



World Ceramic Tiles Forum – National Context

Australia





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- II. Trend in production, consumption and trade in ceramic tiles
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I. General economic situation, trend in the construction sector/demand



Australia did not suffer a technical recession after the GFC. It now has a two speed economy, where sales of iron ore, coal and other raw materials are primarily benefitting Western Australia and Queensland. The dollar is strong but fluctuates (global uncertainty). A\$1 = US\$1 ±10%. Australia has a technical housing shortage, but banks are reluctant to lend to house builders: construction is slow but steady. Although the economy differs dramatically in each State, Victorian dwelling commencements have been greater than NSW & Qld combined. The demand for tiles, and the retail margins, have increased in WA. There has been a large demand for new mining infrastructure in the outback, and many skilled tradesmen have been enticed by very high wages. Times have been tough in NSW for the last 5 years, although few tile shops have closed. Conditions are also tough in SA. Many tile merchants have had difficulty in providing architects with the “green” data necessary for inclusion on large commercial projects.

II. Trend in production, consumption and trade in ceramic tiles

Australia now has only one significant tile manufacturer (NCIA) with a plant capacity of about 6 million m²/yr.

From 1 July 2010 to 30 June 2011, Australia imported 36,412,540 m² of glazed (82.7%) and unglazed (17.3%) ceramic tile.

Consumption is almost 2 m² tiles per head of population.

Almost 33 % of all ceramic tiles were imported to NSW. Victoria (24 %) overtook Queensland (22 %) down from a peak of 27 % (in 2007-8) Western Australia imported 12 % of the total and South Australia 6 %.

Almost 53 % of all ceramic tile imports originated from China, a 13 % increase over the previous year. Malaysia (12%) was the second largest supplier, a modest 2 % increase. Thailand fell by 1 %, while Italy (7.3%) overtook Indonesia (5%) to regain fourth position. This was an 18 % increase and the first increase in Italian imports in 6 years.

A temporary tariff concession between 28 April 2009 and 29 April 2010, removed the import duty payable on many unglazed tiles. Import duty was either 4 or 5% of the Customs Value (depending on the country of origin), the same as glazed tiles.

III. Latest developments at national level in energy supply regulation and taxation



Australia has exceptionally high emissions 27.3 Mt CO²-e (global ave 5.8), relying mainly on coal for electricity generation.

The Australian Government has just signed a clean energy legislation, where a carbon tax will commence on 1 July 2012. “Polluters” (including ceramic manufacturers) will pay \$23 per tonne of carbon released into the atmosphere. This cost will increase gradually until 2015, when a trading scheme will let the market set the cost (\$29?).

The Australian scheme will cover about 60 % of Australia's emissions, making it the most broad-based in the world.

To compensate households, the government is cutting income taxes and boosting payments such as pensions and other benefits.

Airlines, rail freight and shipping will be subject to an equivalent carbon price on their fuel, but car petrol will be exempt. The cost of fuel for trucks will rise after July 2014.

The cost of electricity, gas, oil and water has been rising significantly and will continue to do so to pay for the carbon tax, investments in green energy and new developments.

IV. Any development in standardisation or regulation at national level affecting ceramic tiles

The Australian Tile Council and the Australian Stone Advisory Association are currently discussing the further development of GECA (Good Environmental Choice Australia) Hard Surfacing Standard No.40, which should lead to its acceptance by the GBCA (Green Building Council of Australia). Tile manufacturers can attempt to gain a GECA ecolabel in accordance with the criteria set out in the standard.

When local companies achieve an ecolabel, the products can be included in a newly created register, where this will be fairly simple for products that already have an European ecolabel.

The GECA Hard Surfaces ecolabel will be revised to include new stewardship requirements, which will be required for GBCA acceptance under their new framework which starts in March.

The GBCA has already accepted the environmental credentials of carpets and vinyl, so ceramic tiles have been (and are) at a disadvantage.

The failure to correct the tile fixing standards may result in additional failures (that will harm the industry).

V. Other national developments



Worksafe Australia will introduce several new codes of practice under a new national OHS Act. The Hazardous Manuals Task document recognises that team lifting can increase risks.

Tile merchants, tiling contractors and builders will have a greater responsibility to eliminate or minimise risks that arise from hazardous manual tasks, where there are **severe** penalties.

The trade unions (on major commercial projects) already object to heavy tile cartons and have threatened not to lift anything heavier than 20 kg. The unions recognise change takes time but have finite patience.

The Australian Tile Council has been seeking to reduce carton weights and many Chinese manufacturers have cooperated.

Where manufacturers fail to cooperate, the only realistic measure is to apply pictorial labels on overweight cartons (for Asian workers).

The union **might** be prepared to accept 23 kg as a compromise.