Willis Construction is pleased to bring to you our *Australasia Construction Insight*.

Given the pace of business today, it is extremely difficult to be across the myriad of items and articles of interest that focus on the Australian and New Zealand building and construction industry. To assist you in this regard, Willis Construction will draw upon our expansive regional network and will combine this information together into one electronic document for distribution to our customer base, on a regular basis.

We trust you will find our offering useful.

From all of us at Willis Construction, happy reading!

Best regards

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NSW CONSTRUCTION MARKET PRESENTS POSITIVE OUTLOOK

3 December 2013

Things are going so well in the New South Wales construction industry that about the only thing more common than a new set of data showing yet another month of rising new home sales or building approvals is a pronouncement from state roads minister Duncan Gay or transport minister Gladys Berejiklian about further progress in bringing another of Sydney’s upcoming multi-billion dollar infrastructure projects to market.

While some states, such as Victoria and Western Australia, are looking at mixed fortunes across sectors and others such as Tasmania and South Australia are experiencing poor conditions across the construction market, New South Wales appears to have hit a ‘sweet spot’ in which most of its stars are aligned.

In contrast to the situation in Victoria, for example, New South Wales has seen extremely low levels of home building in recent times and has a great deal of pent up demand. Furthermore, while a fourfold increase in resource construction in recent years is now in reversal, the effect of the boom in this segment of the market was nowhere near as significant in the context of the state’s overall construction industry as it was in Queensland or WA – and in any case, the drop in this segment is being mostly offset by strengthening levels of infrastructure investment.

More broadly, the state’s economy is not booming but is humming along at reasonable levels of 2.5 to three per cent annual growth.

Not surprisingly, then, participants in the Property Council of Australia’s most recent Property Industry Confidence Survey are more optimistic about forward work schedules and overall prospects in the state compared with anywhere else in Australia.

Yet thanks to the combined impact of lower levels of activity in mining, subdued public-sector spending on buildings and near-decade low levels of investment in the renovations part of the housing sector, this is not exactly a boom – a situation not helped by the current uncertainty surrounding planning reform. Overall, the Australian Construction Industry Forum (ACIF) expects the value of work done throughout the state to rise a modest 2.2 per cent in 2013/14 to come in at $50.073 billion, with only modest growth anticipated thereafter.

Link: http://sourceable.net/market-report-nsw-construction-firing-on-most-cylinders/
GOVT SLATES PPP INVESTMENT TARGETS

29 November 2013

As part of its 15 year national plan, the coalition will make a submission to a Productivity Commission inquiry into public infrastructure, assistant minister Jamie Briggs told a meeting of stakeholders in Sydney.

"If we were to set economy-wide investment targets, this could deliver more certainty and, with it, a pipeline of projects," Mr Briggs said.

Investment subject to fiscal challenges and therefore uncertain, can lead to project cost blowouts while deterring future offshore spending, Mr Briggs said.

A public-private partnership benchmark would send a very clear message to the market that not only is there a project pipeline, but it's backed by financial certainty, he said.

The coalition has made it a priority to attract private sector investment and while it acknowledges the support of global banking and financial institutions, the government wants a broadened investment base.

"I would like to see greater involvement by our locally-based super funds which manage billions of dollars of Australians' retirement savings," Mr Briggs said.

The Productivity Commission is due to release an initial issues paper on infrastructure financing options later on Thursday with a final report expected in May.

Meanwhile, the government continues to champion its idea of a tax incentive plan for states and territories which sell off public assets and put the money into new "economically-productive" infrastructure.

But the Electrical Trades Union said the move was a cash grab.

"Sure, a state government can pocket a one-off windfall through selling, but that would be wiped out within a decade once you take foregone income into account," union national secretary Allan Hicks said.

Link: [http://sourceable.net/govt-slates-ppp-investment-targets/](http://sourceable.net/govt-slates-ppp-investment-targets/)
28 November 2013

Deputy Prime Minister and Minister for Infrastructure and Regional Development Warren Truss has committed the Coalition Government to fast-tracking delivery of the iconic Inland Rail project.

In his address to the AusRAIL 2013 conference in Sydney today, Mr Truss said that the Government is determined to roll-out infrastructure essential to boosting our national productivity and we will bring forward the Melbourne-to-Brisbane Inland Railway.

“To ensure construction starts as soon as possible, I will create a high-level Implementation Group to be chaired by former Deputy Prime Minister John Anderson. This announcement builds on my commitment during the election campaign to provide federal funding of $300 million to get the project back on track.

“As Australia’s longest serving Transport Minister, John has the experience and the networks to help bring this major infrastructure project to fruition. He has a strong record in making rail a central feature of the national freight task and a pillar of the economy, and he will bring people to the table to make our vision a reality…and make it happen fast.

“The Implementation Group will report to me. Importantly, its role will help determine construction priorities and ensure engagement with the community and stakeholders.

“Its first priority will be to finally settle the alignment and reserve land for the route. The Group will examine financing options and engage with private sector investors and those with significant interests along the line that will benefit from its construction.

“I have written to the Premiers of Queensland, NSW and Victoria to seek their cooperation and invited them to nominate a representative to join the Secretary of my Department, Mr Mike Mrdak, and the CEO of the Australian Rail Track Corporation, Mr John Fullerton, on the Implementation Group.

“The Australian Rail Track Corporation will, under the guidance of the Implementation Group, work with interested parties to construct the Inland Rail project through a staged 10-year schedule.

“We have also committed to investigate the rail infrastructure required for a new 24/7 dedicated freight line to the Port of Brisbane. I remain committed to working with the Port of Brisbane to develop a significant international gateway linking with the regions and mines of South East Queensland and Northern NSW to the markets of the world.

“I look forward to the Inland Rail boosting rail access and national productivity by linking our eastern production zones and revitalising regional centres across three states.”

PRIVATE SECTOR LIFTS HOUSING CONSTRUCTION IN SEPTEMBER

27 November 2013

Latest figures released by Australian Bureau of Statistics (ABS) indicates, the volume of construction work completed in Australia rose on a seasonally adjusted 2.7% to A$53,426.6m during the September quarter of 2013.

Following on from results released in November 2013 that saw the construction sector expand for the first time in more than three years, the ABS figures showed the total volume of construction work done was driven by a 4.1% lift in private sector construction over the quarter. This was partially offset by a decline of a seasonally adjusted 2.7% in public construction work.

Despite a lift in building approvals over the quarter, residential construction remained flat, with economic forecasts seeing a lift in residential construction to come.

Industry News Articles – New Zealand

CANTERBURY CONSTRUCTION SPENDING AT RECORD HIGH

4 December 2013

A quarter of all New Zealand’s construction spending is now in Canterbury, as both home and non-residential building ramp up to record levels.

Figures from Statistics New Zealand put the region's house building spend for the July to September quarter at $484m, with $336m spent on other building construction.

The total $820m spent on Canterbury construction was up $162m, or 21%, on the same period in 2012.

The department said the values were new highs. Its industry and labour statistics manager Clara Eatherley described the upwards trend as strong and said Canterbury was leading the country in construction growth.

The increases follow a slow patch in April to June when the region's construction spending had been down compared with the previous year.

The figures are taken from Statistics New Zealand's building work in place survey, which measures construction underway and gives a more up-to-date picture of construction than council consent figures.

Nationally, the volume of residential building work underway increased 8.1% while the amount spent rose 9% to $1.96b. The volume of non-residential building fell 6.4% by volume and 5.7% by value to $1.2b.

Prices for non-residential building work increased by 0.8% in the three months to September compared with the previous quarter, while prices for residential buildings rose 0.9%, as measured by the Capital Goods Price Index.


NZ RESIDENTIAL CONSTRUCTION MARKET SLOWS

29 November 2013

New Zealand's appetite for building new homes has slowed, data for the first month the Reserve Bank's restrictions on low deposit mortgage lending kicked in shows.

New dwelling consents, including apartments, fell 0.6 per cent to a seasonally adjusted 1,751 in October, from 1,762 a month earlier, according to Statistics New Zealand figures released on Friday. Stripping out apartments, which can cause monthly volatility, consents fell 2.3 per cent to 1,588. That's the biggest monthly decline since July last year.

Unadjusted, residential building permits excluding apartments were up 20 per cent to 1,758 in October from the same month a year earlier, and were up 25 per cent on an annual basis to 18,323. Consents to build apartments were down 21 per cent to 133 in October from a year earlier, and fell 1.2 per cent annually to 1,714.

The building intentions figures suggest the Reserve Bank's restrictions on mortgage lending with less than 20 per cent deposit are already affecting housing supply, as feared by the Registered Master Builders Federation. The central bank has been concerned about rapid house price rises in Auckland and Christchurch, where a lack of supply has seen growing numbers of bidders drive up sale prices.

Link: http://sourceable.net/nz-residential-construction-market-slow/
ABOUT WILLIS

Willis Group Holdings plc. is a leading global risk advisor, insurance and reinsurance broker. With roots dating back to 1828, Willis operates today on every continent with more than 17,000 employees in over 400 offices. Willis Australasia currently employs approximately 480 Associates, with nine offices throughout Australia and New Zealand, and has operated in the region for 55 years. Willis offers its clients superior expertise, teamwork, innovation and market-leading products and professional services in risk management and transfer. Our experts rank among the world’s leading authorities on analytics, modelling and mitigation strategies at the intersection of global commerce and extreme events. Find more information at our website, www.willis.com, our leadership journal Resilience, or our up-to-the-minute blog on breaking news, WillisWire. Across geographies, industries and specialisms, Willis provides its local and multinational clients with resilience for a risky world.
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