

Falling building approvals demand reforms to protect jobs

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

The trend estimate for the total number of private sector houses in South Australia fell 0.4% in April and has fallen for six months. 694 homes were approved in April, the lowest number since July last year.

Chief Executive Officer Ian Markos said Master Builders SA supported the Marshall Government's proposed Productivity Commission and called for a review of all taxes and charges related to land and property development.

"The Marshall Government was elected on a platform of reducing red tape and improving business conditions in South Australia, and today's data shows we need to go over the building sector with a fine-tooth comb to improve housing affordability.

"House prices are driven up by about 40 per cent by inefficient land release strategies, excessive development levies, taxes and charges, and excessive planning and building requirements.

"For example, South Australian building rules require that new dwellings and some extensions or alterations have an additional water supply to supplement mains water. When Queensland abolished this requirement in 2013, it was estimated the average home owner saved \$7,000.

"We support consumer choice. We have no problem with rainwater tanks, we just don't think they should be compulsory. People should have the freedom to make their own decisions based on their own budget, priorities and lifestyle.

"There would be nothing stopping anybody who wanted a rainwater tank from getting one, or installing one in the years ahead when it is more affordable. The most important thing is first homebuyers at least have the option of getting into their own home as cheaply as possible first.

"South Australia's sluggish population growth also continues to be the elephant in the room. Victoria and Queensland, both population growth hotspots, continue to record strong numbers. In Victoria, the trend estimate for the total number of private sector houses approved rose 1.5% in April and has risen for 15 months, whilst Queensland recorded a 1.6% increase and has risen for four months.

"A stamp duty exemption for first homebuyers on new builds up to the median house price, similar to what was introduced in Victoria and New South Wales last year, is proven to work and an essential policy for South Australia's future."

Ends

For further information

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Available for telephone interviews

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Total number of dwelling units; Houses; Private Sector (Trend) Source: 8731.0 – Building Approvals, April 2018

	South Australia	Victoria	Queensland
Apr 2017	660	2973	2017
May 2017	672	3000	2057
Jun 2017	685	3044	2102
July 2017	697	3092	2151
Aug 2017	708	3134	2185
Sep 2017	713	3168	2188
Oct 2017	716	3203	2170
Nov 2017	714	3248	2153
Dec 2017	709	3306	2151
Jan 2018	704	3375	2165
Feb 2018	701	3448	2195
Mar 2018	697	3518	2232
Apr 2018	694	3572	2269

Comment: SA has recorded a fall for six months in a row, whilst population growth “hot spots” Victoria and Queensland continue to record strong growth

2017: First home buyers – Dwellings financed Source: 5609.0 – Housing Finance, January 2018

	Victoria	New South Wales	South Australia
Jan-2017	1851	1028	344
Feb-2017	1889	1105	376
Mar-2017	2296	1463	486
Apr-2017	1850	1169	350
May-2017	2431	1600	491
Jun-2017	2366	1526	517
Jul-2017	2619	1950	439
Aug-2017	3162	2427	491
Sept-2017	3002	2395	456
Oct-2017	3250	2397	459
Nov-2017	3526	2700	574
Dec-2017	3116	2412	470
Total: Jan-Jun	12 683	7891	2564
Total: Jul-Dec	18 675	14 279	2889
Total: 2017	31 358	22 170	5453
Percentage increase in second half of 2017	47.24%	80.95%	12.67%

Comment from the ABS: “The number of loans to first home buyers has recorded strong growth in recent months. The increase has been driven mainly by changes to first home buyer incentives made in July by the NSW and VIC governments.”