



MEDIA RELEASE

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PRESSURE REMAINS ON BUILDING TRADES

A record level of work in the pipeline and a shrinking pool of apprentices are keeping pressure on Australia's building and construction trades.

Figures released today from the HIA-Austral Bricks Trades Report showed that after some easing in the previous quarter, average trade prices across Australia jumped up again in the June quarter 2005, up 0.6 per cent to be 3.1 per cent higher than 12 months ago.

For trade availability however, improvements in the availability of bricklayers, carpenters, joinery professionals and landscaping trades more than offset the declines in the other 9 surveyed trades, however overall, building trades still remain in short supply.

Australia's peak building industry body, HIA, said that while today's figures are unlikely to re-ignite inflationary concerns over climbing wages, they are still an indication of the enormous amount of work in the pipeline that has been masked by the soft dwelling approvals and home lending figures.

HIA's Chief Economist, Mr Simon Tennent said that most builders and tradespeople are reporting many homes and renovation jobs nearing completion but at the same time are concerned over the noticeable slowing in enquiries for new work.

"At best there is another 5 months of work left in the pipeline which once completed should see prices ease marginally however the shrinking pool of building tradespeople and the high costs associated with employing new apprentices will keep a floor under prices for many years to come," Mr Tennent said.

"To put it simply, there are plenty of young people on the books looking for apprenticeships but employers simply can't afford the costs associated with training them," Mr Tennent added.

"With State governments pocketing up to \$4,000 a year in Workcover premiums for each apprentice and the Federal government offering employers bonuses of only \$1,375 to \$1,650, it simply doesn't add up for those small businesses that are already being squeezed by other red tape related costs."

“It is no coincidence that in Victoria, where apprentices are exempted from Workcover premiums, the ratio of construction apprentices to construction employment is the highest in Australia, and relative trade costs are among the lowest in Australia.”

“While reforms to the training system are important, it is crucial that this tax on training that exists in most states be removed,” Mr Tennent said.

Adelaide, Regional Victoria and Regional Queensland experienced the largest price rises, up 25.5 per cent, 4.8 per cent and 3.7 per cent respectively. Rises were also recorded in Regional SA, up 2.9 per cent, and Perth, up 0.5 per cent. Price falls were recorded in all other areas.

The availability of trades improved over the quarter, rising from -0.40 to -0.34 (0 is regarded as being in balance).

HIA Trade Contractor Price Index - by Trade

(Sep 02 All Trades, All Regions = 100)

	Sep-02	Jun-03	Sep-03	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Qtly Change	Annual Change
Bricklaying	89.6	78.2	101.8	87.2	96.8	102.3	105.4	106.9	1.4%	22.6%
Carpentry	80.0	86.5	90.1	97.3	94.7	104.8	105.2	102.2	-2.9%	5.0%
Ceramic Tiling	105.8	98.2	124.0	118.3	112.9	111.5	109.4	108.4	-0.9%	-8.3%
Electrical	118.8	118.0	127.1	130.3	139.5	145.9	142.3	141.6	-0.5%	8.7%
General Building	89.5	93.0	102.1	110.0	114.1	107.9	110.2	114.2	3.6%	3.8%
Joinery	114.7	117.0	128.0	129.2	120.1	121.2	118.6	125.4	5.8%	-2.9%
Landscaping	101.5	103.4	106.2	114.7	119.1	116.3	111.9	115.5	3.2%	0.7%
Other Trades	116.2	136.7	128.0	139.5	141.1	129.3	129.1	123.8	-4.1%	-11.3%
Painting	87.0	86.7	94.7	94.9	97.5	101.8	95.3	101.7	6.7%	7.2%
Plastering	77.5	102.3	97.7	107.3	104.6	109.6	107.7	99.2	-7.9%	-7.6%
Plumbing	115.3	118.9	127.2	132.3	143.0	144.0	151.3	155.3	2.6%	17.3%
Roofing	104.4	121.8	113.9	123.7	113.2	124.2	121.6	135.5	11.4%	9.5%
Site Preparation	110.7	97.3	126.5	107.7	115.8	123.4	121.6	124.0	2.0%	15.2%
All trades	100.0	102.5	108.3	115.3	117.2	118.8	118.1	118.8	0.6%	3.1%

HIA Trade Contractor Price Index - by Region

(Sep 02 All Trades, All Regions = 100)

	Sep-02	Jun-03	Sep-03	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Qtly Change	Annual Change
Sydney	110.8	115.7	122.1	126.8	120.0	128.3	128.1	127.8	-0.3%	0.8%
Regional NSW	90.4	95.2	102.7	109.6	121.8	112.8	112.8	110.8	-1.7%	1.1%
Melbourne	103.5	99.7	115.3	113.6	115.8	113.9	119.6	117.5	-1.7%	3.4%
Regional Vic	95.1	112.7	92.7	119.3	102.4	99.3	94.7	99.3	4.8%	-16.8%
Brisbane	96.0	100.3	109.4	115.3	129.4	127.1	125.9	120.0	-4.7%	4.1%
Regional QLD	97.5	97.9	106.6	111.5	111.1	110.4	114.6	118.9	3.7%	6.6%
Adelaide	94.7	112.2	106.9	123.5	102.9	115.5	108.1	135.6	25.5%	9.8%
Regional SA	88.5	96.5	97.6	106.2	110.1	106.1	105.4	108.5	2.9%	2.2%
Perth	94.5	99.9	103.5	111.9	111.6	118.8	117.8	118.5	0.5%	5.9%
Regional WA	94.0	99.9	99.9	107.5	119.4	136.4	139.4	133.3	-4.4%	24.0%
All of Australia	100.0	102.5	108.3	115.3	117.2	118.8	118.1	118.8	0.6%	3.1%

Note to Editors

1. The HIA-Austral Bricks Trades Report is a quarterly measure of trade prices and availability on a capital city and rest of state basis for 13 different trade categories in the 5 largest states.
2. The data is sourced each quarter from a sample of HIA contractor members. The price series is the current charge out rate minus GST and materials. The data is weighted and expressed in terms of an index (with base of 100 being the weighted average price for all trades in all regions in September 2002).
3. The trade availability measure is derived from a question asking members about the availability of their particular trade in their particular region. There are five possible responses ranging from critical short supply to massive oversupply. A net balance method is used to derive the single measure.
4. For a full copy of the HIA-Austral Bricks Trades Report (media only), please contact Kirsten Lewis on (02) 6245 1393

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