

NON-DWELLING BUILDING CONSTRUCTION

Statement by the Prime Minister, Mr. John Gorton

The Treasurer and I met this morning for discussions about the growth in the private non-dwelling building construction area which, as I indicated in my address to the nation on 29th January last, is one of the matters we have under examination in our attack on threatening inflationary growth.

The meeting was attended by Mr. J.K. Campbell, Chief Executive, Hooker Corporation Ltd., Sydney; Mr. W.M. Leavey, Managing Director, Lend Lease Corporation Ltd., Sydney; Mr. R.C.T. Baker, Managing Director, Mainline Corporation Ltd., Sydney; Mr. P. Strasser, Managing Director, Parkes Developments Pty. Ltd., Sydney; Mr. E. Graf, Managing Director, Stocks and Holdings Ltd., Sydney; Mr. T.C. Whittle, Chairman and Managing Director, Whittle (T.C.) Holdings Ltd., Canberra, and Mr. J.D. Lewis, Managing Director, Concrete Constructions Pty. Ltd., Sydney.

We were informed that the value of office blocks on which construction commenced in 1969/70 was \$263 million.

This very high rate of commencement was still in evidence in the quarter ended 30 September 1970 the figures for which even indicated a slight increase, namely an annual rate of \$271 million.

Office block construction of this value, we were advised this morning, is capable of producing a gross area of office space of approximately 14 million sq. ft. Reduced to a lettable area this would be approximately 11.2 million sq. ft.

Those representatives of developers and builders with whom we talked this morning said that this area, 11.2 million sq. ft., is significantly greater than the annual demand for new office space throughout Australia, and construction cannot continue at this rate if a serious over supply situation is to be avoided. We were also told that a responsible re-assessment of the estimated value of building construction commencements in 1971 suggests that the lettable areas arising from these commencements in 1971 will be approximately 8 million sq. ft.

It was confidently felt by the developers and builders present this morning, who would be in part responsible for these commencements, that this figure of approximately 8 million sq. ft. of lettable space would have to be significantly reduced because of the apparent levelling off which had already occurred in the market demand for office space. They said that their revised estimates confirmed a most certain over supply position if the rate of commencements indicated in 1970 continued into 1971 and 1972

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In view of this advice we concluded that no direct action is required by the Government at this time to reduce the rate of commencements of new office buildings.

However, the Treasurer and I agreed to arrange regular quarterly meetings between the Treasury and representatives of those with whom we conferred this morning so that the matter can be kept under examination. After the first of these meetings, when the estimated value of new buildings commenced in the December quarter 1970 become available, the Government will review again the need for further action by it in this area, and will be prepared to take action if the forecasts given to us this morning turn out to be not fulfilled.

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CANBERRA  
5 March 1971