

Media Release



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HOME BUYERS AND SMALL BUSINESS - CARBON TAX LOSERS

Statement by Wilhelm Harnisch, Chief Executive Officer

The Government's proposed carbon tax announced today will hurt homebuyers and small business without any upside for the construction industry according to Master Builders Australia, the peak body for the building and construction industry.

Mr Wilhelm Harnisch, CEO of Master Builders Australia said, "There is nothing in it for homeowners, small business and the building industry. It is a cascading tax that will flow through the supply chain, adding cost at each point that will hit home buyers and small business. Renters will also be caught in due course.

The carbon tax will increase the cost of housing and will add to cost of living pressure now and into the future. The compensation package may be adequate to cover increases in energy charges but it will not cover the increase in the cost of new housing which will be at least \$5,000 for a modest home with a \$23 per tonne carbon price set to rise until 2015 and beyond when an ETS is introduced.

The bulk of the Government's compensation package cuts out at incomes over \$80,000. At \$80,000 the tax cut for individuals is only \$16 per annum. Dual income households on \$150,000 will receive \$281 per annum. The annual increase in mortgage repayments to cover the carbon tax affect on new housing will be \$480 per annum. Add to that the Government's estimated cost of living increase of \$515 per annum and it becomes clear that the compensation package for most does not stack up.

"The building industry and new home buyers are already paying for a lower carbon emissions future through increased mandatory energy efficiency stringencies and will now be asked to pay again.

Based on recent independent modelling, the carbon tax is calculated to reduce total building and construction industry output by about 2.5% per cent or \$5 billion per annum.

Master Builders is also concerned that the impact of the carbon tax will not be neutral and that it will disproportionately fall on small building contractors.

Mr Harnisch said, "The need to address climate change is recognised but the focus must not be on compensation but the policy fundamentals.

The fundamental issue for the building and construction industry is the integrity of a carbon tax policy framework which has been driven more by the circumstances of a minority government rather than good public policy principles of efficiency, equity and simplicity.

"Master Builders shares the strong concern of other business groups that the proposed carbon tax regime is not aligned in terms of timing and effort of the major carbon emitting nations and therefore risks Australia's economic sustainability.

Mr Harnisch said, "The carbon tax is a negative for the building industry. The cascading and increasing nature of the tax combined with the industry's long supply chain and low margins means that the resultant increased costs will be passed on to the consumer. There is nothing in it for homebuyers, small business and the building industry."

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