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8 May, 2012

Federal Budget Misses the Mark on Housing

The Housing Industry Association, the voice of the residential building industry, is disappointed that tonight's Federal Budget represents a missed opportunity to reinvigorate new home building activity and alleviate the nation's housing affordability pressures.

HIA's Senior Economist, Andrew Harvey, said that while the Federal Budget provides a handful of useful measures more broadly, it contains nothing to address the ongoing weakness in residential building, nor anything to help the nation's chronic housing shortage and poor levels of housing affordability.

"At a time when new home building is in decline in virtually every state and territory, the Budget has failed to deliver any new measure to reinvigorate the home building sector, despite the sector's health being absolutely crucial to a healthy domestic economy," said Andrew Harvey.

"Despite this tight budget it is sensible that the Government has retained its existing commitments to the Housing Affordability Fund and the National Rental Assistance Scheme, and has also continued to invest in training and skills, which are essential ingredients to the delivery of affordable new housing."

"However, the Budget was an opportunity to introduce measures to progress housing supply-side reforms with the states and territories, reduce the excessive tax burden on new housing, and expand and extend existing measures aimed at boosting housing supply," said Mr Harvey.

The Federal Government has now been working with the states and territories on housing supply and affordability reform, through COAG, for two and a half years. After such a protracted period it is reasonable to have expected the Federal Budget to include sensible measures to boost housing supply, for example arrangements to help the states and territories remove residential stamp duties on new housing.

"Without dedicated housing policy measures and housing supply-side reforms the residential building sector will continue to act as a drag on the macro-economy and the nation's growing housing shortage will continue to place undue pressure on the household budgets of home buyers and renters," added Andrew Harvey.

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