

**10**  
***Construction***



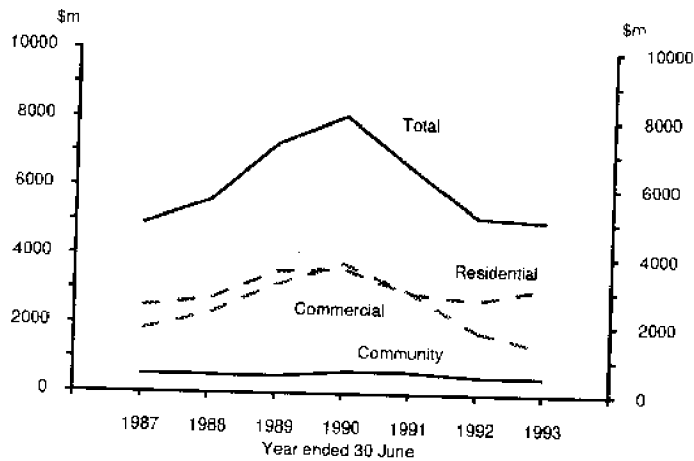
## INTRODUCTION

In 1991-92 the Construction industry sector contributed 6 per cent of the total Victorian Gross Domestic Product (GDP) at factor cost. Victoria's percentage share of the national GDP at factor cost for the Construction industry sector was 23 per cent, the lowest since 1984-85.

## Building construction

At current prices the value of building work done in Victoria during 1992-93 was \$5,030m. The value of building work done represented a 2 per cent decrease from the previous year, and constituted 21 per cent of the total value of building work done in Australia.

VALUE OF BUILDING WORK DONE, VICTORIA



**TABLE 10.1 VALUE OF BUILDINGS COMPLETED, CLASSIFIED BY TYPE, VICTORIA**  
(\$m)

Type of building	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
<b>Residential -</b>						
Houses	1,979.1	2,421.7	2,758.2	2,394.2	r2,026.8	2,232.6
Other residential buildings	253.7	297.9	179.6	206.4	r215.7	179.1
Alterations and additions to residential buildings	393.9	483.7	612.6	601.2	r543.1	583.5
<b>Non residential -</b>						
<b>Commercial -</b>						
Hotels, guest houses, etc.	79.4	241.5	165.2	210.8	165.8	42.0
Shops	360.9	403.8	530.7	560.2	r195.5	289.7
Factories	406.9	816.3	548.4	380.7	r390.1	380.5
Offices	757.9	1,048.2	1,174.7	1,655.7	r1,383.3	1,395.5
Other business premises	222.8	348.5	426.1	456.9	r140.0	169.6
<b>Community -</b>						
Education	225.8	296.8	176.4	266.8	r210.8	222.2
Religious	13.0	14.4	15.3	23.5	21.7	19.3
Health	124.9	88.4	261.6	195.2	r166.3	107.4
Entertainment and recreation	143.1	61.6	100.6	181.4	211.4	91.0
<b>Miscellaneous</b>	58.3	81.6	116.3	66.6	r120.0	85.3
<b>Total</b>	<b>5,019.9</b>	<b>6,604.3</b>	<b>7,065.7</b>	<b>7,199.5</b>	<b>r5,790.5</b>	<b>5,797.7</b>

**Non-residential building**

The commercial sector of non-residential building (i.e. hotels, shops, factories, offices, and other business premises) accounted for 39 per cent of the value of all building work completed in Victoria during 1992-93, with office construction being the largest component of this commercial sector activity (61 per cent). Building for community purposes accounted for 9 per cent of the value of building construction, with the largest component being building for education purposes.

In the commercial sector, the value of shops completed increased by almost 50 per cent between 1991-92 and 1992-93. However, the value of shops completed was still significantly lower than the previous few years. There was a significant decrease (75 per cent) in the number of hotels completed.

In the community sector, the value of buildings completed for entertainment and recreation purposes decreased by over 50 per cent after increasing in previous years. The value of buildings completed for health purposes decreased by 35 per cent.

These changes in value of work done reflect not only changes in building activity but also increases in the cost of building due to inflation. It should also be noted that in any period where there are appreciable increases or decreases in the value of buildings completed for industrial, commercial, business, health, etc. purposes, this movement can be attributed, to some extent, to the completion of large-scale projects.

**Residential building**

Residential building (including alterations and additions) accounted for 52 per cent of the value of all building construction during 1992-93. New house completions accounted for 75 per cent of this while new 'other residential building' completions and 'alterations and additions' accounted for 6 per cent and 19 per cent respectively.

**TABLE 10.2 NUMBER OF NEW RESIDENTIAL BUILDINGS COMPLETED BY OWNERSHIP, VICTORIA**

Year	Private sector (a)			Public sector			Total Number	Private sector as a percentage of total
	Houses	Other	Total	Houses	Other	Total		
1987-88	26,170	4,398	30,570	1,499	415	1,914	32,490	94.1
1988-89	29,630	3,579	33,210	906	798	1,704	34,910	95.1
1989-90	30,740	2,059	32,800	1,003	570	1,573	34,380	95.4
1990-91	24,010	2,318	26,330	1,206	580	1,786	28,110	93.7
1991-92	r21,710	r1,998	r23,708	691	867	1,558	25,141	93.8
1992-93	24,465	1,898	26,363	618	668	1,286	27,649	95.3

(a) Prior to 1991-92 Houses and Total Residential Buildings for the Private Sector were rounded to the nearest 10 units.

The number of new residential buildings completed during 1992-93 increased 9 per cent over the previous year, the first increase since 1988-89. Of these buildings over 90 per cent were houses. Private sector activity accounted for over 90 per cent of the number of new residential buildings completed in recent years.

**TABLE 10.3 NUMBER OF COMMENCEMENTS OF NEW RESIDENTIAL BUILDINGS BY TYPE OF BUILDING**

Year	Melbourne Statistical Division (MSD)	Victoria	MSD as a percentage of Victoria	Victoria as a percentage of Australia
<b>HOUSES</b>				
1987-88	17,968	28,103	63.9	26.2
1988-89	22,516	34,901	64.5	26.6
1989-90	16,315	27,500	59.3	27.4
1990-91	12,578	20,578	61.1	22.8
1991-92	14,474	22,267	65.0	r21.4
1992-93	17,261	26,228	65.8	22.4
<b>OTHER RESIDENTIAL BUILDING</b>				
1987-88	3,106	4,442	69.9	14.3
1988-89	2,569	3,473	74.0	8.1
1989-90	1,837	2,494	73.7	6.6
1990-91	1,752	2,433	72.0	7.9
1991-92	1,987	2,695	73.7	r7.4
1992-93	2,090	2,536	82.4	5.7
<b>TOTAL</b>				
1987-88	21,074	32,545	64.8	23.5
1988-89	25,085	38,374	65.4	22.1
1989-90	18,152	29,994	60.5	21.8
1990-91	14,330	23,024	62.2	19.0
1991-92	16,461	24,963	65.9	r17.8
1992-93	19,351	28,762	67.3	17.8

**House commencements**

During 1992-93 there were 26,228 houses commenced in Victoria, which represented an increase of 18 per cent over the previous year.

**TABLE 10.4 NUMBER OF NEW HOUSES COMMENCED, CLASSIFIED BY MATERIAL OF OUTER WALLS, VICTORIA**

<i>Year</i>	<i>Brick, concrete, and stone</i>	<i>Brick veneer</i>	<i>Timber</i>	<i>Fibro cement</i>	<i>Not stated and other</i>	<i>Total</i>
1987-88	567	17,856	1,916	838	6,879	28,103
1988-89	402	22,012	1,815	797	9,875	34,901
1989-90	389	17,375	1,761	564	7,411	27,500
1990-91	220	12,573	1,340	359	6,086	20,578
1991-92	258	13,446	1,496	211	6,856	22,267
1992-93	484	14,951	1,323	306	9,164	26,228

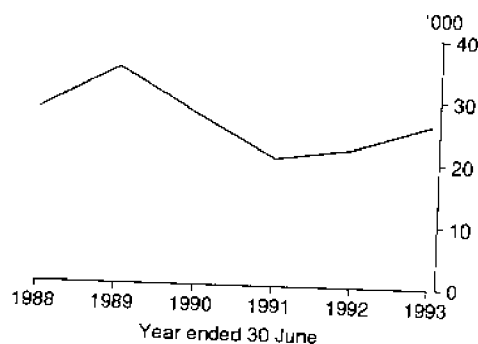
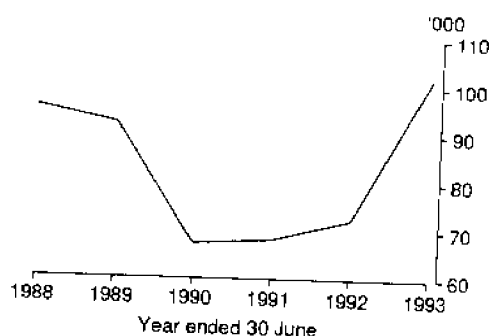
**Housing loans**

At current prices the value of housing loans approved during 1992-93 was \$8,510m. This was a 29 per cent increase over the 1991-92 level and represented a 61 per cent increase over 1987-88, when the value of loans approved was \$5,273m.

**TABLE 10.5 HOUSING LOANS APPROVED BY TYPE OF LENDER, VICTORIA**

<i>Year</i>	<i>All banks</i>	<i>Permanent building societies</i>	<i>Other lenders</i>	<i>Total</i>
NUMBER				
1987-88	79,548	10,882	5,081	95,511
1988-89	77,061	9,396	5,858	92,315
1989-90	58,189	3,409	5,749	67,347
1990-91	59,092	2,891	6,302	68,285
1991-92	72,493	6,196	7,210	85,899
1992-93	94,554	3,449	3,999	102,002
VALUE (\$m)				
1987-88	4,012	635	278	5,273
1988-89	4,625	646	409	6,166
1989-90	4,162	232	408	4,802
1990-91	4,332	203	421	4,956
1991-92	5,631	456	510	6,598
1992-93	7,990	246	273	8,510

(a) Includes construction of new dwellings, purchase of newly erected dwellings, purchase of established dwellings, refinancing of existing home loans, and alterations and additions to dwellings.

NUMBER OF NEW HOUSES  
COMMENCED, VICTORIANUMBER OF HOUSING LOANS (a)  
APPROVED, VICTORIA

## Regions

Commencements of new residential buildings in the Melbourne Statistical Division (MSD) accounted for 67 per cent of Victoria's commencements during 1992-93.

All regions within the MSD recorded increased commencements in 1992-93. Mornington Peninsula and Western Melbourne continued to account for the largest proportions of commencements, with 32 per cent and 28 per cent respectively. This reflects the population growth in these areas.

TABLE 10.6 NUMBER OF COMMENCEMENTS OF NEW RESIDENTIAL BUILDINGS,  
VICTORIA

Statistical division	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Melbourne	21,074	25,085	18,152	13,987	16,461	19,351
Western Melbourne	4,580	5,811	5,164	4,156	4,940	5,439
Inner Melbourne	669	505	480	284	364	1,007
North Eastern Melbourne	2,560	3,261	1,906	1,621	1,496	1,808
Inner Eastern Melbourne	2,303	2,323	1,184	809	986	1,403
Southern Melbourne	1,086	1,268	1,122	718	935	1,057
Outer Eastern Melbourne	3,516	3,621	2,560	1,974	2,388	2,519
Mornington Peninsula	6,360	8,296	5,736	4,424	5,352	6,118
Barwon	2,016	2,397	2,339	1,547	1,640	1,769
Western District	622	643	560	459	460	492
Central Highlands	1,268	1,353	1,345	929	885	990
Wimmera	243	251	237	182	190	246
Mallee	683	734	515	450	413	497
Loddon Campaspe	1,741	1,974	1,742	1,369	1,307	1,464
Goulburn	1,356	1,659	1,482	1,175	1,075	1,262
Ovens-Murray	832	1,021	863	692	766	806
East Gippsland	654	736	659	519	592	579
Gippsland	1,120	1,275	1,183	1,043	1,174	1,306
<b>Total Victoria</b>	<b>32,545</b>	<b>38,374</b>	<b>29,994</b>	<b>23,024</b>	<b>24,963</b>	<b>28,762</b>

**Engineering construction**

During 1992-93, the value (at current prices) of engineering construction work done was \$2,083m, of which 55 per cent was done by the public sector. Construction of roads, highways, and subdivisions accounted for almost 30 per cent of the value of work done, telecommunications for 20 per cent, and electricity generation, transmission, and distribution for 20 per cent.

**TABLE 10.7 VALUE OF ENGINEERING CONSTRUCTION BY TYPE, 1992-93**

Type of construction	Commenced		Work done		Work yet to be done
	Victoria (\$m)	Victoria (\$m)	Australia (\$m)	Victoria as a percentage of Australia	Victoria (\$m)
Roads, highways, and subdivisions	691.8	594.0	3,885.1	15.3	186.1
Bridges	69.2	53.8	224.8	23.9	32.1
Railways	62.6	64.9	528.6	12.3	14.3
Harbours	7.4	8.3	141.1	5.9	1.8
Water storage and supply	115.0	98.8	703.2	14.1	48.4
Sewerage and drainage	239.6	156.5	644.8	24.3	187.4
Electricity generation, transmission, and distribution	333.9	418.6	1,519.8	27.5	281.3
Pipelines	31.1	31.1	238.0	13.1	0.1
Recreation	56.7	56.2	365.5	15.4	7.6
Telecommunications	437.2	421.2	1,863.5	22.6	26.0
Heavy industry	166.1	169.3	1,331.0	12.7	108.3
Other	13.6	10.6	39.2	27.0	3.6
Total of all construction -					
By private sector	1,116.4	941.1	5,805.0	16.2	661.5
By public sector	1,107.7	1,142.1	5,679.1	20.1	235.5
<b>Total</b>	<b>2,224.1</b>	<b>2,083.3</b>	<b>11,484.1</b>	<b>18.1</b>	<b>897.0</b>

**REFERENCES****Definitions**

Value of building commenced, or under construction, represents the anticipated completion value based, where practicable, on the estimated market or contract price of building jobs excluding the value of land and landscaping. Site preparation costs are included. Where building jobs proceed over several quarters the anticipated completion value reported on the return for the first (commencement) quarter may be amended on returns for subsequent (under construction) quarters as the job nears completion.

Value of building completed represents the actual completion value based, where practicable, on the market or contract price of building jobs including site preparation costs and excluding the value of land and landscaping.

Value of building work done during the period represents the estimated value of building work actually carried out during the quarter on building jobs which have commenced.



Value of building work yet to be done represents the difference between the anticipated completion value and the estimated value of work done on building jobs up to the end of the period.

#### Data sources

The Construction Industry Survey (CIS) consisted of separate collections for the private and public sectors. The private sector collection was conducted as a component of the ABS' integrated economic statistics program. This program has been developed so that data from each industry sector conform to the same basic conceptual standards, thereby allowing comparative analysis across different industry sectors. The results of this survey are therefore comparable with economic censuses undertaken annually for the mining and electricity and gas industries and periodically for the transport, manufacturing, wholesale, retail, and selected service industries. However, as the public sector collection used different concepts, the public sector results cannot validly be aggregated with those for the private sector.

The Building Activity Survey involves a sample survey of private sector house construction activity and complete enumeration of building jobs other than private sector house construction. From the September quarter in 1985, the scope of the Building Activity Survey changed in respect of non-residential building activity. Only non-residential building jobs (both new and alterations and additions) with an approval value of \$30,000 or more were included in the survey, whereas previously, jobs with an approval value of \$10,000 or more were included. From the September quarter 1990, this scope increased further to \$50,000 for non-residential and \$10,000 for residential building jobs (both new and alterations and additions). The building commencements collection is based on building permits issued by local government authorities, and contracts let by or day labour work authorised by Commonwealth, State, semi-government, and local government authorities.

The quarterly Engineering Construction Survey is based on a sample of all construction enterprises operating in Australia, in both private and public sectors. The survey aims to measure the value of all engineering construction work undertaken in Victoria. For the Engineering Construction Survey, all enterprises recorded on the ABS central register of economic units and classified to the construction industry, and all other units known to be undertaking engineering construction work (from trade journals, newspapers, etc.) are included in the survey framework.

The Engineering Construction Survey was first conducted in respect of the September Quarter 1986, replacing the Construction (Other than Building) Survey as a medium for measuring the level of Non-Building (Engineering) Construction activity within the Construction sector.

#### ABS publications

- Housing Finance for Owner Occupation, Australia* (5609.0)
- Building Approvals, Victoria* (8731.2)
- Dwelling Unit Commencements Reported by Approving Authorities, Victoria* (8741.2)
- Building Activity, Australia: Dwelling Unit Commencements, Preliminary* (8750.0)
- Building Activity, Australia* (8752.0)
- Building Activity, Victoria* (8752.2)
- Engineering Construction, Australia* (8762.0)

