

media release



MASTERS OF OUR INDUSTRY

Master Builders Association of Victoria
ABN: 38 004 255 654

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We need a Building Minister – Master Builders calls on the State Government to listen

The Master Builders Association of Victoria has called for the State Government to appoint a Building Minister to deal with the worsening housing affordability crisis.

Despite the real estate market softening, thousands of Victorians still cannot afford to buy a home. This situation has worsened over the past year while the Coalition has been in government, with land rising in price by another \$10,000.

Tomorrow (November 8) marks one year since the Master Builders launched a major housing affordability campaign which asked 'Is Anybody Listening?' And as many of us are hitting the shops to splurge on expensive Christmas gifts, a number of Victorians continue to struggle with the prospect of affording their own home.

"In 1995, the median house price in Melbourne was \$129,000 – or 2.9 times the median household annual salary. The current median house price has jumped to \$475,500 and is nearly six times the median salary," Master Builders Executive Director Brian Welch said. "This cost escalation must stop."

The lack of cohesion between the Federal and State Governments, government departments and their reforms are a major cause of these complications and added costs.

"We are calling on the Government to appoint a Building Minister who would oversee and co-ordinate reforms that improve housing affordability, rather than worsening it," Mr Welch said.

"A minister dedicated to scrutinising housing affordability could really 'listen' to what we and the greater building and Victorian community have to say – and would have the authority to act."

Apart from the median house price increasing beyond reasonable proportions, the price of land and building materials continues to rise. In 1995, a median house block in Melbourne would set you back about \$58,000. Today, the median price of a Melbourne housing block has risen to about \$210,000 – that median price has risen by \$10,000 in the past year alone.

"In recent years, we have reached the point where land costs more than the houses we build on it – this should never happen in Victoria where there is an abundance of land," Mr Welch said.

"Before the Coalition came to power, they made a raft of promises aimed at improving housing affordability. Over the past year, they have followed through on some of these and some are yet to take effect," he said.

"Unfortunately, the Government has also made a variety of changes that have negatively impacted upon the cost of building – and therefore worsened housing affordability."

Among the positive and negative changes are:

- Providing Stamp Duty cuts to strategically selected homebuyers.
- A Budget commitment to cut red tape by 25 per cent over three years.
- Draft Bushfire Mapping and Regulations that encompass 85 per cent of Victoria, adding a further \$5000 to the cost of building in those areas.
- Implementing an 'as of right' clause for homes under 300 square metres, in some areas.
- Six Star Rating Regulations continue to apply. Unfortunately these regulations do not interact with (rather they contradict) the Carbon Tax.

Media enquiries:

Brian Welch, Executive Director, 0411 501 075
Laura Luvara, Media Adviser, 03 9411 4534, 0466 777 059

“The Master Builders, along with other industry groups, continues to consult with the Government on reforms that we believe would improve housing affordability in Victoria - unfortunately many of the changes made over the past year are yet to take affect or have worsened the situation,” Mr Welch said.

“We believe the appointment of a Building Minister to create some cohesion and sense into the building industry is now long overdue.”

FAST FACTS

- In 1995, the median house price in Melbourne was \$129,000 – or 2.9 times the median household yearly salary.
- The current median house price has jumped to \$475,500 - nearly six times the median household salary.
- In 1995, a median house block in Melbourne cost about \$58,000.
- The median price of a Melbourne housing block has risen to about \$210,000 – that median price has risen by \$10,000 over the past year.
- Draft Bushfire Mapping and Regulations that encompass 85 per cent of Victoria, will add a further \$5000 to the cost of building in those areas.
- Planning, zoning and the release of land and subsequent building takes an average of five to six years.

Master Builders' campaign website www.isanybodylistening.com.au has more info on housing affordability in Victoria.