

Full brake ahead

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Bill Morris, a civil engineer and author of The Midwood Report, writing in the latest edition, said the parlous state of the Queensland economy is evidenced by a number of economic indicators including a fall in home-construction starts, and drops in household consumption expenditure and private gross fixed capital formation.

The Midwood Report said housing construction in Queensland in 2010 failed to match underlying demand with the annual home-start figure estimated to be around 32,500, well short of the estimated 45,000 new homes needed to service population growth.

It said home starts in the half-year to June totalled 16,259, equivalent to a total annual figure of 32,538.

The report claimed its estimate for the year is supported by figures for the September quarter when home starts represented a half-year equivalent of 13,296, a number well down on the preceding half-year.

"Neither approvals nor commencements have shown any sign of improvement since the global financial crisis," it said.

Additionally, household consumption expenditure is the lowest of any mainland state at 2.2 per cent and the same is true for Queensland's private gross fixed capital formation, which is sitting at minus 5.6 per cent.

Mr Morris said the stall is in part due to the decline in population growth, in particular interstate migration, which has fallen from a peak of about 50,000 in 1990 to not much more than 10,000 in the 12 months to March 2010 its lowest level in 25 years.

"The Queensland economy has historically relied on population growth," Mr Morris said.

"Population growth fuels housing construction and there are the obvious multiplier effects for related building trades and professionals.

"The economic situation is not dissimilar to that of the 1970s when Joh Bjelke Petersen found a way to entice southerners to move to Queensland.

"In that case it was the removal of death duties and low taxation."

Mr Morris said the economy has since matured and Queensland, while short on infrastructure, is now a relatively high-tax state where housing is more expensive than in Victoria.

"An innovative system of tax rebates is required in the building industry to reduce the relative cost of housing," he said.