

Improving building approvals can be boosted to a trend by rates, Budget

An uplift in South Australian building approvals for the year to March 2016 can be converted to a sustained trend with the right triggers, Master Builders SA says.

Data from the Australian Bureau of Statistics shows the value of South Australian approvals for new homes for the past 12 months has increased 5 per cent to \$2.5 billion and is 14 per cent higher than the 10-year average of \$2.2 billion on a trend basis.

Non-residential work is also showing positive signs with its \$1.8 billion of approvals for the year to March 2016 a full 7 per cent higher than the 10-year average of \$1.7 billion.

Master Builders SA Director of Policy and Communications Russell Emmerson said the housing industry would embrace the positive and hope for a sustained recovery in South Australia.

“This could be a short-term change or a long-term trend. If the Reserve Bank cuts interest rates at today’s meeting and tonight’s Federal Budget gives industry reasons to be confident – and a focus on tax cuts for small business may just do that – then we may be able to point to these figures as the way forward,” he said.

“But it’s still difficult to ignore the fact that South Australia is still the only State where building approvals are less than their 10-year average. Approvals in almost every State are sitting at more than 10 per cent above historic levels, while Western Australia is falling as the effects of the mining boom pass and Tasmania is sitting right on its 10-year average.

“The Federal Government’s awarding of the bulk of the submarine build to Adelaide and the State Government’s ready action to secure more work are likely to have very real benefits for South Australia’s building and construction industry – we hope to see more confidence, more demand. But we can’t ignore the need for structural change if we are to build our own foundations to drop our country-leading unemployment.”

The State Government is currently considering a suite of reforms developed by Master Builders SA aimed at improving the long-term sustainability of the State’s building and construction industry.

Ends

For further information

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Summary of building approvals data released by the Australian Bureau of Statistics for December 2015:

VALUE OF SOUTH AUSTRALIAN BUILDING APPROVALS

TREND (\$m)

	Year to Mar-16		Previous 12 months		Ten year annual average	
Residential - New	\$ 2,466.9	\$ 2,343.9	5%	\$ 2,158.6	14%	
Residential - Alterations, Additions	\$ 382.0	\$ 366.7	4%	\$ 357.8	7%	
Residential - Total Work	\$ 2,848.9	\$ 2,710.6	5%	\$ 2,516.4	13%	
Non Residential - Total Work	\$ 1,825.2	\$ 1,499.8	22%	\$ 1,706.8	7%	
Total Building Approvals	\$ 4,674.1	\$ 4,210.3	11%	\$ 4,223.2	11%	

Source: Australian Bureau of Statistics, Building Approvals, cat. 8731.0 table 33

NUMBER OF BUILDING APPROVALS (12 MONTHS)

TREND (number)

	Past 12 months		Previous 12 months		Ten year annual average	
NSW	64,855	54,685	19%	40,292	61%	
VIC	66,099	64,418	3%	51,942	27%	
QLD	45,881	40,874	12%	36,518	26%	
SA	10,976	11,260	(3%)	11,203	(2%)	
WA	26,591	32,396	(18%)	24,748	7%	
TAS	2,703	2,632	3%	2,706	(0%)	
NT	1,605	2,001	(20%)	1,416	13%	
ACT	4,321	3,463	25%	3,676	18%	

Source: Australian Bureau of Statistics, Building Approvals, cat. 8731.0 table 7