



## Motor Trades Association of Australia

Mr Gary Banks  
Presiding Commissioner and Chairman  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Mr Banks

Thank you for the opportunity to comment on the Commission's draft discussion paper on first home ownership. The Motor Trades Association of Australia, on behalf of its Member bodies, would like to make a number of brief comments in relation to that draft.

The Motor Trades Association of Australia (MTAA) is the largest 'stand alone' small business association in the country, representing over 80,000 businesses and 250,000 employees in a trade with an \$88 billion annual turnover. The Motor Trades Association of Australia is the national representative organisation of the retail, service and repair sectors of the Australian automotive industry. The Association is a federation of the motor trades associations and the automobile chambers of commerce in each state and territory as well as the NSW based Service Station Association Ltd (SSA Ltd) and the Australian Automobile Dealers Association (AADA).

MTAA notes that section five of the draft discussion paper examines the impact that certain aspects of the various Commonwealth, state and territory taxation regimes may have had on house prices and the affordability of housing. MTAA is concerned that the Productivity Commission appears to advocate the removal of stamp duties in favour of "potentially more efficient ways of raising revenue than stamp duties", including payroll tax and the GST. MTAA believes that an increase in either the scope or the rate of payroll tax would be unjustified and would amount to an unfair burden on businesses and a tax on jobs.

MTAA is aware that many small businesses are currently exempt from payroll tax and the Association is concerned that those exemptions may be removed in order to recoup revenue lost as a result of the removal of stamp duties on property transfers. Such an outcome would inflict significant hardship on many small businesses and would likely lead to job losses and business closures. As such, MTAA strongly opposes the Commission's proposal to remove stamp duties from property transfers and replace that lost revenue with increased payroll tax collections. MTAA also notes that the Commission proposes that stamp duties on property could be removed in favour of increasing land taxes. MTAA believes that such a proposal would again constitute an unfair burden on businesses as it would likely increase the land tax payable on business premises.

MTAA also notes that the Commission suggests that greater reliance could be placed on GST revenues in order to allow for the removal of stamp duties on property. MTAA would strongly oppose any proposal to increase the rate of the GST or broaden its scope.

Motor Trades Association House, 39 Brisbane Avenue, Barton ACT 2600  
PO Box EM68, Kingston, ACT 2604  
Telephone: + 61 2 6273 4333. Facsimile: + 61 2 6273 2738.  
Email: [mtaa@mtaa.com.au](mailto:mtaa@mtaa.com.au) A.B.N. 66 008 643 561

MTAA notes that on page 77 of the discussion draft, the remarks that "as stamp duties add only marginally to the price of housing, their removal could not be expected to have a large effect on housing affordability". Consequently, MTAA questions the value of proposals to increase taxes and charges on business in order to benefit first home buyers, when it appears that the effect of such changes will be of marginal benefit to first home buyers.

Finally, MTAA also believes that if stamp duties are to be removed from property transfers and be replaced with "potentially more efficient forms of taxation" then the similar and inefficient stamp duties that are currently levied on motor vehicles should also be removed.

If you have any questions, please do not hesitate to contact me on (02) 6273 4333.

Yours sincerely



✓ MICHAEL DELANEY  
Executive Director

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