# World Ceramic Tiles Forum – National Context

## Australia - 2012

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# National Context – Australia


I. General economic situation; construction sector/demand trend

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

Post-apocalyptic fallout of GFC and Eurozone crises spreading south?
Seemingly healthy two speed economy. Strong coal, iron ore exports.
Strong A$ (parity with US$) has hurt manufacturing, tourism, farm exports.
A$ is world's 5th most traded currency. 5% unemployment.
3.5% Official Bank cash rate. 1.6% inflation. GPD 1.9% (3.6% current).
Relatively low gross national debt: only 25% of GDP. Balanced budget.
22.4 million people: 1.4% increase. 70% native born. 12% Asian ancestry.
Slow leak from housing bubble: slight gradual (regional) price declines.
Fall will depend on price/availability of credit/incentives. Profitable banks. Affordability has worsened. 35% families own; 35% purchasing home.
2006-11 median increases: income 24%; rent 49%; mortgages 38%.
Concern about new carbon tax, rising construction materials costs.
Dwelling approvals fell for 8$^{th}$ straight quarter. Commencements: 19.2%↓.
Engineering construction: 32.9%↑.
Fly in/fly out tradesmen lured to mining, gas infrastructure developments.
Continuing shortage of skilled tile fixers.

# International finance sector contaminated

Economists THINK they know what’s happening in the economy, but they don’t. They’re too fallible and it’s too big and complicated.

The Australian economic model is based on a specific combination of resource wealth, low debt and a well-regulated banking system.

The intractable gloom about the economy perhaps reflects fundamental doubts about our leaders and their long term vision and direction, given a parlous world economy, global warming and overpopulation issues.

Australian commercial building is on its knees, residential building is in recession & decreased renovation market

Ceramic tiles have done reasonably well in Australia without earning points in green building schemes

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

2011 35.8M $m^2$ imports; 4.5M $m^2$ local production ∑ = 40.3M $m^2$

1.8 $m^2$ tile per capita per annum

Imports of glazed tiles increased, while unglazed decreased

2010 36.0M $m^2$ imports; 2009 30.8M; 2008 34.8M; 2007 37.3M

China 55.2%; Malaysia 11.2%; Italy 7.6%; Thailand 6.8%; Indonesia 4.1%; Vietnam 4.0%; Spain 2.7%; Sri Lanka 2.3%; Germany 1.8% ($m^2$)

China 49.7%; Malaysia 8.7%; Italy 17.1%; Thailand 5.8%; Indonesia 3.1%; Vietnam 2.7%; Spain 4.7%; Sri Lanka 1.5%; Germany 1.1% ($)

WA demand for tiles down by 10 to 15% (not to be confused with imports). Retail margins at best same, more likely down due to discounting.

Qld demand down by 30%; few shops have recently closed.

SA demand down by 20%. Victoria, NSW also struggling

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

Carbon tax: commences 1 July 2012 www.cleanenergyregulator.gov.au

Applies to companies emitting ≥25,000 tonnes $CO_2$ equivalent per year.

Carbon units price: $23/tonne, 2012-13; $24.15, 2013-14; $25.40, 2014-5.

2015-18, flexible price period (auction permits). Minimum $15/tonne base.

Post 2018: market determined floating price trading period.

Increased weekly prices (electricity: $3.30; gas: $1.50; food: $1.00) to be offset by low income supplements, allowances, tax income reforms.

About 40% of carbon price revenue will assist businesses.

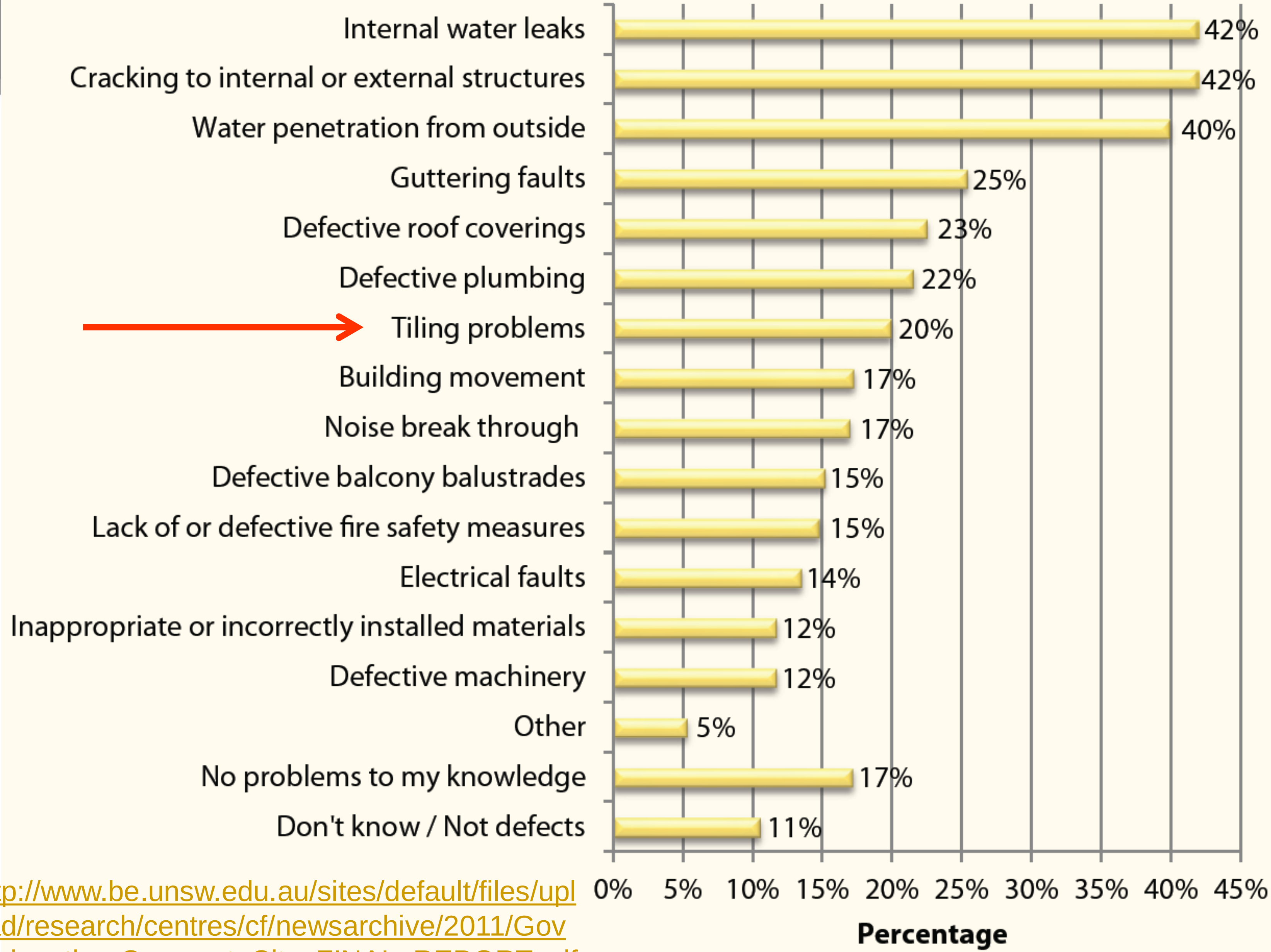
Steel, aluminium exports shielded until competitors face similar carbon costs; manufacturers will receive substantial carbon permits initially.

A Clean Energy Finance Corporation will lend money to and invest in clean energy companies.

Range of other associated programs and schemes to induce productive change (minimisation of adverse environmental impact)

**Water supply costs** are also continuing to increase significantly

*Figure 8.1: To your knowledge, have any of the following defects ever been present in your strata scheme?*




http://www.be.unsw.edu.au/sites/default/files/upload/research/centres/cf/newsarchive/2011/Governing_the_Compact_City_FINAL_REPORT.pdf

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

New Australian Work Health and Safety Laws place greater responsibility on employers to minimise risk to workers, both in tile shops and on construction sites. $600,000 fine ± 5 years jail: maximum penalty for recklessly exposing worker to a risk of serious injury

**Union concerns about weight of tile cartons** creating awareness of issue and need for lighter weights. Ideally max 23 kg. Great assistance from many Chinese manufacturers assisting their sales. Ceramic tiles at a competitive disadvantage on some commercial projects.

New Australian Consumer Law – greater focus on meeting consumer fitness for purpose and quality expectations, implicit guarantees, substantiation of environmental claims, pricing practices.

Standards Australia has “approved” a project for the adoption of the ISO 13007 grout standards. We will apply for adoption of the ISO 13006 ceramic tile standards, when the bi-annual opportunity occurs.

Little direct ceramic tile industry involvement in green issues, with varying degrees of maturity.

# V. Other national developments

Increasing diversification of distribution, marketing and purchasing behaviour.
Consumers use retail stores to browse, then purchase online to avoid sales tax, although less pronounced in ceramic tile industry. However, an increase in builders importing directly; and opportunistic speculative retailing.

Some desperate tile merchants offering bizarre prices, adversely affecting others

Insufficient focus of infrastructure & green energy developments

Ineffective fractious minority government; cynical, hypocritical opposition.

Low consumer and business confidence levels

Progressive increase in catastrophic climatic events

General gloom

Green Star – Communities Rating System ’tool’ released

Metrics are important but can be unproductive

Who looks at their compulsory Smart Meter?

Inefficient ineffective governmental control schemes