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FOR IMMEDIATE RELEASE

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Positive Impact on Housing Affordability

Statement by HIA's Chief Economist
Tim Reardon

"For the past five years the building industry has driven economic growth in Australia. In contrast, the Budget assumes that dwelling investment will cool 7 per cent next year.

"The measures in this Budget will have a positive impact on affordability by improving household disposable income.

"The timing of income tax cuts on 1 July 2019 combined with a modest growth in wages will see an increase in household disposable income.

"The combined impact will boost household consumption faster than an interest rate cut and assist in offsetting the credit squeeze.

"The building and construction industry employs one in ten workers in Australia. Maintaining a strong building sector is important not just in terms of employment but also to ensure that adequate new homes are built to avoid a worsening of the affordability challenge.

"The boom in building activity has brought with it an increased demand for transport and economic infrastructure. The expansion of transport networks is crucial to the ongoing evolution of our cities and regional centres.

"The Budget's increase in expenditure on infrastructure projects will also play an important role in absorbing employment as the housing industry cools.

"The increased incentives for training apprenticeships are significant and necessary as the industry has faced significant skills shortages over the past decade.

"These incentive more than double the existing Federal Government incentives over the term of an apprenticeship.

"The small businesses that dominate the home building industry in Australia will appreciate the increase in the instant asset write off, at a time when they are seeing their revenue slow.

"The improved fiscal outlook presented in the Budget and these new measures should improve confidence amongst customers when making home building and renovating decisions."

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