Chapter 18

HOUSING AND CONSTRUCTION

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Housing is one of the necessities of life, in the same way as food and clothing are basic commodities that everyone requires. The location and type of accommodation that people choose provides insights into a wide range of social and economic influences on the population. One of the major investment decisions made by people and businesses is the choice of shelter or an appropriate workplace, and this decision is affected by a range of factors. These factors include price, location, access to work, amenities and public infrastructure, planning and government decision making, and personal preference.

The housing and construction industry is being observed with interest as it is usually the first sector to show signs of recovery after an economic downturn. The amount of building activity that is undertaken is affected by economic circumstances, and the reduction in interest rates on housing and commercial loans appears to increase activity. The consequences of increased building activity are significant to the whole economy.

This resurgence in building activity has further downstream benefits, in that houses are constructed from materials that are produced in the manufacturing sector. The construction and housing industry (which also includes construction of roads, bridges, dams and wharfs) employs around six per cent of the employed workforce, and contributes approximately seven per cent of the State's gross product at factor cost.

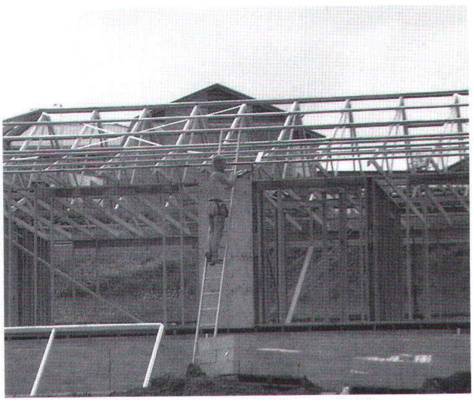
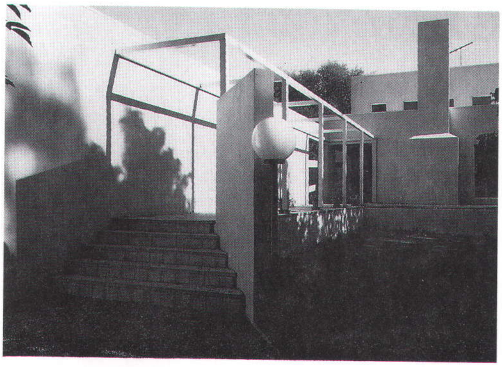


Photo: Stuart Jackson

18.1 HOUSING

Home ownership has been described as the Great Australian Dream, and the significance of this belief has been demonstrated in recent years. High housing loan interest rates that have been experienced recently have reduced access to home ownership. As a consequence, the affordability of housing became a political issue, particularly after interest rates were used as a process to reduce consumer spending and the inflation rate.

The 1986 Census revealed that, at that time, 71 per cent of Tasmanian households had either bought or were in the process of buying their own home. This compares with 63 per cent



House at Grange Ave. designed by Ray Heffernan. Photo: Royal Australian Institute of Architects

home ownership in Britain, 73 per cent in New Zealand and 52 per cent in Sweden.

Within Tasmania the highest proportions of ownership were recorded in the municipalities of Beaconsfield with 85 per cent, Huon with 84 per cent and Sorell with 83 per cent. Municipalities with the lowest proportion were Waratah with 10 per cent, Zeehan with 32 per cent and Brighton with 41 per cent.

18.1.1 The Location of Residential Building

Over the last 20 years the majority of residential building has occurred in and around the urbanised centres of Hobart, Launceston, Devonport and Burnie. These regions of development have shown periods of high levels of residential building, though few have shown consistent growth.

The levels of house building are affected by the overall economic climate, particularly the levels of home loan interest rates. The siting of public housing development can also have a significant effect on the structure and growth of particular areas.

In the south, the area with the highest levels of public housing development during the 1970s and 1980s was the Brighton Municipality. The broadacre developments at Bridgewater and Gagebrook were established during the early 1970s and were the primary focus of public housing development until the mid-1980s. In 1970-71 there were only 11 building approvals for private houses in the Brighton Municipality but by 1972-73 there were 191 new dwelling approvals. This development peaked at over 300 dwellings approved during the years of 1979-80 and 1980-81 but declined to less than half that level during the 1980s.

In 1989-90 a total of 87 new dwellings were approved in Brighton, of which none were publicly funded. Clarence, Glenorchy, Kingborough and Sorell Municipalities incorporate the urban fringe areas of Hobart, and have shown periods of significant growth. The mid-1970s saw considerable expansion in all these areas, with Clarence recording 698 new building approvals in 1973-74, the highest level for any municipality over the last 20 years.

The mid-1980s also showed high levels of growth but not to the same extent as in the mid-1970s. In the north of the State the local government areas of significant activity have been Launceston, Beaconsfield, Westbury, and St Leonards and Lilydale which amalgamated with Launceston in the late 1980s. The urban areas in north-western Burnie, Devonport and Ulverstone have all shown increased activity during the mid-1970s and 1980s.

Currently, building activity in Tasmania is at reduced levels in response to the economic downturn but the areas at the urban fringes are still showing strong growth. These areas are Glenorchy, Kingborough and Sorell in the South, and Beaconsfield, Westbury, Penguin and Wynyard in the North.

18.1.2 New Housing

Building activity, as measured by the number of new dwellings approved, has shown a reduc-

18.1 NUMBER OF DWELLING APPROVALS, TASMANIA

	Private		*Public*	
Year	*Houses*	*Other*	*Houses*	*Other*
1983-84	2 554	433	364	336
1984-85	2 945	770	470	185
1985-86	2 648	818	372	270
1986-87	2 349	758	298	233
1987-88	2 395	672	277	154
1988-89	2 684	864	206	160
1989-90	2 547	764	116	92
1990-91	2 466	827	89	101

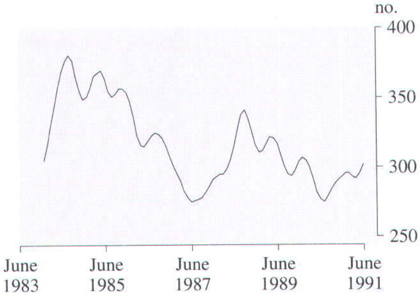
(Source: ABS Catalogue No. 8731.6).

tion in recent years. The number of new houses approved in the private sector has declined since 1988–89, and the high interest rates experienced over the last few years would have been a significant contributor to this downturn. The downturn in houses does not completely reflect the overall trend in residential building as the building of other dwellings, such as flats and units, has not experienced the same downturn. This is partly due to a preference for higher density housing, in response to the ageing population and the reduced affordability of new housing.

The building approvals trend series reduces the influences of seasonal and irregular fluctuations evident in the monthly approvals figures. This trend series shows the peak of activity in 1985, which then declined to the low levels of activity experienced in early 1988. There was a significant recovery in 1988 and 1989, with a further decline in 1990 as the recession placed pressure on the residential building sector. Housing loan interest rates fell in the second half of 1990. The levels of approvals responded accordingly, with an upturn in activity occurring into early 1991. The housing sector is seen as an important indicator of the state of the economy, as it is believed to be the first sector to experience increased activity in any recovery from economic recession.

In 1990-91, 34 per cent of new houses approved were in the Hobart Statistical Division, where 40 per cent of the State's population live. The Greater Launceston Statistical Subdivision accounted for 20 per cent of approvals, while the Burnie-Devonport Subdivision had 12 per cent. These two areas have 20 per cent and 17 per cent of population respectively.

RESIDENTIAL BUILDING APPROVALS, TASMANIA
TREND SERIES



18.2 RESIDENTIAL DWELLING APPROVALS

Region	1989-90	1990-91
Greater Hobart Statistical Division	1 259	1 295
Southern Statistical Division	422	446
Greater Launceston Statistical Subdivision	833	785
Central North Statistical Subdivision	147	172
North-Eastern Statistical Subdivision	175	147
Northern Statistical Division	1 155	1 104
Burnie-Devonport Statistical Subdivision	483	426
North-Western Rural Statistical Subdivision	188	187
Western Statistical Subdivision	12	25
Mersey-Lyell Statistical Division	683	638
Tasmania	3 519	3 483

(Source: ABS Catalogue No. 8731.6).

For other new residential buildings (flats and apartments), Greater Hobart recorded 46 per cent of the approvals, Greater Launceston 30 per cent, and Burnie-Devonport accounted for 12 per cent.

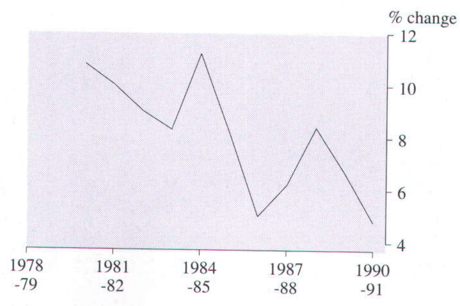
18.1.3 Public Housing

Public housing in Tasmania provides access to adequate accommodation for those disadvantaged groups in the community. These groups include low income families and individuals, single parent families and pensioners. The Commonwealth-State Housing Agreement is the principal source of funding for this program. The Agreement provides untied capital grants for both rental and home purchase assistance, as well as providing specific funding for pensioner housing, Aboriginal housing, crisis accommodation and mortgage and rent relief. The demand for public housing is still high, while funding under the current agreement is decreasing from $51.9 million in 1988-89, to a projected $29.1 million in 1992-93. In 1989-90, 2614 applicants were granted housing under the Public Rental Housing program but 4722 applications were received over the same period. This left 4226 applications on hand at the end of the period. This coincides with a reduction in the building program for public housing stock. In 1983-84, 364 houses and 336 other dwellings were added to the public housing stock, and this had decreased to 89 houses and 101 other dwellings constructed in 1990-91.

18.1.4 Home Finance

There is a clear relationship between loans for established dwellings and interest rates. This could be due to first home buyers, who generally purchase established dwellings in preference to building, and require mortgages for a significant proportion of the purchase price. The high interest rates that were experienced during the late 1980s reduced access to first home loans. As interest rates rose in 1988 and early 1989, there was a corresponding drop in the housing loans for established dwellings. Conversely, when interest rates started to decline during 1990 and early 1991, there was an increase in loan approvals for both established houses and houses being built. A significant number of home purchasers were insulated from the rising interest rates by a government-imposed ceiling of 13.5 per cent per annum for bank loans approved prior to 1986. With the home loan interest rates being comparable to the 13.5 per cent ceiling, they are now selling their established residences and building new homes, as has traditionally been the pattern for first home owners when purchasing their second house.

PRICE INDEX OF HOUSE BUILDING MATERIALS, HOBART



AUSTRALIAN TAXATION OFFICE BUILDING

Hobart's new Australian Taxation Office (ATO) building at 200 Collins Street, Hobart, should be completed in September 1992.

Commencement of construction culminated almost two years of hard work to secure suitable accommodation for ATO in Tasmania, thus enabling it to introduce its computer modernisation program in a single building rather than using three separate locations as it currently does.

The project has been managed for ATO from its inception by Australian Property Group (APG) which is a commercialised business, operating within the Department of Administrative Services, that provides a full range of property services to Commonwealth government departments and agencies. Australian Construction Services is designing the fitout for ATO and also played a significant role in the selection of the developer. The building is being constructed by Hansen Yuncken (Tasmania) Pty Ltd with all architectural and engineering services being provided by local companies.

The building, comprising approximately 11 000 square metres of office accommodation and associated storage and car-parking facilities, will be the largest low-rise office building in Tasmania. Upper floors will have an area in excess of 3000 square metres and the building will have an imposing frontage of over 100 metres in length. A large atrium will be one of the main features of the four storey building, and energy efficiency features were a critical consideration.

ATO considers that the new building will result in greater efficiency and improved services for the public and that security of taxpayer information will be further enhanced by the stringent requirements satisfied by the building's design. Upon completion it will house up to 550 staff.

The completion of this building and Stage Two of the adjoining Commonwealth Government Centre will result in approximately 43 000 square metres of Commonwealth offices being located in one precinct in Collins Street.

(Source: Australian Property Group).

18.3 Average Costs for Buildings Completed Tasmania ($/m^2)

	1985-86	1986-87	1987-88	1988-89	1989-90
New Houses	317	344	354	392	413
Other new residential dwellings	388	482	477	568	571
Non-residential Building	726	831	800	649	713

18.1.5 Cost of House-Building Materials

The Price Index of Materials measures the change in the cost of building materials, and incorporates the various material inputs from timber and bricks to paint and plumbing supplies. Over recent years, the costs of materials have risen less in Hobart than in Australia, as measured by the weighted average of six capital cities. The Price Index has also shown that over the last four years the cost of building materials has risen less than the inflation rate, with the exception of 1988-89.

The average costs for buildings completed provides a measure of the changing costs of building over the last five years. The unit cost per square metre has increased steadily since 1985-86 for new houses. Other new residential dwellings have not shown the same pattern of increase. This is due partly to the changing mix of high density dwelling types. Unit costs for non-residential buildings are influenced by the type of buildings. Large scale construction such as international hotels and office accommodation has a significant influence on the non-residential building sector in Tasmania. The construction of new international hotels in Launceston and Hobart, and State government office accommodation in 1986-87 and 1987-88 produced a high average unit cost for this period.

18.2 CONSTRUCTION

18.2.1 Building Construction

The value of building work done in 1989-90 was $471.4 million which was a 1.5 per cent increase on the $464.5 million recorded for 1988-89. Work done on new residential building was valued at $230.2 million, or 49 per cent of the total, and non-residential building work done was $208.7 million.

The value of work done on non-residential buildings in 1989-90 was 8.5 per cent lower than for 1988-89. Building activity on hotels, health and recreation facilities was reduced by

Artist's impression of the Australian Taxation Office, Hobart. Photo: Australian Property Group

18.4 VALUE OF WORK DONE, TASMANIA ($m)

Type of building	1987-88	1988-89	1989-90
New houses	141.4	162.6	182.4
Other new residential buildings	32.6	46.6	47.8
Total new residential buildings	174.0	209.2	230.2
Alterations and additions to residential building	20.2	27.1	32.5
Hotels etc.	21.9	23.2	8.4
Shops	22.1	10.9	12.6
Factories	21.7	24.8	24.6
Offices	23.9	48.1	62.1
Other business premises	21.7	22.3	14.2
Educational	31.2	36.7	38.1
Religious	1.6	1.9	1.9
Health	36.1	24.7	16.7
Entertainment and recreational	4.8	20.1	14.6
Miscellaneous	9.6	15.4	15.6
Total non-residential building	194.4	228.2	208.7
Total all building	388.7	464.5	471.4

(Source: ABS Catalogue No. 8752.6).

64 per cent, 32 per cent and 27 per cent respectively, over the previous year. Work done on offices, shops and education facilities increased by 29 per cent, 16 per cent and four per cent respectively. Work done on alterations and additions to residential buildings rose from $27.1 million in 1988-89 to $32.5 million in 1989-90.

The value of non-residential buildings approved provides a measure of the amount of activity in the construction sector. In 1990-91, $135.8 million worth of non-residential buildings were approved, an increase on the $130.4 million for 1989-90 but considerably less than the $197.9 million recorded in 1988-89. Nearly all of the current major projects are being undertaken in the Hobart area.

The Commonwealth Government has two major building projects underway in Hobart with the $21.7 million Stage Two redevelopment of the Government Centre and, next door, the new $17 million Taxation Department offices. The only other major office development is the ANZ Bank Office construction, valued at $15 million. Other projects of significance are the $5.5 million Purity Supermarket development in Sandy Bay and a $1 million nursing home in the Clarence Municipality. In the North there is a $2.7 million building program at the Comalco Refinery at George Town and Stage One of the Exeter Primary School valued at $1 million.

18.2.2 Engineering Construction

Engineering construction relates to the building of roads, bridges, railways, dams and sewerage systems. The public sector is responsible for the majority of the activity. In Tasmania there has been a decline in the level of engineering construction undertaken, as the value of work done on engineering construction projects during 1989-90 has declined by 30 per cent to $218.7 million from $308.3 million in 1988-89. The value of engineering construction commenced during 1989-90 was $140.9 million, a 22 per cent reduction when compared to $180.7 million in 1988-89.

This indicates that infrastructure development has slowed due to the economic conditions, with progress on many projects being delayed due to

18.5 ENGINEERING CONSTRUCTION, VALUE OF WORK DONE, TASMANIA ($m)

Project	1987-88	1988-89	1989-90
Roads, highways and sub-divisions	82.4	100.4	72.3
Bridges	5.5	11.6	10.7
Railways	0.7	-	-
Harbours	5.0	4.4	2.0
Water storage and supply (a)	5.6	42.9	48.0
Sewerage and drainage	9.1	8.3	9.5
Electricity generation, transmission and distribution (a)	99.5	54.3	15.5
Pipelines	0.2	-	0.3
Recreation	6.4	4.6	4.1
Heavy industry	21.6	45.2	18.7
Telecommunications	32.4	35.8	36.0
Other	0.5	0.9	1.7
Total	268.9	308.3	218.7

(a) From 1988-89 there were changes in reporting by the Hydro-Electric Commission.

(Source: ABS Catalogue No. 8762.0).

STAGE TWO - COMMONWEALTH GOVERNMENT CENTRE

The development of Stage Two of the Commonwealth Government Centre, located at 188 Collins Street, involves the construction of three integrated buildings which will wrap around the existing Commonwealth Government Centre and provide an additional 9000 square metres of high quality office accommodation along with car parking. This will reinforce the Centre as the focus of Commonwealth activity in Hobart.

The Australian Property Group, which provides commercially based property services to the Commonwealth Government, initiated the project which is being fully funded by the Commonwealth Government. APG is managing the development and will undertake the future management of the building. Australian Construction Services designed the building and is supervising its construction.

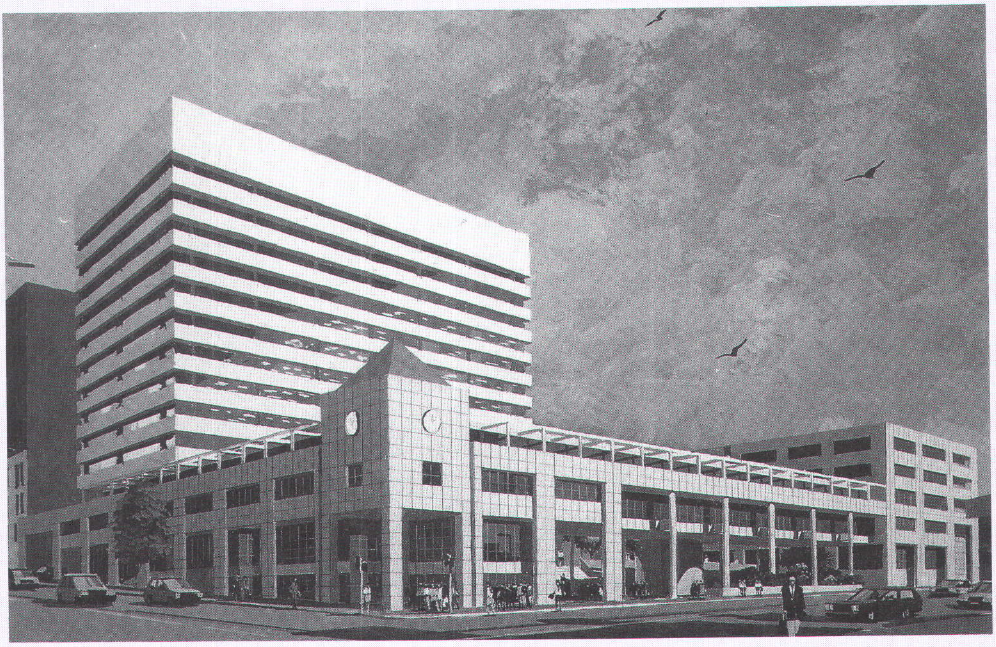
The development has been designed to be sympathetic with its surrounds and to soften the impact of the existing Centre Tower, which was constructed in 1974. This has been achieved by the low rise nature of the buildings, the provision of set backs and the use of an external finish which simulates sandstone. The clock tower will provide an architectural focal point for the area.

The contract for the construction of Stage Two was awarded to Hansen and Yuncken (Tasmania) Pty. Ltd. The total project cost is estimated to be $28 million.

Construction commenced 11 May 1990 and the buildings should be ready for occupation in March 1992. During this period up to 120 people will be employed on-site with approximately 80 people being employed in off-site activities. When the buildings are completed they will provide high quality office accommodation for approximately 400 people.

An automatic infrared lighting management system will be installed which will reduce electricity consumption and costs. The provision of access flooring will allow more flexibility in the location and movement of staff work stations.

The main occupant will be the Department of Social Security. This will enable DSS to consolidate its Hobart operations which will



(Article and photograph contributed by Australian Property Group.)

CODE OF CONDUCT

The Tasmanian Chapter of the Royal Australian Institute of Architects was formed in 1936, and was preceded by the Tasmanian Institute of Architects, itself dating from 1903. The Chapter represents the interests of 183 members.

The objectives of the Institute include the advancement of architecture, representing the profession's views and maintaining standards of professional conduct, protecting and promoting the interests of the profession, increasing public confidence in the profession, encouraging and rewarding the study of architecture, liaising with government at all levels, originating and promoting improvements in the law relating to the building professions, holding and promoting competitions and examination of applicants for membership.

The Institute, as instanced by its Code of Professional Conduct, its Environmental Manifesto and Manifesto on Barrier Free Design, demonstrates the concern of the architectural profession for the quality of the built environment. The Code of Professional Conduct is recognised as a model document for other professional bodies. The Chapter has representatives on numerous organisations including the Board of Architects, State Fire Advisory Committee, Building Appeals Board, Building Regulations Board, Sullivans Cove Development Authority, ACROD Access and Mobility Committee, Australian Council of Professions.

Services to members and the public offered by the Institute and its subsidiary companies include the publication of *Architecture Australia,* advisory services to members by the Practice Division, Marketing and Information services, Education and Professional Development, Professional Indemnity Insurance, Complaints and Disciplinary Procedures, advisory services to the public by Archicentre, Accreditation of Schools of Architecture, bookshops in Sydney and Melbourne.

The Chapter maintains a close liaison with the Board of Architects, where it is represented by the President and an elected member of Chapter Council. Members are deeply involved in the examining of Graduates by the Board for registration.

The Chapter organisation embraces a Division, based in Launceston and known as the Northern Division, which enables northern members to participate at a local level.

Probably the most public manifestation of the members' activities and worth is the Annual Awards program, held in the first half of the year, culminating in an Awards Presentation Evening. Awards are offered in seven categories, namely Residential, New Building—Non-residential, Corporate and Office Design, Recycled Buildings, Building Conservation, Interior Design and the S.W.T. Blythe Award for Students. In the first six categories entry is limited to work carried out in Tasmania by architects registered in Tasmania.

In 1991, named awards were re-introduced. These are the James Blackburn Award for Residential Buildings, John Lee Archer Award for Non-residential Buildings including Corporate and Office Design and Interiors, Henry Hunter Award for Conservation including Recycled Buildings. One of these awards is to be offered each year on a triennial rotation, and will be contested by the award winners in that category for the three previous years. In 1991, the James Blackburn Award for Residential Buildings was won by the House at Grange Avenue, Taroona; Architect: Ray Heffernan of Eastman, Heffernan, Walch and Button.

Awards for 1991 were presented for Madden House, Architect: Michael Cooper of Cooper Newton and Associates; Sheffield District High School, Architect: Ray Heffernan of Eastman, Heffernan, Walch and Button; Pipers Brook Winery, Architect: Robert Morris-Nunn of Robert Morris-Nunn and Associates; Kanangra, Architect: Robert Morris-Nunn of Robert Morris-Nunn and Associates; the S.W.T. Blythe Student Award was presented to Gerard Reinmuth.

The building professions in 1991 were hit by recession, and employment opportunities for architects have been limited. This has coincided with a restructuring and reduction of the State Public Service, further limiting employment.

(Source: Royal Australian Institute of Architects, Tasmanian Chapter).

18.6 TOTAL VALUE OF CONSTRUCTION, TASMANIA ($m)

Year	*Building*	*Engineering*	*Total*
1987-88	388.7	268.9	657.6
1988-89	464.5	308.3	772.8
1989-90	471.4	218.7	690.1

(Source: ABS Catalogue No. 8762.0).

financial constraints. The value of work yet to be done measures the ongoing nature of these activities and at the end of 1989-90 there was still $246.4 million of engineering construction to be completed, a 17 per cent rise over the $210.3 million still to be done at the end of June 1989. This indicates that the level of activity in the engineering construction sector is, overall, lower than in previous years.

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