



MASTER BUILDERS
TASMANIA



**MASTER BUILDERS TASMANIA
SUBMISSION
Tasmanian Housing Strategy – EXPOSURE
DRAFT 2023**

“A city with a high housing-price-to-income ratio (high house prices) is less a ‘great city’ than a supply constrained one lacking in empathy, humanitarian impulse, and increasingly, diversity.”
(R. Shiller, 2017)

Who we are

This submission is made on behalf of Master Builders’ Association of Tasmania Inc. (Master Builders - MBT).

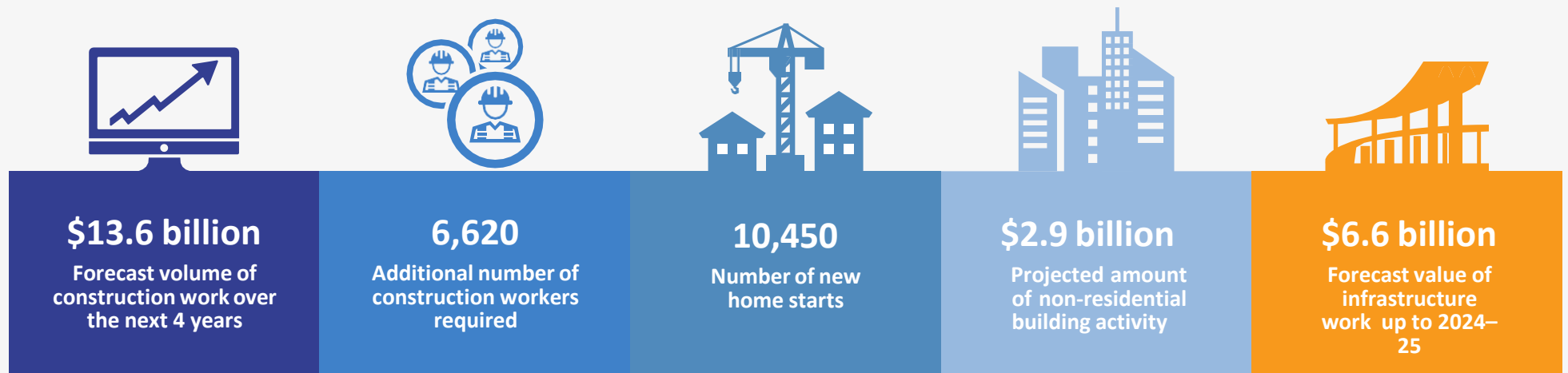
Master Builders’ Association of Tasmania Inc. is Tasmania’s peak building and construction industry association. Over 130 years, the movement has expanded to greater than 600 businesses and Master Builders’ members represent all segments of the building and construction industry in Tasmania.

Our members are the leaders of the building and construction industry in Tasmania. Around half of all construction work undertaken by accredited builders in the State is undertaken by MBT members.

MBT is part of a national network of Master Builders Associations with a membership of more than 33,000 businesses and led by Master Builders Australia.

As part of our mission, MBT seeks to lead the development and professional standards of the industry to further the interests of its members and the Tasmanian community.

Construction Forecasts over the Forward Estimates 2021/22 – 2024/25:



CONSTRUCTION WORKFORCE



25,720

People employed in construction in TAS

6,664

Resi/commercial builders

2,088

Civil construction builders

16,969

Resi/commercial subcontractors

8.5%

Of TAS jobs are in construction

9.9%

Account for women working in TAS construction

CONSTRUCTION INDUSTRY APPRENTICES AND TRAINEES

3,289

Construction apprentices in-training
(at September 2022)

All construction activity: Master Builders Australia forecasts for Tasmania to 2026 (millions of 2020-21 dollars)

	2019	2020	2021	2022	2023	2024	2025	2026
Total building and construction activity	\$3,401.6	\$3,285.3	\$3,599.2	\$3,616.6	\$3,353.2	\$3,443.7	\$3,557.2	\$3,875.4
<i>Change on previous year (%)</i>	No data	-3.4%	+9.6%	+0.5%	-7.3%	+2.7%	+3.3%	+8.9%
Residential building activity	\$1,047.9	\$1,130.2	\$1,255.2	\$1,188.4	\$966.7	\$924.3	\$954.4	\$1,090.9
<i>Change on previous year (%)</i>	No data	+7.9%	+11.1%	-5.3%	-18.7%	-4.4%	+3.3%	+14.3%
Non-residential building activity	\$732.2	\$688.0	\$641.9	\$602.3	\$590.7	\$683.3	\$732.9	\$735.3
<i>Change on previous year (%)</i>	No data	-6.0%	-6.7%	-6.2%	-1.9%	+15.7%	+7.3%	+0.3%
Civil and engineering construction work	\$1,621.5	\$1,467.1	\$1,702.1	\$1,825.9	\$1,795.8	\$1,836.2	\$1,869.8	\$2,049.3
<i>Change on previous year (%)</i>	No data	-9.5%	+16.0%	+7.3%	-1.7%	+2.3%	+1.8%	+9.6%

Master Builders Australia forecasts of total new dwelling starts for Tasmania to 2026

	2019	2020	2021	2022	2023	2024	2025	2026
	3,070	3,230	4,070	2,530	2,500	2,240	2,560	2,990
	No data	+5.2%	+26.0%	-37.8%	-1.2%	-10.4%	+14.3%	+16.8%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

EXEC SUMMARY

Measures to improve housing

The responses in this submission address the specific priority areas addressed in the Tasmanian Housing Strategy Exposure Draft. The recommendations contained in this submission reflect the sentiments and feedback of MBT members gathered through consultation.

Master Builders is generally supportive of themes contained within the Draft Strategy and commend Homes Tasmania and the Tasmanian Government for making the provision of adequate housing a primary focus of government policy.

A well-functioning and accessible housing market facilitates the proper functioning of a competitive labour market and is crucial for a well-functioning economy.

Over recent years homeownership has become increasingly unattainable for a larger and larger share of Tasmanians. We do better than most mainland jurisdictions, but for many the amount needed as a deposit has grown faster than their savings in recent years.

The first section of this submission presents a summary of Master Builders' long-held policy priorities to support a better-functioning residential construction industry. These policies were presented to the Tasmanian government in our 2022-23 Pre-Budget submission and in past submissions and policy documents. Several policy priorities cross over with the strategy.

The second section provides direct answers to the questions which form part of the feedback to the exposure draft. Here, we offer additional considerations and recommendations that we believe will strengthen the strategy, particularly where it intersects with the activities of the building and construction industry,

We thank Homes Tasmania for the opportunity to offer feedback through this consultation process and look forward to our ongoing collaboration to ensure we are best meeting the future housing needs of all Tasmanians.



Building Affordable Housing for the Long Term – MBT Policies

An adequate housing stock is the foundation of a society's social capital, facilitating the proper functioning of a competitive labour market and allows for greater mobility amongst the population. It is crucial for a well-functioning economy.

Building more social housing is crucial. But if we are truly compassionate the goal must be the pursuit of social housing policies that not only build an adequate social housing stock but put measures in place to help people get out of supported housing and into homeownership.

1. Aspire to the highest homeownership rate in Australia. As many Tasmanians as possible should have access to the long-term social and economic benefits that come with homeownership. Particularly for those currently in social or public housing. Supported housing programs should aim to break the cycle of generation welfare dependence and ultimately offer opportunities for homeownership that covers the spectrum

2. Fund a detailed review of Housing Supply in Tasmania of housing needs and the critical factors to put downward pressure of housing and living costs.

3. Through the Affordable Housing Action Plan, manage social housing construction around peaks in private construction activity. With a dip in private dwelling demand expected over the forward estimates now is a good time to substantially ramp up construction of public social and affordable housing construction programs

4. Boost land supply and unlock privately held land zoned for residential development, either through a fast-tracked system or an agency tasked with increasing land supply for residential construction.

5. Expansion of the \$10 Million Headworks Holiday to \$10 million per year each year over the forward estimates. Expanding this program would unlock land supply. The first step in building affordable housing is access to abundant affordable land.

6. No increase to NatHERS star ratings for residential buildings without a full review of the costs and impacts on building performance.

7. Greater funding to upgrade utilities infrastructure, particularly in major growth corridors and areas slated for new residential development. Doing so could significantly cut the cost of land development and ultimately the price paid by consumers for new housing.

8. Establish a digital development fund, similar to those which exist in other states of a \$1 for \$1 contribution to roll-out fibre optics and other digital infrastructure to regional areas and for new sub-divisions.

9. State government incentive payments tied to local government performance with respect to delivering housing affordability policy outcomes against key performance metrics.

10. Local government reform which seriously considers the long-term viability of maintaining 29 councils, serving just over half a million people.

Housing Strategy Questions – 1 & 2

Question 1: ‘Our way forward’ identifies several levers for achieving a more equitable housing system for all Tasmanians. Are there additional or alternative more important levers that you believe should be addressed?

Master Builders supports the levers identified in the exposure draft.

However, we urge that there is more consideration made to boosting and supporting homeownership.

Having more families own their homes should be at the core of this strategy. Housing is the single biggest creator of wealth for lower- and middle-income families. Homeownership is a springboard to self-sufficiency and is perhaps the single most effective way of reducing poverty and dependency in the community.

The strategy should consider homeownership

targets, with the view that the long-term goal of the government’s approach is to ensure as many Tasmanians can benefit from the social and economic benefits of homeownership.

Question 2: Theme one identifies the need for ‘more homes, built faster’. Are there additional or alternative objectives you recommend for consideration?

Master Builders supports the aim of building more homes faster. In the past, a key impediment to building more homes faster is the availability of shovel-ready land.

We recommend there is a strong emphasis on land release. Equally, we urge that the strategy properly considers the impact of the housing strategy on land available for private sector development. Adequate land development will ensure there is no ‘crowding out’ which may arise if Homes Tasmania is competing for scarce shovel-ready land.

In addition, we recommend that the strategy considers ways to ensure that the benefits of the roll-out are shared as widely as possible amongst industry participants. This will be crucial to support the long-term sustainability of the industry and ensure we are prepared to support periods of high demand from the private sector.

We also recommend that the strategy makes clear how it will work with the Federal Government Housing Accord and Future Fund (if it passes parliament).

Lastly, we recommend that a review of housing demand be undertaken to ensure the right types of homes are built. We know that demographic changes of those who demand social housing is likely to change the composition of demand. We expect this will shift demand to small dwellings with fewer bedrooms.

Housing Strategy Questions – 3, 4 & 5

Question 3: Theme two centres on ‘affordability in the private market’. Are there additional or alternative objectives you recommend for consideration?

We recommend that affordable shovel-ready land be put at the center of a strategy to support affordability in the private market. Equally, we urge that there are checks in place to ensure that the Housing Strategy does not compete for land with the private sector. Doing so could worsen land affordability. Over time, the cost of land has made up a greater portion of the cost of building a new home. This has been due to land scarcity that has driven the price of land up faster than the costs of construction.

In addition, we recommend that the strategy consider putting forward home ownership targets to ensure homeownership remains central to the outcomes of the strategy.

Lastly, we recommend that regulations for rental

properties, at a state and local government level are reviewed to assess their impact on rental prices. Recent regulations that restrict the use of rental properties risk reducing private investment and ultimately may be counterproductive in the provision of greater supply of rental properties.

Question 4: Theme three places ‘people at the centre’ of the draft Strategy. Are there additional or alternative objectives you recommend for consideration?

Master Builders supports the ‘people at the centre’ theme and commends Homes Tasmania for making the provision of safe short stay accommodation a central goal of the strategy.

In addition, we recommend that the strategy consider the needs of future Tasmanians. Our population will continue to grow. The provision of adequate housing for future Tasmanians will be crucial to support economic growth (as the strategy notes), but it will be equally important to

ensure we can maintain the living standards of the people that already call Tasmania home and will be crucial to ensure community support for incoming migrants.

Question 5: Theme four highlights ‘local prosperity’ as a priority. Are there additional or alternative objectives you recommend for consideration?

Master Builders recommends the strategy consider putting a greater emphasis on supply under the ‘local prosperity’ theme.

We know that to keep pace with expected future population growth and to address the current housing shortage that new housing construction will need to exceed 3,100 new dwellings on average each year for the next decade. This could be done through incentive payments to local government that meet local new housing supply targets.





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