



MASTER BUILDERS
A U S T R A L I A

Submission to the
Senate Standing Committees on Community Affairs
Inquiry into the worsening rental crisis in Australia

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Overview

Master Builders Australia (Master Builders) welcomes the opportunity to provide input to the inquiry into the worsening rental crisis in Australia and contribute policy ideas to improving the chronic undersupply of rental accommodation.

There is no denying millions of Australians are feeling the mounting pressure of rising costs of living across the housing spectrum.

2023 has faced a difficult economic backdrop. Inflation is at its highest in over 30 years partly due to cost of materials and entrenched inflation in the rental market and labour shortages.

This has resulted in the toughest phase of interest rate pressures since the early 1990s. Housing costs typically absorb substantial shares of household income.

Renters and mortgage holders are navigating the challenges of securing stable and affordable housing.

The dream of owning and investing in housing is underpinned by a fair and equitable desire to improve social, economic and productivity benefits for the nation. But in the current climate of economic uncertainty many are seeing this aspiration become too far out of reach with flow on effects across the economy.

For decades, debate has simmered around how we address housing affordability. It has now reached boiling point.

From social and community housing, rental properties to owner-occupiers, there is a common constraint – supply.

Rising interest rates, high inflation, a surge in migration and woeful building approvals can all impact the housing market.

The building and construction industry is the canary in the economic coalmine and for months building activity and approvals has not foreshadowed an easing of conditions.

The data speaks for itself – during the June quarter, new home building approvals were 15.5 per cent down on a year earlier and higher-density home building approvals sunk by 14.4 per cent.

This lack of supply, particular among higher-density homes which is relied upon by renters, is putting more pressure on the rental market with rental inflation hitting its highest rate in 14 years.

Rents rose by 7.6 per cent over the year to July 2023 which is in stark contrast to just two years ago when average rents moving lower. Other historical spikes occurred in 1975 (17.2 per cent), 1988 (11.6 per cent) and 2008 (8.4 per cent).

While there is no doubt that measures are needed to address the housing crisis, rental controls are not be the silver bullet some are claiming them to be.

The imposition of rent caps discourages property investors from entering the market or maintaining existing stock, leading to a decrease in the supply and quality of available rental properties, worsening the crisis over the long-term.

We must look to history when crises were avoided. During the 2010s, record volumes of higher density home building successfully neutralised rental pressures, even though migration was high.

Migration does not result in rental market pressure if the supply of new higher-density homes is large enough.

Over that decade, average higher density home starts were 82,300, with activity peaking at 114,000 starts in 2016. Over the year to March 2023, work began on less than 65,000 new homes in this category. This needs to change course.

We need to get as many low-cost rental premises into the market as possible and avoid interventions that restrict housing quality and supply.

For those who rely on affordable rental properties, the availability of these homes can make a substantial difference in their quality of life.

Those who depend on affordable housing deserve solutions that genuinely address their needs and do not inadvertently exacerbate the situation.

Our focus to solving the housing crisis is two-fold, getting inflation back under control which will ease interest rates and fostering an environment conducive to investment and development.

This ultimately takes pressure off mortgage holders and rental prices.

Master Builders Australia firmly believes the solution is working collaboratively with the building and construction industry to remove impediments and incentivise growth by making it easier for new projects to get the green light.

This can be done by kickstarting private investment and reducing the cost of building homes through better approaches to planning, reducing backlogs, minimising taxes and charges, and improving productivity in the industry by simplifying building regulations and the industrial relations environment.

The Federal Government is to be commended for bringing all levels of government, industry and institutional investors together to prioritise and tackle the housing crisis.

Through last year's Housing Accord, which Master Builders is a signatory, we have already seen significant steps made by governments with targeted initiatives towards social and affordable housing where rental stress is generally worst.

Governments across all levels must now implement the measures announced at the recent meeting of National Cabinet as a matter of urgency.

A national planning reform blueprint that looks at the key pinch-points in the building process from planning, zoning and land release will be a key pillar in addressing our housing supply challenges.

The New Home Bonus and Housing Support Program will assist governments to undertake the array of reforms necessary to boost supply and offset some of these costs.

Master Builders has long advocated for a federal incentive payment program that looks at planning delays, developer charges, zoning restrictions and housing infrastructure investment.

The political barrier of passing the Housing Australia Future Fund and other housing supply legislation is holding back these targeted efforts.

We cannot afford to play politics with the lives of many Australians who are struggling with housing costs eating away at an increasing share of their income.

By taking an evidence-based approach, we can pave the way for a sustainable solution that not only addresses the housing crisis and pain felt by Australians but also ensures the long-term health of the housing market.

Recommendations

1. Returning the rental market to balance will rely on resuscitating building activity in the higher density part of the market. Action on both the supply and demand sides of the market is required to bring this about.
2. On the supply side, it is important that governments work to reduce the cost of creating new homes and strive to deal with the obstacles which slow down the process of building new homes.
3. More government held land should be released for the development of housing.
4. We urge all levels of government to publish an inventory of its current land holdings and categorise it according to its suitability for future residential development.
5. In future, financial payments from federal government to the states and territories should be linked to how much progress they achieve in boosting the supply of new housing. In particular, their performance with respect to planning reform, taxes and charges imposed on new home building, transparency, accountability and the improvement of data collection should be taken into account.
6. The Federal Parliament should pass the Housing Australia Future Fund which is designed to create 40,000 new social and affordable homes over a 5-year period.
7. The proposed redesignation of NHFIC as Housing Australia under whose remit the new National Housing Supply & Affordability Council offers considerable potential with respect to addressing the undersupply of new housing and consequent affordability problems. Spending allocations in the federal budget must support Housing Australia in tackling these issues as quickly and effectively as possible.
8. Delivering an effective National Housing Plan that deals with the challenges in delivering affordable housing options for all Australians.
9. Consideration should be given to measures to help expand the stock of new homes in regional areas so that migrant labour inflows can be accommodated more readily.
10. Expand the size of Housing Future Fund capital investment from \$10 billion to \$20 billion.
11. Commit all levels of government to redirect one per cent of development taxes and charges to social and affordable housing.

12. Continue community, city and regional focused infrastructure funding programs through genuine partnerships across levels of government and with industry. Embed and test housing targets more effectively in these programs.
13. On the demand side, we need to ensure that there are enough housing investors to shepherd housing stock onto the rental market. Without enough investors, the amount of housing available on the rental market will fall short of demand.
14. Introduce tax incentives to address the gap between risk and return for major institutional investors.
15. Stamp duty surcharges which apply to foreign investors in real estate are prohibitively high. State governments should consider abolishing these surcharges in situations when participation by foreign investors is likely to result in more new homes getting built. During the 2010s, we saw how foreign investors could be used to both boost new higher density home building and expand the stock of accommodation available to the rental market.
16. Current arrangements around negative gearing and the Capital Gains Tax discount are important in attracting participation from domestic investors and should be retained in their current forms. Moves to curtail these features of the tax system would result in less accommodation being made available to the rental market.
17. Trapping prospective owner occupiers in the rental market magnifies already severe pressures. Their journey to home ownership should be expedited by way of appropriate supports from government, including through grants and stamp duty concessions.
18. Banks and other lenders have a big responsibility to keep mortgage finance accessible to those wishing to move from renting to owning their home. Similarly, competitive conditions in the provision of insurance, legal and other services used by homebuyers must be regulated in a way that produces optimal pricing and quality outcomes for consumers.

Should you seek clarification or further information on any of the points in this submission please contact:

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Terms of Reference

This inquiry is being carried out by the Senate Standing Committee on Community Affairs following a referral from the Senate on 22nd June 2023. We understand that an interim report is to be presented by 23rd September 2023 with a final report due by 28th November 2023.

The Standing Committee's inquiry remit is centred on the worsening rental crisis in Australia, with specific focus on eight areas. These are:

1. the experience of renters and people seeking rental housing,
2. rising rents and rental affordability;
3. actions that can be taken by governments to reduce rents or limit rent rises;
4. improvements to renters' rights, including rent stabilisation, length of leases and no grounds evictions;
5. factors impacting supply and demand of affordable rentals;
6. international experience of policies that effectively support renters;
7. the impact of government programs on the rental sector; and
8. any other related matters.

Our submission concentrates on some of the areas where we are best placed to make meaningful contributions.

Background

About Master Builders Australia

Master Builders Australia is the nation's peak building and construction industry association which was federated on a national basis in 1890. Master Builders' members are the Master Builder State and Territory Associations.

Over 130 years, the movement has grown to over 32,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors, namely residential, commercial and engineering/civil construction.

Australia's building and construction industry

Value

Building and construction is one of the largest sectors of the Australian economy. Latest ABS figures indicate that the total value of building and construction work done over the year to June 2023 totalled \$269.72 billion in value, an amount directly equivalent to 10.5 per cent of total GDP.

Employment & wages

Our industry packs its biggest punch when it comes to the provision of full-time employment and support for small business. During May 2023, there were 1.33 million people employed in the building and construction industry. About 85 per cent of these jobs were full-time in nature, a far higher proportion than in the rest of the economy. This means that construction has consistently been the economy's largest provider of full-time jobs over many decades. During May 2023, there were 1.14 million full-time jobs in the construction industry – more than every sector of the economy outside of health and social services.

During the 2021-22 financial year, it is estimated that construction businesses paid out a total of \$77.2 billion in wages and salaries to its employees, with aggregate operating profits in the industry amounting to \$43.7 billion over the year. Industry turnover was \$491.0 billion during 2021-22, a sum which includes sales from construction businesses to other construction businesses.

Market viability and inflation

The average profit margin across all building and construction businesses tends to fluctuate around 5 per cent but this can quickly be eaten away in a high inflation environment – especially if the builder is locked into fixed-price contracts, as is customary in the residential building sector.

At one stage during the pandemic, the cost of building homes increased by 20 per cent over the course of 12 months. Latest figures show that these cost pressures have eased back, although new home building costs still increased by 7.3 per cent over the year to June 2023.

In addition to materials inflation, there has been a sharp hike in mortgage interest rates with the standard variable rate averaging 8.52 per cent during June 2023 – a full 4 percentage points higher than the 4.52 per cent rate which held for over two years during the pandemic.

Rents rose by 7.6 per cent over the year to July 2023 – in stark contrast to just two years ago average rents were in decline and on the way down. This increase is significantly less than materials inflation and mortgage rate increases.

Over a similar period, the volume of higher-density dwelling construction has significantly declined and is well below pre-covid levels that ramped up the supply of housing stock between 2010-2019 and kept rental prices low.

Number of businesses

The most up-to-date ABS data indicates that at the end of June 2023, there was a total of 444,419 construction businesses in operation across Australia. This is more than any other sector of the economy. The most striking feature of our industry's construction businesses is their size: of the total, the overwhelming majority (98.7 per cent) are small in size with less than 20 employees. Well over one half of our construction businesses (58.0 per cent) have no employees at all, typically operating as sole traders or partnerships.

The small size of construction businesses is reflected in their pattern of turnover. The majority (57.2 per cent) turn over less than \$200,000 per year with about 1 in 5 (20.5 per cent) earning less than \$50,000 annually. Just 1.4 per cent of building and construction businesses have annual revenues in excess of \$10 million.

Multiplier effect

The structure of construction activity means that the support offered by it to other parts of the economy is strong. This is because there is a high domestic content to our industry's inputs including building materials, labour and professional services. As a result, it is estimated that for every \$1 million worth of residential building activity the entire economy is better off to the tune of \$3 million. Similarly, \$1 million worth of residential building activity is estimated to support a total of 9 full-time jobs across Australia's economy – including 3 jobs in other sectors outside of building and construction.

Industry outputs / work done

In terms of our industry's outputs, about \$120.95 billion worth of civil and engineering construction was carried out over the year to June 2023. In addition to this, residential building work totalled \$90.51 billion over the same period with \$58.26 billion in non-residential building activity.

Latest figures show that work started on about 179,600 new homes over the year to March 2023, of which 113,900 were detached houses (63 per cent of the total). Over the same period, about 174,800 new homes were completed and became available to live in for the first time – meaning that a roof was put over the heads of almost 450,000 Australians.

Over the year to March 2023, building work began on 3,300 new units of public housing. At just 1.8 per cent, the share of new home building accounted for by the public sector is quite low by historic standards and this represents a key challenge going forward.

Apprentices/trades

The building and construction industry is at the fulcrum of mentoring our nation's next generation of trades workers. During 2022, a total of 25,200 new construction apprenticeships were completed while a further 53,140 new construction apprentices and trainees started out on their journey. At the end of December 2022, 117,212 construction industry apprentices were in training – close to the highest on record. Encouragingly, apprentice involvement in the industry has grown strongly over the last couple of years thanks to enhanced government support programs.

Even so, the challenge remains formidable: over the period to November 2026, it is estimated that 486,000 more people will need to enter the construction industry to facilitate our expansion and to replace those leaving the industry through retirement.

Economic backdrop

Australia's economy is navigating a challenging period. Economic growth is weak, unemployment is starting to rise, productivity is stagnant, and inflation is not yet under control. There is a reasonable risk that Australia's economy could shrink in the near future – assuming it is not already doing so.

The 4.00 percentage point increase in the cash rate since May of last year is the main culprit when it comes to the deceleration of economic growth and tightening of purse strings. Of course, interest rates only went up because inflation did first.

However, it is not all doom and gloom, there are good reasons for believing that we are winning this battle provided we stay the course: from a peak of 7.8 per cent late last year, the inflation rate has dropped back to 4.9 per cent. While this is still well above the Reserve Bank of Australia (RBA)'s target of between 2 per cent and 3 per cent, it is moving steadily in the right direction.

Some parts of the economy are stubbornly resisting the move to lower inflation particularly in the building and construction sector: rents have accelerated and are up by 7.6 per cent on a year ago, the biggest increase in almost 15 years. While inflation in the price of goods has generally eased, services inflation has gotten worse and now stands at its highest since 2001 which is a reflection of a tight labour market.

Compared with goods, the provision of services relies heavily on the supply of suitably skilled workers. Many areas of the economy, including construction, are suffering from labour shortages and this has had particularly detrimental effects on service costs.

That said, there is some evidence that labour market bottlenecks are starting to abate. Australia's unemployment rate rose to 3.7 per cent in July 2023 with about 14,600 fewer people at work during the month. In another sign of softness, there was an increase in the number of workers doing part-time hours at the expense of full-time positions.

Despite the jobs market's recent stumble, there are still 387,000 more people at work in Australia compared with this time last year. It is no coincidence that this is relatively in line with the volume of net overseas migration to Australia (+387,000) during 2022, the last 12-month period for which we have figures.

Clearly, inward migration is a key driver in the expansion of Australia's labour market. As well as providing more workers, inward migration adds to the number of consumers in the economy, meaning the economy receives support on both the demand and supply fronts. The way in which high inward migration skews our economic gears in favour of growth, it may be enough to avoid a recession.

Having more workers does not guarantee that living standards will get better without other economic levers being pulled. The collective productivity of our economy's labour force also matters hugely.

In recent years, the hourly output of Australia's workers has stagnated. This is the crux of the productivity challenge. There are no simple cures to the productivity ills that confront us and the efforts of governments to tackle this challenge cannot be left to silos.

Freeing up the ways in which businesses and workers can interact with each other could provide a springboard for improvements in innovation and enterprise across our economy. The Federal Government's upcoming industrial relations legislation poses a real concern by taking away much-needed flexibility and freedoms of employers, their employees and independent

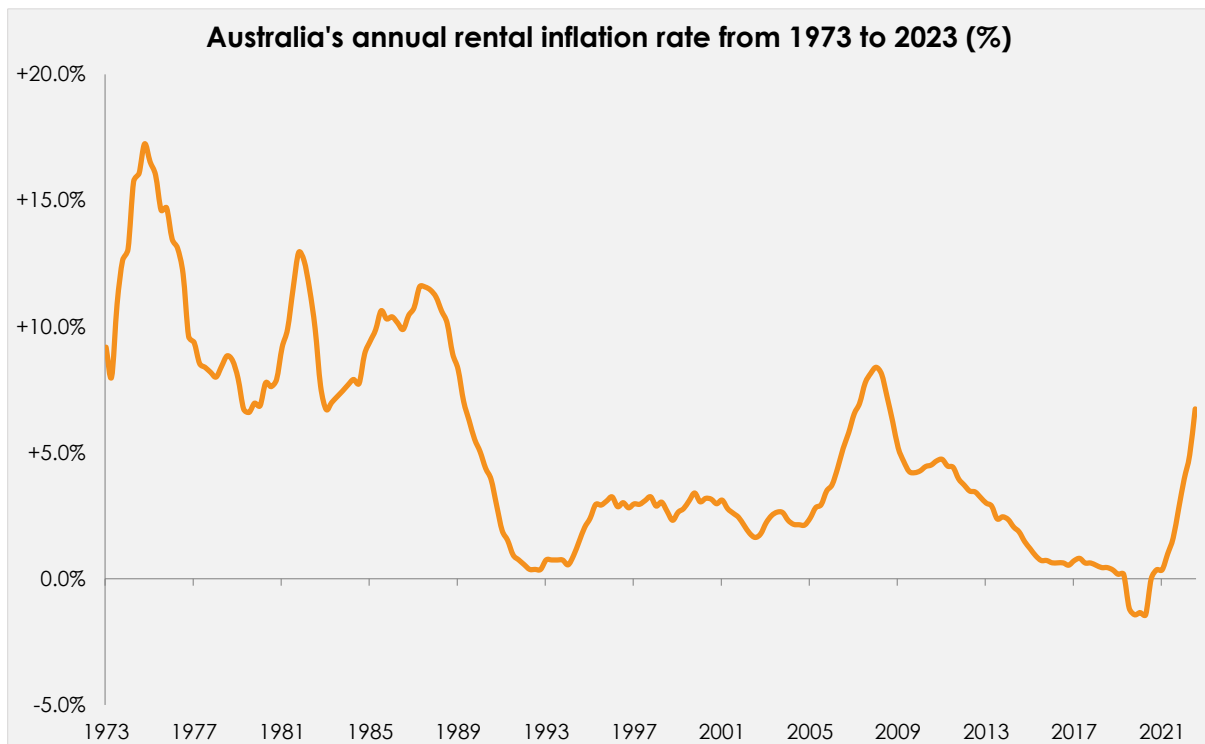
contractors; inadvertently sending productivity backwards and passing on higher costs down the supply chain. Similarly, reducing the tax burden on productivity-boosting investment and technological development could also help break us out of the productivity doldrums.

The RBA opted to keep interest rates on hold at both its July and August meetings. It is possible that interest rates have peaked. If they haven't, we are probably close to the top. Financial market expectations are that interest rates will begin declining gently in the second half of 2024. Once we reach this phase, it is likely to be favourable from the perspective of household and business confidence, but this will be dependent on government decisions in the near future and continuing continued cooperation of the state and territories across the federation.

A short history of rental prices

- Australia has suffered several bouts of surging rental prices over the past 50 years.
- Over the year to June 2023, rental prices across Australia rose by 6.3 per cent – the fastest pace of increase since 2009.

Latest ABS monthly inflation data indicate that average rents across Australia rose by +7.6 per cent over the year to July 2023. The chart below summarises how rental inflation has developed over the past 50 years. It is clear that we are currently undergoing a very sharp acceleration. Just two years ago, average rents were actually on the way down, declining by 1.4 per cent over the year to March 2021.



It is worth reviewing previous cases of high rental price inflation.

- Over the year to September 1975, average rents increased by +17.2 per cent across Australia;
- Rental inflation peaked again at +12.9 per cent in 1982;
- The year to June 1988 saw rental inflation rise to +11.6 per cent.
- For much of the 1990s and 2000s decades, rental inflation remained subdued.
- However, in December 2008 the annual rental inflation rate accelerated to +8.4 per cent, then the highest rate in twenty years.

At +6.3 per cent and rising, the current rate of rental inflation is the strongest since mid-2009, close to a fifteen-year high.

Why are rents rising so quickly?

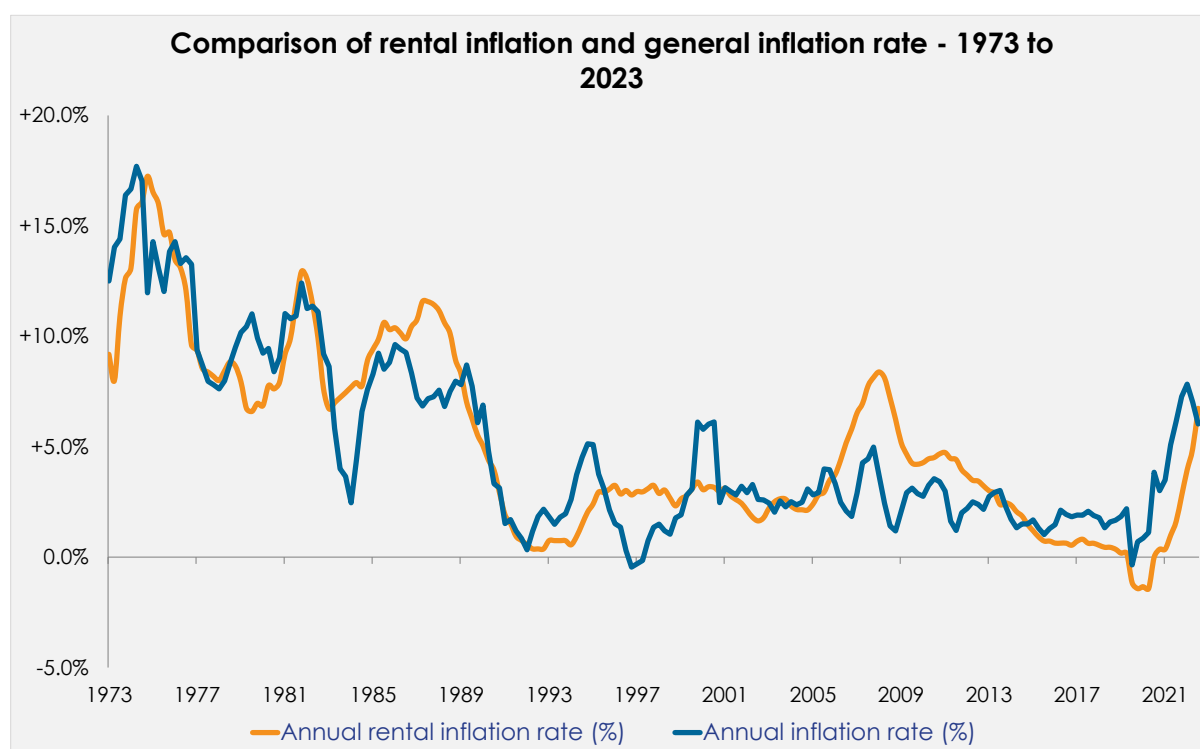
- Rents generally rise faster at times of high inflation in our economy.
- Increased volumes of inward migration from overseas don't always result in rental market pressures.
- During the 2010s, record volumes of higher density home building successfully neutralised rental pressures – even though inward migration was very high.
- The current phase of rising interest rates is one of the reasons why rents have accelerated.

Like almost everything, the direction of rental prices is determined by how supply and demand interact in the market. The supply of rental accommodation is strongly dependent on housing investor activity in the market, as well as new home building volumes. When it comes to demand for rental accommodation, population growth has one of the biggest effects.

When inflation takes off, so do rents

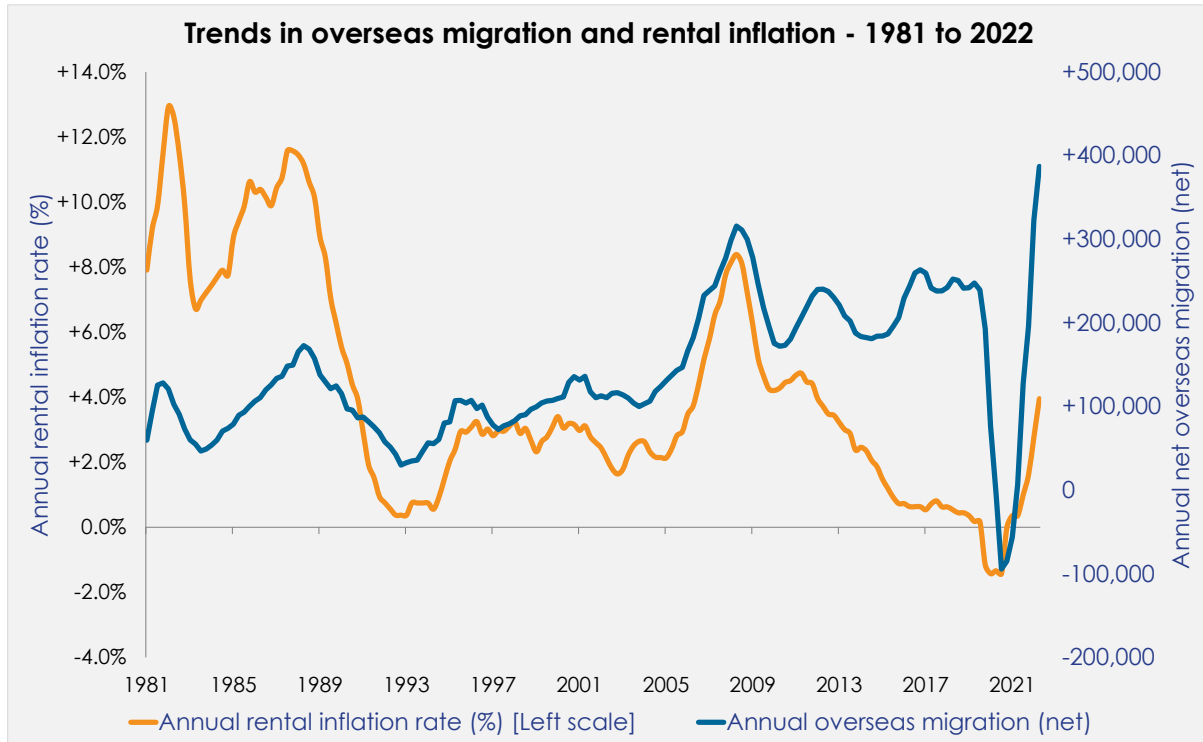
The chart below builds on the previous one and looks at the relationship over time between rental inflation and the general rate of inflation across the economy. They have largely moved in tandem over the past half century, with rents tending to follow earlier changes in the economy's general inflation rate.

Based on the past fifty years, it is generally true to say that rents tend to rise and fall in response to inflation going up and down across the economy. This pattern makes sense because higher inflation tends to push rental accommodation suppliers' costs up (such as for repairs, maintenance, management fees, etc). Stronger price pressures also force renters' wages and incomes higher, something which can result in higher rents – especially when supply is tight. But that's not the whole story.



Inward migration need not add to rental pressures

There has been much commentary in recent times about how rental prices have accelerated at the same time as surging inward migration to Australia, post pandemic. This is well worth exploring, and the chart below compares rental inflation with overseas migration rates since 1981.



There have been times in the past when rents and migration have moved in tandem - but only sometimes. The second half of the 2000s decade saw inward migration and rental growth accelerate and peak around the same time, while negative migration flows coincided with rental price drops during the pandemic. Of course, the absence of rental price growth during the pandemic was also a consequence of interventions by governments aimed at easing hardship for tenants affected by income reductions.

Also worth mentioning is the experience of the early 1990s, when migration sagged to one of its lowest volumes on record at the same time rental prices stagnated. This all took place in the aftermath of Australia's early 1990s recession and high unemployment – never a good combination for the rental market.

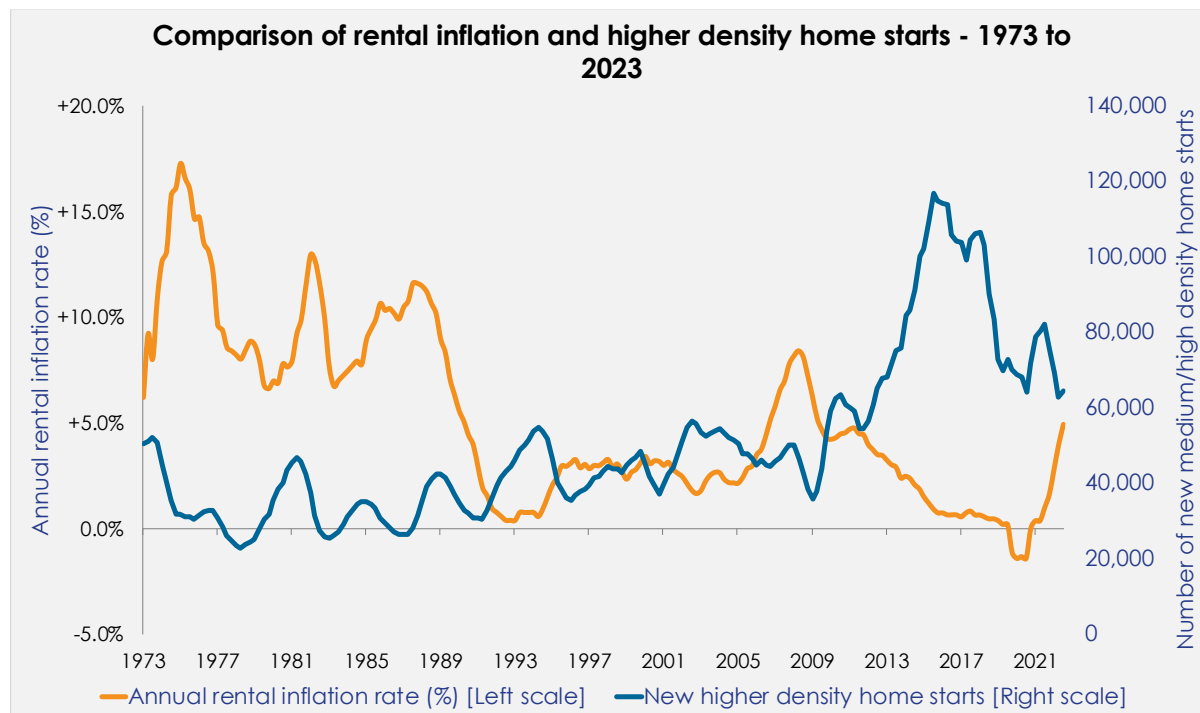
However, there have also been breaks in the link between migration and rental costs. For much of the 1980s decade, rents soared from year to year even though inward migration to Australia was quite modest.

Most interesting is the case of the 2010s decade. Then, migration volumes remained very elevated for the best part of ten years. Rather than putting pressures on rents, however, rental inflation decelerated consistently for over a decade, from a peak in late 2008 to its 2021 trough. Why?

Higher density home building helps soothe rental inflation

The high volumes of inward migration during the 2010s decade might have been expected to exacerbate pressures in the rental market. Instead, we had a slowdown in rental prices. Looking at trends in higher density home building helps explain much of this. The chart below

shows how higher density dwelling starts averaged about 40,000 per year over the forty-year period from 1973, with an exceptionally good year involving no more than 55,000 new homes.



For a number of reasons, there was a spectacular increase in higher density home building from about 2010 onwards. Activity peaked in 2016 when work began on nearly 114,000 new higher density homes. Altogether, the decade immediately preceding the pandemic saw an average of 82,300 new home starts in this part of the market – about twice its previous yearly average.

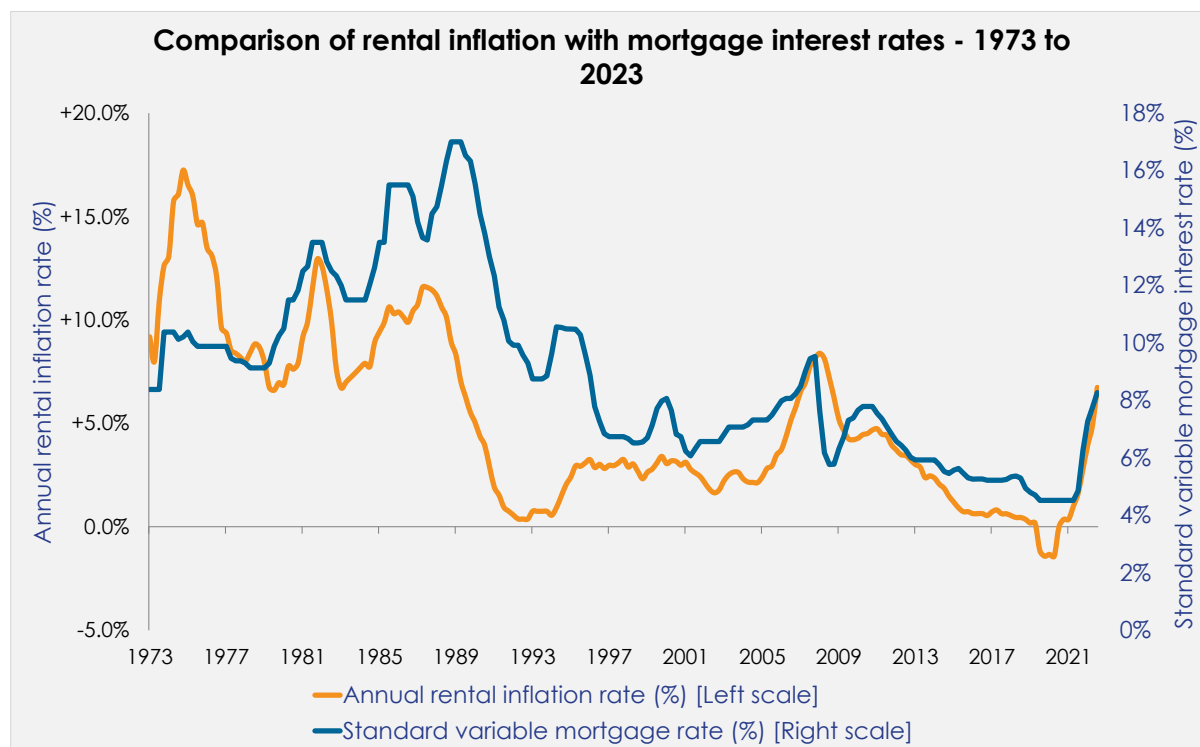
The extraordinary level of higher density home building during the 2010s is almost certainly the main reason why Australia's rental market delivered such modest rent increases at a time of considerable inward migration volumes. In effect, the huge demands created by a sustained period of elevated inward migration were successfully met by the building industry's work in ramping up the delivery of more higher density housing stock. But there was one other important factor.

Higher interest rates = higher rents

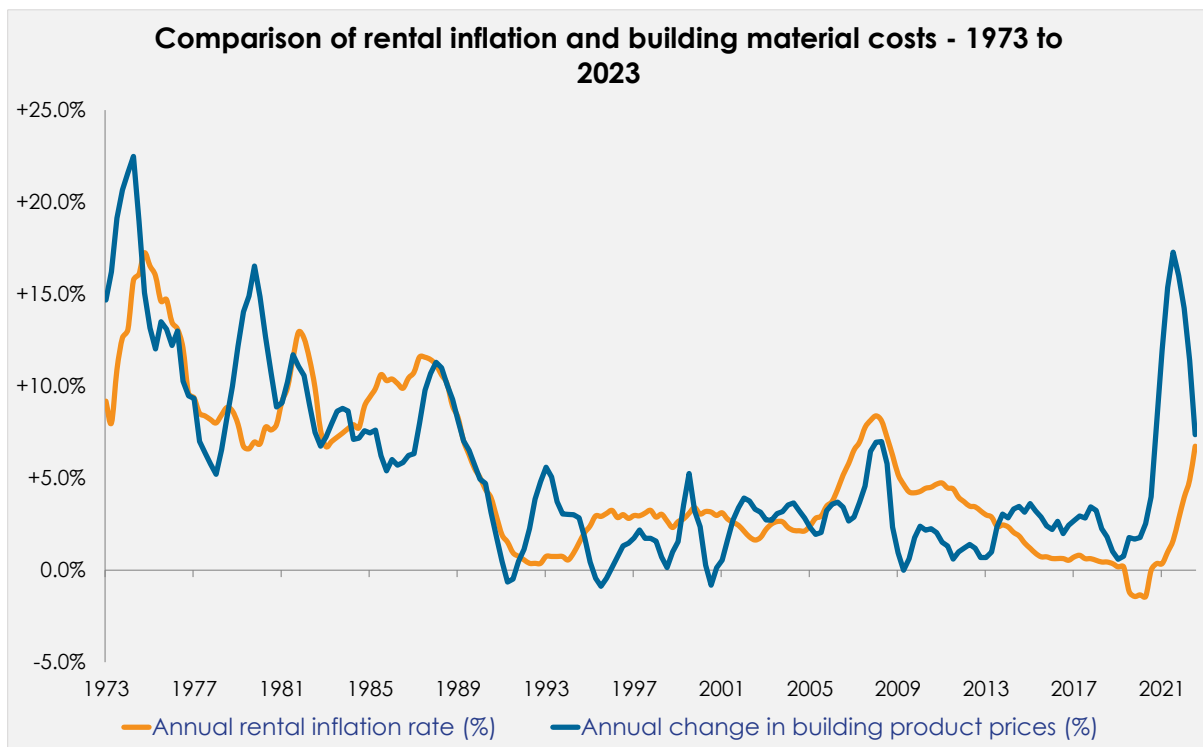
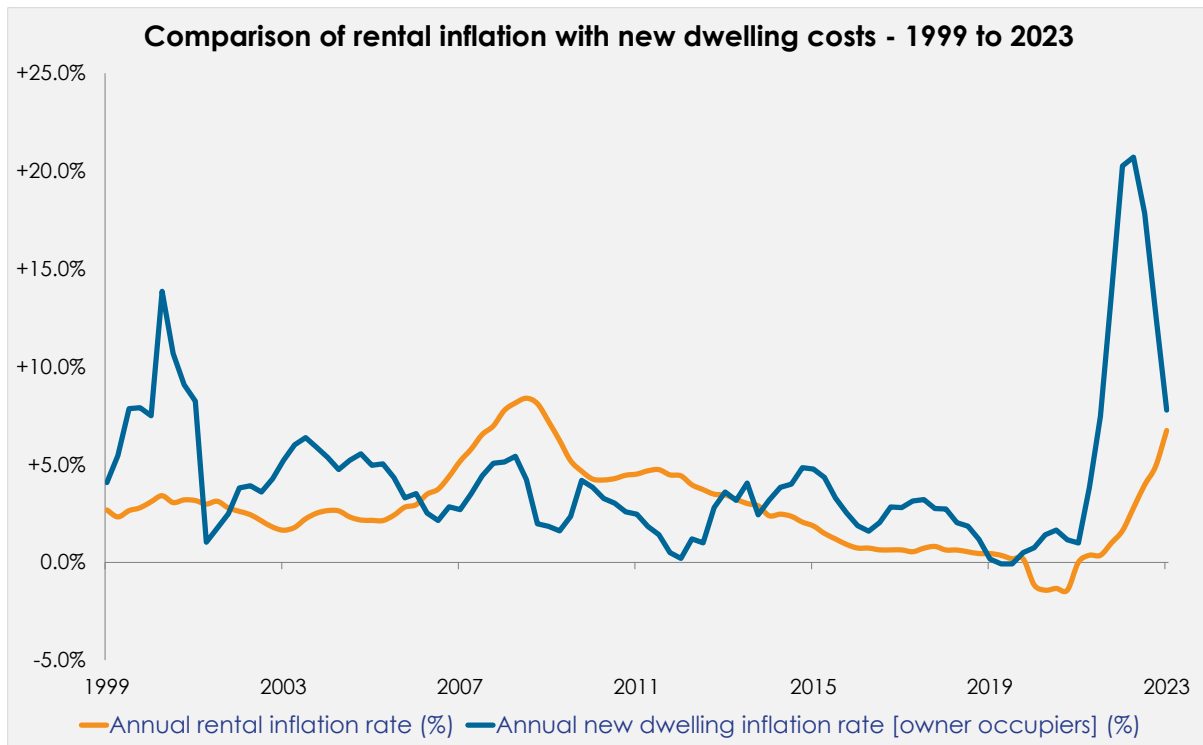
Interest rate movements have a substantial influence on rents. When interest rates go up, the collective mortgage bill of housing investors rises. Some of this gets passed on to tenants in the form of higher rents. However, this depends on how tight the rental market is at the time. Slacker rental markets place tenants in a better negotiating position: as a result, landlords will be forced to pay for a bigger share of the increased interest bill. Similarly, tight rental markets provide housing investors with more power to jack up rents in response to interest rate rises - or any other cost increases.

Interest rates affect the rental market in other ways too. By making it more difficult for people to buy their first home, higher mortgage rates have the effect of trapping potential first home buyers in the rental market for longer than they would like. Interest rate increases also tend to depress the flow of new housing stock coming onto the market. Both of these effects skew the demand-supply balance in the housing market in a way which forces rents to accelerate.

The relationship between mortgage interest rates and rental inflation over the past fifty years is illustrated in the chart below. We can see that there is a clear linkage between the interest rate hike of the past 16 months and the acceleration of rental inflation. This is a pattern which replicates previous episodes of rent-interest rate spirals, including the early 1980s and the late 2000s.

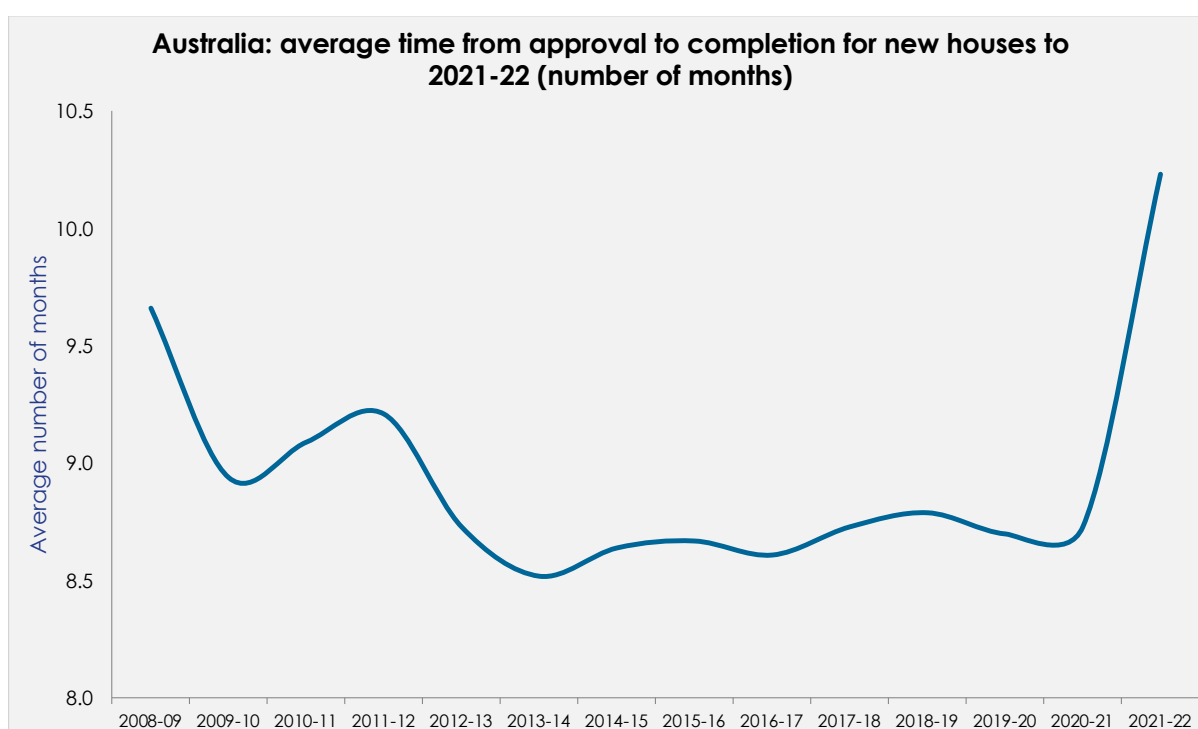
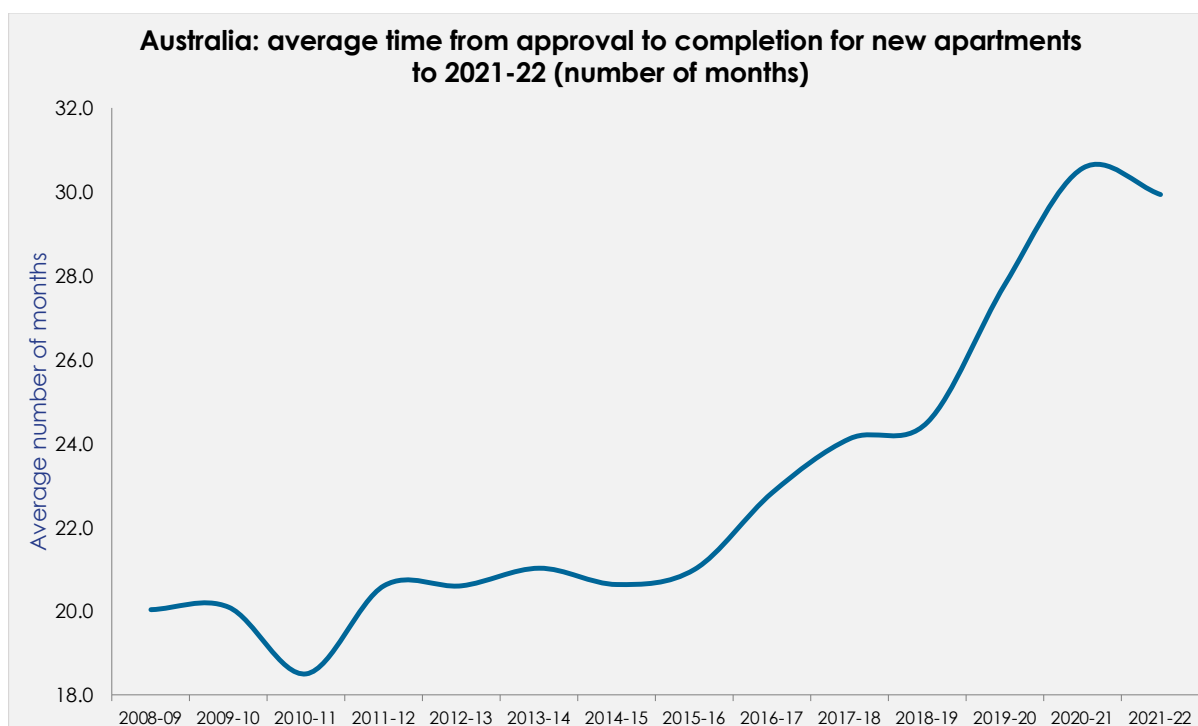


We discussed earlier how rents decelerated from about 2009 to 2021. The enormous rise in the supply of higher density homes was the main reason why. However, this was also a period when low and (mostly) declining mortgage interest rates helped dampen rental price pressures.



Obstacles preventing homes from getting built

Right now, there are obstacles in place which are preventing many of the homes we need from getting built. The homes that do end up getting built are often delayed by the many barriers encountered on their journey to final completion, including unnecessary planning impediments and the lengthy approvals process.



These factors, plus taxes suffered during the development and building process, substantially inflate the final cost.

Heaped on top of all this are additional taxes paid by the buyer of new homes, like GST and stamp duties at the time of purchase. Taking all of this together, it is not difficult to see how homes end up being so much more expensive than they could be.

The federal government has a major role to play in addressing all of the components that pump up the cost of new housing stock.

In some parts of regional Australia, economic progress is being obstructed by a lack of sufficient housing stock which limits the volume of migrant labour that can be absorbed into such markets.

Migrant labour can be crucial for delivering major projects in regional Australia and the lack of adequate housing capacity can slow down or even prevent such projects from proceeding. One potential solution might be to ensure that there is a direct linkage between the size of new projects in regional areas and the volume of new housing stock which is delivered in tandem.

During 2022, the Productivity Commission (PC) published a report into the National Housing & Homelessness Agreement (NHHA) which sharpened the evidence around housing market interventions. As well as directly dealing with the NHHA, the Productivity Commission report made valuable recommendations around data collection, new housing supply and the performance of Australia's construction industry.

In its report, the Productivity Commission finds that restrictions on supply are damaging housing affordability and that addressing barriers to the supply of housing is the best way to increase the supply of rental properties and improve rental affordability.

Interestingly, the report concluded that more housing supply in any segment of the market can improve affordability for low-income households. In other words, building more new homes will generally lead to better housing affordability outcomes for lower income households, either directly or indirectly. It was also found that pursuing reforms around housing supply would put downward pressure on rents.

In terms of infrastructure delivery, the Productivity Commission believes that better coordination across State and Territory government agencies and between governments can help to align infrastructure delivery with housing developments.

The PC also believes that the funding of infrastructure is not always as efficient as it could be with local governments making little use of debt to fund the type of infrastructure that could address bottlenecks.

Payments to government in the form of Developer Contributions and Infrastructure Charges are sometimes used to fund the delivery of general government services rather than being dedicated solely for infrastructure creation. This practice makes it considerably more expensive to create new homes.

While some degree of regulation is necessary and welcome when it comes to building and construction activity and its final outputs, the imposition of rules and restrictions has inevitable consequences for the cost and timing of our industry's output.

For those in the industry, some mandatory regulations have proven to restrict the way in which work can be performed. This means that more efficient and more cost-effective ways of completing projects may have to be dropped in favour of significantly more expensive techniques.

The regulatory framework may also have the effect of preventing the delivery of some projects for which there is a willing market, and which would add to the supply of new homes. In short, regulation can sometimes get in the way of delivering the homes, buildings and infrastructure needed by our economy.

The overwhelming majority of building and construction businesses are small when it comes to turnover and the employee headcount: well over one half of businesses in our industry either

do not have any employees at all or else turn over less than \$200,000 per year (or both). This means that most building and construction firms do not have resources in the form of regulatory staff or departments. As a result, they struggle to cope with the existing body of regulations.

This problem is compounded by the fact that regulations are frequently changing with each change sparking off yet another round of costly and productivity-sapping modifications to the business models underpinning their operating architecture. There is a perception amongst industry participants that the net effect of regulatory change over time is resulting in a heavier rather than lighter regulatory burden.

Appendices

Current federal government housing interventions

Initiatives designed to support new home building

- Social Housing Accelerator (\$2 billion)
- Housing Australia Future Fund (\$10 billion)
- National Housing Accord
- National Housing Infrastructure Facility (\$2 billion)

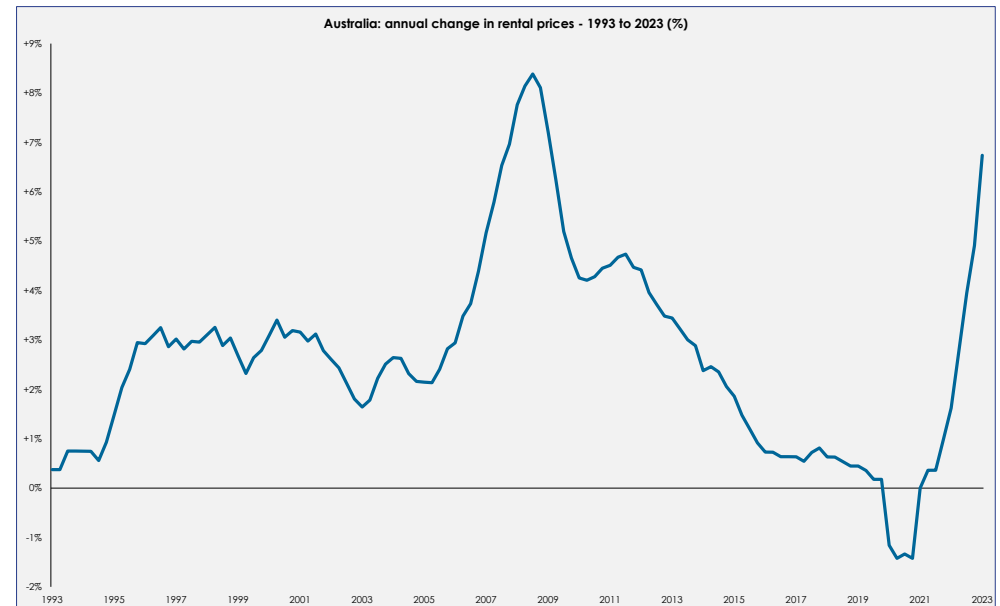
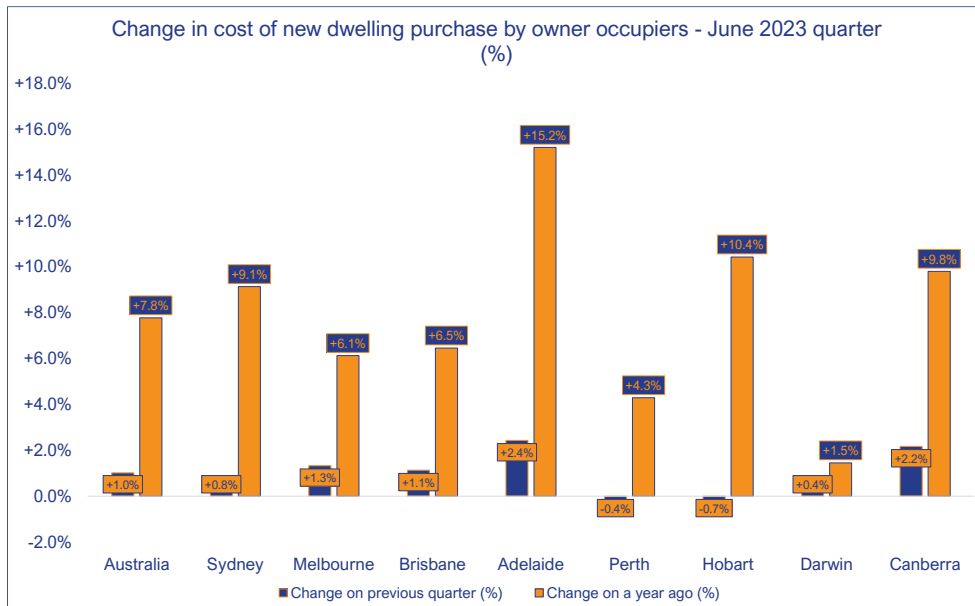
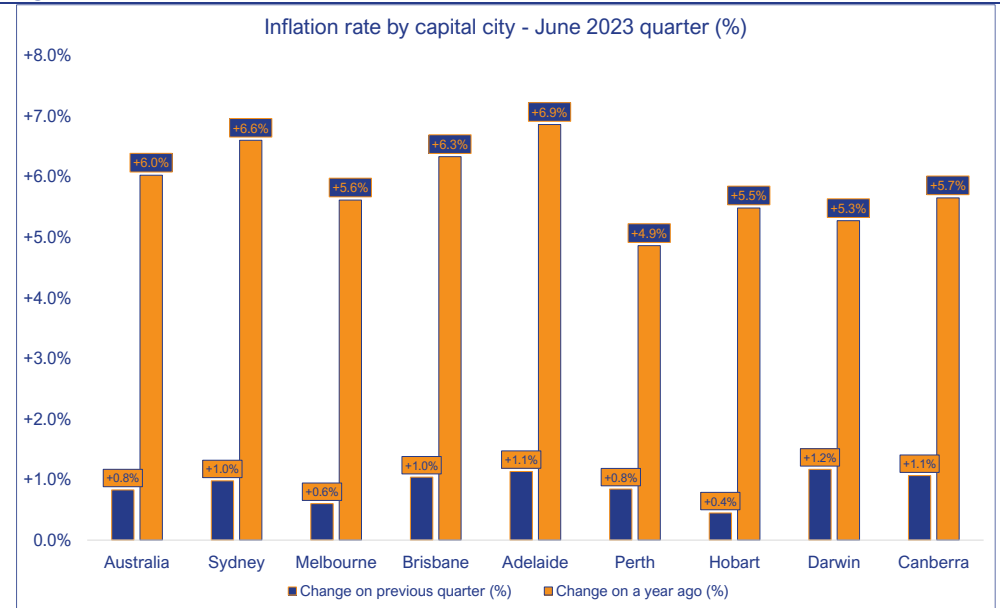
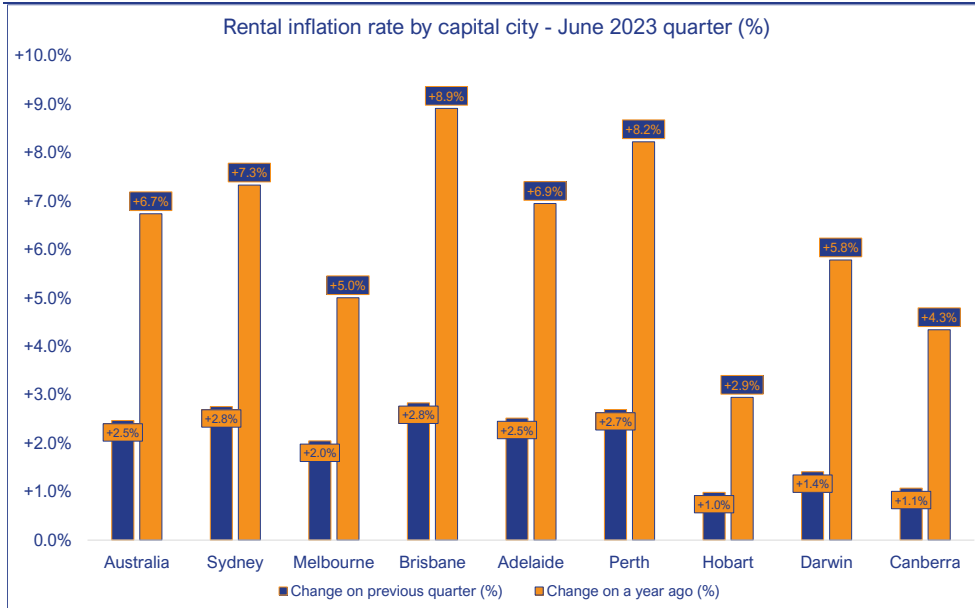
Assisting people into home ownership

- Help to Buy scheme
- First Home Buyer Guarantee
- Regional First Home Buyer Guarantee
- Defence Home Ownership Assistance Scheme

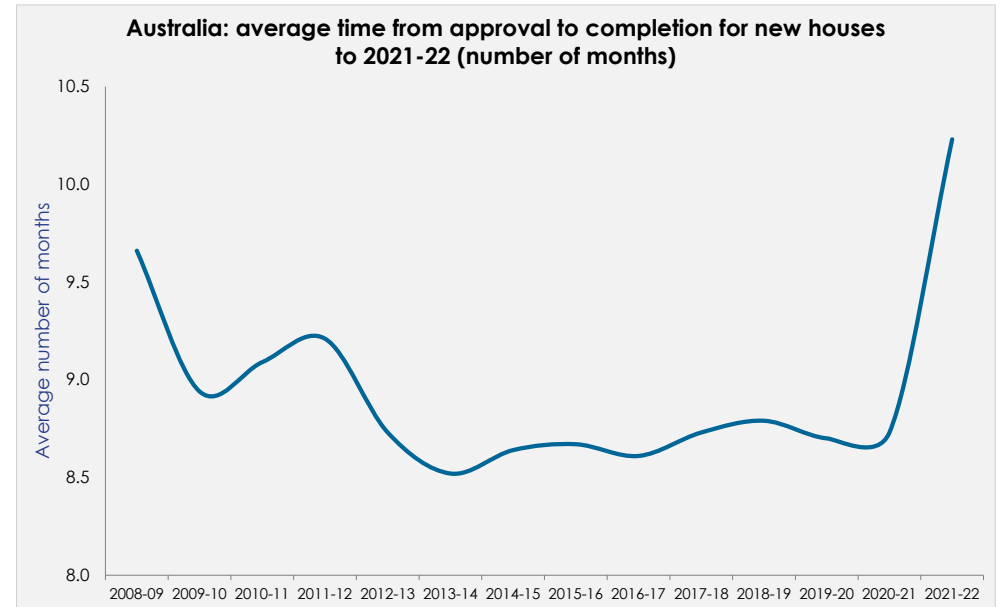
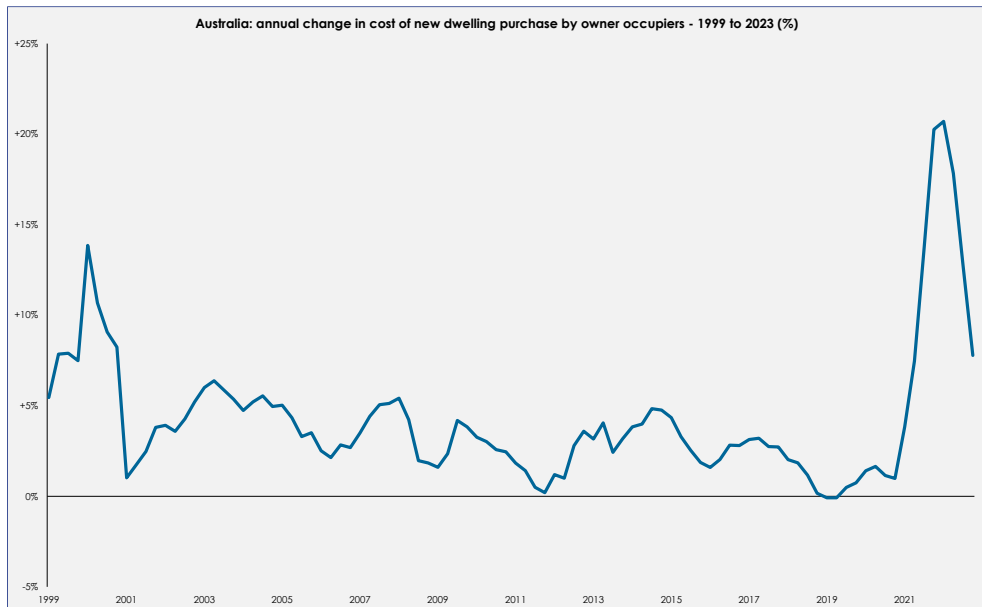
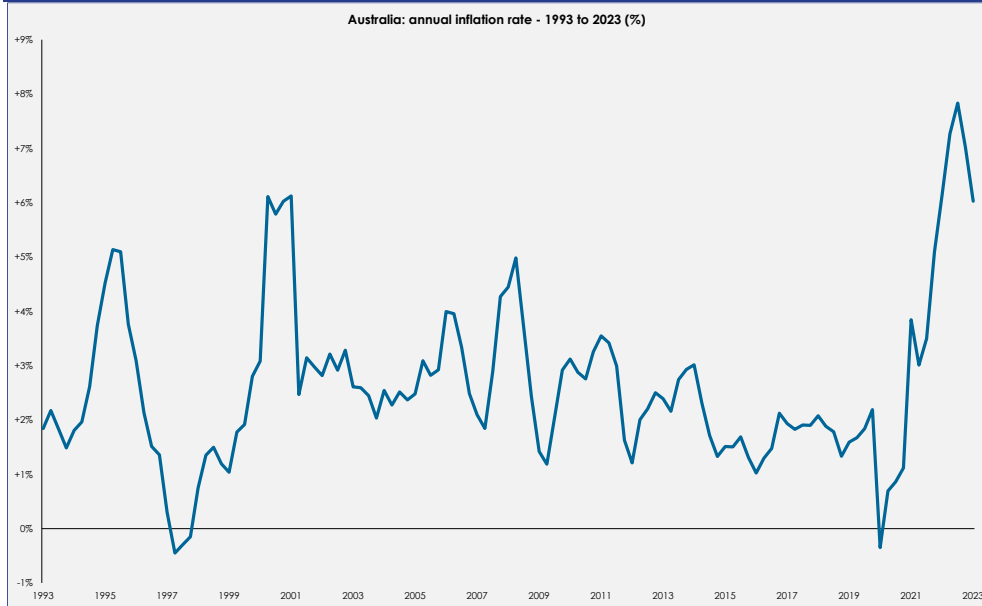
Overarching strategies

- National Housing Accord
 - National Housing & Homelessness Plan.
1. National Housing Supply & Affordability Council.

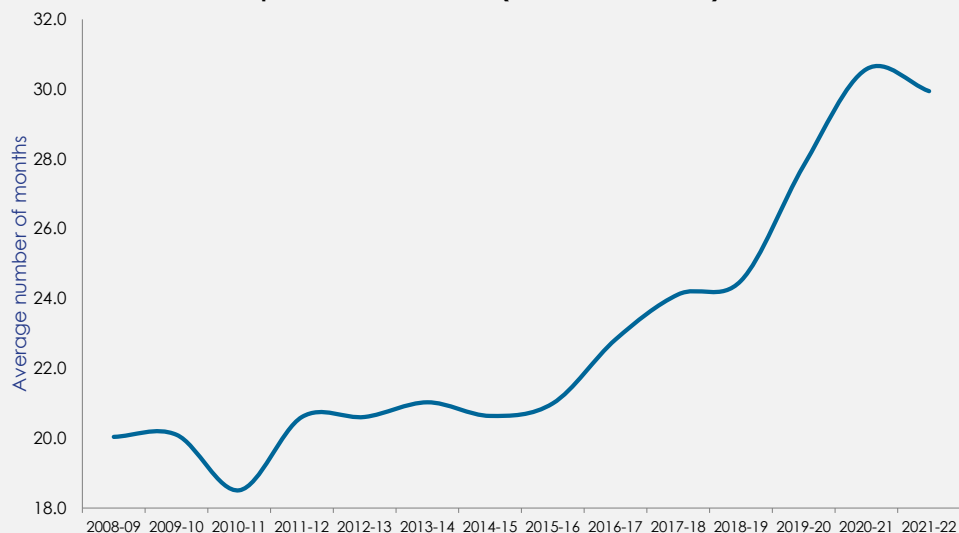
Master Builders Australia – Submission – The worsening rental crisis in Australia – September 2023



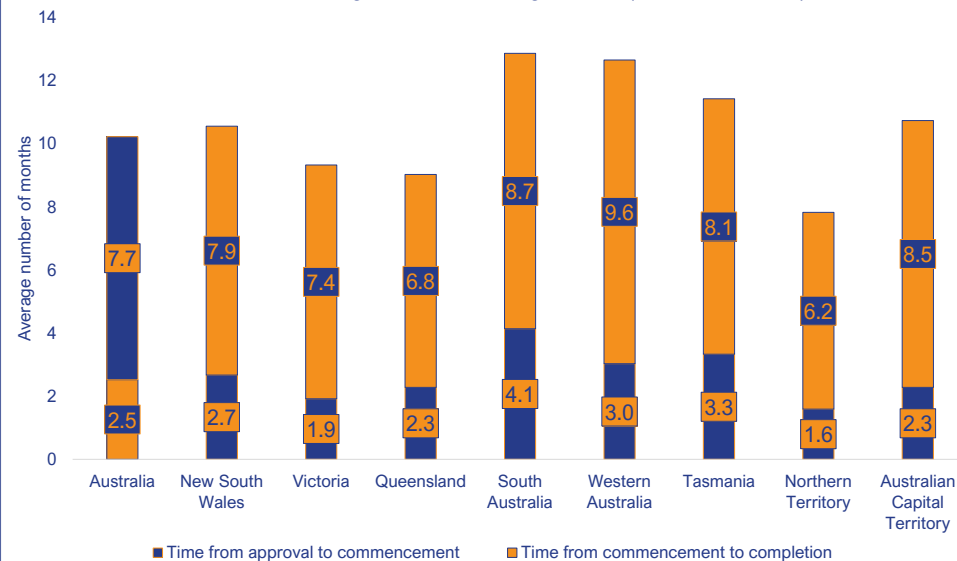
Master Builders Australia – Submission – The worsening rental crisis in Australia – September 2023



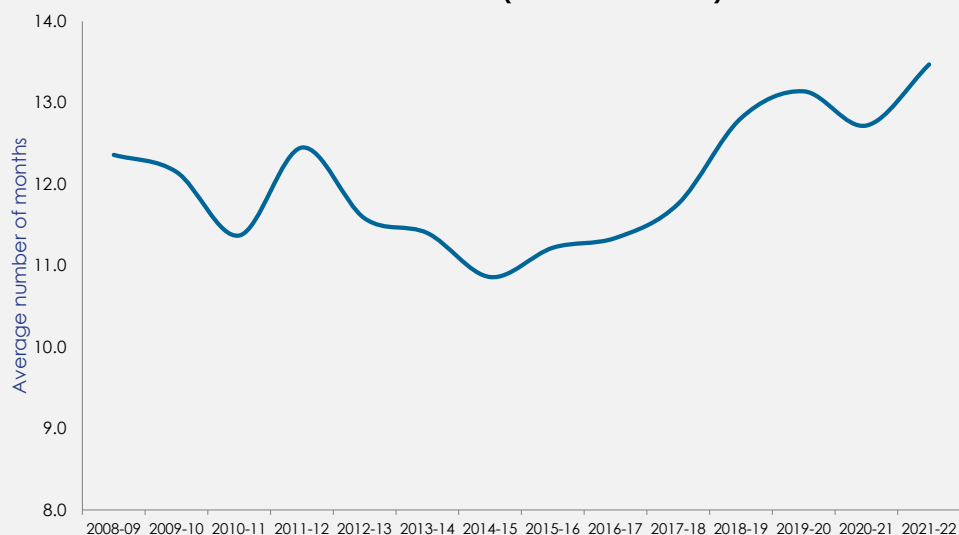
Australia: average time from approval to completion for new apartments to 2021-22 (number of months)



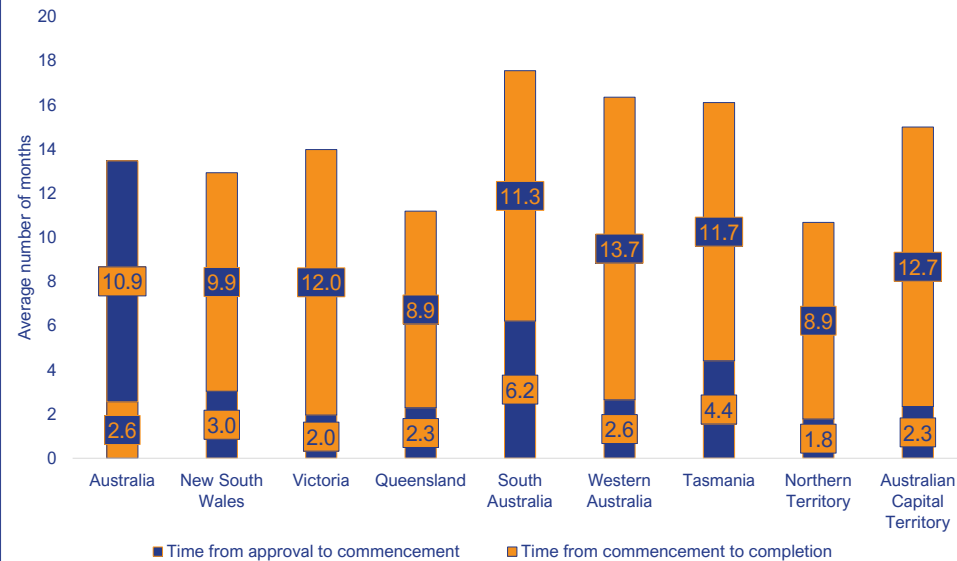
New houses - average build times during 2021-22 (number of months)



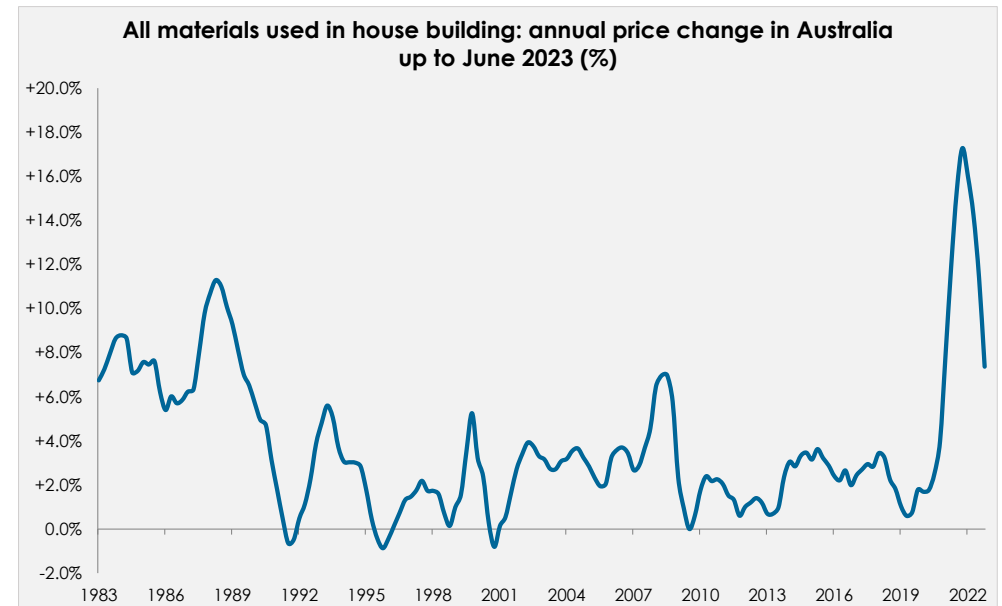
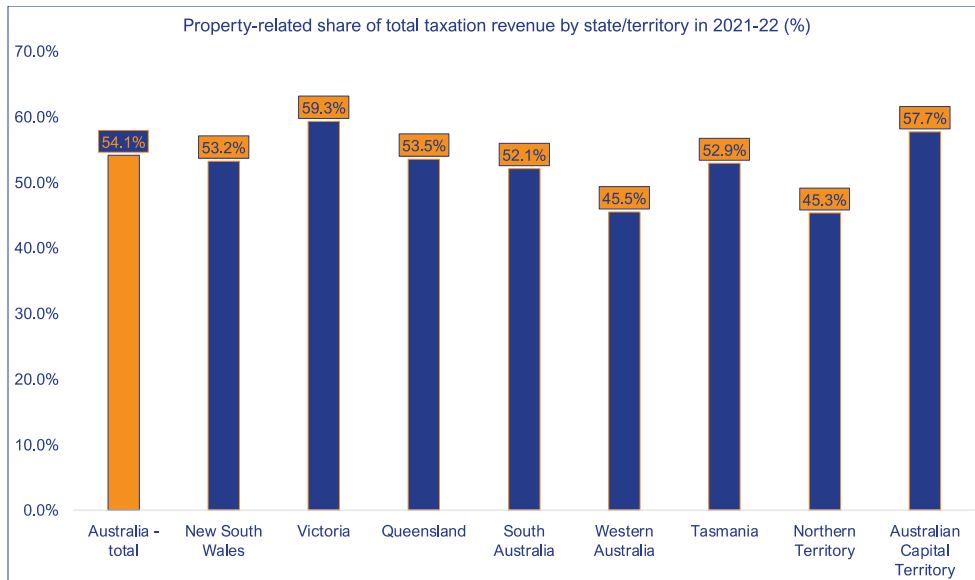
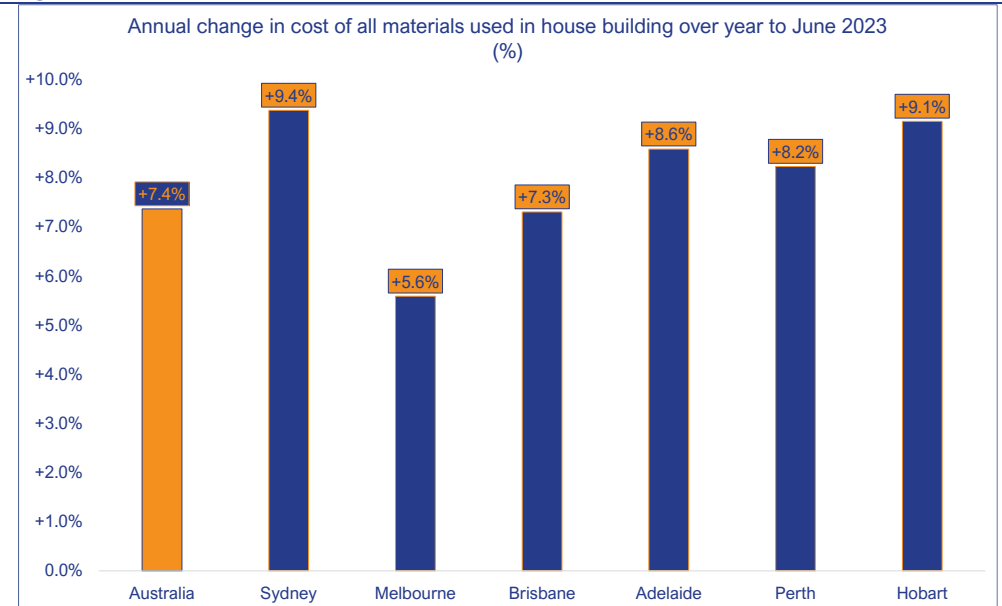
Australia: average time from approval to completion for new townhouses to 2021-22 (number of months)



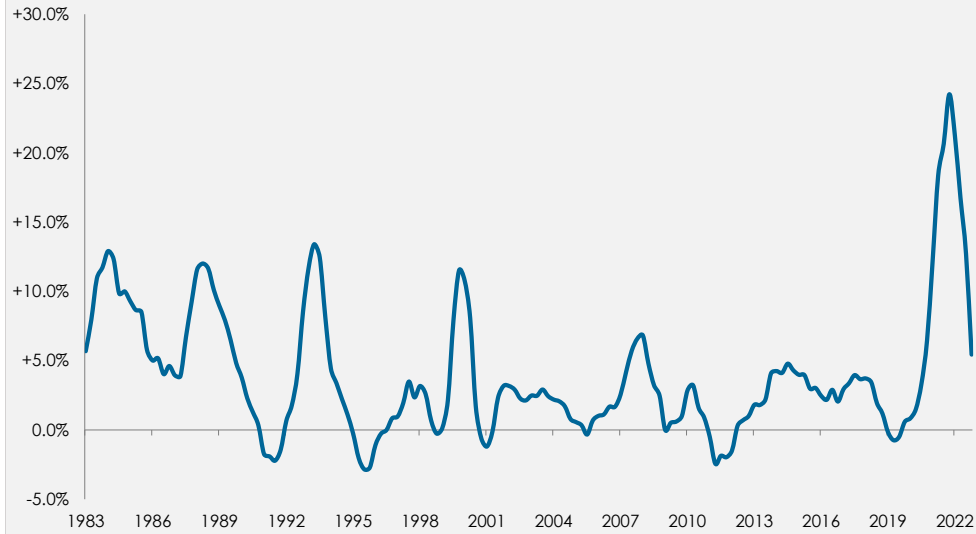
New townhouses - average build times during 2021-22 (number of months)



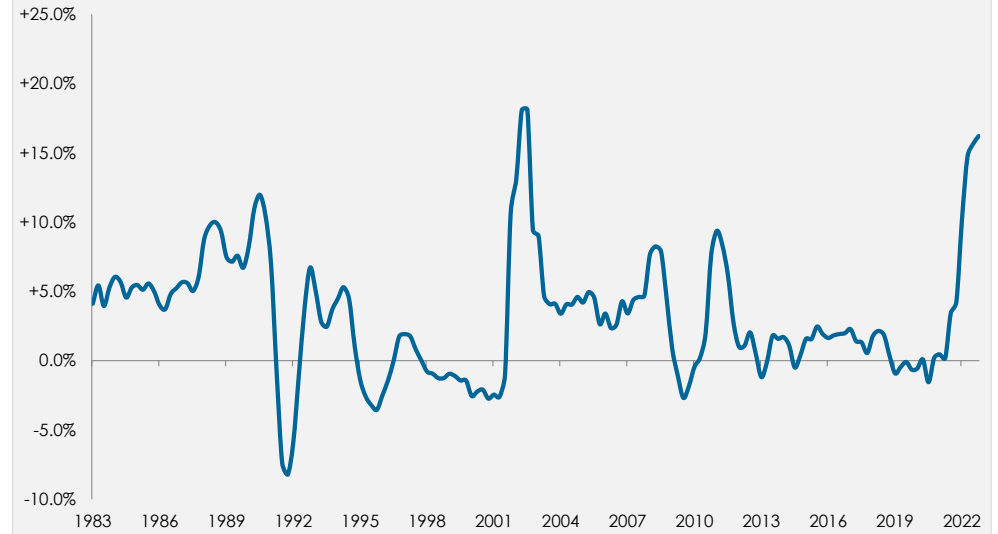
Master Builders Australia – Submission – The worsening rental crisis in Australia – September 2023



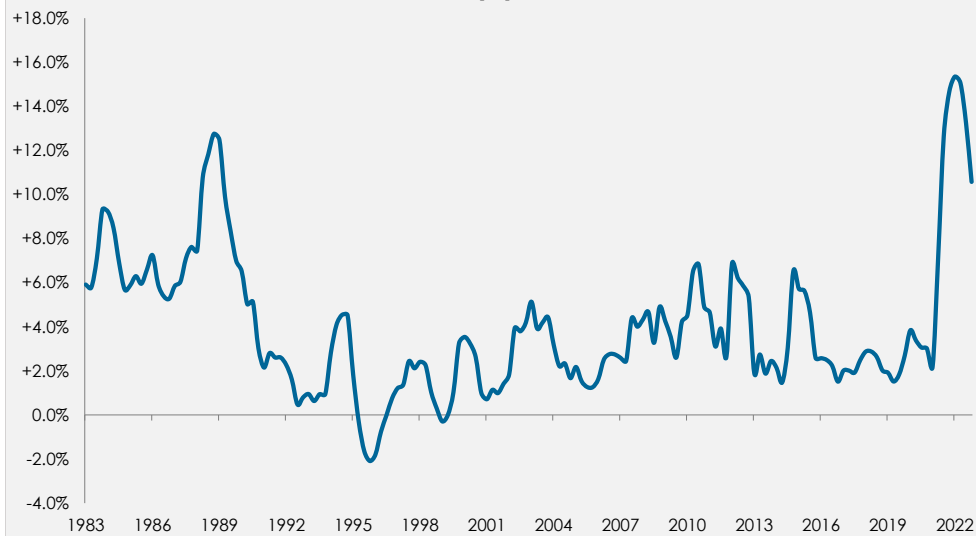
Timber, board and joinery products: annual price change in Australia up to June 2023 (%)



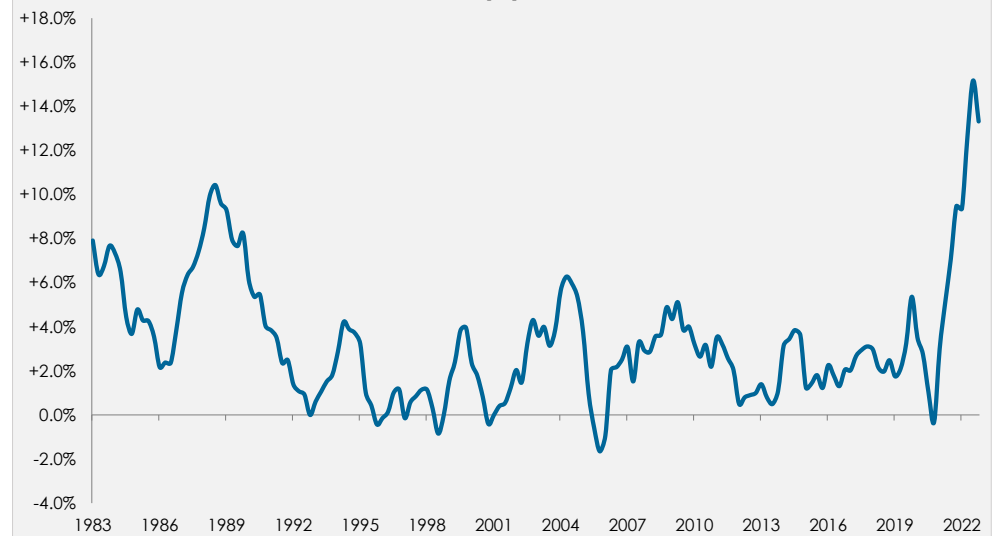
Concrete, cement and sand: annual price change in Australia up to June 2023 (%)

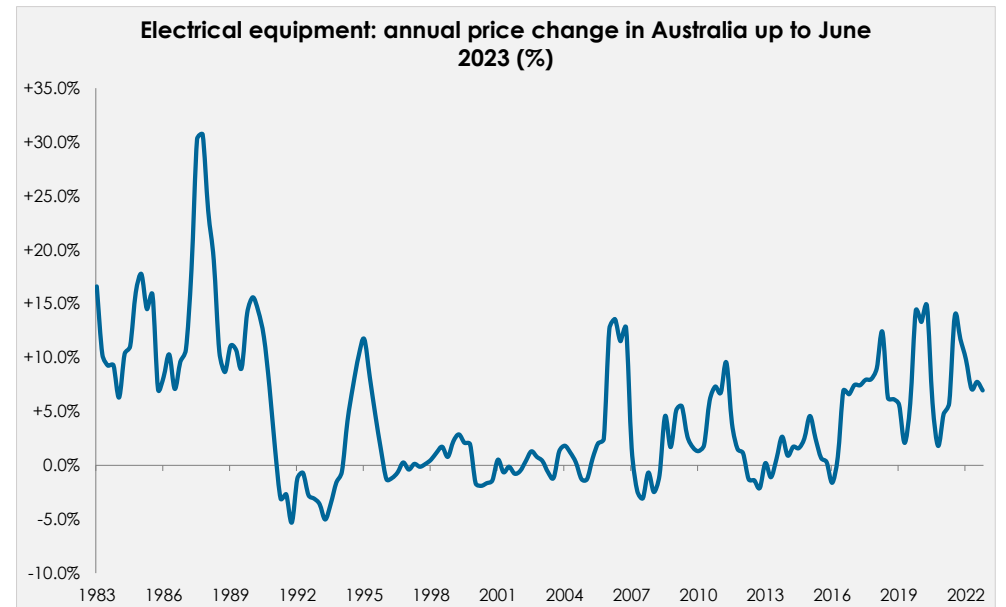
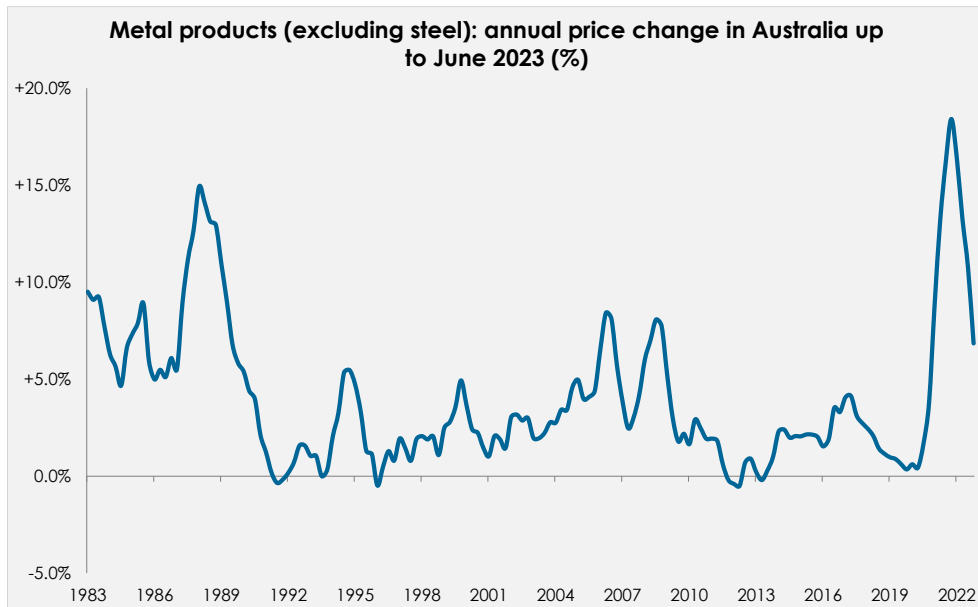
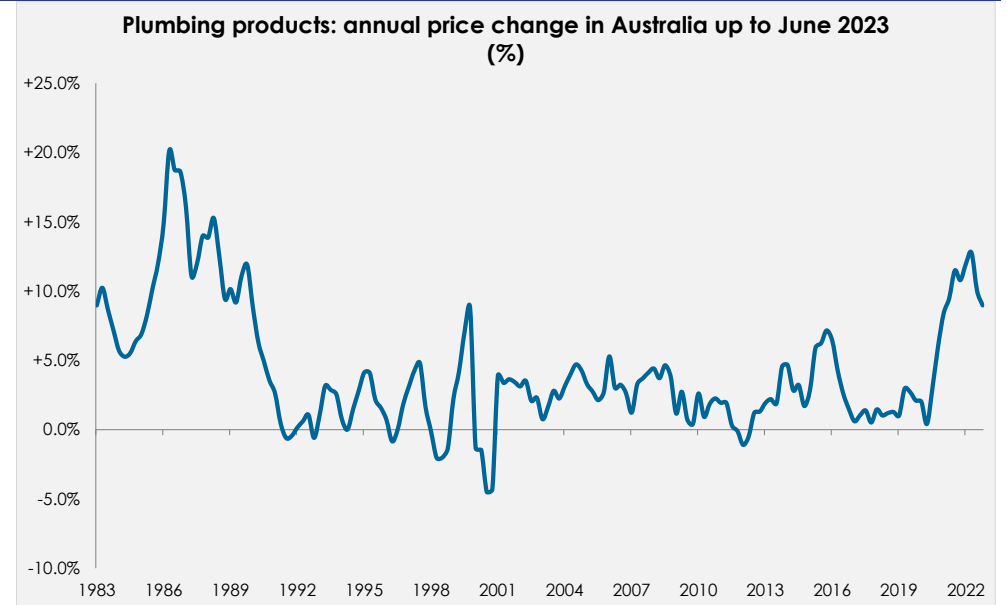
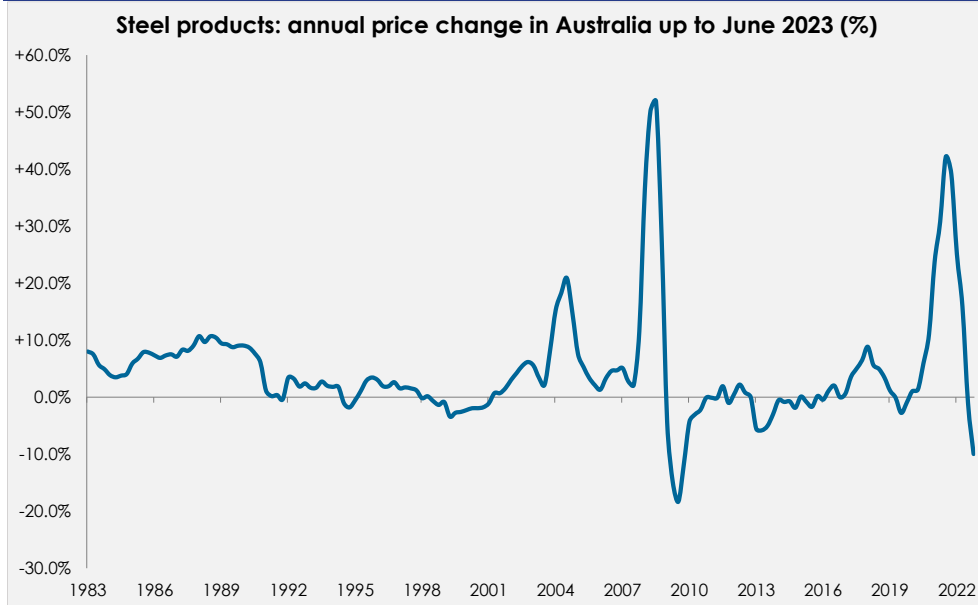


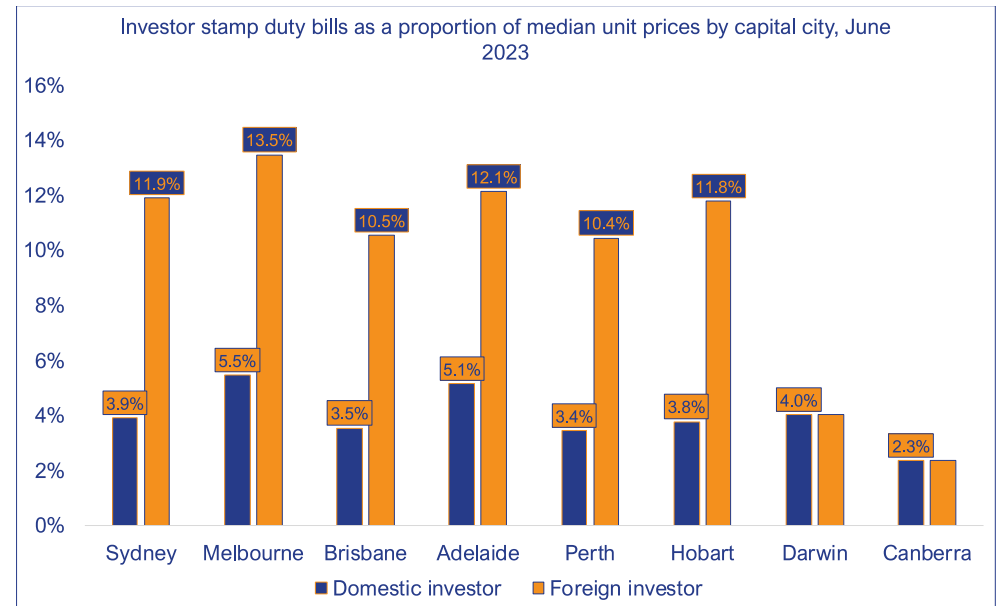
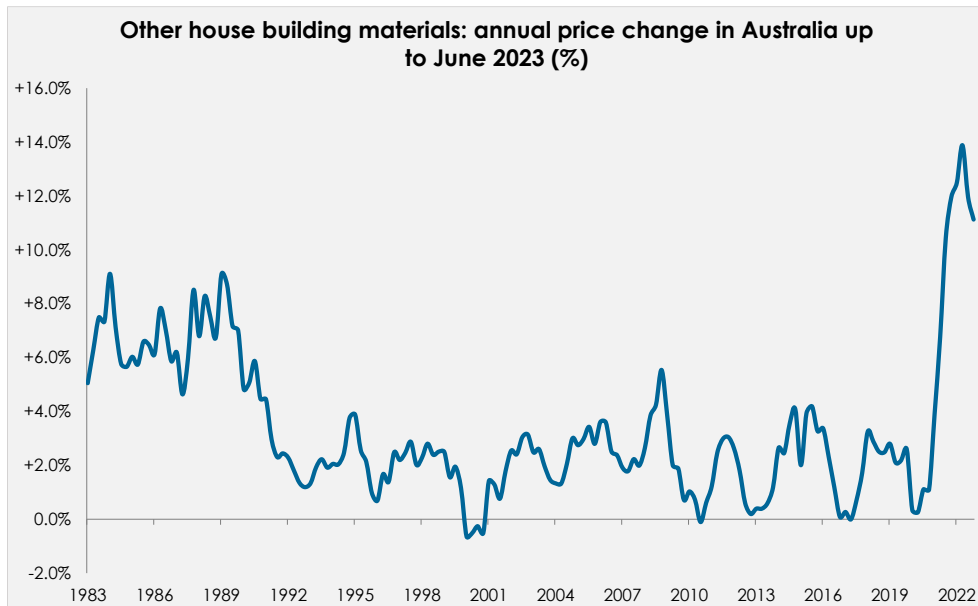
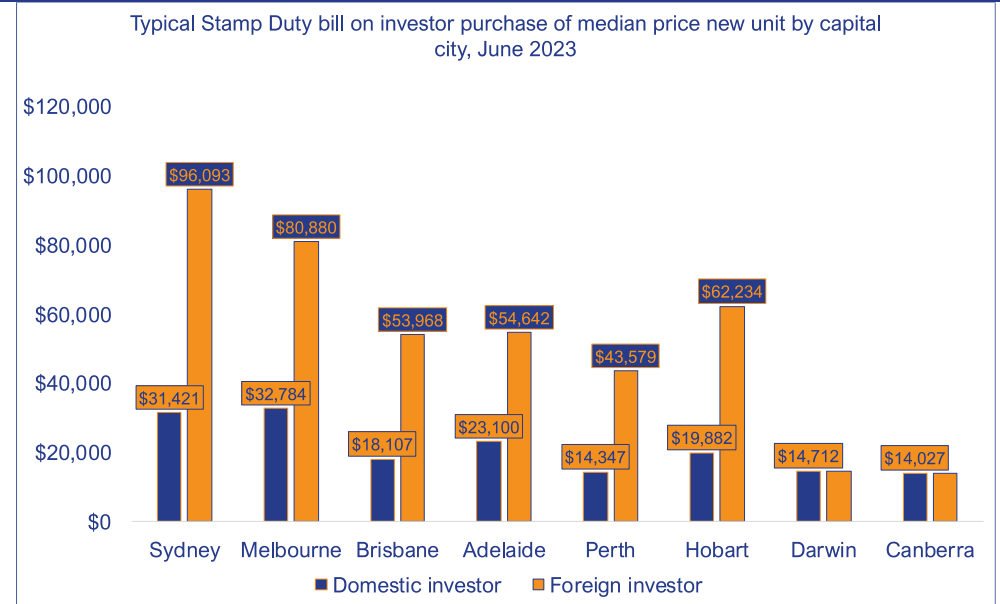
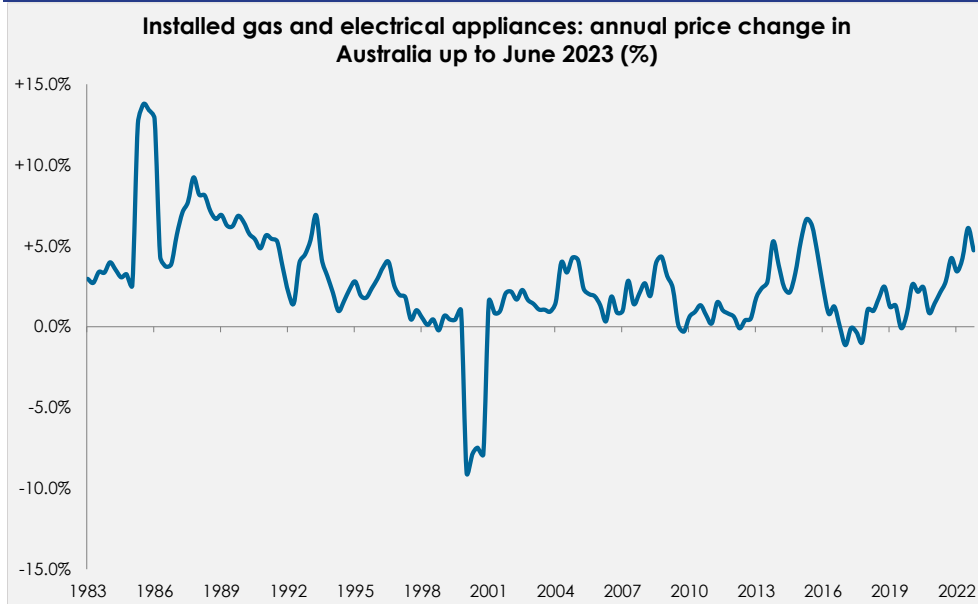
Ceramic products: annual price change in Australia up to June 2023 (%)



Cement products: annual price change in Australia up to June 2023 (%)







Average cost per square metre of new townhouses by state and territory, 2007-08 to 2021-22 (dollars)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
2007-08	\$1,254.30	\$1,293.03	\$1,196.81	\$1,190.00	\$1,219.37	\$1,280.49	\$1,556.56	\$1,637.13	\$2,059.67
2008-09	\$1,348.04	\$1,242.34	\$1,217.74	\$1,476.75	\$1,238.82	\$1,600.24	\$1,259.70	\$1,434.42	\$1,493.85
2009-10	\$1,389.07	\$1,362.14	\$1,342.73	\$1,380.61	\$1,222.92	\$1,699.92	\$1,347.29	\$1,566.36	\$1,679.81
2010-11	\$1,431.00	\$1,413.68	\$1,443.10	\$1,389.20	\$1,362.38	\$1,449.46	\$1,546.69	\$1,801.50	\$1,583.22
2011-12	\$1,386.87	\$1,276.10	\$1,420.76	\$1,334.91	\$1,312.16	\$1,596.53	\$1,270.19	\$1,877.00	\$1,589.74
2012-13	\$1,442.11	\$1,355.49	\$1,438.42	\$1,465.86	\$1,231.83	\$1,689.87	\$1,325.48	\$2,060.27	\$1,823.71
2013-14	\$1,461.26	\$1,416.08	\$1,486.28	\$1,387.45	\$1,250.77	\$1,553.79	\$1,200.46	\$1,694.71	\$1,898.68
2014-15	\$1,471.18	\$1,510.42	\$1,473.27	\$1,330.32	\$1,284.33	\$1,644.08	\$1,289.76	\$2,039.01	\$1,896.62
2015-16	\$1,507.00	\$1,465.96	\$1,630.65	\$1,418.39	\$1,300.35	\$1,382.96	\$1,360.49	\$1,912.02	\$1,946.11
2016-17	\$1,564.65	\$1,586.06	\$1,552.76	\$1,565.02	\$1,273.26	\$1,640.40	\$1,527.04	\$1,893.25	\$1,755.83
2017-18	\$1,693.45	\$1,844.25	\$1,705.33	\$1,570.48	\$1,367.15	\$1,536.74	\$1,544.45	\$2,253.97	\$2,093.31
2018-19	\$1,781.56	\$1,942.75	\$1,779.13	\$1,669.97	\$1,431.96	\$1,361.30	\$1,729.99	\$1,528.37	\$2,347.83
2019-20	\$1,879.49	\$2,031.36	\$1,943.37	\$1,716.73	\$1,460.87	\$1,436.65	\$1,927.05	\$1,543.22	\$1,900.48
2020-21	\$1,927.61	\$2,203.79	\$1,936.64	\$1,748.34	\$1,470.35	\$1,406.32	\$2,114.18	\$1,680.39	\$1,736.92
2021-22	\$2,001.43	\$2,437.55	\$1,902.49	\$1,797.24	\$1,689.57	\$1,236.37	\$2,590.56	\$1,374.18	\$1,970.41

Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition

Average cost per square metre of new apartments by state and territory, 2007-08 to 2021-22 (dollars)				
	Australia	New South Wales	Victoria	Queensland
2007-08	\$2,273.50	\$2,402.62	\$1,884.38	\$2,353.35
2008-09	\$2,476.18	\$2,266.06	\$2,852.48	\$2,182.42
2009-10	\$2,661.63	\$2,660.01	\$2,619.58	\$2,445.87
2010-11	\$2,625.19	\$2,617.65	\$2,562.65	\$2,598.69
2011-12	\$2,532.63	\$2,464.90	\$2,595.24	\$2,399.55
2012-13	\$2,431.10	\$2,180.33	\$2,522.56	\$2,046.63
2013-14	\$2,598.04	\$2,730.16	\$2,682.08	\$2,023.43
2014-15	\$2,478.20	\$2,560.36	\$2,558.99	\$2,138.86
2015-16	\$2,556.79	\$2,702.23	\$2,586.60	\$2,306.89
2016-17	\$2,762.51	\$3,047.61	\$2,873.66	\$2,370.95
2017-18	\$2,997.82	\$3,357.64	\$2,924.72	\$2,551.72
2018-19	\$3,341.51	\$3,772.26	\$2,961.11	\$3,079.93
2019-20	\$3,045.11	\$3,480.26	\$2,610.94	\$2,970.88
2020-21	\$3,601.63	\$3,926.59	\$3,357.85	\$3,098.73
2021-22	\$3,584.13	\$4,165.90	\$3,718.24	\$2,818.51
Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition				

Average cost of new detached houses by state and territory, 2007-08 to 2021-22 (dollars)									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
2007-08	\$237,820	\$276,522	\$226,622	\$241,260	\$188,053	\$243,293	\$206,882	\$290,112	\$288,961
2008-09	\$258,983	\$307,641	\$238,377	\$266,637	\$201,783	\$275,462	\$222,907	\$308,381	\$277,520
2009-10	\$257,705	\$302,331	\$233,623	\$271,716	\$202,701	\$280,905	\$226,603	\$342,512	\$252,443
2010-11	\$268,613	\$307,262	\$254,236	\$277,475	\$219,904	\$273,108	\$224,366	\$363,074	\$285,092
2011-12	\$284,739	\$314,320	\$274,796	\$287,295	\$228,912	\$299,387	\$248,132	\$364,020	\$317,314
2012-13	\$288,097	\$321,148	\$284,756	\$279,295	\$241,079	\$283,711	\$259,282	\$375,768	\$310,628
2013-14	\$282,801	\$302,125	\$278,664	\$278,471	\$236,618	\$282,923	\$257,675	\$359,826	\$344,831
2014-15	\$281,508	\$308,854	\$277,560	\$266,427	\$233,820	\$286,921	\$249,971	\$382,020	\$325,598
2015-16	\$293,042	\$322,446	\$287,773	\$293,191	\$247,811	\$281,321	\$255,154	\$379,050	\$372,205
2016-17	\$305,959	\$325,620	\$315,075	\$283,264	\$263,826	\$301,406	\$274,367	\$365,311	\$401,409
2017-18	\$313,715	\$348,264	\$316,537	\$289,319	\$270,979	\$297,428	\$291,538	\$356,110	\$431,504
2018-19	\$320,170	\$349,960	\$327,687	\$289,621	\$275,364	\$298,272	\$285,220	\$365,364	\$440,772
2019-20	\$345,467	\$399,789	\$345,201	\$312,857	\$279,083	\$316,846	\$302,974	\$354,256	\$450,478
2020-21	\$338,069	\$371,725	\$338,739	\$322,628	\$293,329	\$311,484	\$319,770	\$360,208	\$463,090
2021-22	\$344,803	\$400,927	\$343,478	\$324,125	\$295,292	\$293,958	\$340,891	\$376,957	\$455,259
Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition									

Average cost of new townhouses by state and territory, 2007-08 to 2021-22 (dollars)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
2007-08	\$184,419	\$201,906	\$184,069	\$162,292	\$179,491	\$192,868	\$178,133	\$237,940	\$222,671
2008-09	\$200,980	\$202,551	\$180,762	\$207,233	\$178,303	\$246,629	\$156,681	\$202,182	\$220,298
2009-10	\$220,196	\$214,142	\$227,619	\$205,283	\$191,423	\$275,812	\$166,471	\$234,578	\$215,116
2010-11	\$211,903	\$216,223	\$216,609	\$206,393	\$195,229	\$215,129	\$177,668	\$328,036	\$202,209
2011-12	\$207,697	\$200,182	\$232,366	\$180,694	\$181,288	\$229,900	\$173,762	\$293,750	\$211,213
2012-13	\$222,128	\$228,549	\$229,054	\$200,661	\$184,824	\$261,963	\$179,642	\$327,212	\$213,739
2013-14	\$213,811	\$231,473	\$227,950	\$177,164	\$183,350	\$217,965	\$153,479	\$287,474	\$253,379
2014-15	\$218,941	\$238,103	\$233,469	\$184,462	\$182,799	\$239,986	\$171,680	\$278,304	\$211,644
2015-16	\$232,787	\$240,110	\$257,284	\$204,206	\$211,879	\$207,637	\$177,734	\$333,226	\$251,438
2016-17	\$246,824	\$294,214	\$249,358	\$211,637	\$209,273	\$237,005	\$195,934	\$247,940	\$237,265
2017-18	\$250,088	\$282,170	\$258,511	\$218,705	\$210,131	\$233,046	\$207,543	\$331,964	\$259,717
2018-19	\$279,883	\$310,529	\$292,186	\$238,422	\$227,982	\$219,332	\$248,928	\$248,819	\$283,735
2019-20	\$300,080	\$330,319	\$325,729	\$239,158	\$238,764	\$225,368	\$268,458	\$210,773	\$298,433
2020-21	\$320,061	\$340,001	\$349,544	\$244,471	\$271,809	\$241,986	\$210,467	\$274,963	\$313,045
2021-22	\$317,367	\$377,845	\$324,508	\$242,196	\$258,960	\$239,151	\$251,725	\$272,322	\$295,147

Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition

Average cost of new apartments by state and territory, 2007-08 to 2021-22 (dollars)				
	Australia	New South Wales	Victoria	Queensland
2007-08	\$287,689	\$281,779	\$246,100	\$311,795
2008-09	\$294,071	\$267,237	\$304,388	\$283,845
2009-10	\$326,209	\$307,284	\$316,576	\$312,509
2010-11	\$318,094	\$311,003	\$280,995	\$343,885
2011-12	\$294,140	\$299,214	\$259,472	\$328,571
2012-13	\$280,014	\$288,240	\$280,610	\$243,651
2013-14	\$284,044	\$297,833	\$285,722	\$234,860
2014-15	\$283,456	\$291,983	\$294,744	\$242,525
2015-16	\$285,926	\$304,785	\$289,673	\$260,332
2016-17	\$298,075	\$314,666	\$297,021	\$279,653
2017-18	\$324,274	\$341,841	\$309,874	\$311,540
2018-19	\$359,413	\$376,245	\$350,388	\$358,596
2019-20	\$377,015	\$378,617	\$374,592	\$404,069
2020-21	\$418,293	\$442,055	\$412,915	\$419,537
2021-22	\$405,329	\$403,717	\$427,337	\$415,025
Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition				

Average floor area of new detached houses by state and territory, 2007-08 to 2021-22 (square metres)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
2007-08	239.0	250.2	239.8	247.0	193.0	242.2	191.0	231.4	253.6
2008-09	245.9	265.2	252.7	248.6	198.0	243.3	192.5	232.3	242.0
2009-10	237.0	257.8	237.1	241.9	193.8	245.6	185.6	232.1	212.6
2010-11	240.0	255.4	246.0	243.5	196.3	239.2	186.3	244.8	203.6
2011-12	241.5	260.5	245.9	245.4	202.6	236.0	191.5	219.5	205.4
2012-13	238.3	256.3	242.0	236.4	206.0	233.9	192.8	216.3	212.9
2013-14	233.9	243.0	239.9	233.7	206.1	229.5	191.6	210.9	224.0
2014-15	230.6	238.5	235.2	230.7	209.5	230.0	182.8	212.1	209.9
2015-16	231.1	226.9	239.5	238.4	204.9	225.8	189.4	204.5	231.3
2016-17	233.8	230.6	243.3	227.2	217.4	242.9	196.6	202.2	220.1
2017-18	232.6	220.4	246.4	231.0	199.2	243.1	188.3	192.0	227.7
2018-19	229.8	221.8	246.6	223.9	198.5	227.5	181.5	207.8	253.8
2019-20	236.7	235.0	251.6	227.6	205.7	233.8	180.0	196.3	256.2
2020-21	230.4	224.9	240.0	229.7	201.7	236.5	183.0	209.4	258.3
2021-22	232.3	239.4	240.8	226.1	213.4	223.2	182.4	218.2	258.9

Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition

Average floor area of new townhouses by state and territory, 2007-08 to 2021-22 (square metres)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
2007-08	147.0	156.2	153.8	136.4	147.2	150.6	114.4	145.3	108.1
2008-09	149.1	163.0	148.4	140.3	143.9	154.1	124.4	141.0	147.5
2009-10	158.5	157.2	169.5	148.7	156.5	162.3	123.6	149.8	128.1
2010-11	148.1	153.0	150.1	148.6	143.3	148.4	114.9	182.1	127.7
2011-12	149.8	156.9	163.6	135.4	138.2	144.0	136.8	156.5	132.9
2012-13	154.0	168.6	159.2	136.9	150.0	155.0	135.5	158.8	117.2
2013-14	146.3	163.5	153.4	127.7	146.6	140.3	127.9	169.6	133.5
2014-15	148.8	157.6	158.5	138.7	142.3	146.0	133.1	136.5	111.6
2015-16	154.5	163.8	157.8	144.0	162.9	150.1	130.6	174.3	129.2
2016-17	157.8	185.5	160.6	135.2	164.4	144.5	128.3	131.0	135.1
2017-18	147.7	153.0	151.6	139.3	153.7	151.7	134.4	147.3	124.1
2018-19	157.1	159.8	164.2	142.8	159.2	161.1	143.9	162.8	120.9
2019-20	159.7	162.6	167.6	139.3	163.4	156.9	139.3	136.6	157.0
2020-21	166.0	154.3	180.5	139.8	184.9	172.1	99.6	163.6	180.2
2021-22	158.6	155.0	170.6	134.8	153.3	193.4	97.2	198.2	149.8

Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition

Average floor area of new apartments by state and territory, 2007-08 to 2021-22 (square metres)

	Australia	New South Wales	Victoria	Queensland
2007-08	126.5	117.3	130.6	132.5
2008-09	118.8	117.9	106.7	130.1
2009-10	122.6	115.5	120.9	127.8
2010-11	121.2	118.8	109.7	132.3
2011-12	116.1	121.4	100.0	136.9
2012-13	115.2	132.2	111.2	119.1
2013-14	109.3	109.1	106.5	116.1
2014-15	114.4	114.0	115.2	113.4
2015-16	111.8	112.8	112.0	112.9
2016-17	107.9	103.3	103.4	118.0
2017-18	108.2	101.8	106.0	122.1
2018-19	107.6	99.7	118.3	116.4
2019-20	123.8	108.8	143.5	136.0
2020-21	116.1	112.6	123.0	135.4
2021-22	113.1	96.9	114.9	147.3

Source: Master Builders Australia analysis of ABS Building Activity, December 2022 edition

Average floor area of newly approved detached houses by capital city, 2012 to 2021 (square metres)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Greater Sydney	271.4	262.9	266.3	266.5	270.0	267.2	262.2	250.3	243.4	253.8
Greater Melbourne	247.0	246.6	251.2	258.1	258.5	258.4	258.8	252.6	244.2	246.9
Greater Brisbane	229.1	219.6	221.2	221.3	238.7	237.7	234.9	241.1	235.9	241.4
Greater Adelaide	209.1	197.1	209.0	209.0	206.4	204.7	205.7	215.5	219.6	219.9
Greater Perth	229.3	219.5	218.3	215.0	217.3	212.5	217.5	218.1	215.1	214.4
Average of five largest capital cities	244.8	238.3	238.9	241.0	246.7	246.2	247.6	245.9	239.0	241.7

Source: Master Builders Australia analysis of Building Approvals, Australia, April 2022

Average site area of newly approved detached houses by capital city, 2012 to 2021 (square metres)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Greater Sydney	514.0	502.7	498.9	481.4	479.4	459.2	444.4	415.3	418.0	423.2
Greater Melbourne	490.4	490.2	483.5	484.0	474.2	459.1	450.7	446.5	430.2	429.3
Greater Brisbane	570.9	530.4	498.7	478.8	485.6	468.7	458.9	458.0	459.1	459.0
Greater Adelaide	498.0	491.6	524.2	474.1	476.1	454.9	449.1	456.8	453.0	467.7
Greater Perth	447.9	431.8	414.9	405.4	406.7	396.6	401.8	401.9	394.7	398.5
Average of five largest capital cities	495.7	480.6	470.6	463.1	466.1	454.1	447.0	441.7	432.5	432.0

Source: Master Builders Australia analysis of Building Approvals, Australia, April 2022

Average proportion of site area taken up by newly approved detached houses by capital city, 2012 to 2021 (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Greater Sydney	52.8%	52.3%	53.4%	55.4%	56.3%	58.2%	59.0%	60.3%	58.2%	60.0%
Greater Melbourne	50.4%	50.3%	52.0%	53.3%	54.5%	56.3%	57.4%	56.6%	56.8%	57.5%
Greater Brisbane	40.1%	41.4%	44.3%	46.2%	49.1%	50.7%	51.2%	52.6%	51.4%	52.6%
Greater Adelaide	42.0%	40.1%	39.9%	44.1%	43.3%	45.0%	45.8%	47.2%	48.5%	47.0%
Greater Perth	51.2%	50.8%	52.6%	53.0%	53.4%	53.6%	54.1%	54.3%	54.5%	53.8%
Average of five largest capital cities	49.4%	49.6%	50.8%	52.0%	52.9%	54.2%	55.4%	55.7%	55.3%	56.0%

Source: Master Builders Australia analysis of Building Approvals, Australia, April 2022

Australia: average time taken to build new homes - 2008-09 to 2021-22 (number of months)									
	Average time from approval to commencement (months)			Average time from commencement to completion (months)			Average time from approval to completion (months)		
	New Houses	New Townhouses	New apartments	New Houses	New Townhouses	New apartments	New Houses	New Townhouses	New apartments
2008-09	2.22	2.64	2.79	7.44	9.72	17.25	9.66	12.36	20.04
2009-10	2.19	2.79	2.64	6.75	9.36	17.46	8.94	12.15	20.10
2010-11	2.28	2.64	2.79	6.81	8.73	15.72	9.09	11.37	18.51
2011-12	2.16	2.73	3.00	7.05	9.72	17.61	9.21	12.45	20.61
2012-13	2.13	2.34	2.76	6.60	9.24	17.85	8.73	11.58	20.61
2013-14	2.04	2.25	2.82	6.48	9.15	18.21	8.52	11.40	21.03
2014-15	1.98	2.19	2.94	6.66	8.67	17.70	8.64	10.86	20.64
2015-16	2.07	2.22	3.48	6.60	9.00	17.52	8.67	11.22	21.00
2016-17	2.10	2.46	4.14	6.51	8.88	18.69	8.61	11.34	22.83
2017-18	2.04	2.49	4.68	6.69	9.27	19.44	8.73	11.76	24.12
2018-19	2.13	2.70	4.56	6.66	10.11	19.95	8.79	12.81	24.51
2019-20	2.04	2.64	4.92	6.66	10.50	22.89	8.70	13.14	27.81
2020-21	2.04	2.40	5.43	6.69	10.32	25.14	8.73	12.72	30.57
2021-22	2.52	2.55	3.93	7.71	10.92	26.01	10.23	13.47	29.94

Source: Master Builders Australia analysis of ABS Building Activity (8752.0)

Summary of inflation rates by capital city - June 2023 quarter									
	Australia	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Year to June 2023 (%)	+6.0%	+6.6%	+5.6%	+6.3%	+6.9%	+4.9%	+5.5%	+5.3%	+5.7%
Quarterly change (%) - June 2023 quarter compared with March 2023 quarter	+0.8%	+1.0%	+0.6%	+1.0%	+1.1%	+0.8%	+0.4%	+1.2%	+1.1%
Source: Master Builders Australia analysis of ABS Consumer Price Index (6401.0)									

Summary of rental inflation rates by capital city - June 2023 quarter									
	Australia	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Year to June 2023 (%)	+6.7%	+7.3%	+5.0%	+8.9%	+6.9%	+8.2%	+2.9%	+5.8%	+4.3%
Quarterly change (%) - June 2023 quarter compared with March 2023 quarter	+2.5%	+2.8%	+2.0%	+2.8%	+2.5%	+2.7%	+1.0%	+1.4%	+1.1%
Source: Master Builders Australia analysis of ABS Consumer Price Index (6401.0)									

Change in cost of new dwelling purchase by owner occupiers in each capital city - June 2023 quarter

	Australia	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Year to June 2023 (%)	+7.8%	+9.1%	+6.1%	+6.5%	+15.2%	+4.3%	+10.4%	+1.5%	+9.8%
Quarterly change (%) - June 2023 quarter compared with March 2023 quarter	+1.0%	+0.8%	+1.3%	+1.1%	+2.4%	-0.4%	-0.7%	+0.4%	+2.2%

Source: Master Builders Australia analysis of ABS Consumer Price Index (6401.0)

Property-related tax revenue by state/territory during 2021-22 (millions of dollars)									
	Australia - total	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
Property-related taxes as a share of total taxation revenue (%)	54.1%	<u>53.2%</u>	<u>59.3%</u>	<u>53.5%</u>	<u>52.1%</u>	<u>45.5%</u>	<u>52.9%</u>	<u>45.3%</u>	<u>57.7%</u>
Stamp duties on conveyances	\$35,674	\$13,534	\$10,722	\$6,336	\$1,352	\$2,621	\$410	\$253	\$446
Municipal rates	\$21,326	\$5,333	\$5,985	\$4,408	\$1,749	\$2,567	\$459	\$151	\$674
Land taxes	\$12,179	\$4,834	\$4,135	\$1,633	\$533	\$749	\$137	\$0	\$158
Other taxes on property	\$2,920	\$164	\$1,090	\$764	\$242	\$488	\$51	\$0	\$121
Total property-related taxation	\$72,099	\$23,865	\$21,932	\$13,141	\$3,876	\$6,425	\$1,057	\$404	\$1,399
Total taxation	\$133,268	\$44,826	\$36,996	\$24,562	\$7,445	\$14,124	\$1,999	\$892	\$2,424

Source: Master Builders Australia analysis of ABS Taxation Revenue, Australia 2020-21

Annual change in cost of inputs to the house construction industry - year to June 2023 (% change)							
	Australia	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
All materials used in house building	+7.4%	+9.4%	+5.6%	+7.3%	+8.6%	+8.2%	+9.1%
Timber, board and joinery products	+5.4%	+10.6%	+1.6%	+3.8%	+9.5%	+8.5%	+6.2%
Ceramic products	+10.6%	+8.5%	+8.2%	+9.1%	+2.8%	+29.4%	+4.2%
Concrete, cement and sand	+16.2%	+8.4%	+21.0%	+30.3%	+4.7%	+9.0%	+7.8%
Cement products	+13.3%	+16.4%	+12.4%	+13.5%	+9.4%	+11.3%	+12.6%
Steel products	-10.0%	-6.8%	-17.6%	-7.4%	+2.0%	-2.7%	-2.3%
Metal products (excluding steel)	+6.8%	+9.3%	+6.2%	+5.0%	+10.1%	+2.1%	+16.5%
Plumbing products	+9.0%	+11.9%	+11.1%	+4.9%	+4.7%	+5.1%	+6.1%
Electrical equipment	+7.0%	+8.0%	+6.0%	+6.1%	+7.2%	+9.7%	+8.8%
Installed gas and electrical appliances	+4.7%	+3.0%	+7.7%	+2.1%	+2.4%	+4.4%	+5.1%
Other house building materials	+11.1%	+10.3%	+9.5%	+16.1%	+13.0%	+8.9%	+13.8%
Source: Master Builders Australia analysis of ABS Producer Price Indexes							

Quarterly change in cost of inputs to the house construction industry - June 2023 quarter (% change)							
	Australia	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
All materials used in house building	+0.6%	+0.3%	+0.6%	+1.4%	+1.0%	-0.3%	+0.8%
Timber, board and joinery products	+0.1%	-0.7%	+0.1%	+1.0%	+0.5%	-0.4%	-0.1%
Ceramic products	+1.1%	+1.1%	+1.8%	+0.7%	+0.7%	-0.2%	+0.7%
Concrete, cement and sand	+1.9%	+0.7%	+2.6%	+2.8%	+4.0%	+0.4%	+0.1%
Cement products	+2.8%	+6.0%	+0.9%	+4.0%	+1.6%	+1.2%	0.0%
Steel products	-5.4%	-2.7%	-9.8%	-4.5%	0.0%	-1.7%	-5.1%
Metal products (excluding steel)	+0.2%	+0.1%	+0.3%	+0.3%	+0.7%	-0.3%	-0.4%
Plumbing products	+1.1%	+1.8%	+0.7%	+0.6%	-1.1%	+3.4%	-0.6%
Electrical equipment	+1.7%	+2.1%	+1.3%	+2.2%	+1.3%	+1.9%	+3.2%
Installed gas and electrical appliances	0.0%	-1.4%	+0.4%	+0.5%	+1.0%	+0.3%	+2.3%
Other house building materials	+2.0%	+1.0%	+2.7%	+4.2%	+2.5%	-2.6%	+5.6%
Source: Master Builders Australia analysis of ABS Producer Price Indexes							

Annual change in cost of building and construction output - year to June 2023 (% change)									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	ACT
Total building and construction output	+6.5%	+7.8%	+6.5%	+5.3%	+9.5%	+2.0%	+7.6%	+3.9%	+4.1%
House building output	+7.3%	+10.9%	+5.3%	+5.4%	+14.2%	+2.9%	+9.7%	+0.3%	+13.5%
Other residential building output	+5.9%	+5.7%	+7.3%	+5.2%	+6.8%	+1.4%	+3.9%	+4.3%	+1.5%
Non-residential building output	+6.1%	+7.1%	+7.2%	+5.3%	+6.1%	+1.0%	+4.6%	+5.2%	+1.8%
Road and bridge construction output	+6.2%	+5.9%	+4.9%	+7.3%	+11.0%	+3.8%	No data	No data	No data
Source: Master Builders Australia analysis of ABS Producer Price Indexes									

Quarterly change in cost of building and construction output - June 2023 quarter (% change)									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	ACT
Total building and construction output	+1.0%	+1.1%	+1.0%	+0.9%	+1.8%	+0.1%	+0.3%	+0.3%	+0.6%
House building output	+1.0%	+0.8%	+1.3%	+1.1%	+2.4%	-0.4%	0.0%	+0.4%	+2.1%
Other residential building output	+0.9%	+1.1%	+0.7%	+1.3%	+1.5%	+0.6%	+1.2%	+0.3%	+0.1%
Non-residential building output	+0.9%	+1.3%	+0.8%	+0.7%	+1.3%	+0.4%	+0.7%	+0.3%	+0.2%
Road and bridge construction output	+0.4%	+0.1%	+1.0%	+0.4%	+0.7%	-0.3%	No data	No data	No data
Source: Master Builders Australia analysis of ABS Producer Price Indexes									

1: Total number of new dwelling commencements - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted
March 2023 quarter	46,546	12,979	16,115	9,162	2,724	3,422	685	134	981
Change on previous quarter (%)	+14.0%	+14.4%	+23.8%	+18.8%	+3.1%	-22.4%	-14.1%	+3.9%	+21.0%
Change on same quarter last year (%)	-6.6%	+5.4%	-11.1%	-1.1%	-15.5%	-19.5%	-16.1%	-5.0%	-30.3%
Year to March 2023	179,588	49,673	56,779	35,033	12,359	16,631	3,143	640	5,008
Change on year to March 2022 (%)	-21.0%	-19.7%	-22.5%	-22.8%	-14.1%	-27.0%	-18.8%	-4.5%	-9.5%
Highest quarter on record	67,306	20,104	22,185	15,140	4,167	8,483	1,264	732	2,761
Lowest quarter on record	27,937	5,730	5,422	5,017	1,272	2,936	209	104	248
Average of 5 years to March 2023 (annualised)	196,056	56,571	63,436	36,687	12,080	17,835	3,323	653	5,481
Average of 10 years to March 2023 (annualised)	205,572	59,706	63,542	40,019	11,674	21,665	2,857	1,098	5,044
Average of 10 years to March 2013 (annualised)	157,604	34,485	46,147	36,240	10,901	22,487	2,764	1,401	3,195
Average of 10 years to March 2003 (annualised)	152,904	46,672	36,122	36,493	8,404	19,039	2,178	1,521	2,461
Average of 10 years to March 1993 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1983 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	27.7%	31.6%	19.5%	6.9%	9.3%	1.8%	0.4%	2.8%

Source: Master Builders Australia analysis of ABS Building Activity

2: Total number of new detached house commencements - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted
March 2023 quarter	26,265	6,106	9,132	5,177	2,372	3,109	597	119	210
Change on previous quarter (%)	-5.5%	-4.1%	+1.6%	-0.9%	+5.6%	-18.8%	-18.2%	+0.8%	-25.8%
Change on same quarter last year (%)	-16.4%	-10.0%	-16.6%	-19.6%	-6.7%	-22.4%	-21.1%	+12.3%	-53.7%
Year to March 2023	113,920	26,513	35,949	22,025	10,192	14,537	2,799	502	1,369
Change on year to March 2022 (%)	-21.0%	-13.9%	-23.3%	-26.9%	-10.0%	-24.9%	-19.1%	-11.6%	-17.9%
Highest quarter on record	43,139	9,866	13,804	9,762	3,344	6,505	1,207	862	887
Lowest quarter on record	18,077	2,985	3,976	3,106	1,158	1,992	201	57	194
Average of 5 years to March 2023 (annualised)	120,239	27,757	39,521	23,965	9,390	14,791	3,008	513	1,403
Average of 10 years to March 2023 (annualised)	117,303	27,112	36,632	23,654	8,606	16,884	2,477	667	1,356
Average of 10 years to March 2013 (annualised)	104,151	17,369	31,661	24,201	8,451	18,025	2,278	710	1,495
Average of 10 years to March 2003 (annualised)	104,489	25,764	27,322	25,013	7,048	15,189	1,808	947	1,366
Average of 10 years to March 1993 (annualised)	106,215	27,038	27,792	24,698	7,817	13,328	2,663	942	1,939
Average of 10 years to March 1983 (annualised)	99,082	No data	No data	No data	No data	No data	No data	1,371	No data
Average of 10 years to March 1973 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	23.3%	31.6%	19.3%	8.9%	12.8%	2.5%	0.4%	1.2%

Source: Master Builders Australia analysis of ABS Building Activity

3: Total number of new medium and high-density dwelling commencements - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted
March 2023 quarter	18,584	6,751	6,922	3,408	344	314	60	15	771
Change on previous quarter (%)	+44.8%	+38.7%	+72.6%	+41.4%	-11.1%	-44.5%	+1.7%	+87.5%	+46.0%
Change on same quarter last year (%)	+9.8%	+25.4%	-3.4%	+38.3%	-46.5%	+34.2%	+20.0%	-62.5%	-19.2%
Year to March 2023	64,422	22,548	20,730	12,943	2,130	2,063	302	70	3,637
Change on year to March 2022 (%)	-21.7%	-25.6%	-21.0%	-13.8%	-28.4%	-39.0%	-19.7%	-26.3%	-5.9%
Highest quarter on record	32,325	12,816	12,057	7,083	1,634	2,256	322	523	2,370
Lowest quarter on record	476	1,580	344	895	106	234	6	No data	20
Average of 5 years to March 2023 (annualised)	74,690	28,216	23,760	12,647	2,635	3,001	283	111	4,037
Average of 10 years to March 2023 (annualised)	86,638	31,751	26,585	16,188	3,005	4,682	354	407	3,666
Average of 10 years to March 2013 (annualised)	51,633	16,408	13,801	11,937	2,343	4,347	443	659	1,694
Average of 10 years to March 2003 (annualised)	45,255	19,517	7,622	11,157	1,297	3,690	355	561	1,056
Average of 10 years to March 1993 (annualised)	33,862	11,545	4,324	8,255	3,005	4,315	894	564	970
Average of 10 years to March 1983 (annualised)	34,509	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973 (annualised)	36,704	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	35.0%	32.2%	20.1%	3.3%	3.2%	0.5%	0.1%	5.6%

Source: Master Builders Australia analysis of ABS Building Activity

3: Total number of new medium and high-density dwelling commencements - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted
March 2023 quarter	18,584	6,751	6,922	3,408	344	314	60	15	771
Change on previous quarter (%)	+44.8%	+38.7%	+72.6%	+41.4%	-11.1%	-44.5%	+1.7%	+87.5%	+46.0%
Change on same quarter last year (%)	+9.8%	+25.4%	-3.4%	+38.3%	-46.5%	+34.2%	+20.0%	-62.5%	-19.2%
Year to March 2023	64,422	22,548	20,730	12,943	2,130	2,063	302	70	3,637
Change on year to March 2022 (%)	-21.7%	-25.6%	-21.0%	-13.8%	-28.4%	-39.0%	-19.7%	-26.3%	-5.9%
Highest quarter on record	32,325	12,816	12,057	7,083	1,634	2,256	322	523	2,370
Lowest quarter on record	476	1,580	344	895	106	234	6	No data	20
Average of 5 years to March 2023 (annualised)	74,690	28,216	23,760	12,647	2,635	3,001	283	111	4,037
Average of 10 years to March 2023 (annualised)	86,638	31,751	26,585	16,188	3,005	4,682	354	407	3,666
Average of 10 years to March 2013 (annualised)	51,633	16,408	13,801	11,937	2,343	4,347	443	659	1,694
Average of 10 years to March 2003 (annualised)	45,255	19,517	7,622	11,157	1,297	3,690	355	561	1,056
Average of 10 years to March 1993 (annualised)	33,862	11,545	4,324	8,255	3,005	4,315	894	564	970
Average of 10 years to March 1983 (annualised)	34,509	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973 (annualised)	36,704	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	35.0%	32.2%	20.1%	3.3%	3.2%	0.5%	0.1%	5.6%

Source: Master Builders Australia analysis of ABS Building Activity

28: Total number of public sector new dwelling commencements - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted
March 2023 quarter	809	91	514	34	54	77	15	14	12
Change on previous quarter (%)	+20.6%	-34.5%	+363.1%	-79.4%	+92.9%	-49.0%	-74.6%	+1300.0%	-33.3%
Change on same quarter last year (%)	-39.9%	-33.6%	-30.0%	-61.4%	+86.2%	-67.9%	-79.2%	-22.2%	-58.6%
Year to March 2023	3,300	570	1,378	375	110	463	149	69	188
Change on year to March 2022 (%)	-21.4%	+20.5%	-29.8%	+10.3%	-56.5%	-31.8%	-4.5%	-56.9%	+6.2%
Highest quarter on record	5,488	2,461	1,034	1,530	1,040	1,089	223	357	267
Lowest quarter on record	368	11	28	33	5	77	No data	No data	No data
Average of 5 years to March 2023 (annualised)	3,132	510	962	435	218	601	127	147	132
Average of 10 years to March 2023 (annualised)	3,227	700	648	495	294	703	87	164	135
Average of 10 years to March 2013 (annualised)	5,234	1,220	810	971	664	1,165	83	228	93
Average of 10 years to March 2003 (annualised)	5,520	1,548	939	1,134	337	1,142	54	260	107
Average of 10 years to March 1993 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1983 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	17.3%	41.8%	11.4%	3.3%	14.3%	4.5%	2.1%	5.7%

Source: Master Builders Australia analysis of ABS Building Activity

32: Total number of public sector new dwelling completions - March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted
March 2023 quarter	536	108	232	31	13	90	38	8	15
Change on previous quarter (%)	-48.6%	+33.3%	-53.9%	-65.2%	-77.2%	-58.9%	+137.5%	-46.7%	-75.8%
Change on same quarter last year (%)	+24.7%	+20.0%	+110.9%	0.0%	-51.9%	-34.8%	+153.3%	+100.0%	-6.3%
Year to March 2023	3,118	514	1,258	275	213	556	122	66	112
Change on year to March 2022 (%)	+15.1%	+7.8%	+69.8%	-31.4%	-18.4%	+6.5%	+25.8%	-20.5%	-13.2%
Highest quarter on record	4,507	1,802	877	1,093	957	901	205	592	300
Lowest quarter on record	407	31	22	31	6	79	No data	4	No data
Average of 5 years to March 2023 (annualised)	2,619	470	668	398	226	525	111	113	106
Average of 10 years to March 2023 (annualised)	2,982	654	535	461	307	704	71	140	110
Average of 10 years to March 2013 (annualised)	5,180	1,200	795	972	668	1,131	83	229	103
Average of 10 years to March 2003 (annualised)	5,862	1,739	993	1,147	350	1,204	64	258	107
Average of 10 years to March 1993 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1983 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973 (annualised)	No data	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (year to March 2023)	100.0%	16.5%	40.3%	8.8%	6.8%	17.8%	3.9%	2.1%	3.6%

Source: Master Builders Australia analysis of ABS Building Activity

36: Total number of new public sector dwellings under construction as at 31 March 2023									
	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory
	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted	Unadjusted
As at 31 March 2023	4,239	716	1,722	400	107	687	148	230	229
Change on previous quarter (%)	+6.5%	-2.5%	+18.7%	+0.8%	+52.9%	-1.9%	-14.0%	+2.2%	-1.3%
Change on same quarter last year (%)	+2.9%	+6.5%	+5.4%	+32.5%	-50.0%	-13.5%	+18.4%	+0.9%	+49.7%
Highest quarter on record	13,347	4,797	2,262	2,596	1,824	2,111	364	1,110	844
Lowest quarter on record	1,501	171	75	111	19	250	No data	12	No data
Average of 5 years to March 2023	2,655	544	736	343	145	515	86	147	139
Average of 10 years to March 2023	2,485	679	494	332	163	529	57	110	121
Average of 10 years to March 2013	3,864	936	707	679	378	939	63	103	61
Average of 10 years to March 2003	2,908	831	615	517	144	601	25	112	62
Average of 10 years to March 1993	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1983	No data	No data	No data	No data	No data	No data	No data	No data	No data
Average of 10 years to March 1973	No data	No data	No data	No data	No data	No data	No data	No data	No data
State/territory share of Australia total (%) (as at 31 March 2023)	100.0%	16.9%	40.6%	9.4%	2.5%	16.2%	3.5%	5.4%	5.4%

Source: Master Builders Australia analysis of ABS Building Activity