Defence-ive mechanism

FIVE of the Territory’s largest construction companies combined to commission capability modelling to secure some of the $5 billion estimated to be spent on Defence here over the next decade.

The $110,000 independently created document, “Capacity to Spare”, was co-ordinated through the Master Builders Northern Territory but paid for by the big five – HB Group, Halikos Construction, Laing O’Rourke, Sunbuild and Sitzler.

It provides forecasts until 2022-23 and breaks it down into key areas including engineering construction, residential building and non-residential building. The assessment period is over two decades.

MBNT executive director Dave Malone said the production of the document was a recognition by industry they could not prove their “capability”.

“We sat down with Defence and we talked through what we were capable of in the Northern Territory and Defence were very enthusiastic about what we had to show but we couldn’t prove it,” he said.

“So the five companies got together and commissioned this. It is important to know that we didn’t influence this document. We went to great lengths to ensure this was completed independently at arm’s length.

“This type of approach can be applied to all industries in the Territory to demonstrate value and capability to our economy.” The MBA used Chris Murphy from Independent Economics to generate the modelling.

Steve Margetic from Sitzler said the Territory industry had operated with some elasticity as it handled peaks and troughs with major projects and this had worked against the industry in convincing Defence of capability. “We had to verify how the industry responds to demand,” he said.

“Generally they look at company turnover over a shorter period and if they don’t see the $100 million, $200 million turnover then they question capacity.

“Construction in this part of the country has always been flexible and elastic ramping up to meet the demand when required. This document demonstrates what we can handle.”

The economic modelling shows the Territory could handle more than $1 billion in construction without major or specialist projects.

At the top of Defence spending is the proposed F-35A Operational Precinct estimated at more than $450 million. The precinct will be for both No.75 Squadron and visiting Australian squadrons at RAAF Base Tindal.

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