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MEDIA RELEASE

Industry report warns of massive job losses

With detailed industry sector jobless figures to be released this week, the peak body for the Queensland development industry has warned damage to this sector will be far reaching.

The Urban Development Institute of Australia (UDIA) today (May 4) released a report which names development as the second largest industry in Queensland in terms of gross state product, employing 15 per cent of the workforce.

UDIA Queensland President Warren Harris said the Tourism Potential report captured the full contribution of the development industry to the Queensland economy and the state's reliance on the sector's continued health.

"The Queensland development industry, both directly and indirectly, employs some 300,000 people or 15 per cent of Queensland's workforce," Mr Harris said.

"One in seven workers depends on development and home construction.

"There is demand for over 40,000 homes per year to cope with Queensland's population growth – that's 800 new homes each and every week of the year.

"At the present time the Queensland dwelling approvals rate is less than half that number, notwithstanding the economic support that has been provided by the First Home Owner's Grant.

"One can only imagine how bad this figure would have been in the absence of the grant, which is why it is so critical that the federal government continue the initiative.

"Without that support the industry will see additional job losses during the next 12 months," he said.

Mr Harris said the report findings would better enable the Institute to forecast direct employment impacts from industry downturns or booms.

"A further figure that the report has provided is that for every million dollars of turnover in the development industry, 4.5 direct and indirect jobs are created," he said.

"In other words, for every three houses that aren't built, 4.5 jobs and \$100,000 of tax revenue are lost.

"And with 20,000 fewer houses and apartments built in a year, almost \$2 billion in tax revenue is lost to the state and federal governments.

"These figures allow us to accurately predict the impacts of factors that reduce industry activity.

“For example, with turnover of \$67 billion a year reduced to less than half, one could reasonably expect job losses of more than 100,000.

“At this stage, the question that governments need to ask is why the approvals rate for Queensland has dropped so dramatically when compared with the current rate in other states such as Victoria.”

The UDIA is calling for the Queensland Government to establish a taskforce to urgently address falling house building rates.

“It is essential that the government immediately forms a taskforce to address the employment and financial consequences of the current situation in the state’s second largest industry,” Mr Harris said.

“The industry currently provides more than \$6.4 billion dollars to the Commonwealth and Queensland Governments each year by way of direct and indirect taxation through its direct contribution and flow-on effect into sectors.

“If activity levels remain at 50 per cent of the long term average, this will halve state revenue from this sector and related sectors, which must be of great concern in a growing state.

“The development industry will closely monitor data released from the Australian Bureau of Statistics relating to approvals and employment losses in Queensland as well as trends in each local government area to ensure that the unintended consequences of inadequate land supply and excessive infrastructure charges are fully recognised by the community and their elected representatives,” he concluded.

Ends.

Media:

For more information, or a copy of *the Economic Impact of the Development Industry in Queensland* report, please contact Susan McCosker on 0422 567 667.