

PROPERTY OWNERS ASSOCIATION OF AUSTRALIA



President :
Bruce McBryde
P.O. Box 1984
TOOWONG QLD 4066

Hon. Secretary :
Robert Baker
PO Box 1730
West Perth, WA 6872
aus@poaa.asn.au
www.poaa.asn.au

Inquiry into First Home Ownership
Productivity Commission
LB2, Collins Street East
Melbourne, Victoria 8003
housing@pc.gov.au

11/2/04

Dear Commissioners,

Inquiry on First Home Ownership submission.

The Association, representing all the states Property Owners' Associations, in response to the Terms of reference & the Commission's draft discussion paper of December 2003, congratulates the Government on this Inquiry and the Commission for its draft, **however** we note that demand for owner occupier housing is severely increased by Land Tax, with consequential cost increases. The POAA stresses that Housing competition by the private sector is severely limited by Land Tax and that we agree with the AHURI & REIA comments on Land Tax being a significant factor in increasing Housing prices/costs.

Land Tax is not a fair, equitable or efficient tax as it is an antiquated form of wealth tax, with no corresponding wealth tax on share or other asset ownership including farming land. This land tax and its bracket creep severely limits low cost rental housing provision in all the capital cities except Darwin, which has no land tax. Mainly as a consequence of this discriminatory land tax, only 4% of property owners own 4 or more rental houses. (refer ABS). The aim of the Government to provide the opportunity for people to acquire their first home ownership should not be at the expense of people who already have a home, rented or otherwise: **any proposal** for maintaining land tax will directly cost tenants more, particularly low income tenants.

Land Tax removal in 2005 – as part of the review of State Taxes after the introduction of the **GST that has increased costs** to rental housing – should be brought forward in view of recent increases in Land Tax due to these inflation-caused bracket creeps.

Yours faithfully,

Property Owners Association of Australia
per: Bruce McBryde