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Aussie Building Product Manufacturers Stand to Lose On Carbon Tax

Small and medium scale Australian building product manufacturers are at risk of taking the brunt of a carbon tax says the Housing Industry Association.

“Building product manufacturers across Australia will potentially be the hardest hit by the carbon tax,” said Graham Wolfe, HIA’s Chief Executive – Association.

“There will be an immediate and inevitable flow through of cost increases across the broad range of building materials, products, fixtures and fittings,” said Mr Wolfe. “It will add an extra \$6,000 or more to the cost of building an average new residence, placing additional affordability pressure on new housing activity, and adding an extra \$43 per month to the family mortgage repayments,” he added.

“That adds a further \$12,800 to the total repayments over a 25 year loan.”

“The market will look for alternatives and that rings alarm bells for Australian building product manufacturers,” said Mr Wolfe.

“A carbon tax will make Australian made and manufactured building products less price competitive,” Mr Wolfe stressed. “Put another way, imported building products will become more price competitive, more cost appealing, and that paints an ominous picture for Australian manufacturers and for those employed in the sector.”

“Understandably, the Federal Government has focused on the big emitting, trade exposed operations. But tens of thousands of potentially trade exposed Australian manufacturers have been forgotten in the debate,” Mr Wolfe said.

The residential construction industry is in the grips of its worst downturn in decades. Housing starts are forecast to fall by 15 per cent to 143,400 in 2011, down from 168,700 in 2010.

“New housing is already overly taxed, more so than any other industry,” Mr Wolfe said.

“A carbon tax will have a multiple impact on the housing sector. It will increase building costs, further dampen housing activity and kick an own goal against Australian building product manufacturers,” Mr Wolfe concluded.

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