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## Carbon Tax Impact on New Housing Ignored

The decision to proceed with the Government's carbon tax arrangements ignores its impact on the cost of new housing, according to the Housing Industry Association, the voice of the residential building industry.

"The carbon tax will permeate through building material manufacture, production and fabrication phases and supply chains, and eventually be passed on to new home buyers," said HIA's Chief Executive – Association, Graham Wolfe.

"It will add thousands of dollars to the cost of an average new home. The largest purchase most of us will ever make in our lives will be hit with the greatest impact from the carbon tax," Mr Wolfe said.

"And in the majority of instances, new home buyers will be unable to discern how the tax correlates to the carbon footprint in the building materials and products they select in their new homes," Mr Wolfe added.

"The carbon tax will impact on the thousands of materials that go into a new home, and unlike its impact on average weekly household expenses, the carbon tax is added on to a mortgage in one large lump. The home owner goes on paying for the tax for years - over the course of their home loan," Mr Wolfe said.

Independent economic modelling conducted for HIA by the Centre for International Economics has found that new housing already incurs a taxation burden of well over 40 per cent of its purchase price.

"The impact of this taxation burden is almost entirely borne by the home buyer," said Mr Wolfe. "The cost of the new carbon tax will also flow through to new home buyers."

"The new tax will impact on housing supply too. Independent research indicates that housing stock will be reduced by up to 16,800 homes due to the higher costs", Mr Wolfe said. "This is a very unfortunate consequence of the carbon tax and will add to the existing undersupply of housing in Australia."

"The cost impact of the carbon tax will be seen over coming months as people enter into residential building contracts for projects that continue beyond, or start after 1 July 2012," Mr Wolfe said.

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