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MEDIA RELEASE

## Where and When is the Infrastructure Spending Coming Online?

"The impact of the credit squeeze that caused the rapid deterioration in building conditions over the past 18 months is evident in today's construction data," stated Angela Lillicrap, HIA Economist.

"This is the right time in the economic cycle for governments to be investing in infrastructure critical to residential development."

Preliminary figures released by the ABS today provide data on the value of construction work done in Australia.

"Nationally, residential construction work has fallen by 10.9 per cent compared to last year. The contraction in homebuilding in today's figures was anticipated given the decline in other data such as building approvals and housing finance," added Ms Lillicrap.

"More recent data suggests that the decline in residential construction will not continue, with leading indicators showing improvement.

"A boost in spending on infrastructure by state and federal governments as announced in this year's budgets was expected to offset the decline in the home building sector and absorb the excess labour from the building industry. This hasn't happened with engineering construction work declining by 9.6 per cent on same quarter last year.

"For the past five years home building pulled the economy forward. The home building industry is now dependent upon a strong national economy to pull it forward. Infrastructure spending can help drive this growth.

"Today's data - which shows a significant decline in engineering and construction work - tells us that the announced investment in infrastructure has not yet commenced.

"This begs the question where and when is the infrastructure spending going to occur?" concluded Ms Lillicrap.

All the states declined for the September 2019 quarter compared to previous quarter. The notable exception to this decline in residential and engineering work is in Victoria, where new residential work done increased by 1.8 per cent for the quarter to be up by 4.0 per cent annually. New South Wales declined by 7.8 per cent, Queensland by 4.7 per cent, South Australia by 0.7 per cent and Western Australia by 4.9 per cent. Tasmania and the ACT which have previously managed to buck the national trend have also declined by 20.5 per cent and 10.9 per cent respectively compared to the June 2019 quarter.

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