
Source: DEEWR Regional IVI Series. Index May 2010=100.[66] * Includes the following towns: Gladstone, Rockhampton, Emerald, Whitsundays, Maryborough, Bundaberg, and Hervey Bay.

[63] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[64] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[65] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[66] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

Even when considered together with the slower centres in Wide Bay Burnett, and Outback a significant pick up in job advertisements for construction jobs is a further indicator that tightness has returned to the Central Queensland local construction labour market. (Figures 71 & 72)

Figure 72. Internet Vacancies. Selected Occupation Groups. Outback Queensland

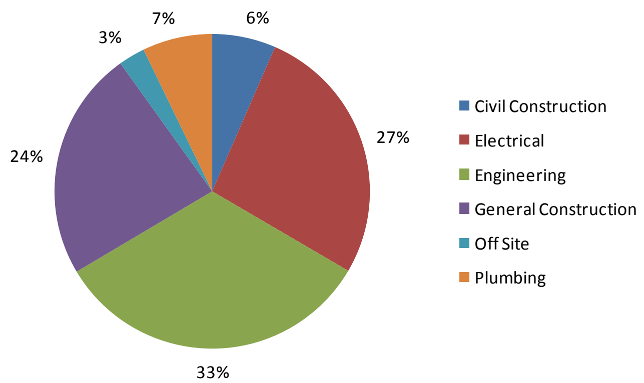


Source: DEEWR Regional IVI Series. Index May 2010=100. *Includes the following towns: Moranbah, Mount Isa, Roma, Clermont, Emerald, Bowen, Cloncurry, Karumba and Hughenden.

APPRENTICES AND TRAINEES

Central Queensland accounted for 8.2% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Central Queensland was fairly similar to that for Queensland overall (Figure 73).

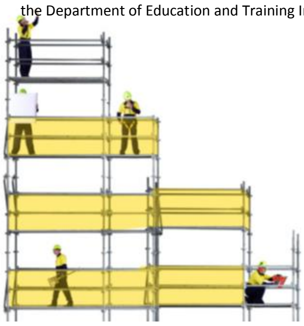
Figure 73. Apprentices and Trainees in Training. Central QLD. N=2022.



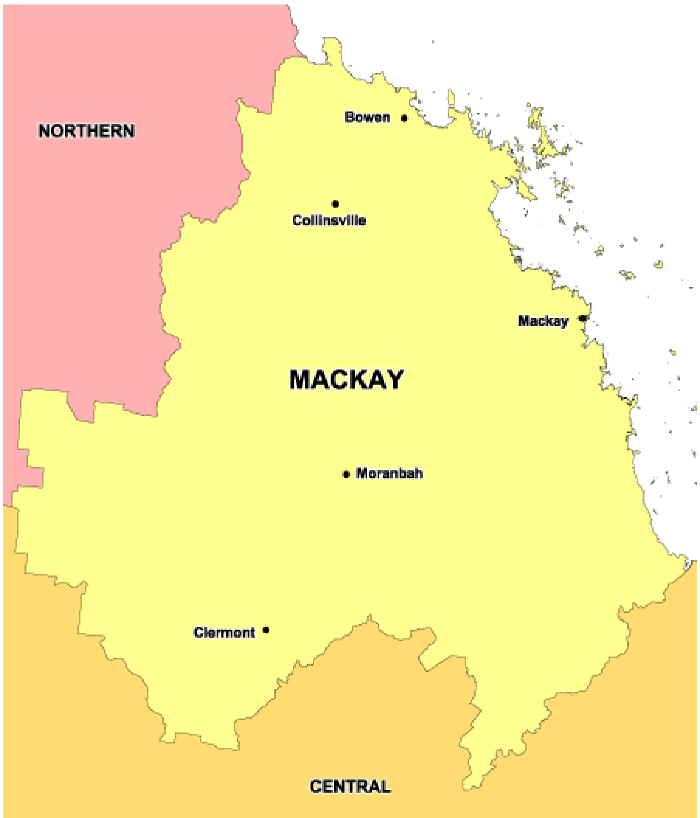
Source: DELTA, July 2011.[67]

The main differences were that there were significantly more engineering apprentices and trainees and fewer general construction apprentices and trainees than was the case for Queensland overall. This reflects the strong alignment of the construction industry in the region to heavy engineering, resources and mining.

[67] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.



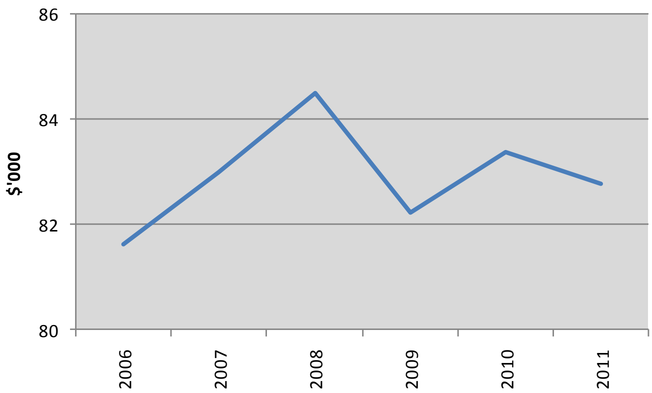
Mackay



LOCAL ECONOMY

The macroeconomic conditions in Mackay are generally less gloomy than those prevailing in most of the rest of the State.

Figure 74. Industry GRP per Employee. Central QLD.[68]

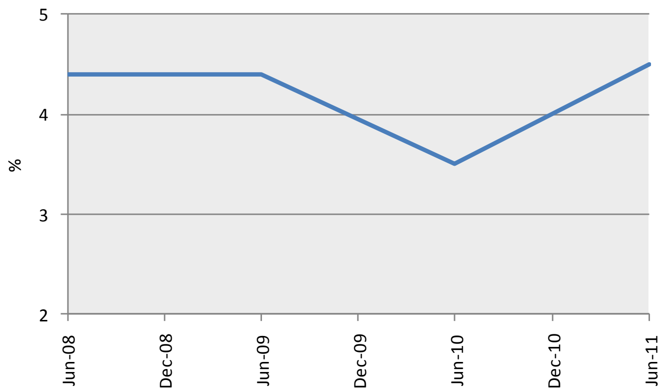


Source: National Economics ALGA State of the Regions Report 2011-2012

Nonetheless, the region suffered significant effects of the tropical Cyclones Tasha and Yasi as well as the flooding in early 2011. Along with tourism, the mining industry was hard hit and there was major damage to road infrastructure in the region. While productivity levels in Mackay recovered somewhat in the post GFC period as measured by Gross Regional Product per employee, they have fallen off slightly as a consequence of the natural disasters. (Figure 74)

The unemployment rate in Central Queensland (including Mackay) was one of the lowest in the State in June 2011, at 4.5%. Nevertheless it had risen from a low of 3.5% at the same time last year following the cyclones and flooding impacts over the past year. (Figure 75)

Figure 75. Unemployment Rate as at June. Mackay Fitzroy Central-West.



Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

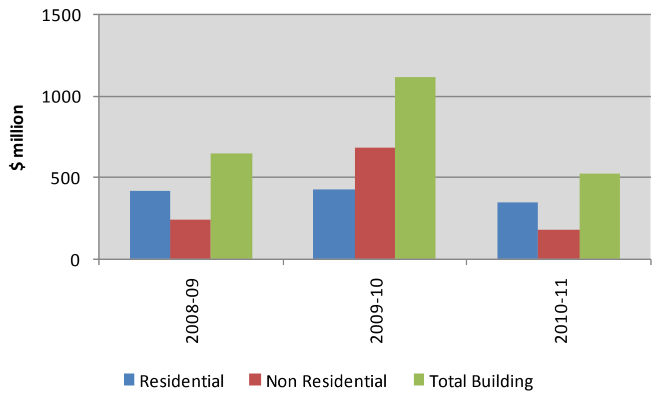
BUILDING AND CONSTRUCTION

The building industry in Mackay rallied in the post GFC period driven by increases in non residential activity. However approvals levels more than halved over the past year, pulled back by a substantial decline in non-residential building approvals alongside a relatively small decline in residential approvals. (Figure 76)

Nonetheless, the past quarter to June saw approvals levels pick up considerably in the case of both residential and non residential construction. The month to June saw both residential and non residential approvals increase with the combined value surpassing that at the same time last year. (Figure 77).

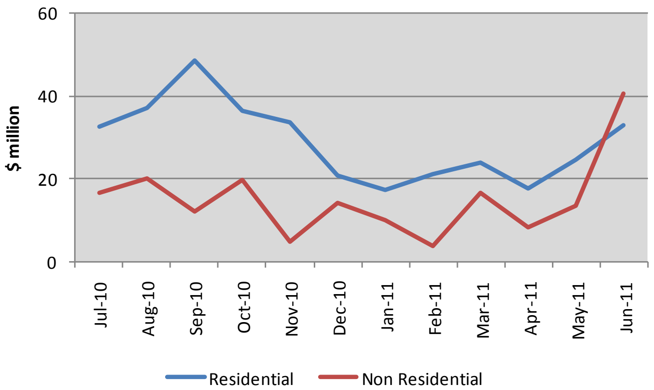
[68] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Figure 76. Annual Value of Building Approvals. Mackay



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Figure 77. Monthly Value of Building Approvals 2010-11. Mackay



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Nevertheless, many businesses in the residential sector (over 45%) and commercial sector (44%) in Mackay reported weaker trading conditions in the June quarter 2011. It is expected that conditions will improve considerably in the quarter to September and return to positive territory for the first time in over a year. Turnover and profitability both improved in the quarter to June, and both indices are expected to improve over the next quarter, with profitability (index = 57.6) and turnover (index = 53.3) both indicating improving conditions.[69]

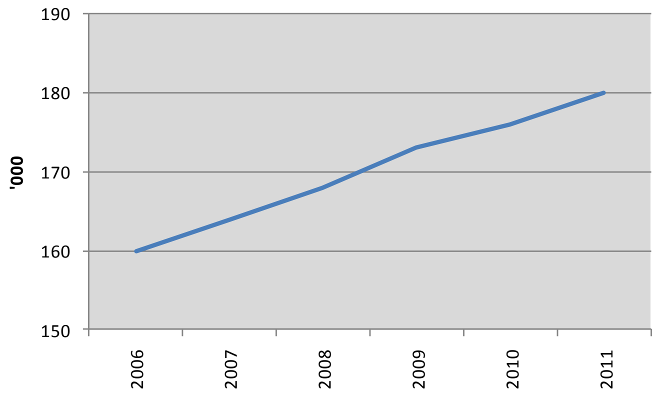
Weak demand was considered the second most significant constraint on business activity in Mackay, after finance availability and cost. Interest rates, weather conditions, land availability and labour costs were also highlighted as key constraints.

Over 83% of QMBA survey respondents in Mackay indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year. Labour availability was the second least cited constraint on business, with industrial relations considered the least significant issue.[70]

RESIDENTIAL

The Queensland Infrastructure Plan estimates an increase of 100 000 people in the Mackay region by 2031. The region is one of the fastest growing in Queensland and the expansion of the resources sector is likely to drive considerable demand for housing and social infrastructure, particularly in the city of Mackay which is the major mining services centre in the region. Rapid growth has already impacted housing affordability in the region. In response, the Urban Land Development Authority has established Urban Development Areas at Moranbah and Andergrove to facilitate land delivery and provision of diverse, affordable housing.[71] Certainly, the population of the Mackay region has grown steadily over the past five years, although there has been a slight slowing of growth since 2009. This is as illustrated in Figure 78.

Figure 78. Population. Mackay.



Source: National Economics ALGA State of the Regions Report 2011-2012

Dwellings approvals figures have recovered only slightly over the quarter to June, driven largely by approvals for houses. Approvals for other residential remained flat following a spike in approvals in September last year. (Figure 79)

[69] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 reflects weakening conditions. (Note: includes Whitsunday)

[70] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[71] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

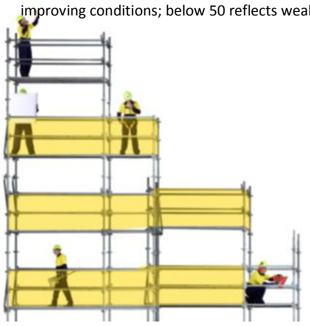
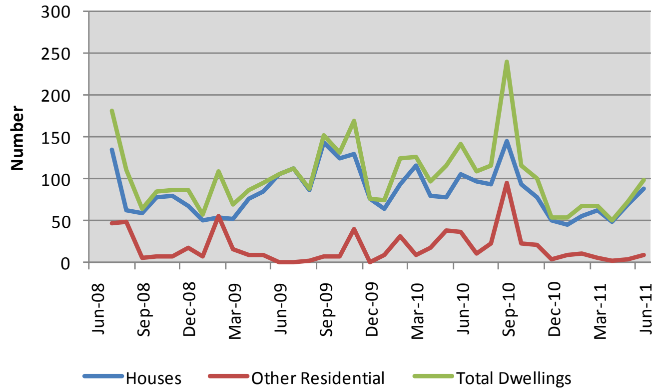


Figure 79. Number of Dwelling Approvals. Monthly. Mackay



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

NON RESIDENTIAL

The Abbott Point State Development Area, established to facilitate large scale industrial development is set to be developed further. The Mackay Base Regional Hospital is being redeveloped. A number of new Kindergarten services are planned and a new secondary school is being developed in Mackay North. Trade Training schools are being established at schools in Bowen, Mackay and Dysart. A Youth Centre is being built at Moranbah. The Mackay TAFE Trade Training Centre will be established at Central Queensland University as part of the Mackay Knowledge Village. It is expected that 200 construction jobs will be generated over the two year course of the project.[72]

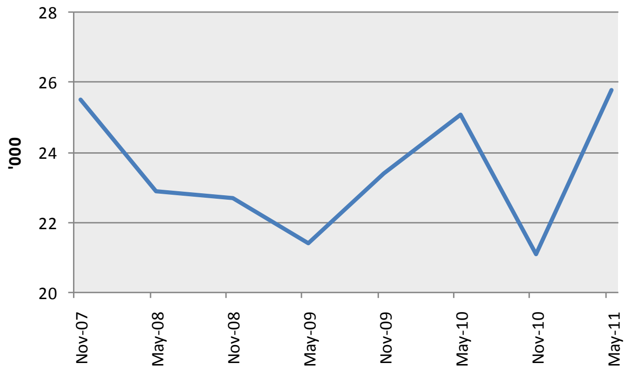
ENGINEERING

Growth in the region has placed increasing pressure on both the Bruce Highway and Peak Downs Highway and a number of upgrades to key sections are planned to ease this pressure. Other priorities are improvements to road and rail between Mackay and the Bowen and Galilee Basins as well as between Galilee Basin and Abbot Point. The Forgan Bridge over Pioneer River duplication is underway. Diverting heavy freight traffic from the Mackay central areas is also a priority. A multi-cargo facility is proposed for the Port of Abbot Point. An upgrade to the Whitsunday Coast Airport is underway. Planning is underway for the Connors River Dam to provide additional water to the Galilee and Bowen Basins.[73]

CONSTRUCTION EMPLOYMENT

The construction industry in the greater Central Queensland region, including the Mackay region, has picked up significantly with an increase of 4700 jobs between November 2010 and May this year. There are now more people employed in the industry than there were prior to the GFC and indications are that the labour market will tighten further as competition for skilled tradespersons and labourers increases. In May 2011, the construction industry in Central Queensland (including Central West and Mackay) employed about 25 800 people and comprised 11% of the Queensland total. (Figure 80)

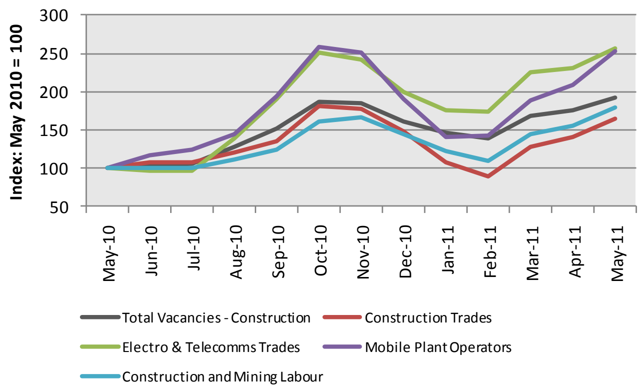
Figure 80. Construction Employment. Mackay Fitzroy Central-West



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

Only 15% of building businesses in Mackay reduced the size of their workforce in the quarter to June 2011. This compares favourably with other regions in the State where considerably higher numbers had shed staff. Having said this, the situation is expected to deteriorate very slightly over the next quarter with 20% of businesses expecting to decrease staffing levels. Still, wage pressures run counter to trends elsewhere with one quarter of all businesses reporting an increase in the average wages bill. Again this is attributable to a knock on effect from high wages in the mining sector.[74]

Figure 81. Internet Vacancies. Selected Occupation Groups. Northern Cities and Towns.



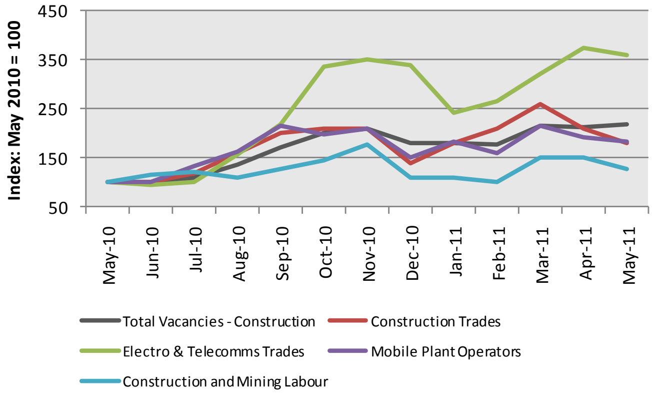
Source: DEEWR Regional IVI Series. Index May 2010=100.[75] * Includes the following towns: Townsville, Mackay, Cairns, Bowen, Ingham, Collinsville and Charters Towers.

[72] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.
[73] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[74] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[75] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

Considered together with other centers in Central and North Queensland, Mackay, Outback and Far North, a significant pick up in job advertisements for construction jobs is a further indicator that that tightness is returning to the Mackay local construction labour market following the natural disasters earlier in the year. (Figures 81 & 82)

Figure 82. Internet Vacancies. Selected Occupation Groups. Outback Cities and Towns.

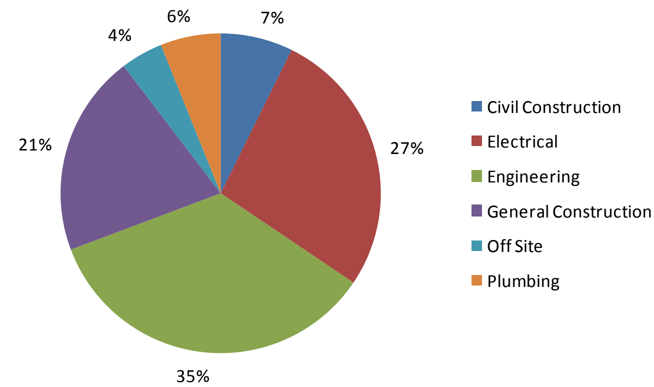


Source: DEEWR Regional IVI Series. Index May 2010=100.*Includes the following towns: Moranbah, Mount Isa, Roma, Clermont, Emerald, Bowen, Cloncurry, Karumba and Hughenden

APPRENTICES AND TRAINEES

Mackay accounted for 7.3% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Mackay was fairly similar to that for Queensland overall (Figure 83). The main differences were that there were significantly more engineering apprentices and trainees and fewer general construction apprentices and trainees than was the case for Queensland overall. This reflects the strong alignment of the construction industry in the region to heavy engineering, resources and mining.

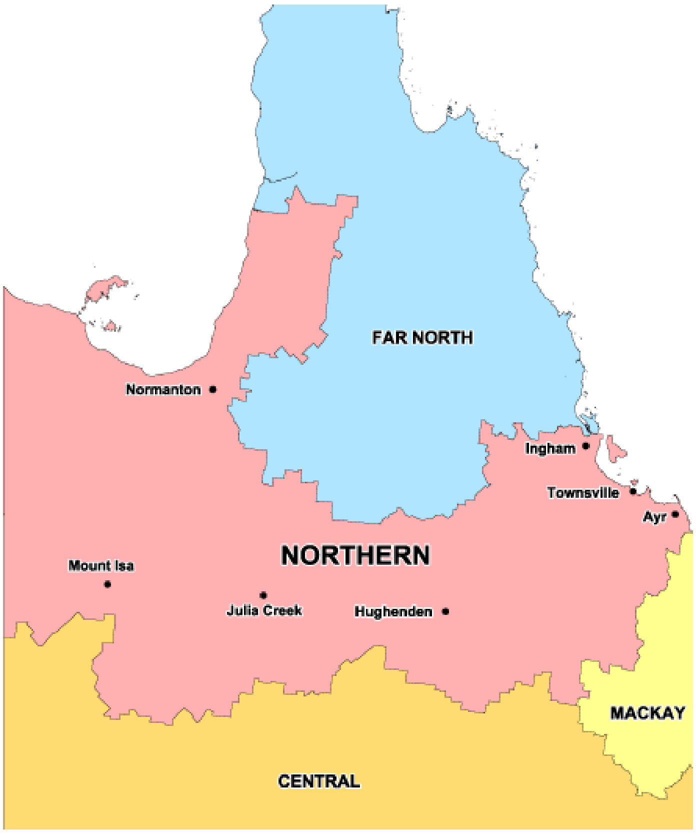
Figure 83. Apprentices and Trainees in Training. Mackay. N=1806.



Source: DELTA, July 2011.[76]

[76] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.

Northern Queensland

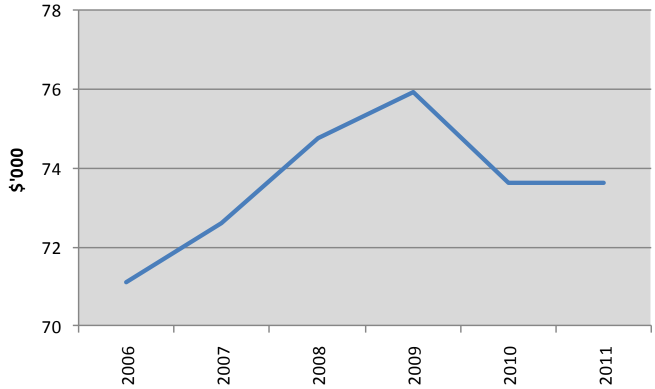


LOCAL ECONOMY

The macroeconomic conditions in Northern Queensland reflect the flat performance of the State overall. The region suffered significant effects of the natural disasters in early 2011, but has demonstrated a greater resilience than a number of other regions despite an ongoing negative economic outlook. Whereas productivity levels in Northern Queensland slumped significantly in response to the GFC, they have stabilised over the past year as measured by Gross Regional Product per employee. (Figure 84) North Queensland has one of the most diversified economies in Australia and this may have attributed to its resilience through the cyclone and floods.

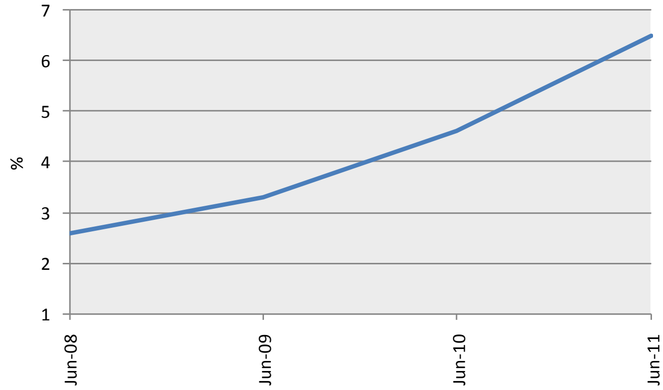
The unemployment rate in Northern Queensland has risen steadily since the GFC, and was 6.5% in June 2011 compared to 5.1% for Queensland overall. (Figure 85) However the very low rates of unemployment pre-GFC and natural disasters indicate that conditions in the region are responsive to the series of shocks over the past few years and do not reflect structural capacity issues in the jobs market.

Figure 84. Industry GRP per Employee. Northern QLD.[77]



Source: National Economics ALGA State of the Regions Report 2011-2012

Figure 85. Unemployment Rate as at June. Northern QLD.



Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

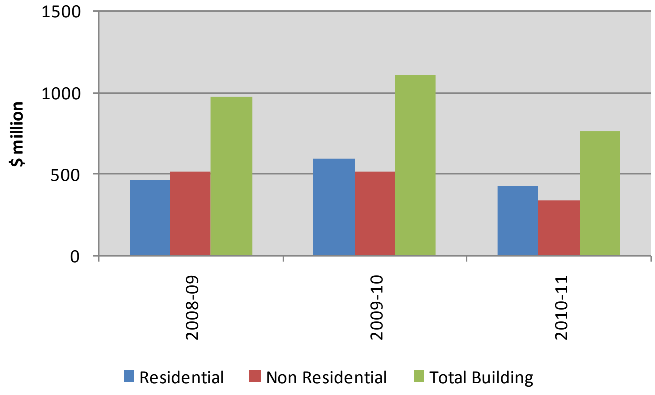
BUILDING AND CONSTRUCTION

Whereas the building industry in Northern Queensland rallied in the post GFC period, driven by increases in residential approvals, approvals have fallen off over the past year, pulled down by a decline in both the residential and non-residential sectors. (Figure 86)

Approvals increased in February, but fell back through to May. The past month has seen a small increase in approvals levels driven by the non residential sector. Residential approvals have been in slow decline since March. (Figure 87)

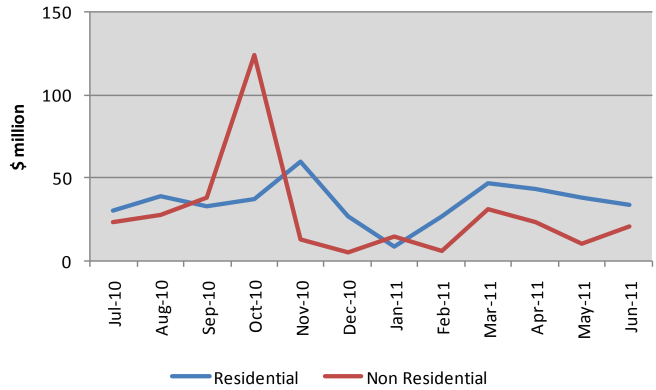
[77] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Figure 86. Annual Value of Building Approvals. Northern QLD



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

Figure 87. Monthly Value of Building Approvals 2010-11. Northern Queensland

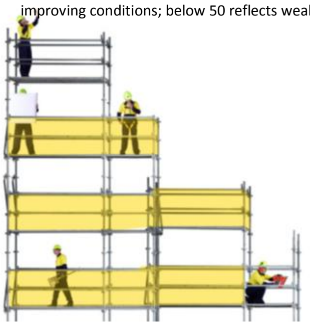


Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

In line with this, many businesses in the residential sector (67%) and commercial sector (69%) in Northern Queensland reported weaker trading conditions in the June quarter 2011. Nevertheless, it is expected that conditions will improve considerably and return to positive territory in the quarter to September for the first time since March 2010. Turnover and profitability both improved in the quarter to June, and both indices are expected to improve further over the next quarter, with profitability (index = 50) and turnover (index = 48.7) both moving in the direction of improving conditions.[78]

Like many other regions in the State, weak demand was considered most significant constraint on business activity in Northern Queensland, followed by interest rates, infrastructure charges, finance availability and cost, and planning approvals processes. Notably, workforce issues such as labour costs, labour availability and industrial relations were cited more frequently than either weather conditions or land availability.

[78] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 reflects weakening conditions. (Note: includes Whitsunday)

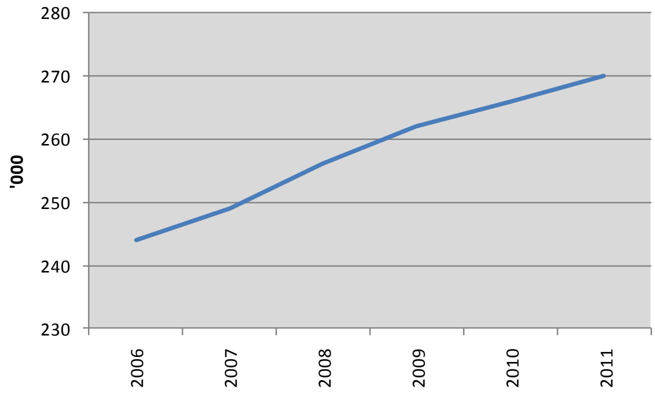


Over 90% of QMBA survey respondents in Northern Queensland indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilise or improve over the next year.[79]

RESIDENTIAL

The Queensland Infrastructure Plan estimates that the Northern Queensland population will increase by 120 000 people by 2031, mainly in and around Townsville which is emerging as Queensland's "second capital city".[80] Certainly, the population of the region has grown significantly over the past five years with a slight slowing of growth post GFC. (Figure 88)

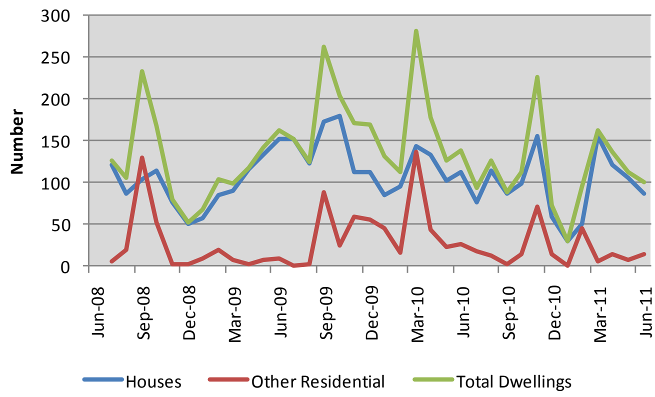
Figure 88. Population. Northern QLD



Source: National Economics ALGA State of the Regions Report 2011-2012

Dwellings approvals have not sustained recovery over the past three years. Most recently, they plunged in December, recovered slightly over the quarter to March, but declined again in the quarter to June. (Figure 89)

Figure 89. Number of Dwelling Approvals. Monthly. Northern QLD



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

[79] QMBA. Snapshot of Industry Conditions – June Quarter 2011.
[80] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

NON RESIDENTIAL

The Queensland Government plans to upgrade emergency departments in the region's hospitals and expand the Townsville Hospital. A Mount Isa Health Campus Redevelopment is underway, as is the Cleveland Youth Detention Centre expansion. The Queensland Government is commissioning a new "green" office building to revitalise the Townsville city centre and investigations are underway to further incentivise new development in the CBD. The Flinders Street Mall is being upgraded. Upgrades are due to start on the Barrier Reef Institute of TAFE and trade training centres are being established in schools in Charters Towers, Kirwan and Mt Isa.[81]

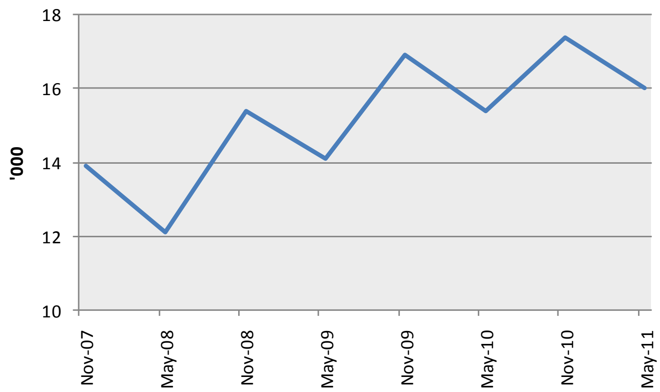
ENGINEERING

An expansion is proposed for the Port of Townsville. Upgrades are proposed for the Bruce and Flinders highways to mitigate future flooding. Rehabilitation work on the Burdekin River Bridge is underway. A key ongoing project is the Townsville Ring Road and a duplication of the Douglas Arterial Road forms part of a broader program of upgrades to the Bruce Highway. Other priorities are to upgrade infrastructure to facilitate movement of freight along the Mt Isa Townsville corridor and improve access to the Ports of Townsville and Abbot Point to support the North East Queensland Minerals Province. The Townsville Marine precinct is also under development. This is in line with the Queensland Government's Northern Economic Triangle commitment to supporting growth of Mt Isa, Townsville and Bowen as a triangle of mineral processing and industrial development. Significant works are being undertaken on the Mount Isa rail line. Townsville is one of the first release sites for the NBN rollout and is expected to be the largest regional deployment of the NBN in Australia.[82]

CONSTRUCTION EMPLOYMENT

Given the rising unemployment rate in Northern Queensland over the past year, and the natural disasters, the loss of 1400 workers to the construction industry between November 2010 and May this year is not unexpected. Further, despite this shedding of jobs, there are now more people employed in the industry than there were prior to the GFC and indications are that the labour market will tighten further as competition for skilled tradespersons and labourers increases. In May 2011, the construction industry in Northern Queensland employed about 16 000 people and comprised 7% of the Queensland total. (Figure 90)

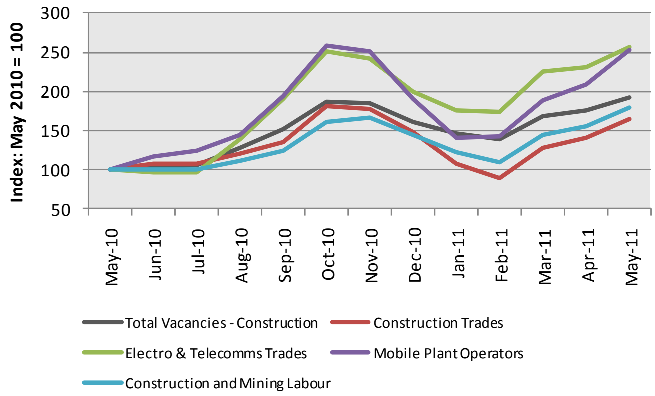
Figure 90. Construction Employment. Northern QLD.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

Only 18% of building businesses in Mackay reduced the size of their workforce in the quarter to June 2011. This contrasts markedly with other regions in the State where considerably higher numbers had shed staff. Having said this, the situation is expected to deteriorate slightly over the next quarter with 19% of businesses expecting to decrease staffing levels. Still, wage pressures run counter to trends elsewhere with one third of businesses reporting an increase in the average wages bill. Again this is attributable to a knock on effect from high wages in the mining sector.[83] Even when considered together with the slower centres in Far North a significant pick up in job advertisements for construction jobs is a further indicator that that tightness is returning to the North Queensland local construction labour market following the natural disasters earlier in the year. (Figure 91)

Figure 91. Internet Vacancies. Selected Occupation Groups. Mackay and Northern Cities and Towns



Source: DEEWR Regional IVI Series. Index May 2010=100.[84] * Includes the following towns: Townsville, Mackay, Cairns, Bowen, Ingham, Collinsville and Charters Towers.

[81] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

[82] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

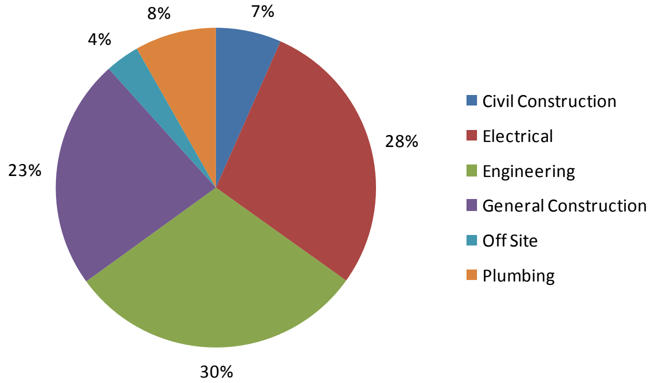
[83] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[84] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

APPRENTICES AND TRAINEES

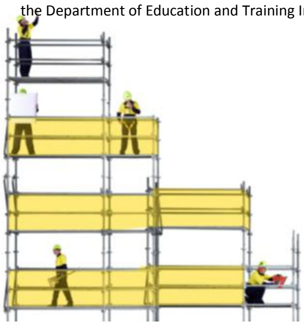
Northern Queensland accounted for 7.8% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Northern Queensland was fairly similar to that for Queensland overall (Figure 92). The main differences were that there were significantly more engineering apprentices and trainees and fewer general construction apprentices and trainees than was the case for Queensland overall. This reflects the strong alignment of the construction industry in the region to heavy engineering, resources and mining.

Figure 92. Apprentices and Trainees in Training. Northern QLD. N=1921.

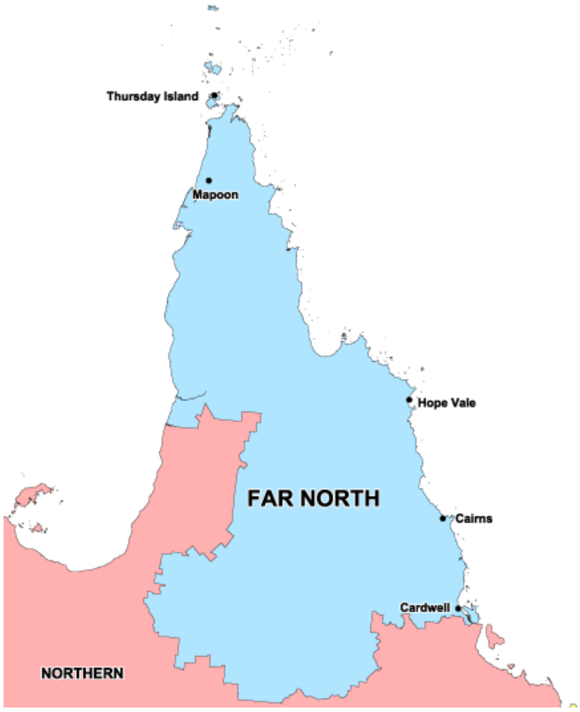


Source: DELTA, July 2011.[85]

[85] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.



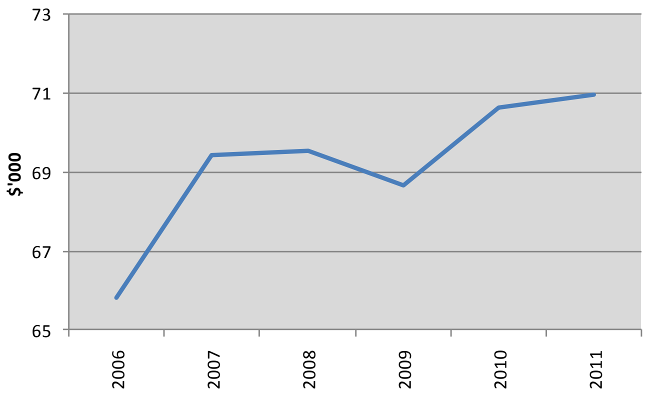
Far North Queensland



LOCAL ECONOMY

The macroeconomic conditions in Far North Queensland reflect the flat performance of the State overall. The region suffered significant effects of the flooding and Cyclone Yasi in early 2011. Nevertheless, the productivity levels in Far North Queensland remained relatively unaffected by the GFC and they have also recovered ground lost as a consequence of the natural disasters.

Figure 93. Industry GRP per Employee. Far North QLD.[86]



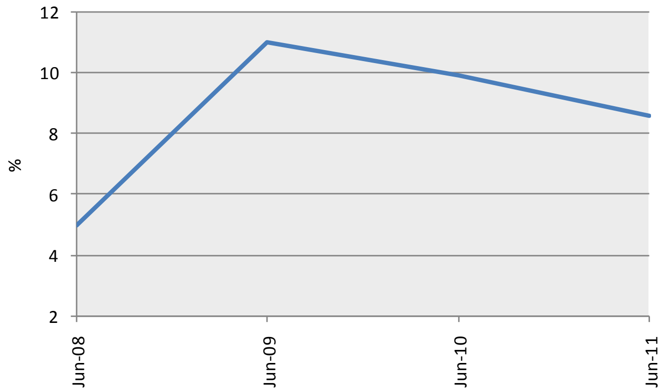
Source: National Economics ALGA State of the Regions Report 2011-2012

[86] Figures for Industry GRP (Local) are per industry employee. CVM at constant 2008-09 value converted from current values by the ABS using their chain volume methodology.

Having said this, productivity levels in the region have been amongst the lowest in the State over the past five years as measured by Gross Regional Product per employee. (Figure 93)

The unemployment rate in Far North Queensland was the highest in the State at the height of the GFC, but it has subsequently come down to second highest in the State at 8.6% in 2011. (Figure 94)

Figure 94. Unemployment Rate as at June. Far North QLD.

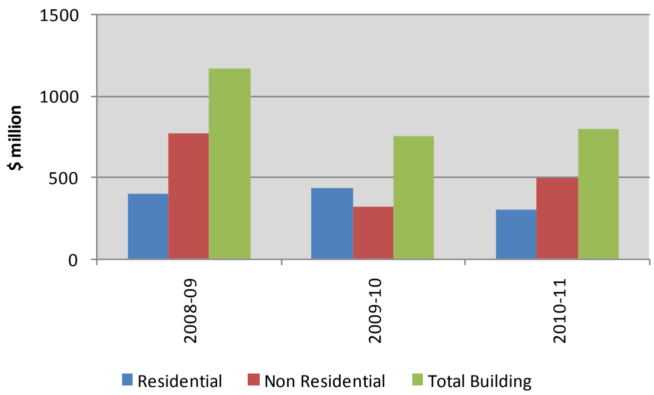


Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, June 2011

BUILDING AND CONSTRUCTION

The building industry in Far North was severely impacted by the GFC. Moreover, the high levels of public investment in non residential building through 2009-10 as witnessed elsewhere do not appear to have materialised to cushion the impact in Far North. Whereas overall building approvals have increased slightly in the past year, they remain well below the levels of 2008-09 (Figure 95). Still, approvals levels for non residential building have increased in the past year, while residential approvals have fallen.

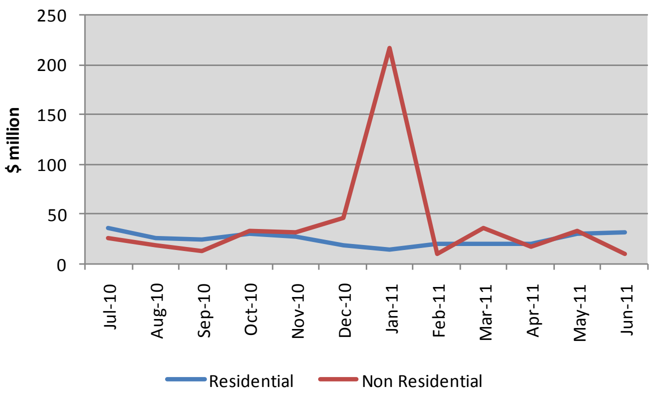
Figure 95. Annual Value of Building Approvals. Far North QLD



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

A spike in approvals for non residential building in January has been followed by a more or less flat, low level of investment in both residential and non residential building in Far North over the past year. Approvals were slightly down overall for the month to June. (Figure 96)

Figure 96. Monthly Value of Building Approvals 2010-11. Far North QLD



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Monthly. Original.

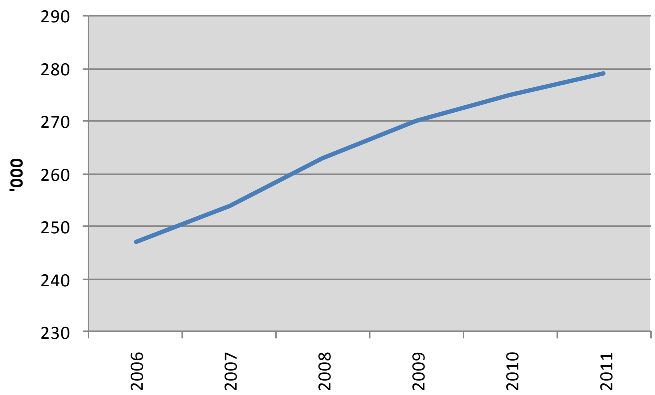
In line with this, many businesses in the residential sector (77%) and commercial sector (67%) in Far North Queensland reported weaker trading conditions in the June quarter 2011. Nevertheless, it is expected that conditions will improve considerably in the September quarter, although they will remain subdued. Still, turnover and profitability both improved slightly in the quarter to June, and both indices are expected to improve further over the next quarter, with profitability (index = 53.7) and turnover (index = 53.0) both moving into positive territory in the quarter to September.[87]

Notably, Far North Queensland was the only region to identify weather conditions as the most significant constraint on business in the June quarter. This was followed by level of demand, finance availability and cost, interest rates and infrastructure charges. Over 85% of QMBA survey respondents in Far North Queensland indicated that housing affordability issues were negatively impacting demand for new homes in the region. However, most expected affordability to stabilize or improve over the next year.[88] Labour availability was the second least cited constraint of the ten main issues identified in the survey, although cost of labour was listed as the sixth most pressing concern.

RESIDENTIAL

The Queensland Infrastructure Plan estimates that the Far North Queensland population will increase by 100 000 people by 2031, with about three quarters of this growth occurring in Cairns. The Mount Peter Master Planned Area to the south of the city is expected to accommodate a significant proportion of this increase.

Figure 97. Population. Far North QLD

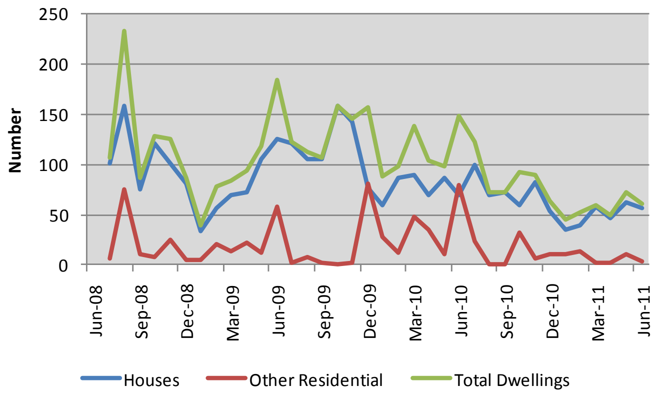


Source: National Economics ALGA State of the Regions Report 2011-2012

Certainly, the population of the region has grown significantly over the past five years with a slight slowing of growth post GFC. (Figure 97) Following Cyclone Yasi, significant rebuilding of homes has been required in Cardwell and Tully.

Dwellings approvals figures plunged in December, recovered slightly over the quarter to March, but declined slightly in the month to June. In June, they were nearly at the low level experienced at the peak of height of the GFC. (Figure 98)

Figure 98. Number of Dwelling Approvals. Monthly. Far North QLD



Source: ABS 8731.0 Building Approvals, Australia, June 2011. Original.

[87] QMBA. Snapshot of Industry Conditions – June Quarter 2011. Note: Index level above 50 refelects improving conditions; below 50 reflects weakening conditions. (Note: includes Whitsunday)
[88] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

NON RESIDENTIAL

Following Cyclone Yasi, significant rebuilding has been required to community infrastructure in Cardwell and Tully. Projects include the rebuilding of Tully State High School and the nurses quarters at Tully hospital. Cyclone shelters are also planned for this subregion. The Cairns Base Hospital Redevelopment is underway. Sports and recreation facilities will also be developed such as the Cassowary Coast Indoor Sports Facility at Tully and the Cairns International Tennis Centre. A replacement police station and watch house is planned for Lockhart River and Badu Island. Upgrades are underway at the Lotus Glen Correctional Centre. As part of the Closing the Gap Agenda, a number of children and family centres and trade training centres are planned for the region.

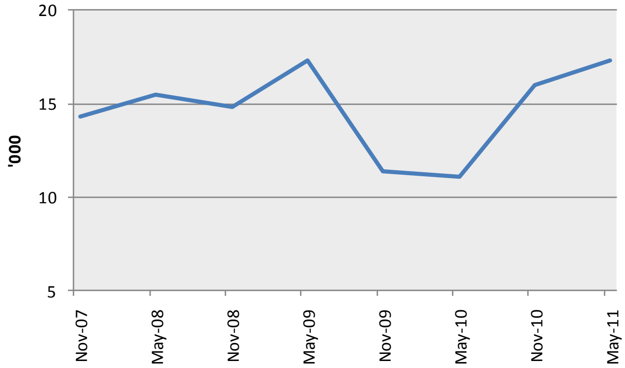
ENGINEERING

There are plans to invest significantly in the Bruce Highway in the region, including upgrading the Cairns access corridor. Another priority is to improve freight facilities and efficiencies across the Far North. A specific focus is the Cardwell Range Realignment, as is the southern growth corridor of Cairns and to facilitate projected growth in the North East Queensland Minerals Province, including port access. The foreshore at Cairns Cityport is to be developed into a world class waterfront facility for entertainment, tourism and leisure. A Cairns Transit Network is planned which will lead to significant public transport improvements through the provision of dedicated bus transit lanes. Significant reconstruction of infrastructure in Cardwell and Tully has been necessitated following Cyclone Yasi making landfall there. This includes restoration of the Cardwell foreshore.[89]

CONSTRUCTION EMPLOYMENT

Despite the sluggish recovery, employment in the construction industry has grown steadily from a low in May 2010, and the industry in Far North Queensland gained 1300 workers between November 2010 and May this year. In fact, there are now slightly more people employed in the industry than there were prior to the GFC. Indications are that the labour market will tighten further as competition for skilled tradespersons and labourers increases. In May 2011, the construction industry in Far North Queensland employed about 17 300 people and comprised 7% of the Queensland total. (Figure 99)

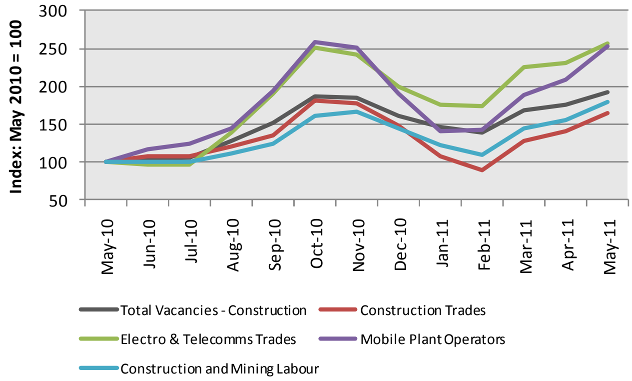
Figure 99. Construction Employment. Far North QLD.



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2011

About a quarter of building businesses in Far North Queensland reduced the size of their workforce in the quarter to June 2011. The situation is expected to improve markedly over the next quarter with only 8% of businesses expecting to decrease staffing levels.[90]

Figure 100. Internet Vacancies. Selected Occupation Groups. Northern Cities and Towns



Source: DEEWR Regional IVI Series. Index May 2010=100.[91] * Includes the following towns: Townsville, Mackay, Cairns, Bowen, Ingham, Collinsville and Charters Towers.

The kick in of work associated with rebuilding homes and infrastructure is likely to have attributed to this increased optimism.

Considered together with the economic performance of Central Queensland and Mackay, a significant pick up in job advertisements for construction jobs is a further indicator that that some strength may be returning to the Far North Queensland local construction labour market following the natural disasters earlier in the year. (Figure 100)

[89] Department of Local Government and Planning. Queensland Infrastructure Plan. Consultation Paper. July 2011.

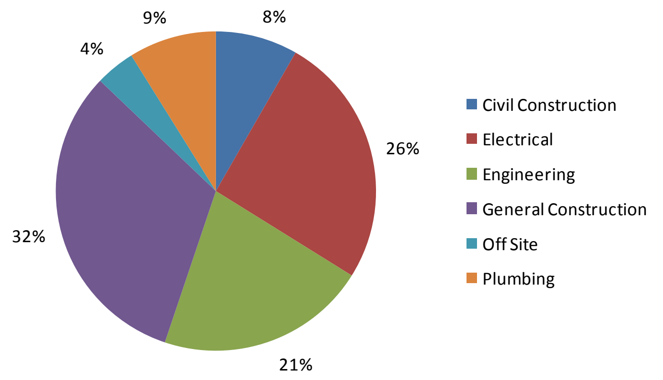
[90] QMBA. Snapshot of Industry Conditions – June Quarter 2011.

[91] The Regional IVI Data is presented as a three month moving average, as well as being indexed. The Regional IVI series has not been seasonally adjusted or trended the series contains seasonal effects and should therefore be used with caution.

APPRENTICES AND TRAINEES

Far North Queensland accounted for 5.8% of Queensland's construction apprentices and trainees in training in July 2011. The distribution of apprentices and trainees between the different construction subsectors in Far North Queensland was very similar to that for Queensland overall (Figure 101)

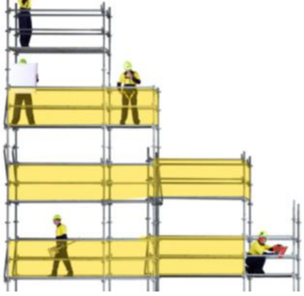
Figure 101. Apprentices and Trainees in Training. Far North QLD. N=1423.



Source: DELTA, July 2011.[92]

For further information, please contact the Construction Skills Queensland Research and Information Unit: research@csq.org.au or visit the CSQ Website: www.csq.org

[92] Queensland Department of Education and Training Database. DELTA Data used in this report is subject to change due to lags in reporting commencements, completions and cancellations. Also note that the data is based on Construction Skills Queensland's definition of the building and construction industry and not the Department of Education and Training Industry Training Groups.



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