



BITRE STATISTICAL ALERT

Construction Work Done, Australia (ABS cat. no. 8755.0)
September Quarter 2018

28 November 2018

Overview

On 28 November, the Australian Bureau of Statistics (ABS) released the September quarter 2018 edition of Construction Work Done, Australia (ABS cat. no. 8755.0). This release presents preliminary estimates of building and engineering construction work done during the quarter derived from the quarterly Building Activity Survey and the quarterly Engineering Construction Survey. This quarter's release updates all values to 2016–17 prices. Please note that more comprehensive and updated engineering construction results will be available on 16 January 2019 with the release of Engineering Construction Activity, Australia (cat. no. 8762.0).

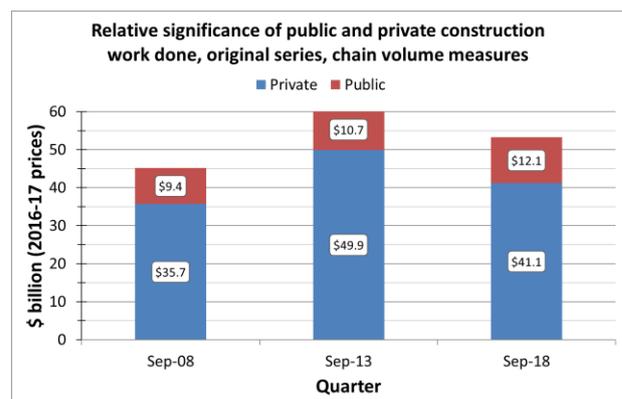
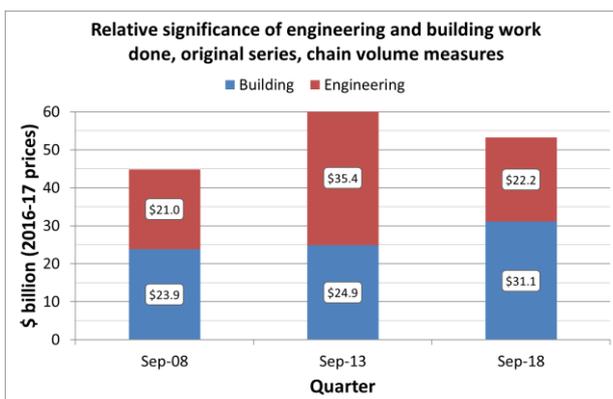
In real terms, overall changes in the construction work done (original data) in the September quarter 2018 relative to the previous quarter were:

- The total value of construction work done decreased by 2.9 per cent to \$53.3 billion.
- Building construction work done increased by 0.3 per cent to \$31.1 billion and engineering construction work decreased by 11.9 per cent to \$22.2 billion.
- The value of private sector engineering work done decreased by 6.2 per cent to \$13.2 billion while public sector engineering work decreased by 19.1 per cent to \$9.0 billion. Total private construction work done in the quarter was \$41.1 billion and total public construction work done was \$12.1 billion.

There was a quarterly decrease of 1.5 per cent in the total seasonally adjusted construction work done and no change in total trend construction work done.

Year-on-year, relative to the September quarter 2017, the value of total construction work done decreased by 17.1 per cent, driven by a 35.5 per cent fall in engineering construction work done. This unusually large fall is relative to a large spike in engineering construction in the September quarter 2017, which was likely driven by the importation of floating LNG platforms for the Ichthys and Prelude facilities, which were constructed overseas. In trend terms, engineering construction in the September quarter 2018 was actually up 5.8 per cent year-on-year.

The charts below show how selected elements of construction work done have changed over the past five and ten years.



Value of construction work done by data type

The ABS releases three data series: original, seasonally adjusted, and trend. The original data set is unadjusted, except for price. The seasonally adjusted series takes into account normal seasonal factors, the varying numbers of working days in a quarter and the varying date of Easter. As a result, seasonally adjusted statistics reflect both irregular and trend movements. Trend estimates are derived from the seasonally adjusted series, which is smoothed to reduce the impact of irregular changes.

All the data in this statistical alert uses chain volume estimates. Chain volume is an application of Consumer Price Index based on a reference year, which has been updated this quarter to 2016-17. This measure reflects changes in value after the direct effects of price changes (including inflation) have been removed.

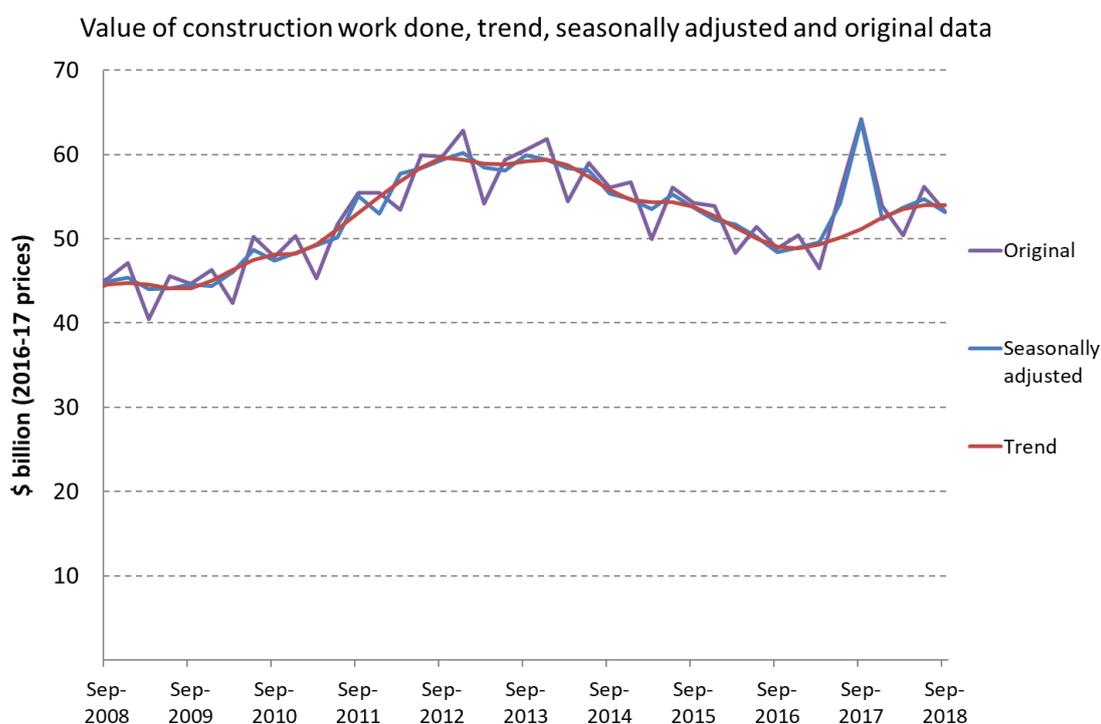
The value of construction work done (original data) in the September quarter 2018 was \$53.3 billion, a decrease of 5.1 per cent from the previous quarter and a decrease of 17.1 per cent compared to the same quarter in 2017.

The seasonally adjusted value of construction work done in the September quarter 2018 was \$53.1 billion, a decrease of 2.8 per cent from the previous quarter and a decrease of 16.9 per cent compared to the same quarter in 2017.

The trend value of construction work done in the September quarter 2018 was \$54.0 billion, the same as the previous quarter and an increase of 5.6 per cent compared to the same quarter in 2017.

The unusually large year-on-year fall in the September quarter 2018 is relative to a large spike in engineering construction in the September quarter 2017, which was likely driven by the importation of floating LNG platforms for the Ichthys and Prelude facilities, which were constructed overseas.¹

The remainder of this release uses original data (only adjusted for inflation) to capture the impact of seasonal variations and individual projects.



Note: Chain volume measures.

¹ See <https://www.businessinsider.com.au/australian-construction-work-plunge-gdp-implications-2018-2>

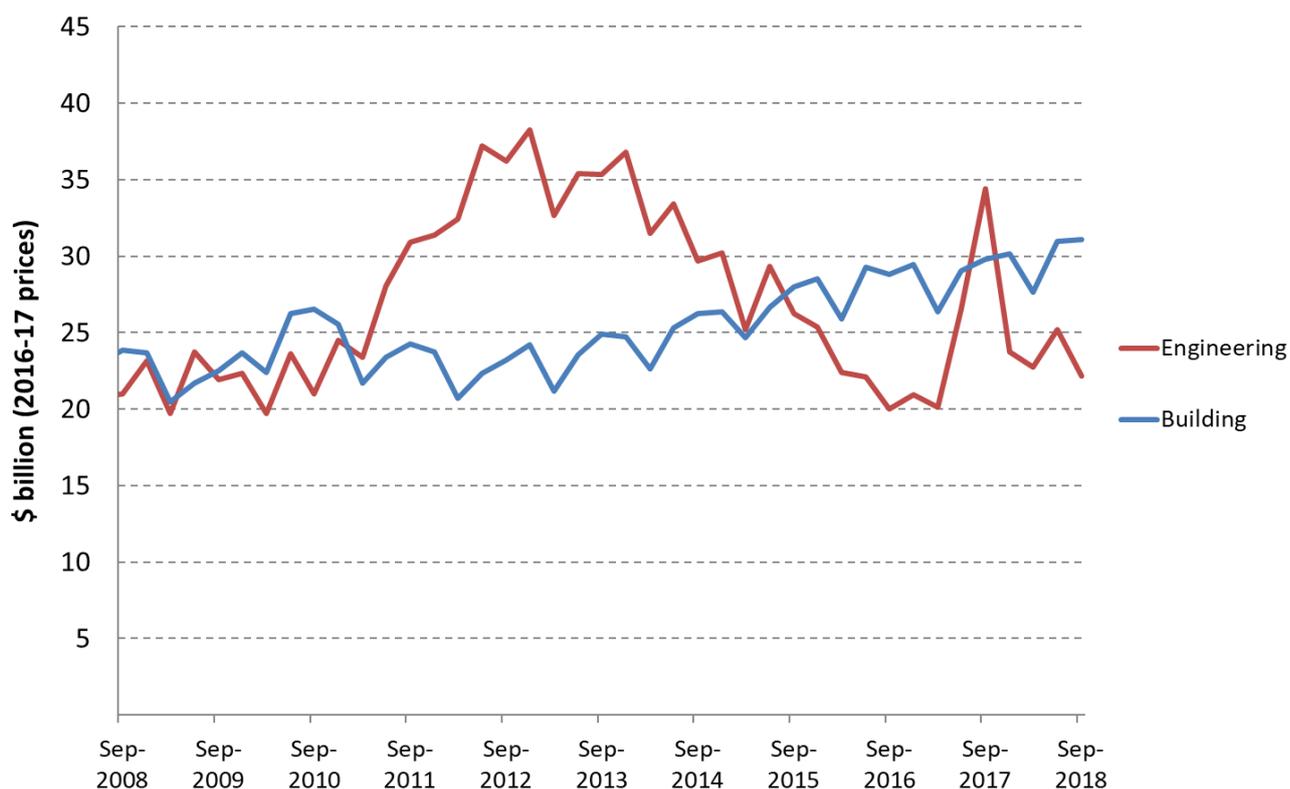
Value of engineering and building construction work done by sector

In the September quarter 2018, the value of engineering construction work done decreased by 11.9 per cent relative to the previous quarter² to \$22.2 billion. Compared to the September quarter 2017, the value of engineering construction work done decreased by 35.5 per cent in the September quarter 2018. Relative to the September quarter 2008, the value of engineering construction work done was 5.6 per cent higher in the September quarter 2018.

In the September quarter 2018, the value of building construction work done increased by 0.3 per cent relative to the previous quarter to \$31.1 billion. Compared to the September quarter 2017, the value of building construction work done increased by 4.2 per cent in the March quarter 2018. Relative to September quarter 2008, the value of building construction work done was 30.3 per cent higher in the September quarter 2018.

The unusually large year-on-year fall in the engineering construction work done in the September quarter 2018 is relative to a large spike in engineering construction in the September quarter 2017, which was likely driven by the importation of floating LNG platforms for the Ichthys and Prelude facilities, which were constructed overseas.³

Value of construction work done, original data



Note: Chain volume measures.

² Note that quarter on quarter variations for engineering and building construction work done are volatile.

³ See <https://www.businessinsider.com.au/australian-construction-work-plunge-gdp-implications-2018-2>

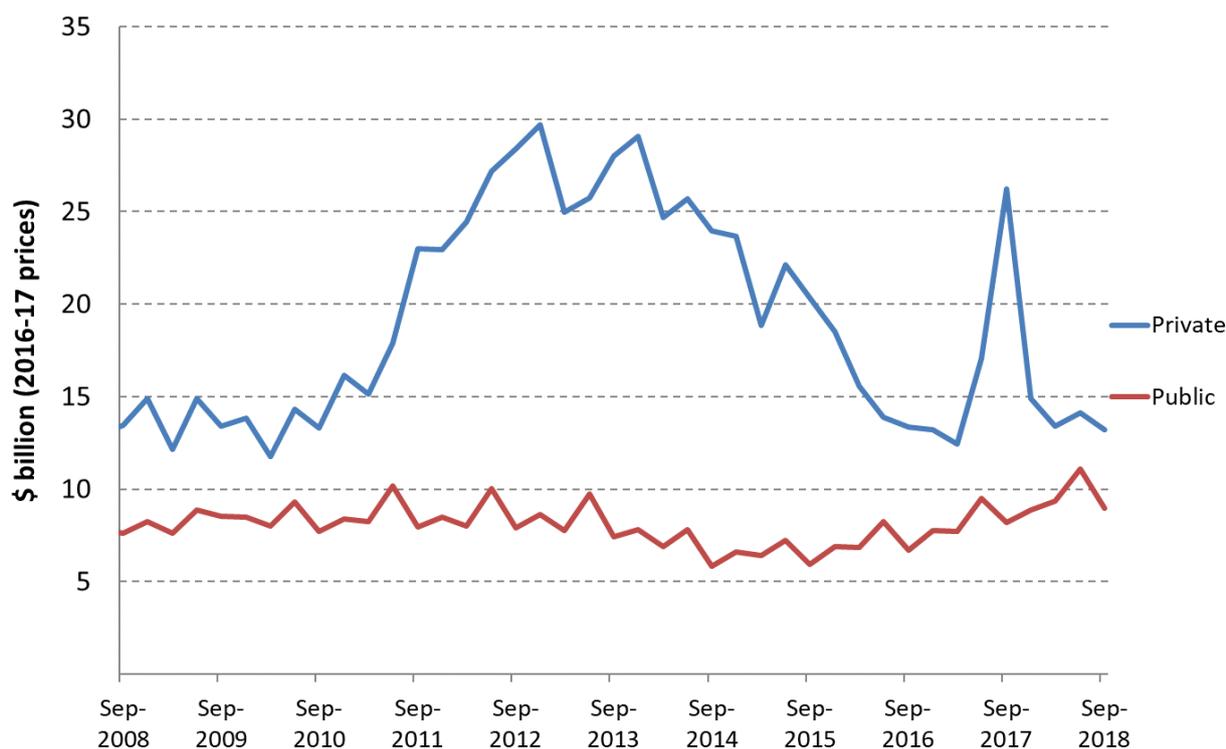
Value of engineering construction by sector

Engineering construction includes, for example, work done on roads, highways and subdivisions, airport runways, bridges, railways and tramways. (For a full list of what engineering construction captures, see the glossary on page 7.)

In the September quarter 2018, the value of public sector engineering work done decreased by 19.1 per cent relative to the previous quarter to \$9.0 billion. However, the value of public sector engineering work done in the September quarter 2018 was still 9.4 per cent higher than a year ago in the September quarter 2017 and 17.8 per cent higher than a decade ago in the September quarter 2008.

Relative to the previous quarter, the value of private sector engineering construction work done decreased by 6.2 per cent in the September quarter 2018 to \$13.2 billion. The value of private sector engineering construction work done in the September quarter 2018 was 49.5 per cent lower than a year ago in the September quarter 2017 (see the previous page for the reasons for this unusually large fall) and 1.5 per cent lower than a decade ago in the September quarter 2008.

Value of engineering construction work done, by infrastructure owner, original data



Note: Chain volume measures.

Value of all engineering construction by state/territory

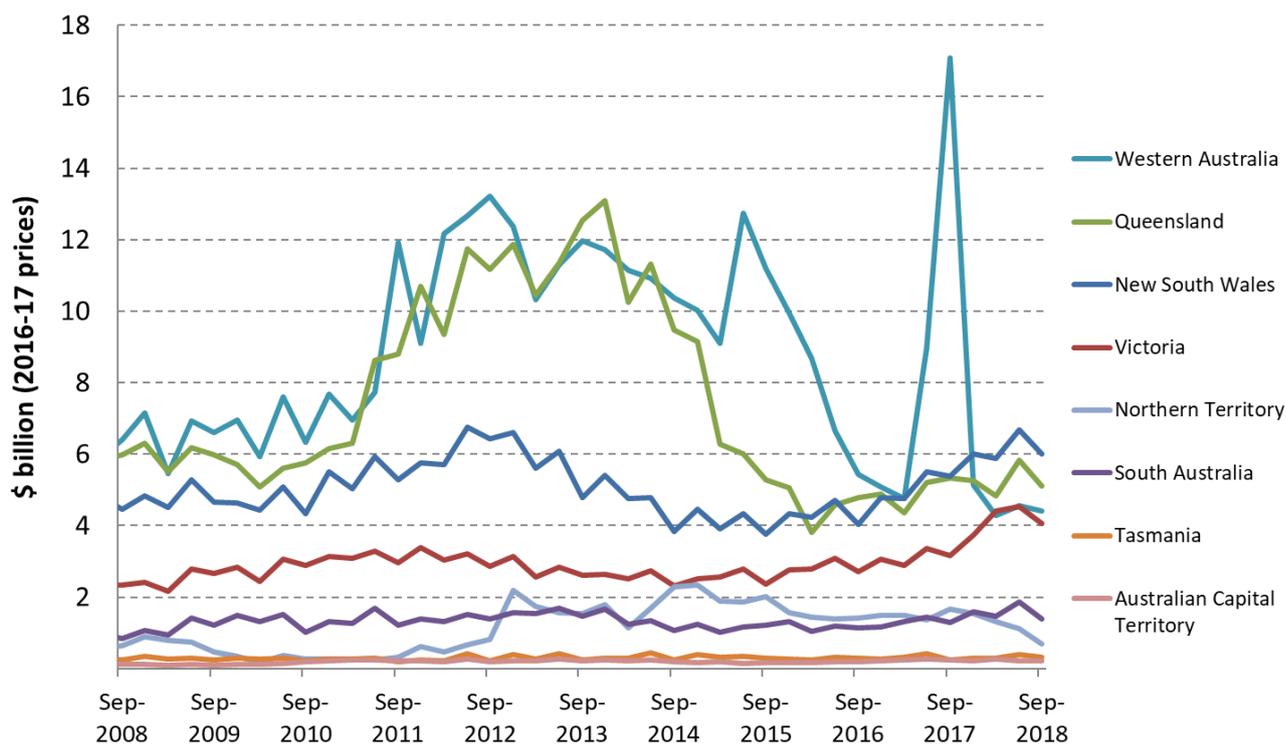
The largest values of engineering construction work done in the September quarter 2018 were in New South Wales (\$6.0 billion), Queensland (\$5.1 billion) and Victoria (\$4.1 billion).

The value of engineering construction work done fell in every state and territory with the largest quarter-on-quarter falls in percentage terms in the Northern Territory (-38.2 per cent), South Australia (-25.8 per cent), Tasmania (-16.6 per cent) and Queensland (-12.3 per cent). The smallest quarterly falls in percentage terms were in Western Australia (-2.9 per cent) and the Australian Capital Territory (-6.2 per cent).

Engineering construction work done in the September quarter 2018 in Tasmania increased 37.3 per cent year-on-year, 28.1 per cent year-on-year in Victoria, 11.6 per cent year-on-year in New South Wales and 6.5 per cent year-on-year in South Australia. Year-on-year, engineering construction work done fell in Western Australia (-74.1 per cent), Northern Territory (-58.6 per cent), the Australian Capital Territory (-12.1 per cent) and Queensland (-4.2 per cent).

Compared to the September quarter 2008 ten years ago, engineering construction work done in the September quarter 2018 was higher in every jurisdiction except for the resource states of Western Australia and Queensland.

Value of all engineering construction work done, by state/territory, original data



Note: Chain volume measures.

Value of all building construction by state/territory

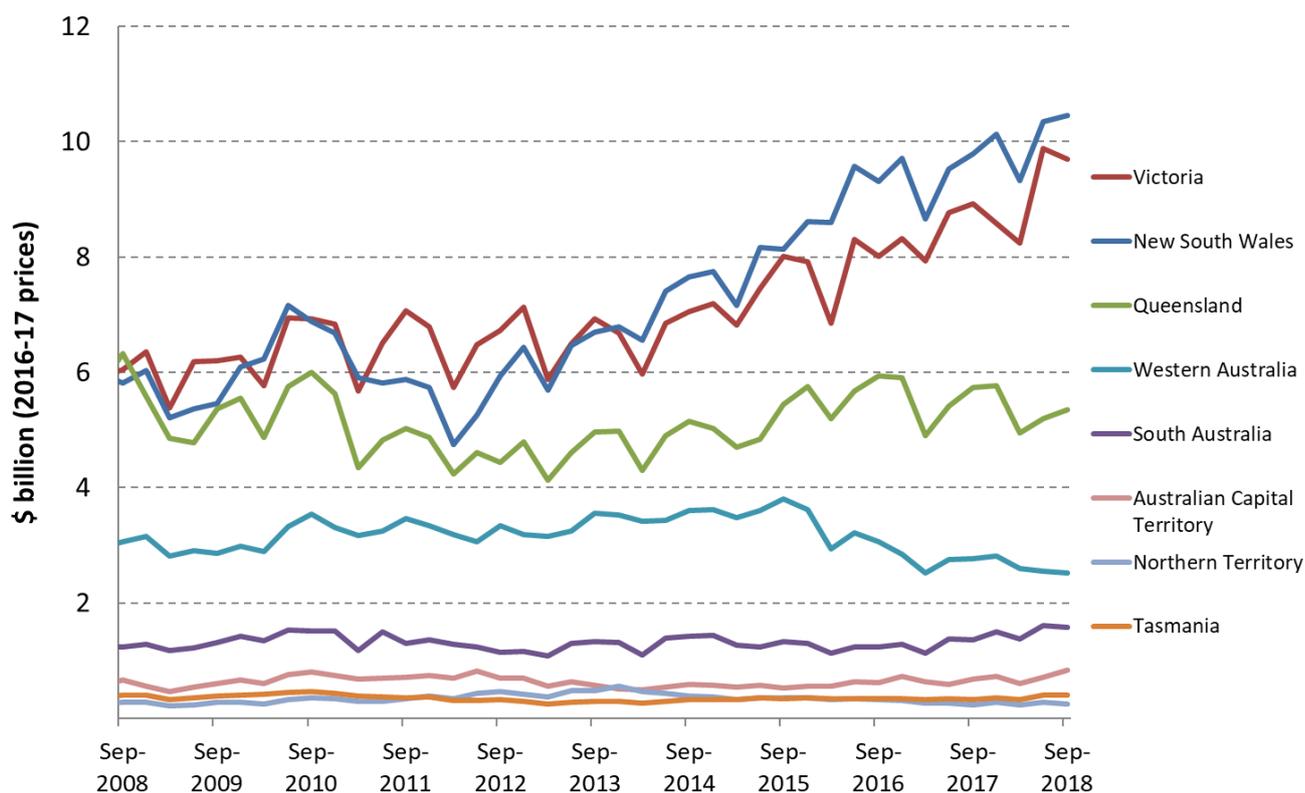
A building is a rigid, fixed and permanent structure that has a roof. Its intended purpose is primarily to house people, plant, machinery, vehicles, goods or livestock. Note that the quarterly value of building construction work done is influenced by seasonal factors.

In the September quarter 2018 the largest values of building construction work done were in New South Wales (\$10.5 billion), Victoria (\$9.7 billion) and Queensland (\$5.4 billion).

The value of building construction work done increased in the September quarter 2018 relative to the previous quarter in the Australian Capital Territory (17.8 per cent), Queensland (3.1 per cent), Tasmania (1.4 per cent), and New South Wales (1.1 per cent). Building construction work declined in the Northern Territory (-13.1 per cent), South Australia (-2.4 per cent), Victoria (-2.0 per cent), and Western Australia (-1.3 per cent).

Relative to the same quarter in 2017, the value of building construction work in the September quarter 2018 was higher year-on-year by 24.4 per cent in Tasmania, 21.8 per cent in the Australian Capital Territory, 15.7 per cent in South Australia, 8.6 per cent in Victoria, 6.8 per cent in New South Wales, and 3.2 per cent in the Northern Territory. In Western Australia it was lower by 9.0 per cent and in Queensland it was lower by 6.6 per cent

Value of all building construction work done, by state/territory, original data



Note: Chain volume measures.

Glossary

Chain Volume Measures	Is an application of the Consumer Price Index and is based on a reference year. The current reference year is 2016-17.
Building construction	A building is a rigid, fixed and permanent structure that has a roof. Its intended purpose is primarily to house people, plant, machinery, vehicles, goods or livestock.
Engineering construction	Value of engineering construction includes work done on: <ul style="list-style-type: none"> • Roads, highways and subdivisions, airport runways • Bridges • Railways and tramways • Harbours • Water storage and supply • Sewerage and drainage • Electricity generation, transmission and distribution • Pipelines (other than water) • Recreation • Telecommunications • Heavy Industry
Value of work done	This value only includes work carried out during the quarter. The value of work done for the private sector consists of the value of work done on prime contracts, plus speculative contracts, plus work done on own account. The value of work done for the public sector is the work done by the private organisation's own workforce and subcontractors.
Value of work commenced	(Not reported as part of this release) This is a short-term indicator of the future pipeline (outlook). It consists of projects that have commenced when site work begins.
Value of work yet to be done	(Not reported as part of this release) This is a long-term indicator of the future pipeline (outlook). It is the value of outstanding work for the project at the end of the period.

Next scheduled release

27 February 2018 - Construction Work Done, Australia - ABS cat. 8755.0 (September quarter 2018)

Related releases

2 November 2018 - Producer Price Indexes, Australia - ABS cat. 6427.0 (September quarter 2018)

16 January 2019 - Engineering Construction Activity, Australia - ABS cat. 8762.0 (September quarter 2018)

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Acknowledgement

The Australian Bureau of Statistics releases the data summarised in this alert.

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