

Chapter 19

HOUSING AND CONSTRUCTION

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Chapter 19

HOUSING AND CONSTRUCTION

Housing and construction, throughout man's history, have provided important economic and social records of human endeavour. Buildings that have survived provide a record of civilization, of man's achievements and failures, of dreams and values. From the thousands who laboured on the great pyramids of Egypt to the more modest construction gangs of today, building has provided an existence, if not always a living, to a significant proportion of the population. And whether it has been a primitive stone hut, a mud brick house, a palace, or an apartment on the waterfront, the quality and style of man's dwelling units has pointed to the degree of comfort, well-being and wealth of the surrounding community. In short, the provision of housing and the activity of construction are signposts to the life of any community. In many respects the housing and construction industry provides a window through which to gaze upon the life and standards of social man.

19.1 HOUSING

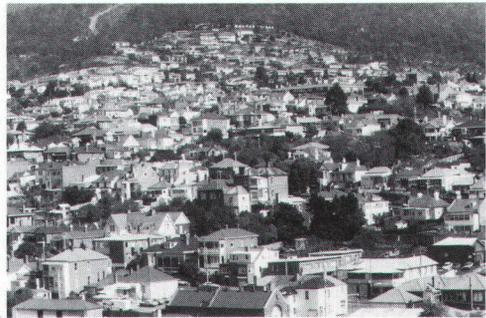
Tasmanians as do other Australians, place great importance upon home ownership. The 1981 census revealed that 64 per cent of Tasmanian households had either bought, or were in the process of buying, their own home. This compares with a figure of 55 per cent in Britain, 51 per cent in France and 42 per cent in The Netherlands.

Home purchase in Tasmania generally entitles the buyer to a freehold title, unlike the long-term leases prevalent in other parts of the world.

The great majority of the population lives in single family households, each occupying separate houses. About 10 per cent of Tasmanian households occupy flats and units.

19.1.1 Housing Trends, 1930–1985

Prior to the Second World War the typical Tasmanian family lived in a single-storey weather-board home consisting of five or six rooms, and situated on about a quarter-acre of land (1000 sq. metres). Finance for home purchase was available from the Housing Division of the Agricultural Bank of Tasmania. Loans were available which enabled prospective purchasers to place deposits on new homes, but the Government was well aware that these arrangements had done little to alleviate the more general shortage of housing typical of the period. In 1938 the Agricultural Bank decided to offer homes on a rent-purchase



basis, with the purchase price being payable over a maximum period of thirty years. The government also hoped that by becoming involved in the commissioning of building stock it could bring a degree of stability to the local building industry which was characterised by a recurrent cycle of boom followed by recession.

This was to be a continuing involvement despite the outbreak of war in 1939. In 1942 however, shortages of manpower and materials forced the Agricultural Bank to suspend its construction activities. It continued nevertheless, to acquire land and make plans for later implementation until 1944 when, with Commonwealth aid, building activity resumed. The first Commonwealth–State Housing Agreement was entered into in 1945. Under this agreement Tasmania received \$5 670 000 which it repaid

upon withdrawing from the scheme in 1950. The scheme had the desired effect; by 1948 building activity had increased 40 per cent on the 1939 level. The Commonwealth and State Governments in 1946 adopted a 'Ten Year Plan' of home construction with the intention of providing continuous employment for a minimum number of 130 000 tradesmen nationally. Apart from its stabilising effect on the construction industry, the plan was also intended to increase national housing stocks so as to accommodate increased post-war immigration. Tasmania continued to build homes from its own resources until 1956, when it entered into a new agreement with the Commonwealth.

In 1953 responsibility for State housing was transferred to a new body, the Tasmanian Housing Department which had been organised to administer the *Homes Act* of that year. Under the *Act*, the new department was responsible for the acquisition and development of land for housing purposes, and for the erection of homes for rental and ultimate sale.

The 1950's and 1960's witnessed as large a change in building techniques as they did in architectural style. The traditional timber-clad weatherboard home gradually gave way to a building with brick or brick veneer exterior walls. In 1954-55, 75 per cent of all houses commenced were of weatherboard construction; twenty years later in 1974-75, this figure had dropped to 5 per cent.

Architecturally, this period saw the beginnings of a trend in urban areas towards the flat, apartment or 'home unit' in a block of such dwellings arranged in a courtyard or terrace fashion.

The 1970's brought further changes in lifestyles and housing patterns. Increased affluence, mobility and leisure time enabled many people to experiment with rural-residential living. This period saw the growth of a new feature, the 'five-acre block' situated within an hour's drive or less of a major population centre.

In 1977 the Housing Department underwent a period of administrative reorganisation and re-emerged as the Housing Division of the Department of Housing; by 1981 it had completed 20 000 homes in the State.

The rural-residential trend continued in the eighties; from 1983-84 to 1984-85 the outlying municipalities of Sorell and Westbury for example experienced a 60 per cent increase in new building commencements. Economic recession, however, affected the industry overall to the point where its fortunes have come to be regarded as a barometer of economic conditions generally. The early years of this decade saw dwelling commencements decline markedly; by 1981 they

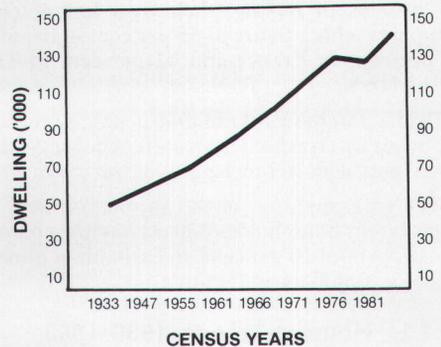
had dropped 53 per cent from 1976-77. Over the same period, government work offered under tender decreased by some 45 per cent. As building costs increased, so too did the proportion of owner-built dwellings, some 60 per cent of new dwellings being undertaken in this way.

Tasmania has also shared in the world-wide fashion for the rejuvenation of nineteenth century urban architecture for domestic use. As much of Tasmania's long neglected domestic architectural heritage is of this period, the State has benefited greatly from this revitalisation of its Georgian and early Victorian buildings.

Since March 1984, the Tasmanian Development Authority has assumed the responsibility for the administration of funds made available for home purchase assistance, and the State Government provides State loan funds and semi-government loans for lending under the *Homes Act*.

19.1.2 Housing Stock

At 30 June 1984, Tasmanian residential dwelling stock totalled 164 188 homes, flats and units. This figure represents a 2.7 per cent increase in dwelling stock from the previous financial year. The State's total stocks have been subject to an increase of some 7.1 per cent in the five years since the 1981 census, which showed the State to have held stocks of 153 363 dwellings of all types.



Dwelling Stocks, 1930-1985

Outright private ownership of housing stocks runs at about 30 per cent of the total while the 1981 census revealed that 26.8 per cent of all occupied private dwellings were rented.

The rental market is almost entirely composed of the young, the aged and the transient. The construction of new rental stock is not made attractive by the comparatively low rate of return in comparison to other forms of realty investment. As a result, vacancy rates are low, currently only

about one per cent of all rental stock is available at any one time, but it is a form of demand which is unlikely to be met in the short term due to the marginal returns offered.

Governmental housing programs have had a significant impact on Tasmanian housing stocks. In 1984-85 total stocks under government ownership numbered 15 899, representing 9.7 per cent of the State total. Construction activities resulted in 625 new dwellings. Recent policies have also accelerated governmental spot purchasing of pre-existing stocks in addition to those generated by construction programs, with a 43 per cent increase (184) in these acquisitions in 1984-85.

Brick and brick veneer construction continued to dominate the construction of dwelling stock with 83.2 per cent of commencements adopting this mode in 1984-85. This compares with 79.2 per cent at the time of the 1981 census.

19.1 Number and Value of New Houses Approved by Material of Outer Walls, Tasmania, 1984-85

<i>Material of outer walls</i>	<i>Number</i>	<i>Number as proportion of total (per cent)</i>	<i>Value (\$'000)</i>
Double brick, stone and concrete	294	8.6	15 401
Brick veneer	2 548	74.6	122 429
Fibre cement	119	3.5	3 022
Timber	375	11.0	12 118
Steel	31	0.9	481
Aluminium	3	0.1	74
Other	45	1.3	1 476
Total	3 415	100.0	155 001

19.1.3 Land Stocks

With strong growth in new house construction during 1984-85, vacant land stocks were made subject to significant reductions. With the reduction in the supply of vacant lots there was an increase in urban subdivision together with an interest in the development of relatively large residential estates adjacent to major urban centres.

During 1984-85 over 1 200 proposals for the subdivision of land were submitted to local councils for approval compared to less than 1 000 during 1983-84.

19.1.4 Planning

Planning seeks to ensure a rational course of future development in which historical preservation is one item on a larger program which seeks to accommodate potential development and present use as well as past character. Sound

forward planning is essential for the effective management of Tasmania's architectural resources, both currently as well as in the future. Such planning in the State has broadened in scope considerably in recent decades in order to meet this priority. City and urban planning has moved progressively away from being concerned mainly with the preservation of isolated historic features and the effective siting of noxious industries toward a more all-encompassing approach to the urban environment.

With rapidly increasing levels of capital investment being involved in even the most straight forward construction projects, it is essential to ensure the long term utility of new building. It is equally imperative that different forms of activity be grouped together to their mutual advantage, with services within easy reach of their particular consumers and producers within access to transport and markets.

Preservation is, quite naturally, a priority in Tasmanian planning given the high proportion of Georgian and early Victorian architecture surviving in the State. Current planning facilitates this preservation by seeking to preserve the fabric of area life as opposed to simply maintaining isolated examples of particular architectural and historical merit. To this end detailed studies and plans determining the Sullivan's Cove and Battery Point areas in the South of the State have existed since 1972. Updated in 1979, they provide leading examples of preservation planning in the widest sense.

The Battery Point plan stresses the way in which the original character of the area has been preserved because it has been retained for its original use. The plan, by imposing legislative controls, seeks to maintain it in this original residential form. Strict criteria of acceptability are prescribed, which all construction, demolition and usage must meet if it is to proceed. Parking facilities, signs, facades and profiles of buildings are all determined by the requirements of these regulations, which are administered by a Committee consisting of Hobart City Council and National Trust representatives, local residents, architects and advisors from the University of Tasmania.

A similar set of legislative requirements exist for the whole Sullivan's Cove area. However the stress here is less on pure preservation than it is on stimulating the development of the area in such a way as to enhance its public usefulness and its contribution to the character of Hobart. To this end, efforts have been made to recycle buildings in the area for public use, such as the new Centre for the Arts in the former Jones and Co. building, and to retain open public access to all areas of the Cove.

In 1984-85 a new planning scheme was introduced for the City of Hobart. Currently the plan, as it is still under consideration by the City Council and the Commissioner for Town and Country Planning, operates as an interim scheme under Section 734 of the *Local Government Act* of 1962. The plan covers virtually all of the inner areas of Hobart, from Sandy Bay through the Central Business District to West Hobart. The plan divides this area into a series of districts which are then subdivided into a number of precincts. These divisions replace the more familiar divisions of land use zones.

Under the plan, a district is an area of distinctive use and function, a precinct is a subdivision which has, or will develop, its own unique character. The plan identifies five districts and 45 precincts, and goes on to present a series of statements which define the desired future characteristics of each precinct. Stated are the ideal options in areas such as usage, nature of new construction — shape, size, colour, and describes features such as street furniture, landscaping and pedestrian access. The plan consistently seeks to ensure the uniformity of new development with that which is pre-existing.

The plan was widely publicised during 1984-85 by means of mobile displays in public centres and a total of 157 objections were received which are to be considered at a forthcoming series of public hearings.

Elsewhere in Tasmania it has become mandatory for each municipality to direct urban development according to an overall planning scheme. To assist local municipalities in the provision of a scheme the Town and Country Planning Commission has produced a model scheme which can be adopted by those municipalities lacking specialised resources. By this, it is anticipated that some degree of uniformity can be ensured in Tasmanian planning. In addition, suburban planning developments have been important in Launceston and both Scottsdale and Stanley have produced their own schemes.

These municipal planning schemes were part of a larger legislative overhaul of the planning regulations for 1985 which saw the passing of the *Local Government Amendment (Development and Building) Act* 1985. This new legislation puts emphasis on the streamlining and simplification of the planning process, and encourages the preparation of statutory planning schemes and Interim Orders. The new provisions place time constraints on both Councils and the Commissioner for Town and Country Planning in so far as the preparation and alteration of planning schemes are concerned. An amending provision also enables the current three month public exhibition period to be reduced to three weeks in

those instances where the Commissioner considers that the proposed alteration is 'not substantial'. Possibly the most significant amendment to the legislation is that which requires a Council to have an approved Planning Scheme or Interim Order before it can exercise planning control. This intent to streamline the planning process is also reflected in legislative amendments affecting the Planning Appeal Board.

The 1985 amendments have extended the responsibilities of the Planning Appeal Board by introducing an appeal provision in instances where a Council fails to make a determination on a development application within 42 days of receiving it. The new provisions also introduce Compulsory Conferences and single-man Boards and has increased membership of the boards to a 'panel' of nine members. The latter has been introduced to ensure that an adequate number of members is available, and to provide for the sitting of more than one Board at any one time should the situation require.

In contrast to the intent of planning regulations, building regulations relate not to areas, but to the standards to which individual buildings are constructed. 1984-85 has seen the development of the system of regulation in the direction of a more unified and broadly applicable set of requirements. Since early 1984 a working party has been examining all Tasmanian building regulations with the aim of bringing them in line with the Australian Model Building Regulations (AMBR).

Tasmania, unlike other States, has always had a system of consolidated regulations, common to all authorities and government bodies. Such a consolidated system avoids the administrative complexities of a number of separate regulatory systems being imposed by each agency providing services to a single building.

The AMBR initiative will, in turn, bring this system into line with a model system of regulation being adopted by all States. Quite apart from the administrative efficiencies of a standardised system, this will facilitate the activities of interstate contractors on the larger sites in the State and remove a possible source of delay in completion.

Specialised systems of regulation for buildings intended for particular purposes, such as those imposed by the Licensing Board on liquor outlets and by the Department of Tourism or hotels, will remain in place.

The activities of the National Trust have had a significant affect on planning in Tasmania. The Trust has made a major contribution to an awareness of the historical importance of Tasmania's buildings and, although not a

government body, often works with local councils to ensure the preservation of significant features. The Trust maintains a Register of Classified and Recorded Buildings, Places and Objects and through the local councils the Trust will seek to enforce a preservation order should a classified building come under threat. The Trust is currently seeking amendments to the *Local Government Act* in order to make these orders more binding than at present.

The National Trust celebrated its twenty-fifth anniversary in 1985, and in June the State Government announced that the Trust in each region would receive as part of the forthcoming Bicentennial celebrations, \$100 000, subject to approval, in order that it might buy, restore and resell a number of buildings.

19.1.5 Housing Finance

The degree of availability and conditions under which housing finance can be obtained constitutes an essential factor determining the level of building activity at any one time. The levels of interest and the actual amount of funding held by lending institutions are inextricably linked with a multitude of shifting economic factors, and because of their volatility, interest rates and loan funds, can be taken as accurate indicators of economic conditions generally.

19.2 Housing Loans Approved, Tasmania, 1984-85

Period	Home loans		Other dwellings	
	No.	Value (\$m)	No.	Value (\$m)
1984 —				
July	631	16.0	16	0.3
Aug	659	17.5	16	0.5
Sept	651	17.8	12	0.2
Oct	761	20.6	18	0.4
Nov	706	19.3	11	0.3
Dec	539	14.8	23	0.5
1985 —				
Jan	613	17.6	20	0.7
Feb	592	16.5	17	0.4
Mar	716	21.2	14	0.3
April	629	18.7	15	0.4
May	772	22.9	21	0.8
June	627	18.3	26	0.6

Loans for all types of housing during the 1984-85 period amounted to a total of \$226.8 million compared with \$210.8 million in 1983-84.

Home loans totalled \$221.4 million with the remainder being made up by money loaned for the purchase and construction of flats and units.

These figures compare with a 1983-84 overall home loan total of some \$205 million, an 8 per cent increase. While the proportion of total loan funds granted for home construction remained stable at 97.6 per cent of the total, compared with 97.3 per cent in 1983-84, the figure represents a significant increase in the overall level of home construction in the State.

Funding for other dwellings fell by 7.4 per cent over the same period, from \$5.8 million in 1983-84 to \$5.4 million in 1984-85, or 2.4 per cent of total funds loaned.

Finance for the construction and purchase of housing is available from a number of sources in Tasmania, but the major share is provided by savings banks. During the 1984-85 period, \$138 million in housing loans were obtained from this source.

19.3 Value of Loans Approved to Individuals for the Construction or Purchase of Dwellings for Owner Occupation, Tasmania, 1984-85

Source of loan	(\$m)
Savings banks	138.0
Trading banks	20.8
Building societies	41.6
Other	37.0
Total	237.4

Savings banks are a highly attractive source of finance due to their interest rates being among the lowest of all major lenders, but only in cases where a first mortgage is being sought. Savings banks generally lend only a certain proportion of their own valuation of the property, but this is not a wholly inflexible policy. Priority for loans is usually given to established customers depending upon the availability of funds at the time of application.

Trading banks, responsible for lending \$20.8 million in this period, specialise in providing short term finance and personal loans. They make housing loans to established clients, and often provide short term funds for bridging loans to settle purchases prior to alternative finance becoming available.

Home finance is the major function of building societies and most lending is secured by first mortgage. This specialisation allows them to operate on a low margin. Recently, building societies have been permitted to lend on an unsecured basis. Such societies loaned a total of \$41.6 million over the 1984-85 period.

Other institutions loaning funds for housing include the Co-operative Housing Societies providing loans to buyers in the lower income

groups. These societies receive their funds from the Government, insurance companies or banks. They are subject to the control of the Registrar of Co-operative Housing Societies, and their rates are among the lowest available, but their funds are generally limited. When the loans in such a Society are paid up, it will then terminate its activities.

Finance companies provide finance for housing which is both short term and more expensive. Occasionally used for supplementary borrowings on second mortgages, loans from this source can have the advantage of a higher loan ratio, up to 95 per cent of valuation, than is standard.

19.1.6 Housing Assistance

The Housing Department Tasmania is the authority through which the State Government exercises its responsibility for public housing in Tasmania. The Department's task is one of ensuring that all members of the population may have the expectation of living in a reasonable degree of comfort. The Department primarily addresses itself to the needs of people on lower incomes, such as old-age pensioners and single-parent families.

The Housing Department Tasmania takes a direct role in the provision of housing for these groups. Since 1953 the Department has concentrated principally upon the construction and maintenance of its housing stocks, and has left the government provision of low cost loans to private home builders and buyers to other government authorities.

As well as changes in administrative organisation, recent years have also seen policy changes within the Housing Department. In the past the overwhelming focus of public housing in Tasmania has been on low density family housing in outer suburban areas. This 'broadacre' approach involved the purchase of large tracts of peripheral land combined with massive construction programs to achieve economies of scale. This focus on the economic aspect of the production of low cost housing did not foresee the adverse social consequences of creating large, isolated and underserved suburban areas with extremely homogeneous demographic and social characteristics. Recent changes in this policy have been implemented to counter the resulting social problems created by the lack of access and servicing.

Since 1983 the Department has begun spot purchasing established houses in the older suburbs as well as the construction of small-scale infill developments on vacant land within well-established communities. These infill developments serve to integrate public housing developments with the surrounding community facilities

and services; spot purchasing allows housing to be made available in specific areas of need. This is well illustrated by the Department's purchase in 1985 of 32 dwellings in the area of the University of Tasmania to house low income students attending the institution.

Amendments have also been made to the provisions of the Act allowing the purchase of Department homes by tenants. Ownership has long been possible if the tenant could arrange alternative finance to purchase the dwelling outright. In April 1985 the Government introduced a new Home Purchase Scheme which attracted considerable interest. Under the new Scheme, tenants have the option of purchasing the dwelling they occupy, another dwelling or even one yet to be built by the Department, on a private contract. The purchase contract is flexible, with repayments being based on household income and interest charges being deferred but not capitalised.

During 1984-85 the number of applications for rental housing assistance from the Department increased by approximately 5 per cent despite a 6.5 per cent increase in the number of applicants allocated accommodation. The shortage of private rental stock and the consequent increases of rental charges are a major cause of this record level of demand for Department accommodation.

During the year the Department purchased 34 small development sites, totalling some 20 hectares, for infill housing and medium density projects throughout the State. Additionally, 118 developed building blocks were purchased for the construction of Department homes at a cost of \$1 695 306.

A total of 184 dwellings were purchased during the year; 59 houses and units in the south, 25 in the north, and 60 in the north west. In addition, eight special purchases were made for crisis housing and particular community needs.

Over the 1984-85 period the Department commenced a total of 650 buildings; 182 by the Department's workforce, and 468 by private

19.4 Housing Department Tasmania Net Dwelling Stocks at 30 June 1985

Type of dwelling	Dwellings	
	Constructed	Acquired
Houses	12 138	671
Elderly persons' units	2 114	—
Villas	1 287	147
Multi-unit flats	360	70
Total	15 899	888

contractors. The total number of dwellings completed was 625. Of these, 188 were constructed by Departmental employees and 437 by private contractors.

Defence Service Homes Scheme

The Defence Service Homes Scheme is a Commonwealth scheme that has the aim of assisting certain former and serving members of the Australian Defence Forces to acquire a home by providing long term loans at concessional rates of interest. The Scheme, introduced in 1919 following the enactment of the *War Service Homes Act 1918*, also can provide assistance to the widow, and in some cases the mother, of a deceased eligible person or the wife of an eligible person who is temporarily or permanently insane. Generally, assistance is available to a person who has served during specified times and/or at specified places. Persons eligible for assistance include:

- members of the Australian Defence Forces and nursing services enlisted or appointed for, or employed on, active service outside Australia or on a ship of war during the First World War or the Second World War;
- persons who served in the warlike operations in Korea, Malaya, or Singapore during specified periods;
- persons who served on 'special service' in certain areas of South-East Asia, including Vietnam;
- national servicemen who completed their service on or after 7 December 1972;
- persons who enlisted before 17 August, 1977 and served on continuous full time service on or after 7 December 1972, and completed 3 years effective full-time service;
- persons who enlisted on or after 17 August, 1977, and completed 6 years effective full-time service and entered into a commitment to render further full-time service and who meet certain prescribed conditions;
- persons domiciled in Australia and employed in certain sea-going service during the First World War or the Second World War.

The dwelling must be the intended usual residence and no other home must be currently owned. The Scheme is administered by the Defence Service Homes Corporation whose affairs are conducted and controlled by the Secretary of the Department of Veteran's Affairs.

At present, a waiting period applies to loans to buy a home, but not to loans to build, enlarge, or complete homes. Extensive insurance cover at a competitive premium is available for homes financed under the Scheme.

The principal benefit available is low interest housing loans under the following conditions:

- maximum loan: \$25 000
- interest rate: 3.75% per annum on the first \$12 000
7.25% per annum on the next \$3 000
10% per annum on the remainder
(The effective interest on a loan of \$25 000 is approximately 6.8% per annum)
- repayment term: a period not exceeding 32 years.

During 1984-85 the Defence Service Homes Corporation granted 227 loans to Tasmanians. Of this total, 49 were for the construction of homes, 4 were utilised for the purchase of new homes, 172 for the purchase of established homes and 2 for the enlargement of existing homes. Capital expenditure for the year was \$4.9 million and loan repayments totalled almost \$2.8 million.

19.5 Defence Service Home Loans, Tasmania

<i>Loans</i>	<i>1983-84</i>	<i>1984-85</i>
No. granted for —		
Construction of homes	36	49
Purchase of homes	151	176
Enlargements to existing homes	2	2
Total	189	227
Capital expenditure (\$'000)	4 079	4 937

The First Home Owners Scheme

On 19 May 1983 the Minister for Housing and Construction announced the State Government's intention to introduce a new housing assistance scheme, the First Home Owners Scheme. This new scheme was designed to replace the pre-existing Home Deposit Assistance Scheme and the first home buyers Tax Rebate Scheme introduced by the previous Government. A feature of these schemes was that the size of the grant was related to the amount of savings held in an approved form by the applicant.

The new scheme was intended to provide assistance in the form of a subsidy, or a reduced subsidy together with a lump sum, allowing home buyers to choose the option best suiting their needs. In contrast to the earlier schemes, there was to be no requirement to hold savings in an eligible form.

Assistance under the First Home Owners Scheme is available to people who contract to buy or build their first home, or owner-builders starting to build their first home, on or after 1 October 1983, and who meet the regulated income test requirements.

The amount of benefit payable is greater for applicants with dependant children at the date of home acquisition. Applicants purchasing from 1 October 1983 to 16 April 1985 who comply with the eligibility criteria, are eligible for up to \$5 000 if they have no dependant children; up to \$6 500 if the applicant has one dependant child and up to \$7 000, if the applicant has two or more dependent children. All grants are payable over a period of five years.

Applicants have three options as to how the grant will be paid. Option One is a subsidy payable over a period of five years. Option Two is a lump sum plus reduced subsidy payable over five years, and Option Three is a larger lump sum and reduced subsidy payable over five years.

One of the major tests of eligibility is income. The income to be tested is generally the taxable income for the financial year immediately preceding the year of home acquisition. Applicants may however elect to be tested against taxable income in the year that the home will be acquired.

In 1984, the eligibility requirements were changed, but the new requirements relate only to homes acquired after 22 August and affect income limits. Joint applicants (with or without dependant children) and sole applicants with dependant children may qualify for the maximum assistance if income does not exceed \$20 000. Assistance is reduced in proportion to the amount by which income exceeds \$20 000 and ceases all together at \$27 900. For sole applicants without dependant children the maximum assistance is payable if the income is less than \$10 000. The upper limit at which assistance ceases for these applicants is \$13 950.

A benefit can be made for any new or established house, home unit, flat or any other kind of dwelling. It must, nevertheless, be intended for the applicant's principal place of residence. The land on which the home is built must be owned by the applicant or held in a form of secure tenure recognised as such under the legislation; for example a long term lease, or right of occupancy of the land from the Crown.

Applicants must continue to own and occupy the dwelling to maintain eligibility for the subsidy over the five year period. Where a dwelling is sold and another acquired within twelve months, entitlement for the subsidy can continue without loss.

The Tasmanian Development Authority

On 1 March 1984 the Agricultural Bank of Tasmania was absorbed into the newly formed Tasmanian Development Authority. The new Authority is responsible for the administration of funds made available under the *Home Purchase Assistance Act 1978*.

The Tasmanian Development Authority offers two schemes which are designed to provide financial assistance to Tasmanians seeking to buy or build their first home, and thereby further stimulate the State's construction industry; both these schemes operate in conjunction with co-operative housing societies.

The first scheme, the Home Build Plan, is intended to benefit those on low incomes who want to build their first home. People applying for these low interest loans are required to either own, or be in the process of purchasing, a suitable block of land. Priority in allocating loans is determined, like the First Home Owners Scheme, in accordance with an income test. Priority in allocating loans will go to those applicants whose gross weekly salaries do not exceed \$350. Since July 1985 this level has been increased to \$375. If there is a second income in the family, then the combined total should not exceed \$500 per week.

Home Build interest rates were fixed for the first year of the loan at a rate of 9 per cent; changes in July 1985 saw this increase to 12 per cent. After the first year the rate charged will vary according to the conditions of the Commonwealth-State Housing Agreement. Generally these rates are expected to remain considerably lower than ruling market rates. Repayments are set according to income and usually amount to about one-quarter of gross pre-tax earnings.

Certain restrictions are placed on the size and value of homes to be built under this scheme. Firstly, size is limited to 120 square metres, the value of the block of land upon which it is built should not exceed \$14 000 (\$18 000) in city areas, and the total value of the house and block together should not exceed \$50 000. This limit was increased to \$55 000 in July 1985. Additionally, a block size limit of two hectares is placed on homes financed under the Home Build scheme.

Like the Home Build plan, the Authority's Home Buy plan is financed in cooperation with the co-operative housing societies. Priority for these loans is directed towards those with dependant children.

In order to qualify for a Home Buy loan the applicant or applicants must meet an income test. The gross weekly income test for the principal applicant was increased in July 1985 from \$300 per week to \$375 per week. Where there is a second income, then it should not exceed \$450 per week, having been increased from the previous \$400 per week. An assessment may be made of the applicant's assets to determine eligibility. However personal effects are not regarded as assets for the purpose of the assessment. Interest rates, although subject to periodic review in the light of the applicant's financial position, will be lower than market rates.

19.6 Tasmanian Development Authority, Advances for Housing (a)

Particulars	1983-84	1984-85
Advances approved —		
Number	624	537
Value (\$'000)	18 030	17 437
Advances outstanding at 30 June (\$'000)	83 081	90 338

(a) Excludes advances to Co-Operative Housing Societies.

19.2 CONSTRUCTION, TASMANIA, 1984-85

by *The Master Builders' Association of Tasmania*

During the 1984-85 financial year, the Tasmanian private housing sector experienced an upsurge in the overall level of activity, a trend that was to be shared by the commercial/industrial sector during the later months of the year.

The 24 per cent increase of new home commencements in 1984-85 resulted from the combination of a number of factors. The assumption that economic recovery would continue led to a greater availability of home finance at favourable interest rates. Rental charges increased as vacancy rates fell, and the continuing incentive of the First Home Owners Scheme, combined with the rising market prices for established homes all went to create a favourable cost comparison between building and buying.

The availability of finance and greater buying power affected home design as well as numbers. Larger homes were requested by the private sector, with an increase in the popularity of family rooms, ensuites, and non-contemporary home designs in comparison with previous years.

The public housing sector was spurred on by the rental shortage, the severity of which forced the Commonwealth Government to make available \$654.4 million in grants in May 1985, further increasing the demand for skilled labour within the housing sector.

The commercial/industrial sector, although not showing as dramatic an increase as the housing sector, was stimulated during the latter part of 1984-85 by a number of proposals and approved developments. The most significant of these projects was the \$45 million Hobart Sheraton Hotel in Macquarie St., Hobart, a \$3 million Government office block in Devonport, a \$2 million Physical Education Centre for the Launceston Technical College, and the Norwood Village complex for the retired and elderly, to list several examples.

Cost adjustments resulting from the rise in the cost of building materials have been but one negative factor affecting the building industry in

general towards the end of 1984-85. In the housing sector, there were rising costs in clay bricks, plumbing and electrical fittings, timbers, ready-mix concrete and plaster products. This, in turn, contributed towards an increase of approximately 9.1 per cent in the cost of building a home over the twelve month period.

The commercial/industrial sector, although not as dramatically affected by changes in economic and market conditions, had nevertheless to bear significant cost increases in materials. Concrete, structural steel, cladding and sheeting products as well as electrical and fire fittings and air conditioning equipment all combined to create an approximate 7 per cent increase in cost over the 12 month period.

Consequently the end of 1985 saw increases in the cost of housing. The earlier upward trends were slowed by rising interest rates and the resultant decline in the availability of finance. In addition, stricter government guidelines in regard to eligibility of the First Home Owners Scheme were introduced and with the rising costs and diminishing availability of land, all factors combined to limit growth in the private building sector.

In contrast, the commercial/industrial sector experienced setbacks which were as much the result of administrative factors as they were of material costs. The introduction of the building superannuation schemes, effective as of July 1984, for construction site workers resulted in a wage increase of \$11 per week for employees within the commercial/industrial sector, together with the additional administration costs incurred by the employer. Industrial action meant work stoppages, bans and limitations within the commercial building sector during this period, resulting in financial burdens being placed on developers and building owners as those projects affected, fell behind schedule.

Overall, however, 1984-85 was a good year for the building industry; it resulted in a 60 per cent increase in the total value of all buildings approved which in turn promoted a profitable year for those industries directly associated with the activities of the building industry.

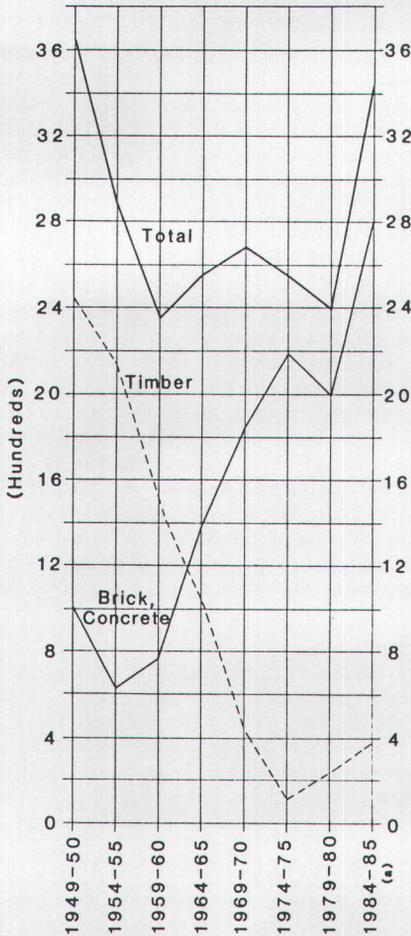
19.2.1 Building Commencements

In 1984-85 there was a healthy upturn in the Tasmanian building industry. Tasmania led Australia with the greatest growth in the commencements of new buildings and dwellings for the year ending March 1985.

During 1984-85 total new residential commencements in all areas of the State amounted to 4010. This represents an increase of 24 per cent on the previous year's figure of 3 230, and is 72 per cent above the 1982-83 figure of 2 330 commencements. As a result, Tasmanian residential construction in

1984-85 was experiencing its highest level of activity since 1975-76 during which construction commenced upon some 4121 new residential buildings.

Regionally the commencements were spread fairly evenly in relation to population density. The statistical division of Hobart led with an increase of 15.8 per cent, while the Southern division as a whole showed a 10.7 per cent increase. The divisions of Northern and Mersey Lyell followed with 9.9 and 8.5 per cent respectively. Statewide the average increase in residential commencements ran at 11.2 per cent.



New Houses Commenced

19.7 Building Commencements, Tasmania

<i>New dwelling units</i>	1983-84	1984-85
Private sector	2 580	3 340
Public sector	654	664

During 1984-85 building commencements in Tasmania were valued at almost \$302 million, an increase of \$100 million on the figure for 1983-84.

The total value of residential construction commenced was just over \$173 million, a figure 41.8 per cent higher than the \$122 million of the previous year. Breaking this figure down further, private commencements totalled just over \$147 million, a 44.1 per cent increase on 1983-84, whereas public housing commencements increased only slightly in comparison; up 22.2 per cent to slightly less than \$25 million for 1984-85. A further \$117 million were spent on non-residential construction commencements throughout the State while a further \$13 million worth of alterations and additions to residential buildings were commenced.

Major Construction Projects 1985

As Tasmania's tourist industry seeks to continue its expansion, \$60 million is being spent on developing new accommodation and upgrading existing properties. The projects include the international hotel being built on Hobart's waterfront and multi-million dollar extensions by the two major accommodation chains, Four Seasons and Innkeepers.

Four Seasons projects include refurbishing major properties at Port Arthur, Hobart and Wynyard and upgrading the facilities in Burnie. Construction work at the Wynyard Motor Lodge included doubling the number of motel units as well as building a block of 10 two-bedroom, self contained units. Eventually this redevelopment will entail the construction of 24 motel units and 10 self-contained units, as well as extensions to the existing Red Jacket Restaurant. An on-site laundry, sauna and indoor pool will also be built in the complex. The Innkeepers group is refurbishing its premier motor inn at Lenna in Hobart and has completed work at the Colonial Motor Inn and the Penny Royal accommodation and visitor complex in Launceston. Innkeeper's Fox and Hounds property at Port Arthur is to undergo a \$1 million expansion.

The largest single undertaking commenced in 1984-85 was the Sullivan's Cove international hotel, a revised design finally found public acceptance after the developers original proposal became the subject of a public outcry. G.H.D. Planner West had originally sought to construct an 18 storey glass-fronted tower; the substitute proposal called for 12 storeys and a design more sympathetic to the historic surroundings of the cove. The new design, to be built between Macquarie and Davey Streets on the waterfront, comprises a two-storey podium base and glazed atrium. A coffee shop, prestige restaurant, cocktail lounge, public bar and shopping facilities will be included at the entry level. A ballroom and

**19.8 Value (a) of Building Commenced, Tasmania
(\$'000)**

Type of building	Private Sector		Public Sector		Total	
	1983-84	1984-85	1983-84	1984-85	1983-84	1984-85
New houses	91 600	121 900	12 122	18 011	103 800	139 900
Other new residential buildings	10 172	25 118	8 076	6 676	18 248	31 800
Total new residential building	101 800	147 000	20 198	24 687	122 000	171 700
Alterations and additions to residential building	10 000	12 500	30	216	10 000	12 700
Hotels, etc.	1 049	777	48	—	1 097	777
Shops	5 151	12 810	16	133	5 167	12 934
Factories	4 443	5 977	778	840	5 221	6 817
Offices	5 440	19 798	2 249	13 373	7 689	33 171
Other business premises	4 482	7 610	6 450	6 462	10 931	14 072
Educational	4 551	2 799	17 066	28 884	21 617	31 683
Religious	488	1 045	—	—	488	1 045
Health	761	6 476	3 178	716	3 939	7 192
Entertainment and recreational	1 916	2 494	7 620	2 015	9 537	4 510
Miscellaneous	1 560	1 985	2 757	3 296	4 317	5 282
Total non-residential building	29 842	61 771	40 162	55 720	70 004	117 490
Total all building	141 600	221 200	60 390	80 623	202 000	301 900

(a) Value when completed.

(b) Figures shown for the value of new houses, total residential buildings, alterations and additions, and total all building (private sector and total ownership) have been rounded to the nearest \$100 000. These figures are based on a sample survey and the data are affected by standard errors.

conference facilities will be located on the second level, with the 260 rooms contained in the two accommodation towers.

Other major construction commencements in the Hobart area included the \$7.8 million carpark and retail complex in Collins St for the Retirement Benefit Fund, the first stage of the ABC Offices and studios on the old railway terminus site and additions to the University Clinical School attached to the Royal Hobart Hospital.

The concept of the retirement village is a comparatively recent one in the area of housing for the elderly. It has the advantage of allowing residents a maximum of independence while ensuring the convenient provision of the specialised medical and recreational facilities required by the elderly. The concept involves considerable investment in construction due to the high number of separate facilities required. The planning and commencement of a number of these establishments made a significant contribution to the levels of construction activity during 1984-85. A notable example of Governmental initiative in this area were the Housing Department plans to build five Victorian-style homes for elderly people in Mowbray's historic Jackson Street.

The homes, consisting of eight units, will feature bay windows, gables, verandahs, small paned windows and the lattice work characteristic of the Victorian era. They will be built of tumbled brick to give an aged mellow appearance, and the

period features will be continued in the use of Western Red Cedar for the construction of door and window frames rather than the usual aluminium and the traditional picket fencing. The interior of the buildings, in contrast, will incorporate all the modern features to make for maximum convenience for the elderly. Work was expected to start late in 1985.

One of the largest private residential projects was undertaken in Devonport during 1985. The project, 14 high class home units, was undertaken by Yaxley Holdings. The units were built on a large block on Victoria Parade at a cost of about \$900 000.

An indoor cricket centre, one of the largest in the State and the most modern in Australia was developed at East Devonport. A large warehouse on the Esplanade was remodelled and renovated and will house three indoor wickets with computerised scoring equipment, a kiosk, creche, full hangeroom amenities and a large viewing area with a mezzanine floor. The cost of setting up the Centre was \$400 000.

Other projects in Devonport include renovations to the Gateway Hotel valued at about \$400 000, new Government offices (\$2 million) and alterations to the Sunrise Motel (\$200 000).

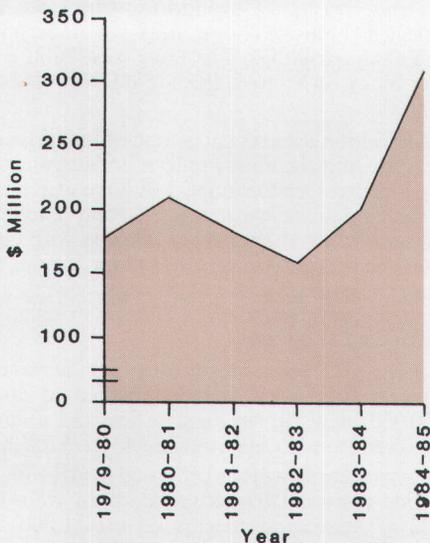
Construction projects proposed for Ulverstone include a second basketball stadium valued at \$500 000, extensions to a brick kiln (\$80 000) and a \$1 million subdivision proposal for 15 houses and 8 units.

The Burnie Council approved \$4.36 million in building plans to April 1985 compared to \$2.5 million to April 1984. Work in Burnie includes the \$300 000 Roberts Stewart Development, phase two of stage one at the Burnie Hellyer College and house and villa contracts worth \$500 000. There are plans to refurbish the grandstand at West Park, renovate a section of the Commonwealth offices, construct sporting club-rooms and ongoing work at the APPM complex.

The City of Launceston had one of its busiest years for building in 1985. In September 1985 14 major building projects worth nearly \$25 million were under construction, with a further \$46 million worth of work planned to start within six months.

Major work included:

- a \$3 million Launceston Community College's Resource Materials Centre;
- a \$2 million physical education centre within the adjoining Launceston Technical College grounds which is the first stage in the Launceston City Council's \$15.4 million redevelopment;
- a \$7.5 million masonic village at Norwood, the biggest elderly retirement village and nursing home complex to be built in Launceston. When completed the complex will contain a 90 bed nursing home and chapel plus 69 units;
- the \$300 000 grandstand construction at the St Leonards sporting complex;
- the first stage on the \$15.4 million reconstruction of the Launceston Community College Paterson St campus.



Value of Building Commencements

The National Trust opposed design plans for the construction of an \$8 million multi-storey car park on the site of Launceston's Paterson St. central car park saying that it would detract from the streetscape and the historic nature of the area. The Launceston Corporation and the Melbourne based company Kings Parking Co. planned to develop two inner city sites as retail/parking centres which would employ 300 construction workers.

19.2.2 Economic Implications

The economic implications of the activities of the construction industry are as varied as they are far-reaching. The condition of a considerable proportion of the economy is affected by the level of building activity, which is in turn subject to the vagaries of the economy generally. The significant role which construction plays within the economy is inherently related to its position as a point of both production and consumption of goods, services and incomes.

The level of construction activity has important implications for local levels of consumption simply because it consumes enormous quantities of a wide variety of materials and expertise. Equally, construction activity generates demand for ancillary as well as essential services. The actual construction is but a single part of a whole process which must take place before a building is ready for occupation; legal services, architectural consultants and interior designers may all be called upon before completion.

Equally important are the implications which construction has for the level of labour demand. Construction activity is, by its very nature, rarely continuous. Even over the construction period of any one project labour requirements will be subject to change; for instance specialised tradesmen are required at different stages of a project, and thus employment in these trades is subject to the number of projects underway. To soften the impact of discontinuous employment, Government construction programs are often co-ordinated with their commercial counterparts in an attempt to maintain a steady demand for labour.

In addition to its generation of demand and consumption, the construction industry is also a leading actor in the area of production and generation of income. Construction is an important avenue for investment; each building constructed is a major asset in which an initial expenditure is set off against the prospect of the long-term generation of income. Rental payments and other income generated from the commercial use of space together with the capital appreciation of the building itself amount to the economically productive function of construction.

woodchips since 1971. In 1984-85, 2.7 million tonnes were exported.



Three of the six main industry groups which in 1983-84 provided 85 per cent of employment and 84 per cent of value added in the manufacturing sector in Tasmania.

Top: Aluminium ingot stocks at Comalco.

(Comalco Aluminium [Bell Bay] Limited)

Bottom left: Processing peas, Devonport.

(Government Stills Photographic Section)

Bottom right: Manufacturing cardboard, Burnie.

(Government Stills Photographic Section)





Construction of the Hotel Sheraton, Hobart's International Hotel.

(Edward Gall)



Fidestar - ferro alloy carrier.



Poznan - loading onions and discharging paper pulp.



Heroj Kosfa Stamenrouis - loading bulk wool.



Brisbane Trader - ANL RO-RO, LO-LO carrier.



Richway - ferro alloy carrier.



Gdansk - loading aluminium ingots.



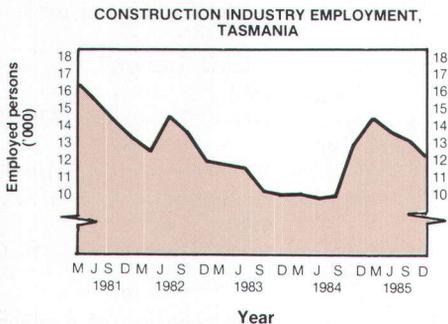
River Embley



Seiyei Maru - discharging steel.

19.2.3 Construction Industry Employment

The construction industry has played a major role in the improvement in the Tasmanian economy over the last 12 months. Over the last year about one third of the growth in total employment has occurred in the construction industry. Four quarter moving averages show that construction employment had risen by 3 400 or 33.6 per cent to 13 500 in the 12 months to August 1985 compared with a rise in total employment of 11 000 (or 6.5 per cent) from 168 000 in August 1984 to 179 000 in August 1985.



Construction Industry Employment

Fluctuations in the industry cause problems; where after years of recession the industry picks up, the available labour force will have been reduced to the point where labour shortage acts as a brake on the resurgence. In the cases of some larger projects in the State there is evidence of cost increases being due to the necessity to bring specialist contractors from inter state as a result. Problems related to the lack of skilled tradesmen can be long term. Training terms for most trades within the industry provide for a minimum of three years in trades such as tilers, and four years for joining and plumbing apprenticeships.

Employment in the construction industry in Tasmania, after peaking at around 16 000 in 1981, went into a long, steady decline so that by early 1984, only slightly more than 10 000 people were employed on construction projects. This decline followed the general downturn which badly effected the State economy with the construction industry suffering more than any other industry. Conditions began to improve in the later part of 1983 and after spare capacity had been utilised, construction employment began to rise during the middle of 1984. By early 1985, employment had increased to almost 14 000. In general terms, the labour market for building occupations has moved into equilibrium following an increase in activity in the construction industry, it is envisaged that this situation will persist into 1986. With the large construction

projects due to commence in the later part of 1985, some minor shortages of skilled building tradesmen occurred in particular parts of the State, bricklayers were identified as the trade in shortest supply.

Nevertheless, in all the building trades, well qualified, experienced tradespersons have little or no difficulty obtaining suitable work. This is a significant improvement on the situation which existed in 1984 when surplus labour remained unemployed.

The 1982-83 recession in the economy had two important effects on the supply of skilled labour to the construction industry. Firstly, the lack of employment opportunities forced some tradesmen out of the industry, either into some other occupations or interstate in search of construction work. Secondly, there was a large reduction in the apprenticeship intake, which is expected to have a serious effect on the number of skilled tradesmen entering the industry over the next few years.

Since the recovery, however, both these trends have been reversed to some extent. There is evidence that a number of tradesmen have returned to the State as labour demand has increased following the rise in building activity. The apprenticeship intake also increased in 1984 with a further 20-25 per cent increase on 1984 figures expected in 1985.

19.2.4 Planned Construction Projects

During October 1985 the Department of Employment and Industrial Relations released a report on the prospects for non-dwelling construction in the State. The Department undertook their statistical examination of the construction industry in order to assess the level of demand for construction labour and trades over the following two or three years. The writers of the report, the Labour Market Projects Section of the Department, noted that information regarding this area was limited to the value of building approvals. Such information gave no indication as to the actual time span over which approved construction work was to actually take place.

The project was given added impetus by the need for information regarding the extent and timing of the demand that these projects would create, and the ability of the Tasmanian construction labour force to effectively meet it. The Department was aware of the importance of co-ordinating labour resources with project requirements and that labour shortages would have a depressing effect on construction activity. Given the economic importance of the construction industry and the leading role it had played in the State's economic recovery made its maintenance a priority.

Initially it was hoped that the assessment of labour demand would be detailed enough to determine the projected demand for individual building trades and occupations. However hopes for such detailed projections were frustrated as they were subject to so many uncertain factors at the time of the survey. The problems experienced by developers in obtaining building approvals, planning and securing contracts made it impossible for them to provide information sufficiently detailed to enable such projections.

The study was limited to the examination of non-dwelling construction valued at \$200 000 and over. It excluded civil construction projects such as dam or road building, sewerage or drainage works and the like.

Research on planned projects revealed a total of 220 projects were planned for the State which were regarded by developers with sufficient confidence for them to provide details of expected commencement and completion dates as well as an estimate of approximate building costs.

Of these 220 projects, 118 or 54 per cent were initiated by the State Government whereas 79 or 36 per cent emanated from the private sector. Analysis of the geographical distribution of these projects reveals that they are concentrated in the south of the State, which could lay claim to 115 or 52 per cent of the total. The north of the State had 64, or 29 per cent, while the north-west had 41, or 19 per cent of the State total. Virtually no private sector activity was intended for the north-west.

The researchers went on to make a number of carefully qualified predictions as to future levels of activity in the State.

The results were interpreted as showing a definite peak in construction activity in August and September, 1986. This was later than expected, nevertheless the report was confident that activity would remain in a buoyant condition over the entire year, and possibly until the second quarter of 1987. Minor falls were accounted for by seasonal drops, the commencement and completion dates of projects are usually arranged to coincide with summer vacations so that sites are not simply left uncompleted for periods of time. Other short term drops occur as a result of developers' apparent preference for coordinating their activities with the beginning of the financial year.

Three broad phases of activity were isolated by the report. The first of these was one of steadily rising activity levels throughout late 1985 and the first half of 1986. The second phase was one of a steady decline during the later part of 1986 and the first half of 1987, the third and final phase sees constant levels over the rest of the study period — the second half of 1987 and all of 1988.

The implications of this pattern of activity for construction labour were regarded as straightforward. The demand for labour by the building construction sector was expected to be at its greatest during the third quarter of 1986. As the level of labour demand at the time of the report was regarded as balanced shortages in some building trades were thus expected in this quarter. The report suggested that with the combination of labour shortages and employers offering over-award payments to attract scarce labour the potential existed for further construction cost increases.

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