

Flagging building approvals demand reform to protect jobs

A persistent decline in South Australian building approvals demands immediate reforms to protect jobs across the industry, Master Builders SA says.

Data released by the Australian Bureau of Statistics today shows 673 new homes were approved in July 2017, down 6 per cent on the same time last year and 5 per cent on the average of the last 10 years.

About \$255.2 million of new homes were approved in July, down 5 per cent on the same time last year. While this represents a 17 per cent increase on the 10-year average, the effects of inflation show the industry is falling further behind in terms of activity and value, Master Builders SA Chief Executive Officer Ian Markos said.

“We’re seeing a rapid cooling in South Australian approvals compared to this time last year, which is putting pressure on employers to hold their nerve and keep people in jobs,” he said.

“East Coast activity has been driving the national market but we’ve conceded that we’ve passed the peak – South Australia won’t benefit from that optimism, so we need to look elsewhere to support the sector and the tens of thousands of jobs it supports.

“Axing stamp duty for first homebuyers is a no-brainer, and taking a tough look at red tape on housing comes a close second.

“The State Government says every measure points to South Australia having the most affordable housing, but there’s one measure that’s ignored: the Census. When the Census tells us that the average South Australian household is spending the third-highest amount on their average housing costs, it’s a clear sign that attention is needed.

“The health of the south Australian economy is dependent on growth – and that’s clearly not happening in the building and construction sector.”

Approvals over the last 12 months show a considerable decline when compared to the previous 12 months – a warning sign that is already being felt across the industry at a time of historically low consumer and business confidence.

Ends

For further information

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New home building continues to flag:

NUMBER OF SOUTH AUSTRALIAN BUILDING APPROVALS

TREND (dwelling units)

	By Month				By Year					
	This Month	Last Month	This Month	Last Year	Past 12 Months	Previous 12 Months	Ten-year Annual Average			
New Houses - Private	673	667	1 %	658	2 %	7,736	8,257	(6) %	8,122	(5) %
Total Dwellings - Private	1,009	998	1 %	915	10 %	11,207	12,213	(8) %	10,934	2 %
All Dwelling Units - All Sectors	1,029	1,022	1 %	931	11 %	11,441	12,456	(8) %	11,464	(0) %

Source: Australian Bureau of Statistics, Building Approvals, Trend, July 2017, Cat: 8731.0, Table 4.

Industry challenged as value of all building falls significantly behind rising inflation (compound rate over 10 years about 27 per cent):

VALUE OF SOUTH AUSTRALIAN BUILDING APPROVALS

TREND (\$m, not adjusted for inflation)

	By Month				By Year					
	This Month	Last Month	This Month	Last Year	Past 12 Months	Previous 12 Months	Ten-year Annual Average			
Residential - New	\$ 255.2	\$ 250.3	2 %	\$ 217.7	17 %	\$ 2,722.8	\$ 2,857.0	(5) %	\$ 2,335.9	17 %
Residential - Alterations, Additions	\$ 36.7	\$ 35.6	3 %	\$ 33.1	11 %	\$ 401.3	\$ 386.4	4 %	\$ 371.0	8 %
Residential - Total Work	\$ 291.9	\$ 286.0	2 %	\$ 250.8	16 %	\$ 3,124.1	\$ 3,243.5	(4) %	\$ 2,706.9	15 %
Non Residential - Total Work	\$ 167.0	\$ 165.8	1 %	\$ 178.1	(6) %	\$ 2,244.8	\$ 2,187.9	3 %	\$ 1,871.9	20 %
Total Building Approvals	\$ 458.9	\$ 451.8	2 %	\$ 428.9	7 %	\$ 5,369.0	\$ 5,431.3	(1) %	\$ 4,578.8	17 %

Source: Australian Bureau of Statistics, Building Approvals, Trend, July 2017, Cat: 8731.0, Table 33.

While slowing East Coast activity dominates national activity:

DWELLING UNITS APPROVED

TREND (number)

	By Month				By Year					
	This Month	Last Month	This Month	Last Year	Past 12 Months	Previous 12 Months	Ten-year Annual Average			
NSW	5,861	5,838	0 %	6,899	(15) %	70,102	74,448	(6%)	47,018	49%
VIC	5,218	5,164	1 %	5,730	(9) %	64,989	68,005	(4%)	55,854	16%
QLD	3,496	3,490	0 %	4,054	(14) %	41,121	51,426	(20%)	37,653	9%
SA	1,029	1,022	1 %	967	6 %	11,441	12,456	(8%)	11,464	(0%)
WA	1,609	1,597	1 %	1,730	(7) %	19,769	23,845	(17%)	24,241	(18%)
TAS	193	195	(1) %	163	18 %	2,203	2,395	(8%)	2,623	(16%)
NT	50	55	(9) %	114	(56) %	899	1,598	(44%)	1,366	(34%)
ACT	426	391	9 %	528	(19) %	5,153	4,969	4%	4,152	24%

Source: Australian Bureau of Statistics, Building Approvals, Trend, July 2017. Cat: 8731.0, Table 7.