

## **MEDIA RELEASE**

3 September 2021

### **Building and construction underpins further GDP gain during June 2021 quarter**

Victoria's economy grew by 1.4 per cent during the June 2021 quarter, a little stronger than expected by market watchers.

In contrast, Australia's economy grew by just 0.7 per cent during the June 2021 quarter.

Compared with a year earlier, State Final Demand (SFD) in Victoria was up by a whopping 10.5 per cent.

Master Builders Victoria CEO Rebecca Casson said the scale of this expansion was heavily related to the fact that economic activity in Australia was at an exceptionally low ebb during the April-June 2020 period as a result of lockdowns and restrictions in place at the time.

Victorian building and construction made a substantial contribution to GDP growth during the June 2021 quarter.

During the June 2021 quarter itself, the main sources of growth in the Australian economy were investment spending (+3.2 per cent) and day-to-day government spending (+1.3 per cent).

Household spending gained 1.1 per cent during the quarter meaning that the economy's largest slice of demand has expanded by a total of 15.4 per cent over the past 12 months.

The performance of imports and exports was the biggest dampener on growth, Ms Casson said.

The volume of exports from Australia dropped by 3.2 per cent during the June 2021 quarter while imports crept up by 1.5 per cent, bearing in mind that growth in imports subtracts from the overall economic growth rate and vice versa.

On a national basis, all the main areas of building and construction expanded during the June 2021 quarter, with engineering construction growing strongest, Ms Casson said,

"While the very successful HomeBuilder scheme has propelled home renovations work and new home building - especially detached houses - to very high levels, non-residential building and engineering construction are still weaker than they were a year earlier," Ms Casson warned.

"Much has changed since the start of July 2021, especially given the worsening COVID-19 situation and lockdowns in NSW and Victoria.

“The sheer scale of restrictions on a wide spectrum of economic activities in those places makes it difficult to see how GDP can do anything but shrink in the September 2021 quarter.

“There is a real possibility that the second half of 2021 will see Australia’s economy falling back into recession.”

The building and construction sector is the state’s largest full-time employer accounting for more than 45 per cent of our state’s tax revenue.

The value of building and construction work also comprises approximately 13 per cent of GSP.

**ENDS**

#### **MASTER BUILDERS VICTORIA**

[www.mbav.com.au](http://www.mbav.com.au)

Since 1875, Master Builders Victoria has grown to be Victoria’s leading building and construction industry voice.

A broad-based organisation, we service the needs of the entire industry, from residential to commercial and engineering businesses, principal contractors to subcontractors, manufacturers and suppliers.

We continually assist in developing the skills of our members by providing access to a wide range of services and proactive representation to government and industry. Master Builders Victoria also serves the community by fostering best practice work standards and acting as an independent advisory service for our industry.

#### **MEDIA ENQUIRIES:**

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