



PRIME MINISTER

EMBARGOED UNTIL 3 P.M.

CHECK AGAINST DELIVERY

SPEECH BY THE PRIME MINISTER
GMI FIVE STAR DESIGN RATING LAUNCH
MELBOURNE, 29 OCTOBER 1984

Ladies and Gentlemen,

I have particular pleasure today in formally launching the Five Star Design Rating.

The Rating system must stand as one of the world's most advanced design guides for homes. Its award will be a great incentive to builders and its presence a real source of reassurance for home buyers. We can be justifiably proud that it has been developed in Australia.

It is particularly fitting that the Five Star Design Rating be launched at this time - a time of great excitement in the housing industry in this country. No other industry could reflect better the recovery that has taken root in Australia over the past year. Activity in the housing industry has rocketted out of the worst recession for twenty years in 1982-83 to a level which has been most satisfying to us all in 1984.

In April 1983, the Minister for Housing and Construction, Chris Hurford, announced it was the Government's objective to see the number of housing commencements increase from the trough level of 105,000 in 1982-83 to an annual rate of 130,000 to 135,000 by the second half of 1983-84. In the event, there were over 136,000 commencements in 1983-84 - an increase of over 30 per cent.

By the second half of that year, commencements were growing at an annual rate of over 146,000 - way above target. It was even more pleasing that State figures on housing commencements suggested the housing recovery was strongest in those States where the recession hit hardest in the previous year.

1984-85 will be another good year for the housing industry. The latest forecast of the Indicative Planning Council is for around 145,000 commencements - representing about 95 per cent of the industry's capacity. This is a decisive turnaround from the bad times of unemployed builders and substantial unused capacity in the industry such a short time ago.

As a result of the turnaround we have achieved in the housing sector thousands of Australians have been able to realise their dreams of home ownership. Great numbers of others have found employment in the industry.

This magnificent recovery in the housing industry is a direct consequence of the Australian Labor Government's policies for economic recovery.

Our prices and incomes policy, coupled with responsible fiscal and monetary policy, has boosted confidence, provided greater certainty to those contemplating major purchases and enabled a cut in inflation and inflationary expectations. This in turn, has permitted significant cuts in most interest rates - including a fall of 1 per cent in mortgage rates - over the life of this Government.

This general policy approach has been complemented by a number of initiatives tailored specifically to the needs of the housing sector.

There has, for example, been the First Home Owners Scheme - a vitally important initiative in our overall efforts to get the housing industry on the move. The scheme was designed especially to assist young first home buyers bridge the deposit gap and meet repayments in the first tough years of a home loan. Young people are usually among the lowest income earners and least wealthy in the community and face an enormous hurdle in buying their first home.

Since its introduction in October 1983, the First Home Owners Scheme has been a widely acclaimed success. It attracted no fewer than 90,000 applications in 1983-84 and over 55,000 first home buyers were assisted. Expenditure on the scheme in 1983-84 was \$141M, some 80 per cent more than originally budgeted.

Continuing recovery in the housing industry and the continuing popularity of the scheme should see another large increase in expenditure in 1984-85. In fact, we estimate that spending on the First Home Owners Scheme will increase by almost 90 per cent to \$265M this year, assisting a further 80,000 new applicants into their first homes and providing ongoing repayment assistance to last year's applicants.

In addition, Commonwealth contributions under the Commonwealth-State Housing Agreement to public housing programs have increased massively in our first two Budgets. Our first Budget lifted these contributions to 50 per cent above the level of funding provided by our predecessors in 1982-83. This was followed by an increase of almost 10 per cent in our 1984-85 Budget.

That our expenditure on public housing should have increased so sharply at a time of overall fiscal restraint reflects the depth of our concern for the housing needs of disadvantaged people. Unlike our predecessors we are not prepared to discount or ignore those in need.

You would all appreciate that the housing recovery has been an engine of growth in the Australian economy over the past year. Private investment in dwellings leapt by a massive 23 per cent over the course of 1983-84, compared to growth of 10 per cent for the economy as a whole. In the year to August 1984, total employment grew by 3.5 per cent, while employment in the construction industry grew by 9.1 per cent - the highest annual growth rate recorded for any of the major industry groups.

Those who have recently found jobs in the housing industry will spend their incomes on a wide variety of consumer goods in the many cities and country centres sharing in the housing boom. The materials suppliers - bricks, mortar, timber, glass, ceramics and so on - have also felt the strength of the upturn. The housing recovery will also bring in its wake increased "big ticket" consumption expenditures by new house owners - to properly furnish and equip the home:

- and these separate "multiplier" effects go on, adding up to a substantial boost to the economy generally and the creation of many thousands of new jobs right across the board.

The housing recovery confronts us directly with the need for a more energy-conscious approach to dwelling construction. In Australia, dwellings consume about 14 per cent of all energy used in the community. With the relative cost of energy subject to unpredictable increases, there are therefore great benefits to the community if alternatives can be found which result in less energy being consumed in housing and other energy-intensive areas.

For example, it is obvious that the design and construction of houses should be related to, and take account of, local climatic conditions. Yet climatic requirements often seem to be overlooked by designers - or the solutions which designers choose have little appeal to those who will have to live in the dwelling.

The housing industry faces a challenge to provide economic, low energy homes having high standards of environmental comfort and amenity. These homes, however, should still retain the quality and variety of dwellings for which Australian housing is known. The five star design rating will encourage builders to meet this challenge.

It is against this background of strong support for energy conservation, and for its reflection in Australian housing design standards, that the Government welcomes new initiatives of the kind we see in the manual on the design and construction of energy efficient homes being prepared by the GMI Council. Today, I have much pleasure in releasing the first sections of the manual, which are directed specifically towards the building industry.

I also have another pleasant task to perform. As a token of the appreciation of the GMI Council for the work in developing the Five Star Design Rating, I have pleasure in presenting a letter of appreciation from the Chairman and Directors of the Council to just five of the many who have worked towards the success of this project:

They are -

Dr Angelo Delsante of CSIRO Division
of Building Research

Associate Professor John Ballinger
of the Solar Architecture Unit at the
University of New South Wales

Mr George Millar of Glenville Homes

Mr Digby Forbes of Australian Building
Systems Appraisal Council

Dr Lex Blackey of CSIRO Division of
Building Research

Congratulations to all of you for your contribution to
this project.
