

Housing, The Economy and Productivity

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SHELTER
because housing matters



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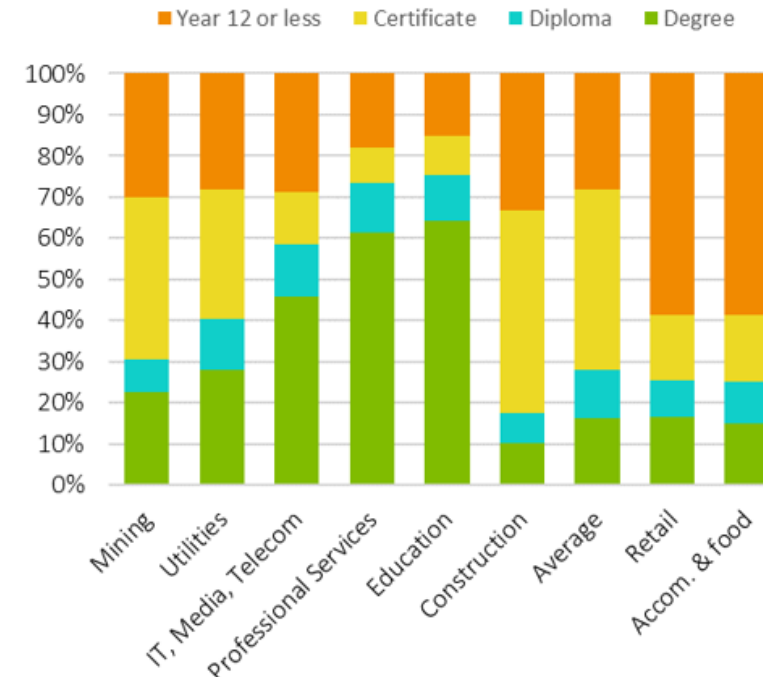
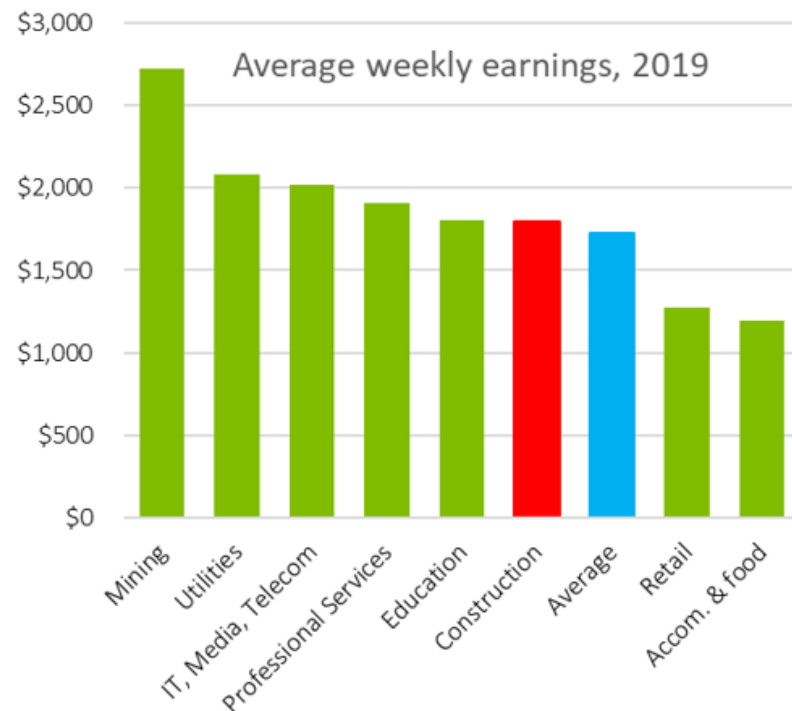
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Importance of the construction industry

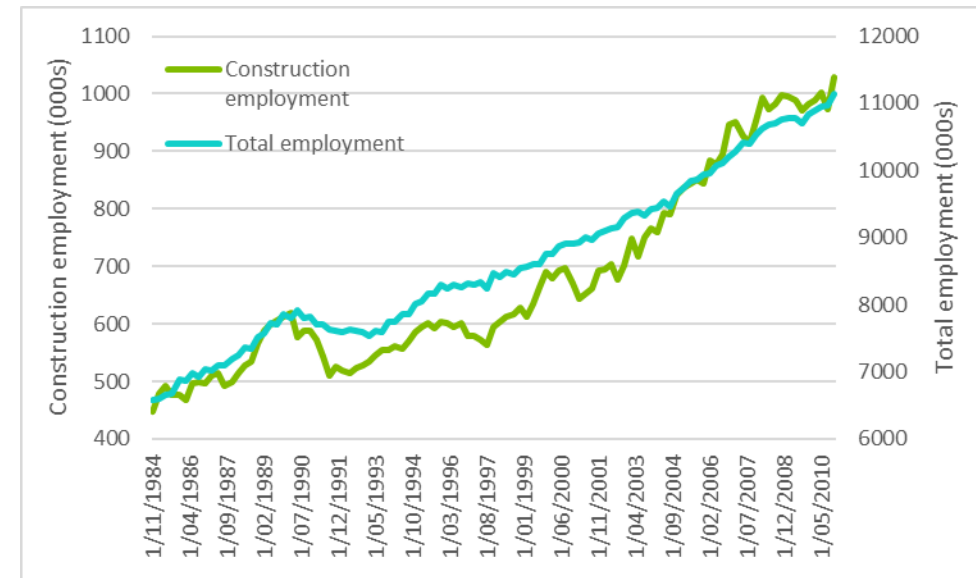
- 1.2 million people (9.1% of Australia's jobs) are employed in Construction. The Construction is the 3rd largest in the country – only Health Care & Social Assistance (1.8 million) and Retail Trade (1.3 million) are larger.

FIGURE 1 EARNINGS AND EDUCATION IN CONSTRUCTION



Construction industry is generally procyclical

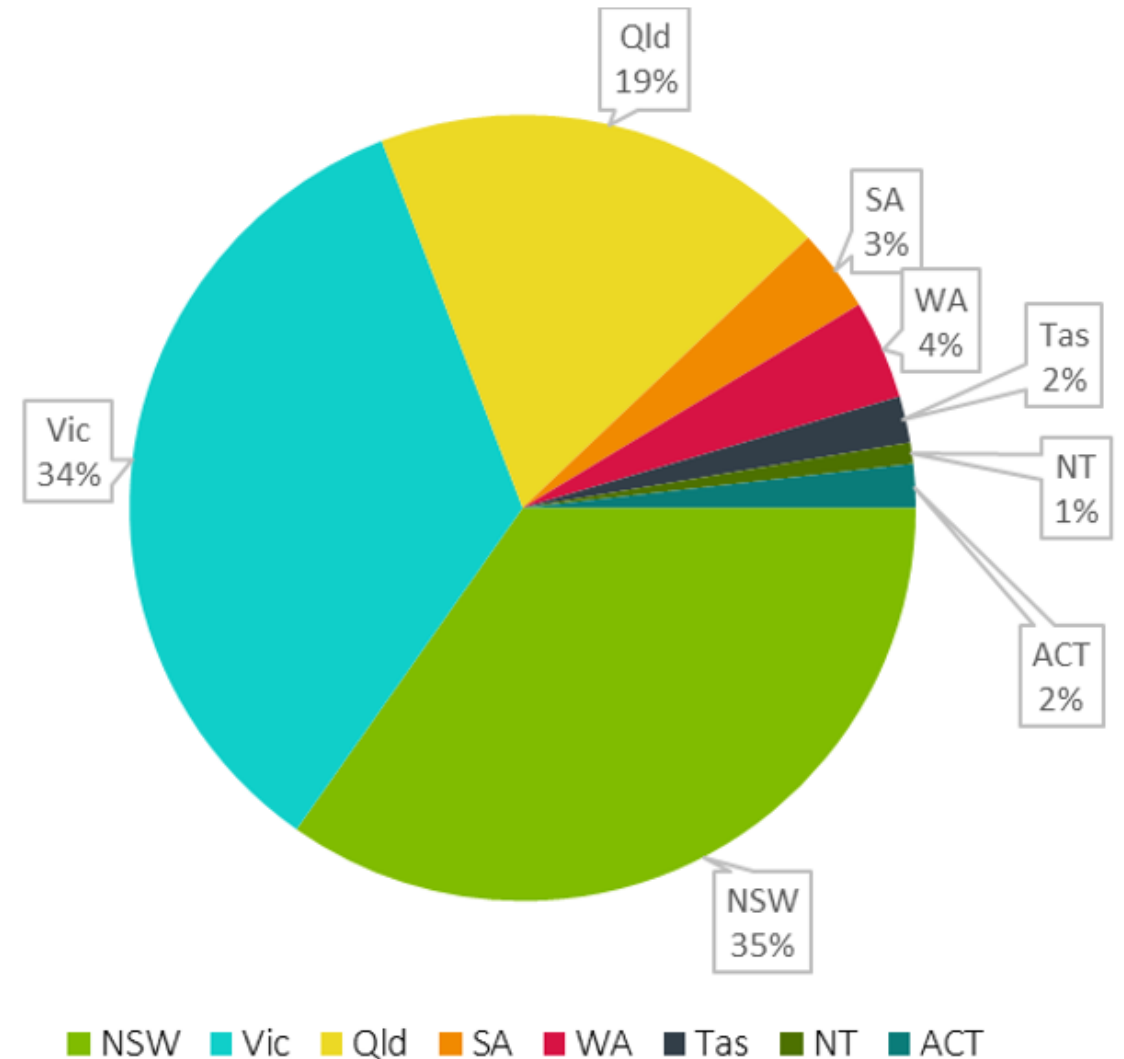
- Construction tends to follow procyclical employment patterns – the fluctuations in construction employment follow employment patterns in the wider economy, but the swings are larger.
- When employment rises, construction employment tends to rise faster; and when employment falls, construction employment tends to fall faster.
- During the GFC, Commonwealth policies (e.g. First Home Builders Grants, Building the Education Revolution and investments in social housing) boosted construction employment and employment.



SHARP Economic Stimulus

- Based on possible distribution of costs and housing types, if we allow for a similar distribution of social housing to the existing stock (based on need) we would expect the following distribution of social housing expenditure.

FIGURE 8 SHARE OF SOCIAL HOUSING EXPENDITURE



Economic Impact

- Given the uncertainty around the economic outlook a range of scenarios have been developed. On average over the four-year period, the SHARP would support between 15,500 and 18,000 FTE jobs. This is both direct construction jobs and jobs across other industries.

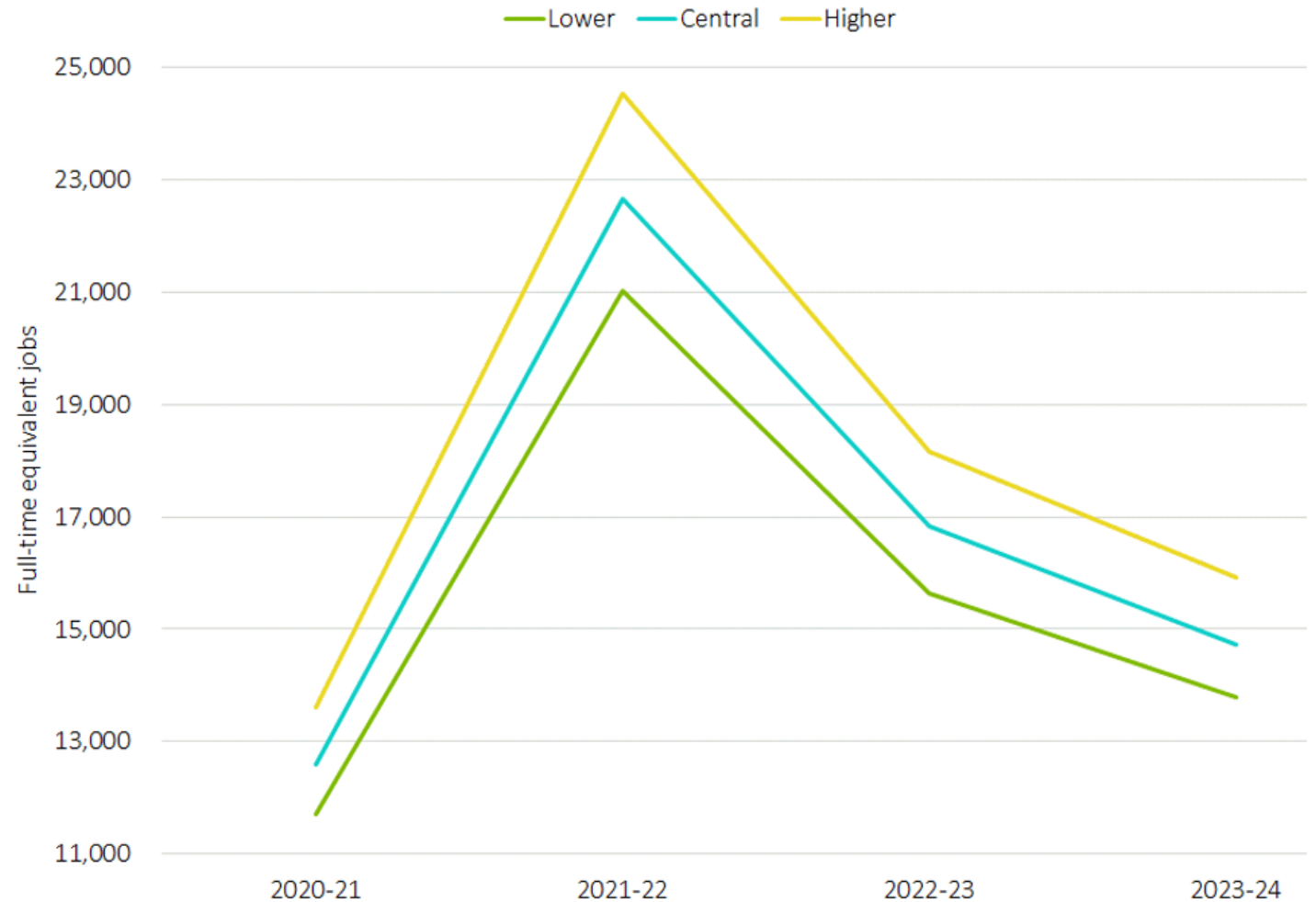
TABLE 1 ANNUAL AVERAGE AUSTRALIA-WIDE ECONOMIC IMPACTS

Scenario	Output Effect (\$m)	Emp Effect (Jobs)	VA Effect (\$m)
Lower	\$3,940	15,540	\$1,450
Central	\$4,230	16,700	\$1,560
Higher	\$4,570	18,050	\$1,690

Economic Impact

- The peak number of jobs supported (between 21,000-24,500 FTE jobs) is in 2021-22.
- This is when the economy is likely to be at its weakest and every dollar of stimulus presents a real opportunity to save a job.

FIGURE 9 NUMBER OF FTE⁵ JOBS SUPPORTED BY SHARP STIMULUS



Source: SGS Economics and Planning

Economic benefits of social housing in the long term

FIGURE 11 ECONOMIC COSTS OF UNAFFORDABLE HOUSING



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THANK YOU

Questions?

