

# World Ceramic Tiles Forum – National Context

Australia

(Max. 10 slides)



# National Context – Australia



- I. Trend in the construction sector/demand
- II. Trend in production, consumption and trade in ceramic tiles
- III. Latest developments at national level in energy supply regulation and taxation
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- V. Other national developments relevant to the ceramic tiles sector

Economic growth: 2.0%. Inflation: 1.5%. Cash rate: 2.0%. A\$ = US\$0.72  
TWI 61.0 Population: 23.7M (1.4% growth rate). Unemployment: 6.2%.  
Ave weekly earnings: A\$1137. Ave dwelling price: A\$605K.

# I. Trend in the construction sector/demand

- Due to depressed commodities, significant and consistent devaluation of A\$ has occurred, combined with low inflation and low interest rates.
- The residential sector has performed strongly but the increased demand for housing in capital cities is sensitive to interest rates.
- The increase in housing prices and limited availability of developable land has yet to cause discernible pressure on residential sector growth.
- A boost in residential construction is anticipated primarily driven by foreign investment.
- Lower interest rates could see builders opt for a greater substitution of capital for labour, creating downward pressure on labour rates.
- Low apprenticeship intake and lack of quality training uptake may result in an ageing Australian workforce and construction projects becoming more expensive (as the supply of good quality labour declines and/or technological replacements for traditional labour roles increases). The tiling industry needs improved workmanship.

## V. Other national developments

- Increased foreign investment in hotels and student accommodation facilities should see a growth in the accommodation sub-sector for non-residential construction.
- The construction of aged care facilities, hospitals and regional area schools should have continued growth over the next 2 years..
- Some large builders are prefabricating bathrooms for such non-residential construction and shipping them interstate.
- A medium level office space occupancy rate is likely to see an increase in the conversion of office to residential space and an increase in demand for fit-out and refurbishment based works in the CBD areas.
- The Treasurer has recognised that the housing market needs reform and housing affordability is key to ensuring new home ownership remains a realistic aspiration. A national affordability agenda that works with state/territory governments and local councils to implement structural reforms to increase the supply of new housing must be at the core of the Government's approach.

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

It's not the message,  
it's the messenger

- There has been no change over the last year. Our past Prime Minister was “not been capable of providing the economic leadership our nation needs”, such that we needed a different style of leadership.
- Our new Australian Prime Minister seeks national action on climate change but is constrained by his terms of accession to power. His new Chief Scientist believes in zero-emission power generation: nuclear and renewables. While prominent Australians seek a moratorium on new coal mines, lucrative exports will continue.
- While major changes in energy supply and demand will not happen overnight, innovation and infrastructure spending are agenda items.
- Our reforming PM seeks to deliver practical sensible policy that will improve economic security and general wellbeing so Australia remains secure as a high wage, generous social welfare net, first-world country rather than merely taking taxation measures to suit big business and the wealthy. All policy ideas are “back on the table”, but the Paris 2015 emissions reduction target for 2030 (a 26-28% cut on 2005 levels) will still be based on a somewhat discredited “Direct Action” policy.

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

- National Ceramic Industries Australia is the only significant producer.
- The total Australian market size for ceramic tiles in 2014 can be estimated at over 44 million m<sup>2</sup> when local production is included.
- Apparent consumption is 1.9 m<sup>2</sup> per capita.
- Australia imported 36.9M m<sup>2</sup> of tile in the 2013-4 financial year, a 14 % increase over the 2012-13 figures and the highest on record.
- 2014 tile imports totalled 39.6M m<sup>2</sup>, a 15 % increase over 2013.
- The declared customs value increased by 26% to A\$376M, reflecting A\$ depreciation (= US\$0.72; €0.64 currently). 18.6%↓ in 2014-5.
- Imports by volume: China 64.9%; Malaysia 10.1%; Italy 8.7%; Thailand 3.7%; Spain 3.6%; Sri Lanka 2.1%; Indonesia 1.8%.
- Ave custom value (A\$/m<sup>2</sup>): China \$7.85; Malaysia \$6.62; Italy \$23.22; Thailand \$6.29; Spain \$14.95; Sri Lanka \$6.57; Indonesia \$8.00.
- Spanish imports increased by 68%, Italian imports by 22%.

<http://www.infotile.com/pdffile/Publicationfile/FeatureArticle/303201532029.pdf>



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

- The biggest industry challenge is find the human and financial resources for the long overdue revision of the tiling installation standards.
- Committee BD-044 has to consider “aged” ISO 10545 tile standards. Major GL/UGL revision of ISO 13006 eagerly anticipated.
- The use of bogus ISO 13007 tile adhesive classifications has to be addressed.
- The National Construction Code is likely to introduce further slip resistance requirements for buildings (but cannot do so until 2019). The NCC is somewhat impotent with respect to existing buildings.
- Changes to the SA HB 198 slip resistance guidance are being considered, where the limitations of such guidance should be stated.