

Media Release



13 March 2009

REMOVAL OF LAND TAX WILL HELP FIRST HOME BUYERS

The removal of land tax on titled lots held by developers on 30 June each year will help government efficiency and ensure adequate land supply according to the Urban Development Institute of Australia (UDIA) (WA).

“UDIA strongly supports the state government’s intention to remove land tax on titled lots held by developers on the 30th June each year,” UDIA CEO Debra Goostrey said.

“The tax is a barrier to land supply because developers manage their lot production to limit their tax liability,” Ms Goostrey said.

“There is a supply spike in April/ May as developers try to shed land and then a lag in June during tax time,” Ms Goostrey said.

“This causes land supply issues to the market around June each year.”

“This lack of supply in June could threaten First Home Buyers wanting to take advantage of the FHOG Boost in the 2 months prior to June 30,” Ms Goostrey said.

“Given the uncertainty over the continuation of the FHOG boost and the potential rush for land in the last two months, the current land tax arrangements will have a negative impact on availability, not only reducing the opportunity for West Australians to achieve home ownership, but also applying upward pressure on land prices.”

“Importantly, restoring the concession will also have a positive effect on the 3% efficiency drive currently being undertaken by the government,” Ms Goostrey said.

“The current taxation arrangement leads to inefficient use of resources - in the private sector civil contractors and building contractors experience significant fluctuations and this fluctuation in workload also applies to government staff processing titles as well as planning staff in DPI.”

“The previous Liberal government recognised the dysfunctional nature of the tax when they introduced a land tax concession for developers in May 1996,” Ms Goostrey said.

“When that concession was abolished in 2003 as part of Business Tax Review, developers once again had to adjust their practices to ensure minimal supply as at 30th June,” Ms Goostrey said.

“UDIA is very pleased that the state government is considering abolishing this nuisance tax,” Ms Goostrey said.

End.

For further comment: Debra Goostrey CEO UDIA(WA) Office Hours: 08 9321 1101 After Hours: 0439 380 266	General Media Enquiries: Gemma Osiejak Communications Manager UDIA (WA) P: 08 9321 1101 E: gosiejak@udiawa.com.au
---	--