

Construction

Construction of residential dwellings, commercial and industrial buildings, education and health facilities and infrastructure (e.g. utilities, mining and transport) accounted for about 6.8 per cent of Territory GSP in 2007-08.

The construction industry was the fifth largest employer in the Territory, with about 6100 people (about 7 per cent of the total workforce) working in construction in 2007-08.

The value of construction work done in the Territory increased by an estimated 17.6 per cent in 2008-09 to \$2.3 billion, but is forecast to decline by about 33 per cent to \$1.6 billion in 2009-10.

Construction activity is directly linked to private and public investment, with high levels of activity during this decade supported by the significant private sector investment in mining and energy sector, and associated demand for housing and commercial space.

Deteriorating economic conditions in Australia and the world, and restrictions on the availability of credit, are expected to cause a decline in private sector construction expenditure in 2009-10, with engineering construction forecast to decline by 45 per cent, and non-residential construction forecast to decline by about 36 per cent.

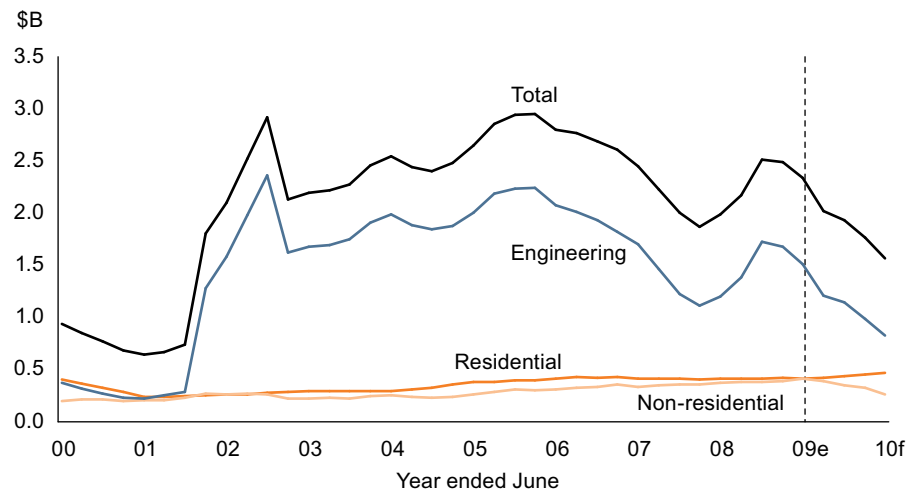
However, residential construction is expected to be supported by continued high private demand for housing, and increased government investment in public housing. Residential construction expenditure is forecast to increase by 13 per cent in 2009-10.

The plentiful proven and probable gas reserves off the north coast of Australia and the Territory, and forecast long-term world energy demand, make the expansion of the minerals and energy industry likely in the medium term. As such, although the construction industry is likely to be in a hiatus relative to recent years in the short term, activity will increase again.

In particular, expansion of the Wickham Point LNG plant and development of further LNG facilities are expected in the medium term. Inpex and joint venture partners are undertaking the front end engineering and design process of a proposed LNG plant at Blaydin Point on Darwin Harbour. In the event that the project proceeds, an estimated \$12 billion would be spent over four to five years on construction.

In the medium to long term, economic and population growth in the Territory will increase demand for residential construction, retail and commercial space in most Territory centres.

Territory Value of
Construction Work Done
(moving annual total)



e: estimate; f: forecast

Source: ABS, Cat. No. 8752.0, Northern Territory Treasury