

World Ceramic Tiles Forum

20th meeting, Rio de Janeiro

National Context

Australia



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National Context – Australia

- I. General economic situation and 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
- IV. Development in standardisation or regulation at national level affecting ceramic tiles
- V. Other national developments

I. General economic situation, trend in the construction sector/demand

- Australia - AAA credit rating – A\$ still overvalued: US\$1.00 = AU\$1.05.
- Historical low 2.5% Reserve Bank official interest rate
- 4 main banks – among world's most profitable? Weakening economy? – rising defaults on credit cards. Signs of post-election confidence, recovery?
- Melbourne – Impending oversupply of inner city high rise apartments; detached houses are cheaper than 2 bedroom inner city apartments;
- WA - economic growth has slowed with slowing of the mining boom; has lost AAA rating due to excessive government spending: too many unnecessary large infrastructure projects; plans to cut public service, reduce expenditure & increase taxes; housing growth constraints.
- Australia growth outlook 2.5% 2013; 2.8% 2014 (IMF)
- Unemployment forecast 5.6% 2013; 6.0% 2014
- CPI rose 2.2% through the year to the September quarter 2013

I. General economic situation, trend in the construction sector/demand

- When is a boom not a boom?
- Rates down, house prices up
- Residential sales are spotty
- Tax incentive in renovating
- Decreasing A\$ attracts OS investors
- First home buyers missing in action?
- How much over capitalisation?
- Cheaper to demolish & rebuild
- High rise rush threatens liveability
- Low interest rates
- Major investment area
- Wariness of debt
- High negative gearing
- Capital gains tax
- Decreasing time to sell
- Stock levels remain low
- Large houses
- Limited infrastructure investment



I. General economic situation, trend in the construction sector/demand

- *Economic growth is moderating and is expected to hover around 2.9 per cent over 2013-14, and recover slightly to an average annual rate of around 2.8 per cent over the next five years.*
- *Employment growth in the Australian economy has stalled in recent quarters reflecting the moderation in the rate of economic growth.*
- *Underlying price inflation has been low in recent years and is projected to remain subdued in the medium term.*
- *There is an expectation that banks will support the economy off their own bat by cutting standard variable mortgage rates. The key indicator rate the 90 Bank bill rate is also expected to fall in tandem. In this way these key interest rates are expected to fall below the previous record rates set in the GFC.*
- *Total construction activity is projected to amount to around \$229 billion next year roughly the same as it was in 2012-13. The November 2013 forecasts have increased projected expenditure for engineering construction activity relative to the May forecasts. Projections for non-residential building activity and residential building activity have been revised down since May.*

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

- Australian production – 1 major manufacturer: ~6M m²/year

Year	Unglazed (M m ²)	Glazed (M m ²)	Total M m ²
2009-2010	5.65	28.50	34.15
2010-2011	6.30	30.12	36.41
2011-2012	6.03	27.66	33.69
2012-2013	5.19	27.24	32.43

1.7 m² p.a.
consumption

- Major sources of imports (m²): China (61.5%); Malaysia (11.0%); Italy (8.0%); Thailand (5.4%); Spain (3.2%); Indonesia (2.5%); Vietnam (2.4%); Sri Lanka (1.6%); UAE (0.8%); Turkey (0.7%)
- Major sources of imports (\$): China (52.6%); Italy (18.6%); Malaysia (7.7%); Spain (5.4%); Thailand (3.9%); Indonesia (1.9%); Sri Lanka (1.8%); Vietnam (1.7%); Germany (1.1%); Turkey (0.9%)

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

- New Abbott Liberal (Conservative) Government: September 2013.
- Intent on scrapping carbon tax; replacing with a 'direct action' policy: Government will pay for emissions cuts by businesses and farmers.
- Current carbon fixed price was due to become an emissions trading scheme (ETS) in July 2015. Labor opposition agrees with removal of carbon tax, but will only assist if Government agrees to ETS.
- Leading economists have overwhelmingly rejected direct action climate change policy and backed carbon pricing.
- Australia still has a bipartisan target of a 5% reduction below 2000 levels by 2020.

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

- Publication of AS 4586-2013, AS 4663-2013 slip resistance standards.
- New P5 to P0 wet pendulum slip ratings: where P5 SRV > 54 BPN and P0 < 12 BPN for slider 96 and pink lapping film. Slider 55 also used.
- Australian Building Codes Board proposal to regulate slip resistance public stairways and ramps; nosings on private stairs: P3 dry; P4 wet
- LHA demand for slip resistant residential floors; delayed publication of revised slip resistance guidance (HB 197) causing problems.
- HB 197 to change (notional) interpretation of existing floor test data
- When are risk analyses based on unconstrained walking traction demands inappropriate? Slip resistance decreases in service. A new holistic paradigm for slip resistance life cycle performance is needed.

V. Other national developments

- Focus still on reducing the weight of tile cartons to **maximum 23 kg**
- Seek 3 simple ISO pictorial black & white labels for overweight cartons
- Cartons not correctly labelled to ISO 13006 → second class products
- Formation of Australian Master Tilers Association
- Possibility of National Tile Fixer Licensing Scheme in 2015
- ATC still opposed to residential slip requirements/recommendations
- Some within ATC seeking to conduct research to better determine bespoke pedestrian traction demands, perceptions and expectations

GIVE US THE EVIDENCE SO THAT WE CAN APPLY IT!!!

