

Property Investor Report



Carbon Tax on Housing

Now we know the starting price on carbon – \$23 – a clearer picture is starting to form as to its impact on the property industry. Will it have a negative impact? That all depends on who you talk to.

The Housing Industry Association – a body that represents builders and the makers and suppliers of building products – remains opposed to a carbon pricing plan, arguing it will add \$5000 to \$6000 to the cost of a new house and land package – taking into account everything from the price of developing the land to fitting a kitchen cupboard handle.

The HIA argues that putting a price on carbon will burden small energy-intensive businesses such as cabinetmakers who will have to pay high power costs.

"The industry is very much aware that the carbon tax is going to have a significant impact on the cost of delivering new housing and importantly a very significant impact on manufacturing of building products in Australia," says Graham Wolfe, HIA chief executive.

Wolfe argues that new housing already contributes to energy efficiency through the mandatory six-star energy rating.

In terms of the real impact of a carbon tax, Wolfe says "it's going to take a little while for builders to come to terms with what those cost increases are going to be, how often they're going to be passed on and how quickly they're going to be passed on".

"I think for 12 months you'll see a transition period where the industry comes to absorb those costs and pass them onto clients," says Wolfe.

"I would have thought by the middle of 2013 you'll probably see it just absorbed in and we move on and unfortunately by that period of time a number of manufacturers will have hit the wall and a number of consumers who might otherwise have invested in a new family home, won't."

In terms of minimising the impact of the carbon tax, Wolfe argues "it's out of the builders' hands".

"You go and talk to a kitchen fabricator and they purchase their particle board, they fabricate the kitchen ... and all of that requires a lot of electricity to go into the machinery that goes into that work," Wolfe says.

"The kitchen fabricator can't do anything about that, there's no alternate source of energy, they have to get the electricity off the grid. If electricity prices go up, they have to wear the extra costs; the question then is, how much of that extra cost do they absorb, and how much do they pass onto the builder?"

But Tony Wood, an energy expert from The Grattan Institute, is taking a closer look at the housing numbers.

"Right now and certainly up until now it is absolutely in the interests of those who've got ways of reducing costs not to tell anybody," he notes.

"What you want to do is convince government that the sky is about to fall and it's all terrible and they need to give you compensation. But as soon as

it happens and the price is set \$23 in July 2012, then all the things you can do for less than \$23 will come out of the woodwork.

"Whenever industry is given the incentive, it finds ways to do things that cost less than any economist can ever think of. There may very well be a couple of pockets of industry that cannot do anything, but that would seem to fly in the face of recorded history."

Wood points out that this kind of lobbying is not new. "In 1853, Charles Dickens' novel *Hard Times* talks about the fact that the millers of Coketown were threatening that if they ... had to let their child labourers go to school, or if they weren't allowed to let the smoke go into the air in London, that they would have to shut down and throw their machines into the Atlantic Ocean. And guess what, they never did."

Wood also says a careful eye needs to be kept on what costs are being passed through. "Aluminium and cement and steel are all arguing that they need compensation because they can't pass through the carbon price, now if they can't pass it through, how can the housing industry be saying that the price of aluminium [for example] is going to go up?" he asks.

"They can't both be right. Someone's having a go at somebody. I don't care which one it is, but it's one of them."

Aluminium, steel and cement are viewed as trade-exposed and will be compensated under a carbon tax. "They should not be allowed just to put their prices up and pass through a carbon price they're not paying for," Wood says.

Source : www.domain.com.au (12/7/1011)

Leased in September

Lotus Ave, Bellmere	2-bed Duplex, a/c	\$255 (same)
Peggy Rd, Bellmere	3-Bed House, ens, a/c DLUG	\$300 (same)
Gerald Ave, Clontarf	3-bed Townhouse, ens, SLUG	\$300 (new listing)
Duport Cres, Dakabin	3-Bed Duplex, ens, a/c SLUG	\$310 (new listing)
Andrew St, Kallangur	3-bed highset House	\$310 (same)
Gallipoli Ct, Caboolture	4-bed House, ens, a/c, DLUG	\$310 (\$10 decr)
Hipwood St, Morayfield	4-bed House, ens, DLUG	\$320 (new listing)
Bauhinia Ct, Morayfield	4-bed House, ens, a/c, DLUG	\$320 (\$10 decr)
Van Beelen St, Caboolture	4-Bed House, ens, a/c DLUG	\$330 (same)
Adrian St, Caboolture	4-bed House, ens, a/c, DLUG	\$330 (same)
Dicarlo Dr, Morayfield	4-Bed House, ens, a/c DLUG	\$365 (same)
Elof Rd, Caboolture	5- bed House, ens, a/c, DLUG	\$420 (\$30 decr)
Possum Pde, North Lakes	4-bed House, ens, a/c DLUG	\$430 (same)
Holly Cres, Griffin	4-bed House, ens, Duct a/c, DLUG	\$430 (same)



Calendar Dates for October

Disbursements

Mid-Month
Fri 14th Oct

End of Month
Mon 31st Oct

Office Holidays

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Selling with Solutions

"I recently purchased a house from Solutions Property and Cliff Fleming was the property agent.

"I just wanted to send an e-mail commending Cliff for his work on the sale. This is not the first house I have purchased and was not the first time I have had dealings with property agents. Cliff was both professional and hard working and after dealing with him I was refreshed about his honesty compared to some of the property agents that I have dealt with.

"This house is somewhere that I hope to stay for a long time but if I ever have any requirement for a property agent your company will be the first I call due to the work of Cliff."

*L French
Deception Bay, Aug 2011*



Cliff Fleming
Sales Manager
0403 030 969

Back from Holidays...

After a long-overdue break I am back on board, feeling refreshed and revitalized.

Thanks to my fantastic team, I returned to find things running like clockwork.

Many thanks to Norma, Sue, Jennifer and Lorraine for your hard work and dedication.

- Laura Valenti