



QUEENSLAND MAJOR
CONTRACTORS ASSOCIATION

MEDIA RELEASE

EMBARGOED UNTIL 12 MIDNIGHT 2 MARCH 2015

QLD Major Projects Report finds engineering construction downturn has only just begun

The *2015 Major Projects Report* released today by Queensland Major Contractors Association, in conjunction with Construction Skills Queensland, has found that the current downturn in engineering construction in QLD has only just begun, with Major Project work now forecast to reach a trough of just \$6.3 billion in 2015/16. Activity is forecast to fall a further 55% over the next two years (from current levels), with the trough in work done resting 65% below the 2012/13 peak. This is a steeper decline than previously projected as low commodity prices and tight government finances stymie the development of unfunded projects.

Report key findings

- A sharp drop in Major Project work occurred in 2013/14, with employment demand also following suit. Queensland engineering construction for Major Projects fell 22% in 2013/14, from a record \$18 billion in 2012/13 to \$14.7 billion, as Major Projects fell across all sectors.
- Workforce demand fell 23% in 2013/14, from a record 23,500 positions in 2012/13 to 18,100 positions, in line with the decline in Major Project work.
- An upswing in Major Project work is now expected from 2016/17, rising further through to 2018/19. However, much of the next cycle of work is currently unfunded and subject to risk.
- Resources projects are still important in generating Major Project work. Mining investment, though lower, will still drive more than half of all Major Project work done through the forecast period, with (albeit risky) projects such as the Galilee Basin and LNG projects key drivers.
- Public infrastructure investment will be a key driver of growth in Major Project work from 2016/17, led by transport projects, particularly roads and railways. However, increasing public sector investment is highly dependent on the successful funding of projects in the short term and reforms to public sector financing and procurement in the medium term.
- In line with shifts in the type of projects proceeding, there will also be shifts in regional demand for skilled construction labour, with demand moving away from the Gladstone region and the Bowen Basin coalfields to South East Queensland and the Galilee Basin.

GPO BOX 3254 BRISBANE QLD 4001

TEL (07) 3900 9005 FAX (07) 3211 4900 EMAIL admin@qmca.com.au

WEB www.qmca.com.au ABN 79 556 715 275



QUEENSLAND MAJOR
CONTRACTORS ASSOCIATION

- The next upswing in Major Project work in Queensland is likely to coincide with increasing demand for infrastructure investment from other Australian states as well as globally through the G20 Brisbane Action Plan.

Queensland Major Contractors Association Executive Committee member Iain Ward, said: “With the recent boom in Major Project work now fading, Queensland faces a new series of challenges and opportunities. There is a lot which could and should be done to ensure the Queensland construction industry and economy is productive and globally competitive.”

“Governments and industry need to work together to tackle productivity and competitiveness pressures facing Major Project development in Queensland. This includes sensible plans and processes that ensure public infrastructure is delivered in a timely and efficient manner to meet the needs of a growing state.”

“From an industry perspective contractors must exhibit flexibility and innovation to meet demand. Further, appropriate investment should be made now to ensure that skills and competencies are developed and retained in the construction industry to meet the demands of future investment cycles.”

“While the industry is in a sharp contraction phase now, further investment cycles will continue to play out in the future: the Major Projects market will likely become more volatile and cyclical from here, not less.”

“The challenge for all participants is to make it more productive, sustainable, and predictable, so that industry can plan effectively for the challenges ahead” Mr Ward said.

Contact: Iain Ward 0411 960 584

NOTE:

MEDIA ARE INVITED TO ATTEND THE MAJOR PROJECTS REPORT LAUNCH EVENT TO BE HELD AT THE PLAZA TERRACE ROOM, BRISBANE CONVENTION & EXHIBITION CENTRE 7.30AM – 9.00AM ON TUESDAY 3 MARCH. KEYNOTE SPEAKERS INCLUDE ADRIAN HART FROM BIS SHRAPNEL & MINISTER FOR STATE DEVELOPMENT, NATURAL RESOURCES AND MINES, THE HON. ANTHONY LYNHAM MP. THE QMCA’S IAIN WARD, CSQ’S PAUL HODGSON & BIS SHRAPNEL’S ADRIAN HART WILL BE AVAILABLE FOR INTERVIEWS FOLLOWING THE EVENT.

Access a full copy of the report from 9.00am on Tuesday 3 March at www.qmca.com.au

*A project’s total cost must be \$100m or greater to be considered a ‘major project’ for the purposes of this report