



Construction Industry Snapshot

Western Australia

November 2011



Prepared by the Construction Training Council

Released for November 2011

Although this report is dated November 2011, it should be noted that data is taken from various sources that are in some cases related to previous monthly/quarterly results if they are the most recent.

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This report utilises ABS Data that in some cases relates to the June and August quarters of 2011 and includes October/November 2011 data when available. Therefore care must be used when using any comparison of data.

Unless otherwise stated, all apprenticeship and overall training data was current as at end of October 2011. All interpretations and conclusions drawn from this data are those of the Construction Training Council.

1. Executive Summary

This quarterly report provides up-to-date data on economic, employment and training issues affecting the Construction Industry in Western Australia.

The Construction Industry contributes more than 10% of the Gross State Product and employs 11.0% of the State workforce, which is a slight increase on the previous year.¹

There has been a 25% reduction in apprentice commencements in Construction and a 2% reduction in Electrical in the year to October 2011 when compared to October 2010.²

At March 2011, the industry employed approximately 41% of all Western Australia's apprentices³.

Western Australia's population grew by 2.2% for the year to March 2011. This figure compares favourably with Queensland (1.6%) and Victoria (1.5%). The Western Australian unemployment rate at November 2011 has been stable for the last three months at 4.3%. This compares to 4.4% in November 2010 and favourably to the National rate of 5.2%. The November 2011 WA participation rate improved to 68.2% from 67.7% in the previous month and compares favourably with the national rate of 65.5%⁴.

The number of people working in the Construction Industry has reduced by 10% over the last quarter to 119,930 at August 2011. However, the workforce has grown by 4.2% over the past 12 months. The Industry workforce has grown steadily for the last three years despite the Global Financial Crisis (GFC).

The value of Construction Work Done, excluding Heavy Engineering, is now showing rises for three quarters in the year to September 2011 and rose by 2.92% compared to September 2010.⁵ The Engineering Construction sector, including Heavy Engineering, grew by 58.1% in Western Australia compared to National growth of 12.9% over the last quarter.

State Final Demand in the September quarter grew by 16.41% compared to September 2010 and by 8.37% over the previous quarter.⁶ Annual Growth in 2010-11 was 6.5%.

The Housing sector is currently suppressed with annual dwelling unit approvals to October 2011 at 20,576 (16,751 houses), compared to a previous peak of 27,134 (22,045 houses) at October 2006.⁷ Seasonally adjusted building approvals for all dwelling units increased by 2.0% between September and October.

The trend estimate for the number of total dwelling unit commencements in Western Australia has fallen for six consecutive quarters. In the year to September 2011 compared to September 2010, there has been a fall of 15.56%.

¹ ABS 6291.0.55.003 Labour Force Detailed

² TRS Datacube

³ Using March 2011 comparison to 'All Industries' data TRS Cube

⁴ ABS 6202.0 Labour Force

⁵ ABS 8755.0 and 8762.0 Construction & Engineering Work Done

⁶ ABS 5206.0 and 5220 State Final Demand

⁷ ABS 8731.05 (Seasonally Adjusted)

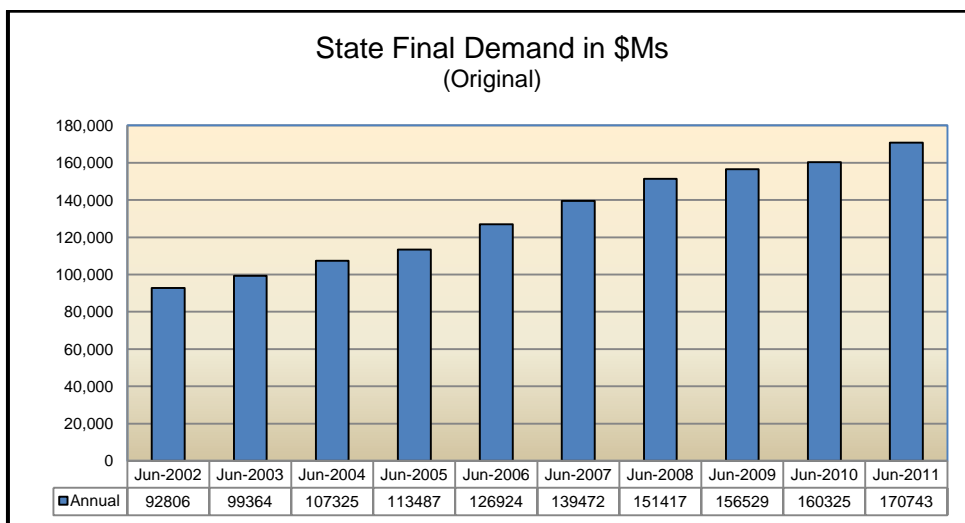
2. Key Statistics

2.1. Comparison between WA and Australia

	WA	Australia
Population** (March 2011)	2.331m (+2.2% Annual)	22.546m (+1.4% Annual)
CPI* (annual rate) (September 2011)	2.8% (Perth)	3.5%
Merchandise Exports* (Qtr to Oct 2011 compared to Oct 2010)	\$32.8 billion (+22.1% on Qtr)	\$71.8 billion (+16.3% on Qtr)
Merchandise Imports* (Qtr to Oct 2011 compared to Oct 2010)	\$8.4 billion (+37.5% on Qtr)	\$61.3 billion (+7.2% on Qtr)
Unemployment Rate** (Oct 2011)	4.2%	5.2%
Youth Unemployment Rate** (Oct 2011)	14.4%	22.1%
Participation Rate** (Oct 2011)	67.7%	65.6%

* Dept of Treasury – Economic Notes ** ABS Seasonally Adjusted

2.2. State Final Demand



The Construction Industry in WA contributes more than 11.7% to meeting State Final Demand.

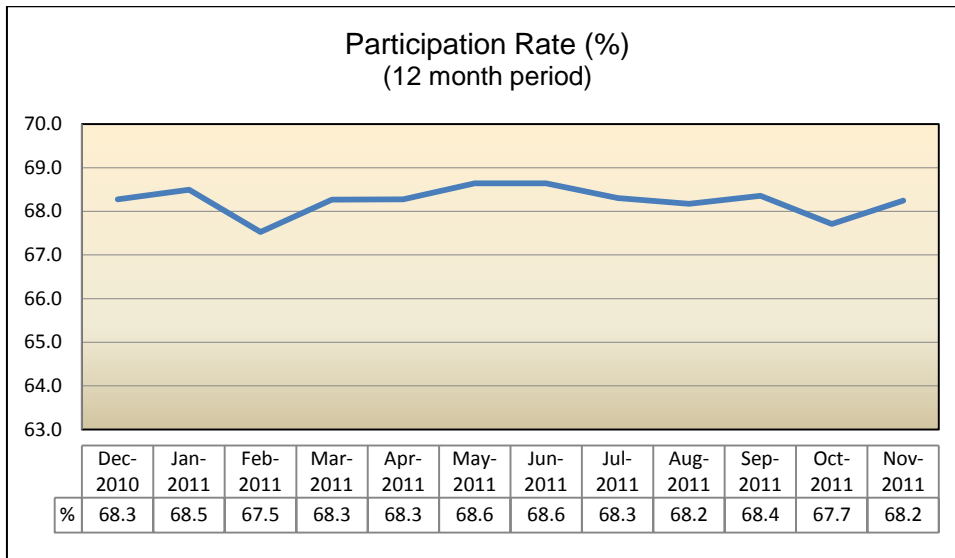
ABS 5220.6

Western Australia's seasonally adjusted State Final Demand increased by 16.41% over the year and rose by 8.4% over the September 2011 quarter. Nationally, real seasonally adjusted domestic demand increased by 4.6% over the year and rose by 2.1% over the last quarter.

For the same annual period, the largest State Final Demand was 9.3%, in Queensland.⁸

⁸ Department of Treasury, Economic Notes - ABS 5206.0

2.3. Employment



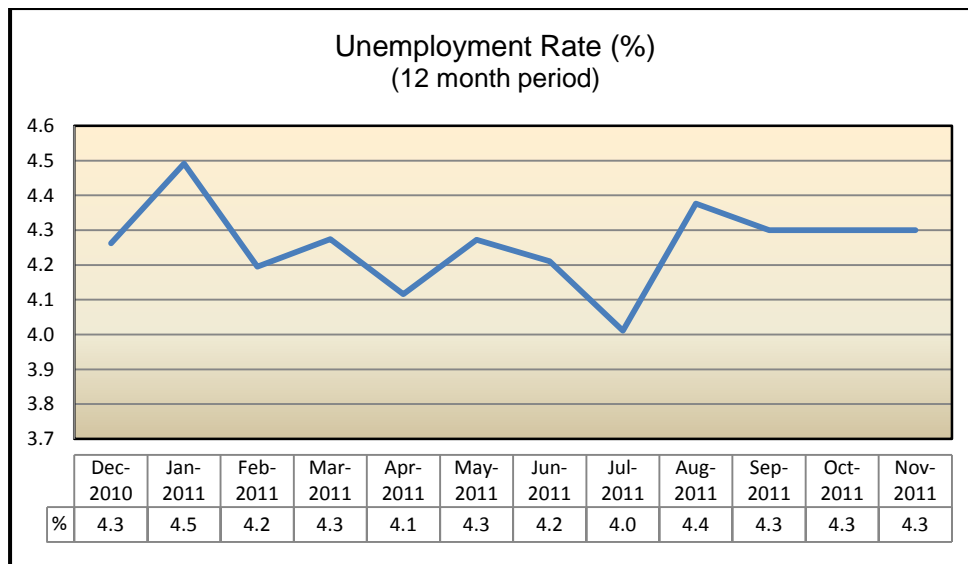
ABS 6202.0

The seasonally adjusted participation rate in WA increased by 0.5 points between October & November and has been stable over the past nine months.

The seasonally adjusted participation rate in Western Australia increased by 0.5 points to 68.2% between October and November, despite this it has the second highest rate in Australia. The participation rate was stable over the past three months but fell by 0.7 points over the last year.

Australia's seasonally adjusted participation rate was stable at between 65.5% and 65.6% over the last 6 months.

2.4. Unemployment



ABS 6202.0

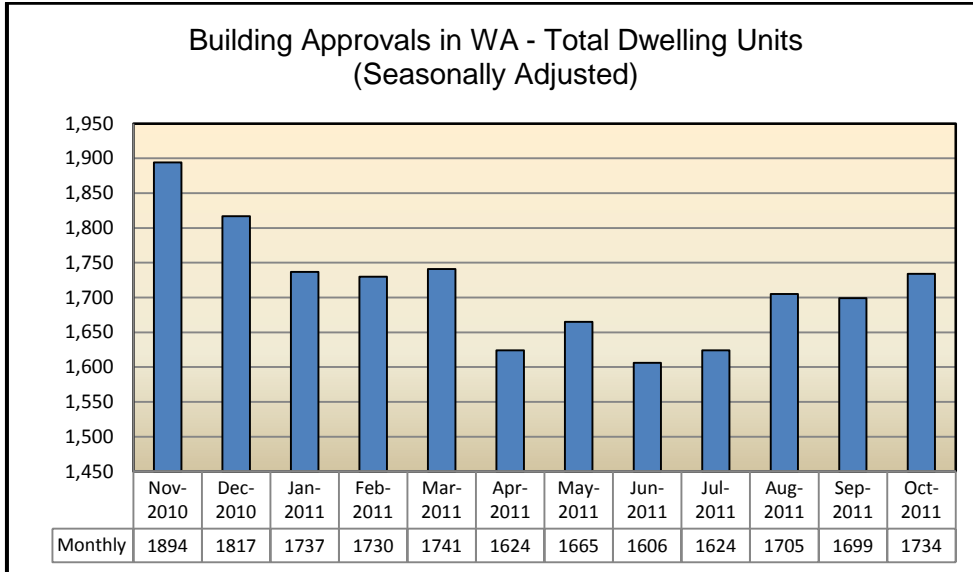
The seasonally adjusted unemployment rate in WA has been stable at 4.35% for the last three months.

The seasonally adjusted unemployment rate has now been steady for three consecutive months and fell from 4.4% to 4.3% between August and September.

Australia's seasonally adjusted unemployment rate rose to 5.3% in November, after a low of 4.9% in March and April 2011.

3. Contribution of the Construction Industry to the State Economy

3.1. Number of Building Approvals

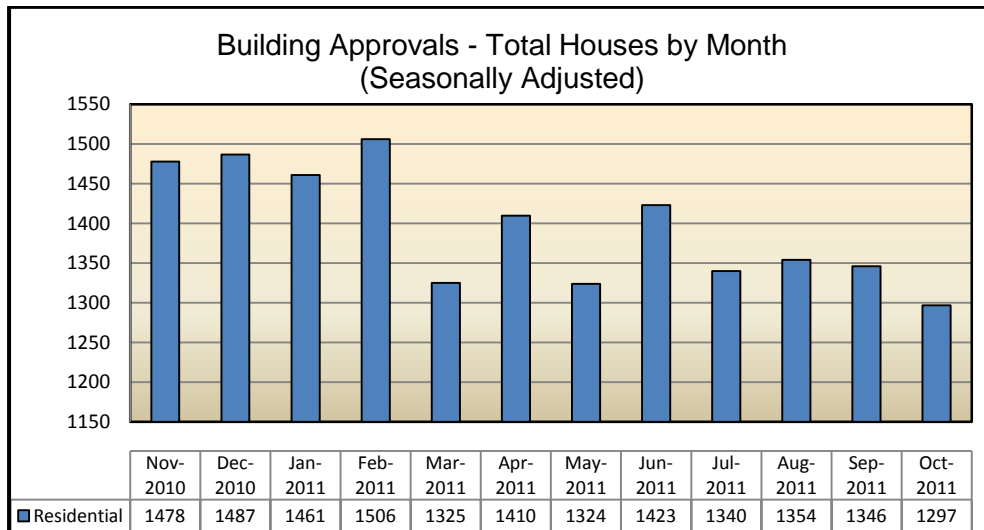


ABS 8731.0

Monthly Building Approvals for Total Dwelling Units increased by 2% in November 2011.

Compared to November 2010, approvals fell by 8.5%.

There was a 2.0% increase in approvals from September to October 2011, but an 8.5% decline from November 2010. In comparison to November 2009, there has been a decline of 14.3%. However, when compared to November 2008 which was at the lowest point of the GFC, there has been an increase of 33.8% in approvals.

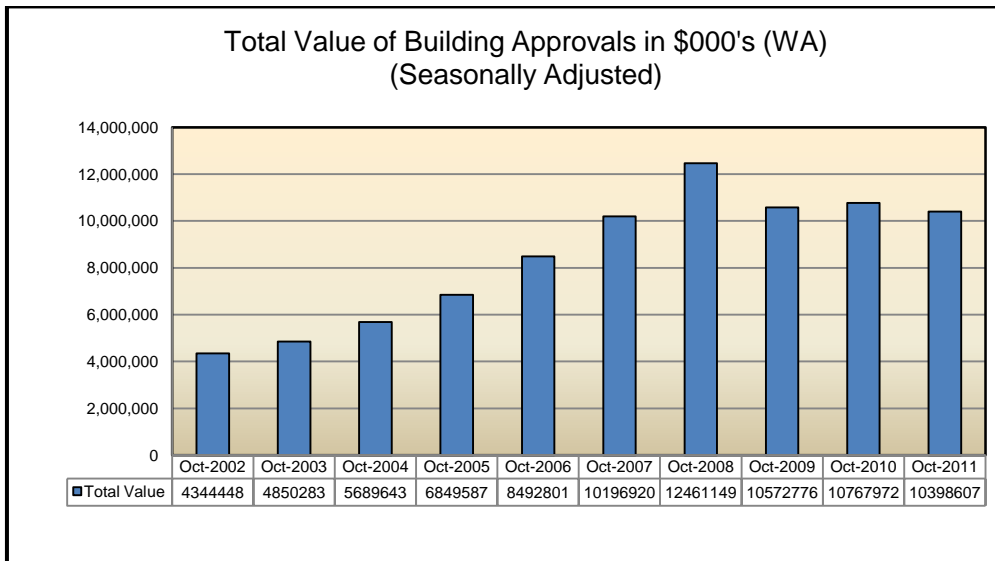


ABS 8731.0

Compared to October 2010 Building Approvals for houses has declined by 14%.

Although there have been rises and falls in approvals throughout the year, the overall ten year rate is trending down by approximately 5%. It is estimated that 95% of building approvals for residential dwellings proceed to commencements.

3.2. Value of Building Approvals



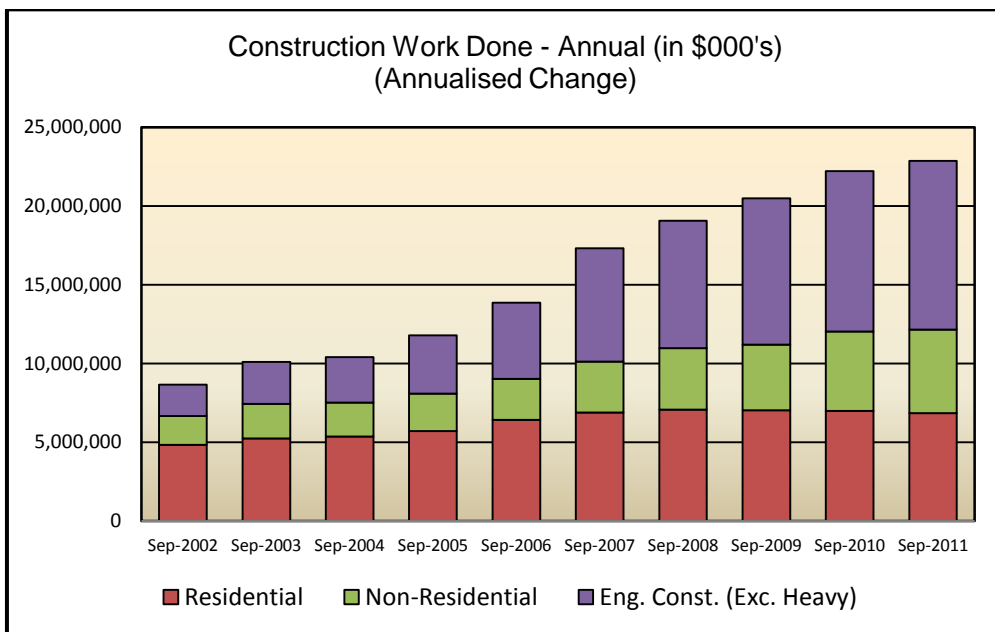
ABS 8731.0

In the year to October the total value of building approvals has decreased by 3.5% and followed a 1.8% increase in the previous year.

For the year to October 2011, residential building accounted for 60.69% of the value of all building approvals, while non-residential accounted for 39.31%.

Compared to the year to October 2008, the Total Value of Building Approvals has fallen by 17%.

3.3. Construction Work Done



ABS 8755.0 & 8762

Construction Work Done has increased by 2.92% over the 12 months to September 2011.

The overall increase was achieved due to an increase in non-Residential & Engineering Construction.

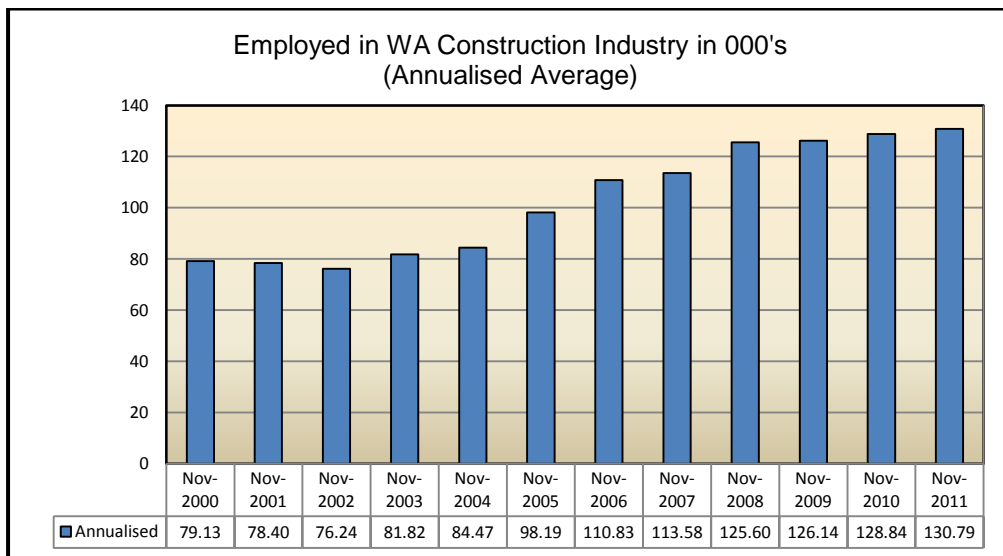
'Construction Work Done' is the combination of all residential and non-residential building plus Engineering Construction, but excludes the Heavy Engineering sector⁹.

In the last quarter, the Residential sector has declined by 7%, the non-Residential has grown by 20.6% and Engineering Construction has grown by 15.5%.

⁹ Due to data issue dates from ABS 'Construction Work Done' in this example is based on June 2001 Engineering (Exc.Heavy) combined with September 2011 Residential and non-Residential data.

4. Employment in the Construction Industry

4.1. Number of People Employed in the WA Construction Industry



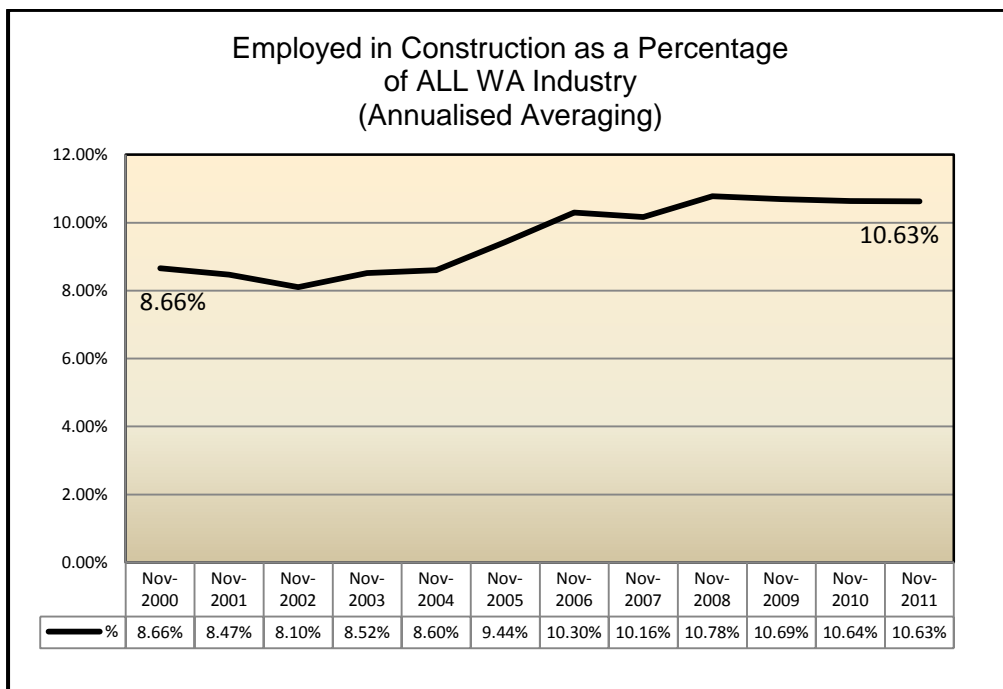
ABS 6291.0

The 'annual average' number of people employed in the Construction industry to November 2011 was 130,790.

At November 2011 the number dropped to 119,930.

Averaged across the year to November, the Construction Industry employed 10.63% of the State workforce. In the quarter to May 2011, the number employed peaked at 138,390.

However, compared to the quarter to August 2011, there has been a drop of 11% in November 2011. This is a loss of 13,680, which is the lowest November figure since 2007. Of this number, 5,000 were technical and tradespeople.



ABS 6291.0

The Construction Industry employs 10.63% of the State workforce.

Over 84% of the construction workforce is employed on a full-time basis.

The training rate for the Construction Industry, which is the ratio of apprentices to tradespeople, is approximately 13.0% which compares to an all industries average of 8%. At March 2011, the Construction Industry employed approximately 41% of all of the State's apprentices and 21% of combined apprentices and trainees.

4.2. Apprenticeship Statistics

The following tables show the total number of apprentices employed in the Building and Construction Industry including Electrical Mechanics. The tables do NOT include Traineeships.

The figures show that the attrition rate, the total of withdrawal and cancellations, across the Construction sector are anywhere between 29% and 39%. However, they do not identify the individual trades that have very high attrition.

Building & Construction and Electrical Mechanics						
	In Training	Commenced	Completed	Completion Rate	Withdrawal Rate	Cancellation Rate
2000	3,255	1,193	775	65.0%	11.7%	21.3%
2001	3,118	996	696	69.9%	11.1%	18.0%
2002	3,143	1,231	816	66.3%	12.8%	19.7%
2003	3,425	1,505	978	65.0%	12.7%	21.1%
2004	4,165	2,056	1,319	64.2%	14.2%	20.4%
2005	5,297	2,544	1,640	64.5%	12.0%	22.9%
2006	6,699	3,266	1,999	61.2%	13.1%	24.5%
2007	7,761	3,462	1,950	56.3%	13.7%	26.5%
2008	7,938	3,062	921	n/a	n/a	27.0%
2009	7,110	2,488	279	n/a	n/a	28.4%
2010	7,670	4,183	194	n/a	n/a	22.1%
2011	7,758	3,006	39	n/a	n/a	n/a

Building & Construction						
	In Training	Commenced	Completed	Completion Rate	Withdrawal Rate	Cancellation Rate
2000	2,005	786	478	60.8%	13.1%	24.3%
2001	1,928	658	441	67.0%	12.3%	19.9%
2002	1,947	800	509	63.6%	13.9%	21.6%
2003	2,115	1,009	596	59.1%	15.8%	23.8%
2004	2,622	1,402	815	58.1%	18.3%	22.5%
2005	3,357	1,734	1,057	61.0%	14.6%	24.0%
2006	4,323	2,294	1,307	57.0%	16.0%	26.5%
2007	4,913	2,342	1,226	52.3%	17.1%	29.2%
2008	4,699	1,873	741	n/a	n/a	29.7%
2009	4,010	1,636	220	n/a	n/a	32.4%
2010	4,207	2,624	123	n/a	n/a	25.4%
2011	4,045	1,688	24	n/a	n/a	n/a

Data compiled from the TRS Datacube – October 2011 and Construction Training Fund - Apprenticeship data.

1. 'Withdrawals' occur when an apprentices leaves during probation and prior to entering a formal Training Agreement.
2. 'Cancellations' are recorded at any time after the registration of the Training Agreement.
3. 'Attrition' is the total of withdrawals and cancellations.
4. n/a identifies that these figures are not available as there are apprentices still in training and completions incomplete.

It has also been identified that a number of trades have very high completion rates such as Plumbing and Electrical while others, such as Bricklaying, Wall & Floor Tiling and Plastering low completion rates.¹⁰ It is intended to identify all trades individually when the 2011 data is completed by February 2012.

¹⁰ Completion rate figures may be artificially low by between 5% & 10% due to the NCVER recording apprentices who transfer between employers as cancellations and then recording as commencements rather than re-commencements. From a National perspective NCVER have estimated the underestimation in completion rates could be as high as 29% in Construction trades.

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