



# MAYORAL MEMO - 20 SEPTEMBER 2023

In the most recent data from the ABS concerning building approvals nationwide, there's an eye-catching annual drop of 15.1 per cent. This downturn can largely be traced back to intentional moves by the Reserve Bank of Australia (RBA) to tighten the purse strings.

Think back to November 2020, when both Australia and the world were grappling with an extraordinary pandemic. The RBA reacted with equally extraordinary measures, slashing the cash rate to an all-time low of 0.10 per cent. This rate held steady until May 2022 and then began its ascent, reaching 4.10 per cent as of 7 June 2023. As a result, borrowing capabilities were dramatically reduced.

But the barriers to building didn't end there. The rising cost of materials, combined with a severe labour shortage, sent building expenses through the roof. According to the CoreLogic Construction Cost Index, costs ballooned by 11.9 per cent across Australia over the past calendar year, adding to already significant increases in the preceding years.

If we turn our attention to inflation, or the All Groups Consumer Price

Index, we find another fiscal obstacle. For the financial year ending June 2020, inflation plummeted to negative 0.3 per cent. Such a drop was an anomaly, the first negative inflation quarter since 1998 and only the second year-end negative since the CPI's inception in 1948. But the years that followed have seen a rapid bounce-back: inflation rose to 3.8 per cent in 2021, then up to 6.1 per cent and the most recent financial year saw 6.0 per cent. The last time the June inflation figure was above 6.1 per cent was 1990 when it hit 7.7 per cent.

So, we're contending with stratospheric inflation, sky-high building costs and interest rates that are the steepest we've seen since May 2012. You would think that the Dubbo Regional Council area would mirror this national trend.

A colleague from my tenure on the Dubbo City Council often espoused that the health of the building sector is a reliable barometer for economic vitality. Our recent local data echoes this viewpoint. Before amalgamation with Wellington in 2016, Dubbo had its best year for dwelling approvals with 488 in 2015/16. After amalgamation, there was an unexpected decline, bottoming out at 210 approvals in 2019/2020.

Remarkably, the past two years have witnessed a reversal of fortune. There were 458 approvals in the 2021/2022 year and 468 for the year just closed. Given the downward pressures outlined earlier, this local resilience is nothing short of surprising.

In fact, based on approvals from the first two months of this new financial year, we're on track for an unprecedented 576 approvals, potentially setting a new record. This divergence from national trends suggests not just resilience but an economy bursting with potential. Its

an encouraging prognosis for the future of Dubbo and the broader region.

**Councillor Mathew Dickerson**  
**Mayor of Dubbo Regional Council**

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