



## MEDIA RELEASE

### **Queensland dwelling approvals and unemployment shock**

The Urban Development Institute of Australia (UDIA) Queensland has today expressed grave concern regarding the forthcoming twelve months for the residential property sector, following the release of ABS unemployment and housing approval data.

UDIA (Qld) President Warren Harris said the latest data showed that the Queensland construction sector had experienced considerable job losses when compared to the State total.

“Since August 2008, 26,600 jobs have been lost in Queensland,” Mr Harris said.

“Of this amount 18,115 jobs were lost in the construction sector. This means that there is a job loss rate of 8.07% in our industry today when compared with the overall Queensland unemployment figure of 5.3%.

“Concurrently the mining sector gained 8,800 jobs during that time, progressing from 37,800 employees to 46,600 employees.

“These figures are very alarming in view of the Queensland Government’s projections in its 2009/10 budget of investment in dwellings falling marginally in 2009/10.

“In effect, the government is saying that there is an expectation that only 25,000 to 30,000 dwellings will be built in Queensland in the next 12 months,” Mr Harris said.

ABS housing approval figures released on 1 July 2009 continue to show a disturbing downwards trend for the month of May 2009, with housing unit construction at 424 and dwellings at 1,578.

At the height of activity in May 2005, a total of 4,400 dwellings were approved, including 2,250 units and 2,150 houses.

In December 2007, 2,000 units and 2,530 dwellings were approved giving a total of 4530 dwelling units. This compares with a monthly total of 2,002 in May 2009.

Approvals are now less than 50% of those earlier figures and there is underlying demand for housing in Queensland of at least 4,000 dwellings per month.

“This level of underperformance has now occurred for the last six months and if it were not for the First Home Owners Grant aiding some sales and approvals, the situation would be significantly worse,” Mr Harris said.

“These figures are totally at odds with market performance in Victoria where the decline in approvals was 20% at its worst.

“Based on these figures and State Government expectations of continued underperformance, after the Commonwealth housing initiatives are completed and the fiscal recovery funds for the education sector fully utilised, the Queensland housing sector will be in the worst possible situation unless immediate action is taken to prevent the

implementation of substantial infrastructure charges in all local authorities throughout the state.

"Increases for infrastructure charges are coming through from local authorities on a daily basis with increases ranging from \$10,000 to \$30,000 per lot.

"It is the view of the development industry that immediate action must be taken by the Bligh Government to restore the economic competitiveness of the Queensland industry.

"We are not talking about the Queensland Government borrowing funds to bail out the industry. What we are asking for is an immediate moratorium on infrastructure charges.

"Without leadership from the Premier, the Treasurer and the Minister for Infrastructure and Planning, there will be anywhere up to 75,000 jobs lost in this sector throughout the State.

"In fact, all it will take is political will and the stroke of a pen to fix this problem overnight.

"Many Mayors and local authorities are considering or have already given infrastructure charge discounts but the response has been variable.

"Those affected will be the thousands of workers who pick up tools every day, as well as employees in hardware and building companies in every corner of the State.

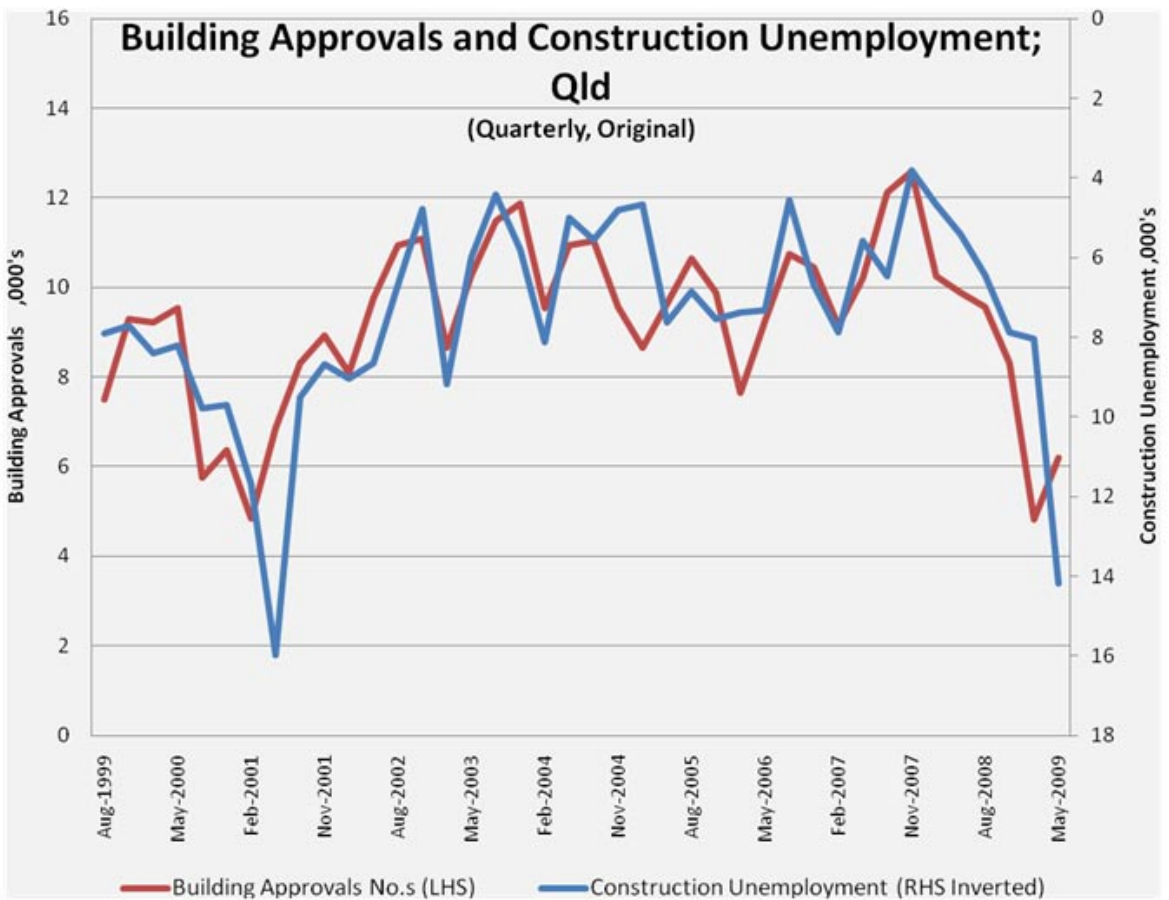
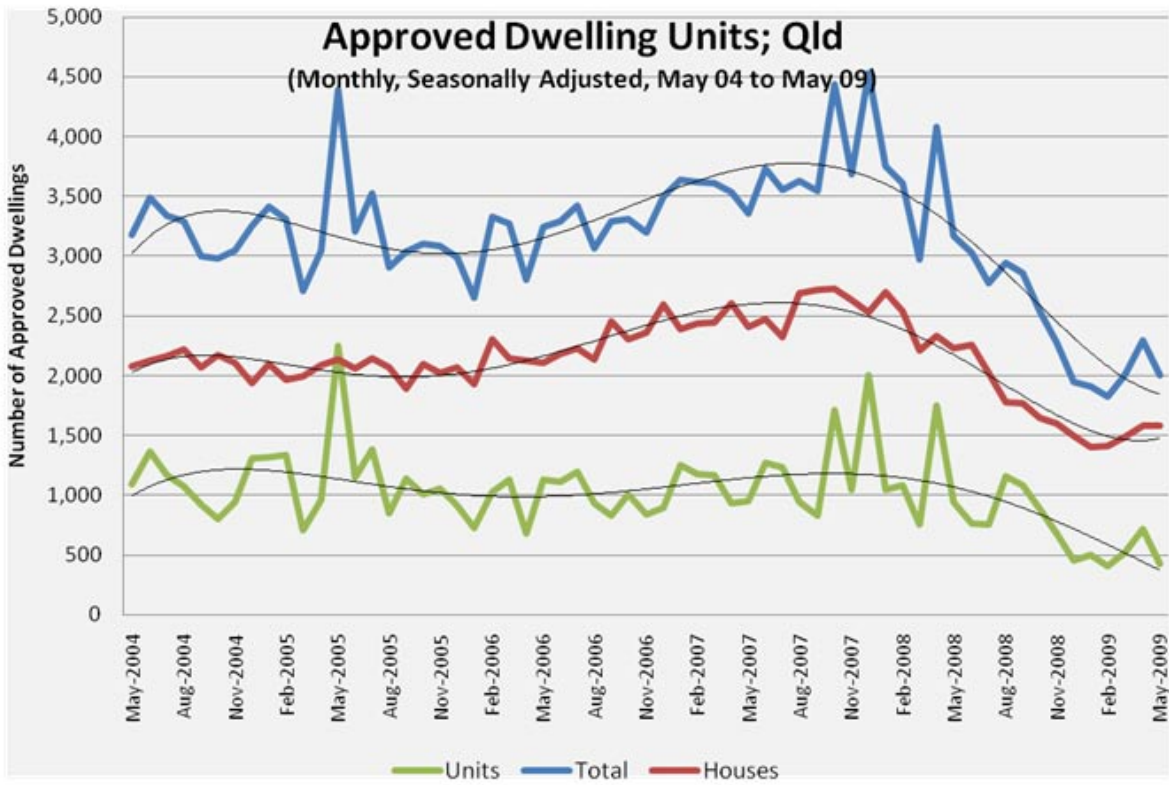
"Failure to act immediately will cause the Queensland economy a further delay of at least twelve months in moving out of the recession, compared to the rest of the country," Mr Harris said.

#### Media:

The below graphs and table indicates the approved dwelling units in Queensland from May 2004 to May 2009, and building approvals and construction unemployment in Queensland from August 1999 to May 2009, as sourced from the ABS.

Also below is a press clipping from *The Gold Coast Bulletin* (30 June, 2009) clearly demonstrating the reality of infrastructure charges on the Gold Coast economy and the inability of local authorities to act in a cohesive and economically responsible manner. The vacuum can only be and must be filled by Queensland Government activity.

For further information, please contact Kylie Sully on 0415 465 701 or (07) 3233 2725.



	<b>Queensland</b>	<b>Construction</b>	<b>Mining</b>
August 2008	1,612,200	224,300	37,800
April 2009	1,585,600	206,600	46,600
No. of Jobs Lost	down 26,600	down 18,800	up 8,800
% Change	1.65%	8.07%	23%



# PIP penny drops

**T**ALK about 'too little, too late'. After years of living in their city hall fantasy world, our civic leaders have taken their heads out of the sand.

Mayor Ron Clarke has finally admitted that the city's infrastructure charges have forced companies to take their projects elsewhere.

Developers across the city took little comfort in Cr Clarke's declaration that the city's Priority Infrastructure Plan (PIP) scheme costs '10 times more' than that of neighbouring councils.

They are fed up that it has taken Cr Clarke years to realise what everybody else knew.

It begs the obvious question: Is it too late for our boom \$12 billion development industry?

Urban Development Institute of Australia boss Col Dutton has been talking about developers moving their businesses away from the Gold Coast.

At a recent Institute of Business Leaders luncheon, the anger was palpable.

Gold Coast developers – ranging from small-time family operators to large-scale listed companies – have been hit hard by the economic downturn.

For more than 18 months councillors have had developers in their ear warning them that if they don't deliver a practical and speedy solution, they would be faced with mass job losses.

But just like those climate change sceptics out there, our

councillors refused to accept that the system could be flawed.

It doesn't take a rocket scientist to work out that during a significant market depression, expensive infrastructure charges are not conducive to major developments.

The effect of inaction has already been felt. Expanses of land at Coomera remain dormant. Projects at Surfers Paradise, Mermaid Waters and Yatala have all stalled.

*The Bulletin's* Rescue Patrol summit was the perfect platform to express the concerns and ideas of the city's development and infrastructure gurus.

But instead of embracing the think tank, Cr Clarke and city powerbroker Peter Young were heard disputing claims of Mr Dutton and Property Council of Australia chair Peter Trathen.

Afterwards, Cr Clarke labelled the summit a 'talkfest' with few affordable solutions.

"We'd love to support all the great ideas but we can't. We'll have to have them cost assessed. Council doesn't have a bottomless pit of money," he said.

Why has it taken so long for Cr Clarke to realise that the council's money-making scheme is decimating the development industry?

It took a pull-out threat by supermarket giant Aldi and the downfall of developer Jim Raptis and his stalled Hilton hotel project to kick-start a sceptical council.

According to Cr Clarke, the \$1.5 million bills for infrastruc-

ture charges on sites at Pimpama and Coomera forced Aldi to pull out.

*The Bulletin* has been told that commercial infrastructure charges on other sites exceeded the Aldi applications by millions of dollars.

The PIP was established in early 2007, when the Gold Coast enjoyed a boom period and cashed-up investors licked their lips at any opportunity to make money.

The council rode to the bank on the back of a successful culture, with a budget driven on revenue from the PIP scheme.

The 'comfortable' era – overseen by council CEO Dale Dickson since 2004 – is now set for an almighty upheaval.

But only if councillors hold their nerve and start asking more questions.

At times, it seems to many in the development and construction industry that councillors and bureaucrats live in an isolated world, away from the realities of a fluctuating market.

The job figures speak for themselves. About 13 per cent of the city's workforce is directly employed in development and construction.

I know that councillors have already received angry calls from sacked Riviera workers and shafted sub-contractors.

If the infrastructure charges debate isn't dealt with in upcoming council-developer summits, expect a scrum of angry ratepayers at your door.



Mayor Ron Clarke has seen the light at last