



## Carbon Tax

### Policy Background

- A Carbon Tax will increase the cost of building materials and further reduce the affordability of building a family home. Once the Carbon Tax flows through to the building materials in a new home, the impact will also be multiplied by other taxes such as GST and Stamp Duty.
- Independent economic modelling conducted 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. As more taxes are placed on the residential building sector, it is Australian families who are invariably disadvantaged. HIA has estimated that the Carbon Tax will add \$35 per month to the repayments on an average new home mortgage and \$10,000 over the term of the loan.
- Additional research conducted for HIA also shows a reduction in housing construction due to the higher costs imposed by the tax in excess of 16,800 homes, which will add to the existing undersupply of housing in Australia.
- As the cost of materials rise, so too will the cost of doing renovations and improvements to homes.
- With the home building industry slowing, local manufacturing under siege and housing affordability remaining a challenge for many Australians, HIA believes that now is not the time for another tax.
- The HIA opposition to the proposed Carbon Tax isn't because it doubts the science of global warming or doesn't believe that the building industry should play a role in reducing our collective environmental footprint. The residential building industry and the HIA are leaders in promoting sustainable building practices and energy efficient housing.
- However, the HIA does not believe that a policy that will increase costs, disadvantage local manufacturing and ultimately export Australian jobs is the answer. As jobs go overseas, so too will the associated carbon emissions and the environment will be no better off.
- The Carbon Tax doesn't reward energy efficiency in the housing sector - it represents pain to housing affordability without environmental gain.

### HIA's Policy Position on a Carbon Tax

- The Housing Industry Association opposes a Carbon Tax because:
  - (i) It disadvantages the Australian economy; and
  - (ii) The housing industry cannot afford it.