



IMPROVEMENT: ANZ chief economist Warren Hogan says labour demand is strengthening in early 2010.

Investment set to build on recovery

By NEIL GOFFET

THE Hunter's construction sector has been propped up by government investment and strong market demand and the fallout from that will be a slower than average recovery from the economic downturn.

As economic conditions improve the region is geared towards a long recovery, with increases in construction activity not expected until later this year, according to a BCI Australia regional report.

The report outlined the fact very few new proposals had begun construction at the end of last year and the level of deferrals and abandonments in concept and design stage projects were as high as January, 2007.

Money invested in projects at the concept and design stage peaked at \$3.1 billion in the third quarter of last year but fell to \$638 million by the end of 2009.

The Federal Government's Building the Education Revolution program helped sustain the industry but the program will be phased out in the next few months.

Investment in health remained consistent, at about \$80 million each quarter, and received a boost from the \$34 million project at Newcastle Private Hospital.

"Government investment into a range of community ventures in the region has led to a significant increase in the value of projects entering the construction pipeline in late 2008," the report said.

"The commercial sector has been one of the most turbulent with the value of projects fluctuating from quarter to quarter."

The report said the number of residential building permits issued in 2010 was much greater than in the previous two years.

Employment ads keep increasing

Businesses more confident

EMPLOYERS are becoming more confident about the economic outlook, with the number of jobs advertised rising for a second straight month, a leading employment survey says.

The total number of job advertisements in major metropolitan newspapers and on the internet rose 1.8 per cent in March to an average of 162,692 a week, the ANZ job advertisement series found.

Total jobs ads were up 8 per cent in March compared with the same time a year ago, the first yearly growth since July 2008.

Internet ads rose 2 per cent in March, while newspaper ads fell by 1 per cent.

Newspaper ads had risen 20.1 per cent on March 2009.

ANZ chief economist Warren Hogan said the overall rise in jobs ads during March added to the 19.1 per cent growth in February.

"This month's continuation in job ads growth suggests labour demand is strengthening in early 2010 and confirms the rapid improvement in economic conditions in Australia over the past six months," Mr Hogan said yesterday.

"This steady increase in labour demand is already translating into solid employment growth and reduced unemployment, even during the current period of relatively strong population and labour force growth."

Total job ads were 29.9 per cent above the cyclical trough in July 2009, but were 41.6 per cent

TECHNICAL specialists and senior management roles were in high demand as employer confidence reached its highest level in the Hunter since September, 2008.

Results from the *Hudson Report into Employment Expectations* for the April to June quarter this year showed employer confidence had grown a further 2.6 per cent to be well above state and national averages.

The report showed 43.7 per cent of employers had plans to increase their permanent staff during that three-month period to be well above the NSW average of 30.2 per cent and the 31.5 per cent Australia wide.

The figures were even more impressive in the resources sector with the report outlining

below the peak in April 2008.

Mr Hogan said ANZ expected the unemployment rate to ease through the rest of 2010, albeit with "temporary wobbles".

"The unemployment rate is likely to stabilise around 5 per cent or a little bit lower over the year ahead," Mr Hogan said.

"In the near term, the forward indicators continue to point to



KEY: Tim Rayner said confidence levels were significant.

58.3 per cent of employers planned to increase their permanent staffing levels in the coming three months, an increase of 6.0 per cent.

"Employers in resources and construction are going great but they are interrelated somewhat," Hudson Hunter/Central Coast general manager Tim Rayner said.

"Mining fits into both of those and some of the infrastructure

more employment growth through 2010, although the pace of growth will vary and is likely to be slower than in the jobs boom seen over the past six months.

"The ANZ [and other] job ads surveys continue to improve, business investment and construction are regrouping, and business sentiment and expectations remain relatively strong."

projects would probably fit into both of those as well.

"Construction, property, engineering and resources are the key sectors for this region and manufacturing is also pretty strong."

"And all of those industries are essentially the strongest Australia-wide."

Contributing to the trend was the recent announcement of plans to build a new power station in Muswellbrook that would generate an increase in demand for coal in the future.

Mr Rayner said employer confidence levels were on track to reach the heights of 2005 and 2006.

"It's pretty significant," Mr Rayner said.

- Neil Goffet



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