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## **15 Housing and Construction**

**OVERVIEW**

Building activity makes a significant contribution to the Victorian economy, both directly and indirectly. New dwelling approvals in particular are recognised as a leading economic indicator.

This chapter presents information on the Victorian construction industry; value of building, residential and non-residential data, engineering construction, and housing loans.

**Construction**

In 1994-95 the construction industry sector contributed 5.8% of Gross State Product (GSP) at factor cost. Victoria's percentage share of the national GDP at factor cost for the construction industry sector was 22.0%.

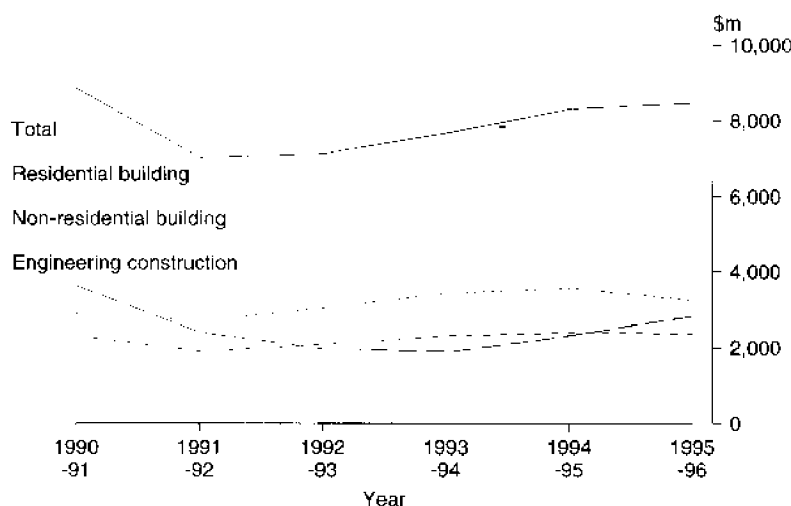
At current prices the value of construction work in Victoria during 1995-96 was \$8,461 million. This represented a 1.8% increase over the previous financial year.

**15.1 VALUE OF CONSTRUCTION WORK DONE, CLASSIFIED BY TYPE, VICTORIA**

Type of construction	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Residential building	2 903.6	2 724.7	3 062.5	3 450.1	3 581.5	3 256.4
Non-residential building	3 643.4	2 404.2	1 970.7	1 902.2	2 322.0	2 852.9
Engineering construction	2 314.0	1 915.7	2 098.2	2 329.1	2 409.1	2 351.4
<b>Total</b>	<b>8 861.0</b>	<b>7 044.6</b>	<b>7 131.4</b>	<b>7 681.4</b>	<b>8 312.6</b>	<b>8 460.7</b>

Source: *Building Activity, Victoria (8752.2)* and *Engineering Construction Activity, Australia (8762.2)*

VALUE OF CONSTRUCTION WORK DONE, VICTORIA



Source: *Building Activity, Victoria (8752.2)* and *Engineering Construction Activity, Australia (8762.2)*

**Residential building**

Residential building (including alterations and additions) to the value of \$3,256.4 million, accounted for 38% of the value of all construction work done during 1995-96. New houses accounted for 65% of residential building while new 'other residential building' and 'alterations and additions' accounted for 14% and 21% respectively.

Between 1994-95 and 1995-96 the value of work on new houses decreased by 18%. Over the same period, the value of other residential

building work increased by 51% while the value of alteration and addition work decreased by 2%.

### 15.2 VALUE OF RESIDENTIAL BUILDING WORK DONE, CLASSIFIED BY TYPE, VICTORIA

Type of building	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Residential -						
Houses	2 146.8	1 993.4	2 286.7	2 520.8	2 573.9	2 109.2
Other residential buildings	194.8	181.0	196.3	278.4	300.0	452.2
Alterations and additions to residential buildings	562.0	550.3	579.5	651.0	707.5	695.0
<b>Total</b>	<b>2 903.6</b>	<b>2 724.7</b>	<b>3 062.5</b>	<b>3 450.1</b>	<b>3 581.5</b>	<b>3 256.4</b>

Source: *Building Activity, Victoria* (8752.2)



#### New dwelling units

The number of new dwelling units approved during 1995-96 decreased by 25% over the previous year. Of the 23,565 approvals, just under 80% were houses. Private sector activity accounted for about 95% of the number of new dwelling units completed.

### 15.3 NUMBER OF NEW DWELLING UNITS APPROVED BY TYPE AND OWNERSHIP BY STATISTICAL DIVISION, VICTORIA, 1995-96

Statistical division	Private sector			Public sector			Con-versions etc.	Total
	Houses	Other	Total	Houses	Other	Total		
Melbourne	12 553	2 984	15 537	345	723	1 068	616	17 221
Barwon	1 124	63	1 187	18	7	25	9	1 221
Western District	308	15	323	7	27	34	1	358
Central Highlands	610	44	654	4		4	6	664
Wimmera	145	9	154	—	4	4	1	159
Mallee	207	8	215	8	10	18	1	234
Loddon	811	21	832	13	44	57	14	903
Goulburn	847	34	881	16	57	73	2	956
Ovens-Murray	491	11	502	5	4	9	7	518
East Gippsland	458	8	466	19	5	24	1	491
Gippsland	732	19	751	29	56	85	4	840
<b>Total Victoria</b>	<b>18 286</b>	<b>3 216</b>	<b>21 502</b>	<b>464</b>	<b>937</b>	<b>1 401</b>	<b>662</b>	<b>23 565</b>

Source: *Building Approvals, Victoria* (8731.2)

## 15.4 NUMBER OF NEW DWELLING UNITS APPROVED BY TYPE AND OWNERSHIP, VICTORIA

Year	Private sector			Public sector			Conversions etc.	Total
	Houses	Other	Total	Houses	Other	Total		
1990-91	20 132	1 934	22 066	783	402	1 185	59	23 310
1991-92	22 358	1 932	24 290	707	1 016	1 723	33	26 046
1992-93	25 969	2 186	28 155	1 189	227	1 416	12	29 583
1993-94	27 227	3 109	30 336	830	584	1 414	1 167	32 917
1994-95	25 284	3 225	28 509	601	808	1 409	1 347	31 265
1995-96	18 286	3 216	21 502	464	937	1 401	662	23 565

Source: *Building Approvals, Victoria* (8731.2)

The average value of new houses approved during 1995-96 was \$99,980, an increase of 6.7% over the previous year and 16.1% over 1990-91, while the average floor area (198 sq.m.) increased by 7.6% and 13.1% over the same two periods. Of the 12,200 new houses that were approved during 1995-96, with materials of construction recorded, 86% had brick veneer external walls, 5% had timber external walls and 2% had fibre cement external walls; the remaining 7% were constructed of other materials.

## 15.5 NUMBER OF NEW HOUSES APPROVED BY MATERIAL OF OUTER WALLS, AVERAGE FLOOR AREA AND AVERAGE VALUE, VICTORIA

Year	Brick veneer	Timber	Fibre cement	Other	Not stated	Total	Average floor area	Average value
							sq.m.	\$
1990-91	12 651	1 418	350	500	5 996	20 915	175	86 117
1991-92	13 940	1 546	219	627	6 733	23 065	175	85 668
1992-93	15 197	1 396	331	1 475	8 759	27 158	178	85 935
1993-94	15 758	1 264	352	890	9 793	28 057	182	89 959
1994-95	15 662	1 181	263	911	7 868	25 885	184	93 694
1995-96	10 470	665	221	844	6 550	18 750	198	99 980

Source: *Unpublished ABS data from the collection: Building Approvals, Victoria*

## NUMBER OF NEW DWELLING UNITS APPROVED, VICTORIA



Source: *Building Approvals, Victoria* (8731.2)

**The Building  
Regulatory  
System in  
Victoria**

On 1 July 1994 the *Building Control Act 1981* and the Victoria Building Regulations 1983 were replaced by the *Building Act 1993* and the Building Regulations 1994 respectively.

The *Building Act 1993*, the product of extensive consultation with industry and local government, was based on the reforms envisaged in a model building act prepared to provide a national approach to building legislation. The Act also established a Building Control Commission, which replaced the Building Control Division of the Department of Planning and Development.

**Main changes  
to the Building  
Regulatory  
System**

One of the most significant changes in the new system was to deregulate the building permit, inspection and occupancy permit requirements. Private sector competition has been introduced as an alternative service to that which was exclusively undertaken by councils in the past. Under the previous system, all private (non-government) applicants were required to obtain necessary permits and inspection services from a council. Under the new system, anyone who undertakes building work may choose either a private building surveyor or a municipal building surveyor to oversee all building approval functions.

Under the Act, municipal councils retain primary responsibility for administering the law—for example, the enforcement of structural and fire safety requirements and other matters of general public safety—but now have a range of options for involvement in the building control system.

Building fees have been deregulated and local councils may now charge fees which are competitive with the private sector. Councils are able to compete for work in other municipalities and can enter into agreements with private developers to provide building permit services across the State. They also have the option of transferring their building control function to another council, a regional corporation, or contracting a registered private building surveyor to act as municipal building surveyor.

The new Act limits building fault liability to a period of ten years. The Act also makes insurance compulsory for registered building practitioners, who will have to register with the new Building Practitioners Board.

**Building  
Practitioners  
Board**

The Building Practitioners Board has been established under the *Building Act 1993* to oversee the quality and standard of the professional services provided by building practitioners in terms of public health and safety.

On 1 May 1996 the Housing Guarantee Fund ceased to be responsible for registering builders and providing warranties. Each domestic builder is now required to register with the Building Practitioners Board and to take out a specific insurance to cover domestic building work. Domestic builders are required to register if the value of the building work undertaken is more than \$5,000.

Produced in consultation with the Building Control Commission.



### Housing loans

At current prices the value of new housing loan commitments during 1995-96 was \$10,152 million, a 5% increase over the 1994-95 level. In 1995-96, 90% of all housing loan commitments were made to banks, 2% to permanent building societies and 8% to other lenders.

### 15.6 HOUSING LOAN COMMITMENTS BY TYPE OF LENDER, VICTORIA

Year	All banks \$m	Permanent building societies \$m	Other lenders \$m	Total \$m
1990-91	4 332	207	421	4 960
1991-92	5 632	440	510	6 582
1992-93	7 957	263	244	8 464
1993-94	10 382	488	139	11 009
1994-95r	9 127	377	168	9 672
1995-96	9 162	179	811	10 152

Source: Unpublished ABS data from the collection: Housing Finance Commitments

### 15.7 HOUSING LOAN COMMITMENTS BY PURPOSE, VICTORIA

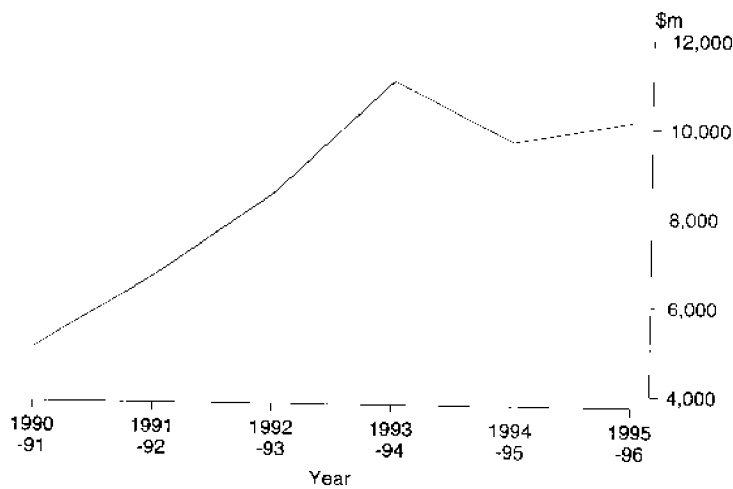
Year	New dwellings (a)		Established dwellings (b)		Alterations and additions \$m	Total \$m
	Number of dwellings	Value \$m	Number of dwellings	Value \$m		
1990-91	18 259	1 190	50 090	3 595	175	4 960
1991-92	17 840	1 231	67 898	5 093	258	6 582
1992-93	21 958	1 586	82 621	6 608	271	8 464
1993-94	24 574	1 932	105 761	8 437	640	11 009
1994-95r	21 484	1 844	81 604	6 959	869	9 672
1995-96	16 848	1 577	89 902	7 829	747	10 152

(a) Includes construction of new dwellings and purchase of newly erected dwellings.

(b) Includes purchase of established dwellings and refinancing of existing housing loans.

Source: Unpublished ABS data from the collection: Housing Finance Commitments

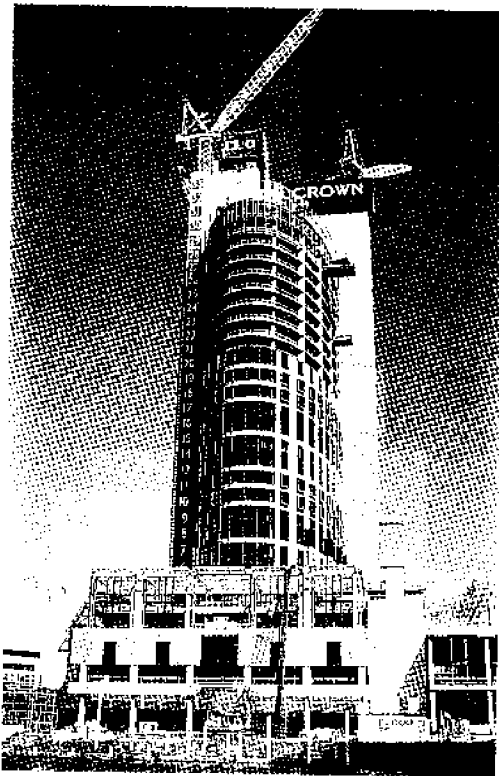
## VALUE OF HOUSING LOAN COMMITMENTS, VICTORIA



Source: Unpublished ABS data from the collection: Housing Finance Commitments

**Non-residential building**

Non-residential building accounted for 34% of the value of all construction work during 1995-96. The commercial sector of non-residential building (i.e. hotels, shops, factories, offices, and other business premises) accounted for 60% of the value of all non residential building work in Victoria during 1995-96, with shop construction being the largest component. Building for community purposes accounted for the remaining 40%, with the largest component being building for entertainment and recreational purposes.



In the commercial sector, the value of hotel building work increased by 205% between 1994-95 and 1995-96 and the value of office building work increased by 16%. Factory building work decreased in each of the last four years, from \$450.4 million in 1991-92 to \$239.4 million in 1995-96.

In the community sector, the 1995-96 value of work on buildings for entertainment and recreational purposes increased by 134% over the previous year. The value of work for education purposes increased by 30% while the value of work for health purposes decreased by 35%.

### 15.8 VALUE OF NON-RESIDENTIAL BUILDING WORK DONE, CLASSIFIED BY TYPE, VICTORIA

Type of building	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
<b>Commercial -</b>						
Hotels, guest houses, etc.	127.1	102.1	33.6	38.7	51.8	157.9
Shops	393.4	177.2	207.3	330.7	464.0	478.6
Factories	441.9	450.4	317.3	247.4	245.4	239.4
Offices	1 603.8	942.9	617.3	335.7	393.1	456.2
Other business premises	365.2	133.7	196.5	198.4	354.9	380.4
<b>Community -</b>						
Education	258.9	210.6	192.4	193.4	263.2	341.3
Religious	23.1	18.6	20.3	16.5	16.3	11.3
Health	171.6	113.3	178.1	272.1	209.5	136.2
Entertainment and recreation	160.6	151.7	92.4	157.6	219.7	513.3
Miscellaneous	97.8	103.7	115.4	111.7	104.2	138.2
<b>Total</b>	<b>3 643.4</b>	<b>2 404.2</b>	<b>1 970.7</b>	<b>1 902.2</b>	<b>2 322.0</b>	<b>2 852.9</b>

Source: *Building Activity, Victoria* (8752.2)

### Engineering construction

Engineering construction accounted for 28% of the value of all construction work during 1995-96. The value (at current prices) of engineering construction work in Victoria was \$2,351 million, of which 47% was undertaken by the public sector. Construction of roads, highways, and subdivisions accounted for 33% of the value of work, whilst telecommunications accounted for 28%.

### 15.9 VALUE OF ENGINEERING CONSTRUCTION WORK DONE BY TYPE, VICTORIA

Type of construction	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Roads, highways, and subdivisions	398.2	378.1	594.3	670.5	754.7	767.7
Bridges	39.8	68.9	54.5	40.5	38.2	30.9
Railways	48.4	66.8	64.9	105.9	130.4	86.0
Harbours	25.9	6.2	8.3	2.3	0.9	3.5
Water storage and supply	107.5	81.1	100.2	112.7	142.2	58.9
Sewerage and drainage	164.1	142.1	161.6	120.1	157.7	100.5
Electricity generation, transmission, and distribution	426.1	400.7	419.2	490.2	359.4	295.7
Pipelines	57.6	36.3	31.1	97.9	86.6	88.0
Recreation	91.4	34.3	56.1	70.6	74.9	82.3
Telecommunications	722.9	446.5	421.2	359.9	514.9	655.8
Heavy industry	215.2	237.1	176.3	252.6	148.6	180.2
Other	16.8	17.7	10.5	5.8	0.6	1.7
<b>Total of all construction -</b>						
By private sector	896.3	837.5	955.5	1 255.3	1 148.4	1 241.8
By public sector	1 417.6	1 078.1	1 142.7	1 073.8	1 260.7	1 109.5
<b>Total</b>	<b>2 314.0</b>	<b>1 915.7</b>	<b>2 098.2</b>	<b>2 329.1</b>	<b>2 409.1</b>	<b>2 351.4</b>

Source: *Engineering Construction Activity, Australia* (8762.2)



The value of telecommunication construction work increased by 27% between 1994-95 and 1995-96 and the value of heavy industry construction work increased by 21%. The 1995-96 value of construction work for water storage and supply decreased by 59% over the previous year and the values of construction work for sewerage and drainage, railways, and electricity works decreased by 36%, 34%, and 18% respectively.

## REFERENCES

### Definitions

Value of construction work done during the period represents the estimated value of work actually carried out during the quarter on construction jobs.

Value of buildings approved represents the anticipated completion value at the time of permit application, based on the estimated market or contract price of building jobs excluding the value of land and landscaping. Site preparation costs are included.

### Data sources

The Building Approvals collection is based on building permits issued by local government authorities and licensed private building surveyors, and contracts let by, or day labour work authorized by Commonwealth, State, semi-government, and local government authorities.

The Building Activity Survey involves a sample survey of private sector house construction activity and a complete enumeration of building jobs other than private sector house construction.

The Engineering Construction Survey is based on a sample of all construction enterprises operating in Australia, in both the private and public sectors.

### ABS sources

*'Building in Victoria: A historical review', Victorian Year Book, 1994 (1301.2)*

*Australian National Accounts, State Accounts (5220.0)*

*Building Approvals, Victoria (8731.2)*

*Building Activity, Victoria (8752.2)*

*Building and Construction Activity, Australia (8754.0)*

*Engineering Construction Activity, Australia (8762.2)*

*Housing Finance Commitments, unpublished data*

### Non-ABS sources

*Building Control Commission*

### Photographs

*Builder and Architect: Courtesy of the Housing Industry Association*

*House construction*

*Residential row*

*Crown Casino construction: Photographer Andrew Stiller, Public Affairs Branch, Dep't of Infrastructure*

