

LAND TAX ASSESSMENT AMENDMENT BILL 2022

Second Reading

Resumed from an earlier stage of the sitting.

DR J. KRISHNAN (Riverton) [5.50 pm]: I rise today to make a contribution on the Land Tax Assessment Amendment Bill 2022. Before I begin, I congratulate the new member for North West Central on her election to Parliament and her inaugural speech.

This bill has three components: firstly, to provide tax exemptions to caravan parks and camping grounds; secondly, to provide tax exemptions to people who live in full-time care, not in their primary residence; and thirdly, to make amendments to the general notification requirement.

It is the Western Australian lifestyle for people to hitch a caravan and spend time visiting places because we are fortunate to have such an abundance of land. Not many countries, including where I was born and brought up, in India, have such a luxury. The minister has brought an important reform to the house with these amendments that support low-cost permanent and holiday accommodation in Western Australia. Eligible land in caravan parks or camping grounds receives a land tax exemption under the Land Tax Assessment Act 2002, but a 2018 State Administrative Tribunal decision means that the exemption cannot be applied to new caravan parks containing relocatable homes that are not on vehicles. This amendment bill is essential to support that category of park.

Non-vehicle relocatable homes are often used by permanent residents of a park. They purchase a home and use it as their primary residence. Everybody else who lives in their primary residence is exempt from land tax. In this case, a person who invests in a transportable or relocatable home and permanently lives in a park should be given a land tax exemption.

Required amendments to the Land Tax Assessment Act 2002 are designed to align with a longstanding policy to provide land tax relief to low-cost holiday accommodation, caravan parks, camp sites and owner-occupied homes. The amendments were announced on 30 June 2020, ensuring that the land tax exemption would apply from the start of the financial year 2020–21. No park will be disadvantaged by the retrospectivity of these amendments.

When will the amended legislation come into effect? If someone gets a land tax exemption but will not under the amended legislation, it will come into play only after the royal assent of the bill. That means the amendments will make sure that the people who already get the benefit of an exemption will not be worse off because of retrospectivity when the amended legislation is rolled out.

People choose the model of an owner-occupied home for various reasons. They prefer the ability to change location and experience different towns and areas and the lifestyle. The amended legislation will support those people. A short-stay park will be eligible for a land tax exemption if 75 per cent or more of its accommodation is caravans and camp sites. If caravans and camp sites comprise less than 75 per cent of the park, a proportionate exemption will apply. It will be the same for long-stay parks, but 75 per cent of the sites will have to be owner occupied. If less than 75 per cent of the long-stay park is owner occupied, again, a proportionate exemption will apply to them. Sometimes parks are mixed use, with caravans, camp sites, owner-occupiers and tenants. When this occurs, a proportionate percentage will be applied for the exemption. There are situations in which the whole site is mixed-use with a combination of short-stay and long-stay accommodation, caravans, and camp sites. Again, the proportion of each will be taken into account.

RevenueWA will be responsible for calculating land tax exemptions and the exact payments that need to be made. The park owner will not need to complete the calculations; that will become the responsibility of RevenueWA. Park owners will need to give RevenueWA information on the number of sites and the types of accommodation and facilities in the park for RevenueWA to decide which exemption could be applied.

Three industry groups were consulted during the drafting of the bill. Two of them did not make a submission. Only one group made a submission, requesting a blanket exemption for tenants who live in a relocatable home and a similar exemption for long-term tenanted sites without being an owner. Those amendments were not accepted, for obvious reasons. Basically, people cannot get an exemption, relocate the home to another place and get another exemption. Unless it is a primary residence, it is not considered fair to get the exemption. No amendments were made when the bill was eventually presented.

The next amendment is about owners in full-time care who will get a land tax exemption. Someone who lives in their primary residence will not have to pay land tax, but if they do not live there, they will be expected to rent out the place. That does not suit every individual because a person may have to move into an aged-care or mental health facility or go to hospital for treatment. Sometimes it is unpredictable how long the treatment will go for, particularly if it concerns rehabilitation or there is uncertainty about the prognosis of whatever condition they have. It is only fair to include that category of people in this exemption, which the minister has considered. If an individual moved from their primary residence into full-time care, they would also be included in this exemption.

The last part of the bill is about a general notification requirement. Currently, a person who is liable to pay land tax must advise the Commissioner of State Revenue whether the land tax assessment was incorrect. Following this amendment, owners will be required to advise the commissioner of an event or circumstance that may affect their exemption or concession, and the commissioner will decide the amount that needs to be paid.

This bill is one of a long list of bills that has been brought to Parliament by the efficient ministers under the leadership of Premier Mark McGowan. In the current circumstance of people facing cost-of-living pressures across the country and around the world, this amendment bill will only benefit the people of Western Australia. I commend the bill to the house and I thank members for the opportunity to speak on it.

MS C.M. ROWE (Belmont) [6.02 pm]: I am really pleased to make a contribution this evening to speak on the Land Tax Assessment Amendment Bill 2022. As other members have indicated, this bill addresses issues with the land tax exemption for caravan parks and residential parks, and introduces a new land tax exemption for home owners in full-time care. I want to speak just on the exemption for caravan parks specifically. Eligible land in a caravan park or camping ground receives a land tax exemption under the Land Tax Assessment Act 2002. This exemption provides important support for those businesses that offer low-cost permanent and holiday accommodation in Western Australia. Non-vehicle relocatable homes are often used by permanent residents of a park who have purchased the home to use as a primary residence. The amendments in the bill are designed to align with the longstanding policy to provide land tax relief for low-cost holiday accommodation such as caravan parks and camp sites, and to provide land tax relief for owner-occupied homes. The new exemption will apply to parks containing low-cost holiday accommodation, owner-occupied relocatable homes, or both. That is like the one I have in my electorate of Belmont. A short-stay park containing caravan sites, camp sites, cabins and chalets will be fully exempt if at least 75 per cent of its accommodation sites are caravan and camp sites. If less than 75 per cent of the sites are caravan and camp sites, a proportional exemption will apply to the park.

Other members have gone into the specifics of how the amendments contained in the bill will work. I would like to take the opportunity to acknowledge the minister for bringing this bill to the house because I think it shows, once again, our commitment as a Labor government to protect the most vulnerable Western Australians. That is really what I want to touch on in my brief contribution this evening. As we look around the globe, we see major inflationary pressures continuing to escalate, food insecurity and even famine outbreaks in parts of Africa, due largely to the war in Ukraine and the subsequent supply issues. We are also seeing major housing affordability concerns in not only our own backyard, but also abroad.

I feel like we in WA have been somewhat inoculated against the worst of these pressures in recent years, and I think it is fair to say that a significant proportion of that can be attributed to our government, and certainly to the Premier, for shepherding us through what has been incredibly uncertain economic terrain. Our economy has indeed thrived, but we, too, have many, many people right across our community—I certainly do in Belmont—who are experiencing tough times. Last week, I met with the CEO of Foodbank, Kate O'Hara. Foodbank is based in my electorate. She said that Foodbank is seeing a significant increase in people asking for help, many for the very first time in their lives. Foodbank, as many members in this house know, provides affordable food and food relief to many, many vulnerable people in WA. Foodbank's recent hunger report, which I think was released on Monday, indicated that 208 000 households in WA went hungry in the last 12 months due to a lack of funds. That means they were sometimes skipping meals or going whole days without eating.

Foodbank also estimates that, nationally, on average, 50 per cent of people's income is going towards paying their rent or mortgage. Let us mull that over. That is a huge proportion of someone's income going towards covering the cost of a house. I printed an article from *The West Australian* from a couple of weeks ago titled "Surprising area where rent is surging as weekly cost goes up around Australia". The article suggests that more Western Australians are being frozen out altogether from the rental market as rental costs continue to climb. Anglicare's latest rental affordability snapshot identified that the number of rentals available in Perth has halved in the last two years. According to Anglicare, this has contributed, in part, to some of the rise in rental costs. The snapshot suggests —

Fewer than 50 suitable properties were affordable for minimum wage earners and none were within reach of those on JobSeeker or the disability pension.

Anglicare WA chief executive, Mark Glasson, whom I met with two weeks ago, was quoted earlier this year as saying —

"In the last 12 months, we've seen a growing cohort of so-called 'working poor' employed in insecure and casualised jobs, and even those working full-time on minimum wage, are struggling to pay their rent,"
...

"(They) are facing tough choices, such as deciding between food or fuel."

Anglicare WA observed that it had seen a 50 per cent increase in employed people seeking food handouts and financial assistance in March this year. It is also worth pointing out that Perth's median house rent was \$370 a week in June 2020 and in December last year it was \$450. This is the harsh and stark reality faced by many

Western Australians right now. I feel that this bill goes to the heart of those housing affordability issues. I see this on a regular basis among my own constituency in Belmont. People are simply unable to make ends meet from a rental point of view. A lady came into my electorate office a few days ago—on Friday—and was in great distress because her landlord was increasing the rent on her property, having done so only six months prior. She was very upset because she was already paying out a huge portion of her income for her rent. The affordability of housing is a real problem that we face in this state. Sadly, people are relying on landlords being reasonable, and I have to say that my constituents are not always seeing that. That is a problem.

Another consideration is that pension rates are the same for renters and for home owners. For people who are on low and fixed incomes, rent going up creates a huge pressure point. People simply cannot meet those increases, and that leads to other issues, like homelessness in extreme cases. We also know that, sadly, homelessness is on the rise for pensioners in WA, with 1 500 people aged 55 years and over being homeless. That is a pretty distressing figure, and I see it in my own community. Caravan parks are an ideal place for people to seek a permanent primary residence in an affordable environment. As the member for Thornlie pointed out, they are often in really lovely surrounds. I know the caravan park in Belmont is in a really lovely area. Most importantly, caravan parks provide secure and affordable accommodation, which is critically important in this environment.

I would like to point out that our government and the minister are committed to throwing everything at addressing homelessness in our community. I want to take this opportunity to highlight some of the things that we are doing in that space. A lot of people in the community think that it is as simple as finding people accommodation, but homelessness is a deeply complex issue. I will not go into that; I just want to touch on some things that we are doing to address those issues. We have committed to investing \$2.4 billion in housing and homelessness over the next four years. That includes a \$225 million investment in homelessness services this financial year alone, which is a significant amount of money. This funding will also help deliver 3 300 social homes across WA. We will also spend on average \$100 million a year across a range of specialist homelessness services. We have added 743 social homes to the system and a further 900 are under contract or construction, since July 2021. We are also looking at diversifying construction methods for social and affordable homes across the state. We are investing over \$70 million to deliver Common Ground facilities in East Perth and Mandurah. That will provide not only accommodation, but also the critically important wraparound services that many people need to sustain their tenancies. Over the last financial year, we have added 102 crisis accommodation places for some of the most vulnerable in our society.

What I am trying to say is that we have a great track record in trying to address homelessness and provide support to the most vulnerable people in our community. I am really proud of our Labor government and all the measures that we are taking across the many different portfolio areas. I want to reiterate my congratulations to the minister. This bill might seem a little dry on the initial reading, but it points to our values as a Labor government in looking after the most vulnerable at a critically important time globally, with a recession looming next year. I absolutely support this bill and commend it to the house.

DR A.D. BUTI (Armadale — Minister for Finance) [6.14 pm] — in reply: I thank all members who have spoken in the second reading debate on the Land Tax Assessment Amendment Bill 2022. I will leave the questions that the Leader of the Opposition put to me until the end, and I will begin by addressing the contributions of other speakers.

The member for Thornlie talked about the pressures, especially financial pressures, felt by elderly people as they seek to access low-cost accommodation, aged-care facilities and so forth. He talked about how some of these facilities have a nice holiday atmosphere, making for quite an enjoyable space to be in. This bill will ensure that people can live in low-cost permanent accommodation as the parks will be exempted from land tax.

The member for Cockburn talked about two caravan parks in his electorate. He said there were two main reasons for people living in these parks, one being the retirement lifestyle and the other being affordability. That is something we were very concerned about with the 2018 State Administrative Tribunal decision. He talked about the changes that have been made to lease arrangements. People living in these types of accommodation, close to the beach, expect to remain there for the long term, but that could be abruptly brought to an end. We have made legislative changes to address that.

The member for Geraldton talked about how important this bill will be for recreation and tourism and people being able to enjoy these low-cost holiday options. This bill seeks to retain those options.

The member for Mount Lawley talked about the record of the last government in increasing land tax—not once, not twice but three times—and, at the same time, the loss of the AAA credit rating. He also referred to the previous government having had three finance ministers within a pretty short period in its last term of government. It reminds me of what is happening in Britain. It has had three chancellors in a very short time, which is not good for stable government. That was also the case in the dying years of the Barnett government.

The member for Riverton talked about the need for this bill in providing certainty and addressing the concerns coming out of the 2018 SAT decision.

The member for Belmont provided some commentary about the caravan park in her electorate and how the bill will provide land tax relief, which is very important for owner-occupier residents of the park. She also talked about the issues of homelessness in Western Australia. Low-cost accommodation options will help with that, and she talked about other things that we as a government are doing in that space.

I want to thank Kelly Whitfield and Gino Trichilo from the Department of Finance, who have provided me with substantial responses to the questions put by the Leader of the Opposition and have briefed me in preparation for this debate. I also thank Matt Kavanagh from my ministerial office.

I will address the questions asked by the Leader of the Opposition, although not necessarily in the order they were asked. The Leader of the Opposition talked about the complexity of the calculation that would be involved in working out the tax exemption. As we know, if the 75 per cent low-cost accommodation threshold is met, there will be a total exemption. The calculation is reasonably complex but not to the extent that it is not understandable. RevenueWA is very capable of helping parks with that. The calculation for some parks might involve several steps, but for other parks there will be a total exemption in any case and it will not involve a complex calculation.

The Leader of the Opposition also talked about her understanding that the genesis of this Land Tax Assessment Amendment Bill is the 2018 State Administrative Tribunal decision. She said that her understanding was that a park home has to be a vehicle. The SAT decision confirmed that a park home must be a vehicle and not simply a dwelling capable of being moved. Of course, that is what has created a lot of concern. That was a decision in *Henville v City of Armadale* in my electorate. That has created uncertainty for parks that contain noncompliant park homes. The 2018 decision called into question the validity of the licences of parks with noncompliant dwellings. To address those concerns, the Caravan Parks and Camping Grounds Regulations were amended to deem non-vehicle relocatable homes to be compliant park homes if they were licensed before 1 July 2019. This effectively acted as a grandfathering of the licence status of parks, regardless of whether they contain noncompliant dwellings. But we needed to look at the future. Something needed to be done so that in the future, new parks that contain noncompliant park homes will be able to get a licence.

The Leader of the Opposition also questioned whether park home owners will have to report their owner-occupier status to RevenueWA. To administer the proposed exemption, the Commissioner of State Revenue will contact park owners for information such as the type and number of sites and the use of various areas in their park. That is how RevenueWA will calculate whether the 75 per cent threshold for total exemption is met. However, the commissioner may conduct compliance activities to ensure that the exemption is being administered correctly, including audits and reviews of current exemptions. The Leader of the Opposition also queried where subletting fits into the scheme. A person may sublease their relocatable home in a caravan or residential park. If the person renting the relocatable home uses it as their principal place of residence, the site will still meet the definition of owner occupied for the purpose of the exemption. A site rented out this way—not by the park owner—will count towards the exemption status of the park.

The Leader of the Opposition queried whether park owners would understand what constitutes an owner-occupied home site. An owner-occupied home site is a long-stay site rented to a tenant as their principal place of residence, whereby the tenant provides a relocatable home on the site. The definition of “owner-occupied home site” in the bill is linked to the Residential Parks (Long-stay Tenants) Act 2006, which regulates the relationship between the operators of residential parks and tenants. Park owners will be able to identify owner-occupied home sites, which are clearly distinguished in that legislation from sites on which the park owner provides a relocatable home. RevenueWA remains ready and willing to provide support and information to assist park owners to provide clarification on whether they come under the exemption definition.

The Leader of the Opposition said that sometimes a park might have short-stay and long-stay accommodation and asked how that will work. That is exactly right; accommodation is sometimes long-stay and sometimes short-stay. That is catered for in the bill. It may be that a park has a combination of short-stay and long-stay accommodation and so it is a mixed-use park. In that situation, the exemption will be calculated on the basis of the two different types of exempt sites in the park. If the 75 per cent threshold is met for both the short-term and long-stay accommodation, there will still be a total exemption. It will be combined to produce a final exemption. If it is over 75 per cent, there will be a total exemption. If one or both types of site do not meet the 75 per cent threshold, a partial exemption will apply.

I think that the last question the Leader of the Opposition asked was about consultation. Consultation was undertaken on the bill before it was brought to the house. The Park Home Owners Association Western Australia Inc is an industry body that provides support and advocacy for long-stay residents in Western Australian park and village communities. It was consulted on the amendments that are before the house. It was provided with a consultation draft, the amendments and the explanatory notes, and it did not indicate that it had any concerns. It provided no comments on the bill. I think that hopefully answers the questions asked by the Leader of the Opposition.

To summarise, this Land Tax Assessment Amendment Bill 2022 will amend the Land Tax Assessment Act 2002. It will resolve the issues with the caravan park land tax exemption that came out of the 2018 SAT decision and will introduce a new land tax exemption for home owners in full-time care. That new land tax exemption for home owners in full-time care is really quite important. As a Labor government, we were very concerned about that decision and the uncertainty it has created. We thought it important that caravan parks and camping grounds continue to provide important low-cost permanent and holiday accommodation throughout our state, whether in the city, the peri-urban regions or the regions. To support this, this legislation will ensure that these parks will receive an exemption from land tax. The member for Mount Lawley mentioned that the previous government raised land tax. We are ensuring that this exemption from land tax will benefit many people living in caravan parks or owner-occupied homes to ensure that they can still afford that option.

As I said, the decision by the State Administrative Tribunal in 2018 created uncertainty in the industry and meant that an exemption cannot apply to new parks that contain relocatable homes that are not vehicles. These types of relocatable homes in caravan parks are often owned and lived in by permanent residents who are seniors. The member for Mount Lawley talked about the financial pressures for many people in that age group. This bill addresses the impact of that tribunal decision and will maintain the integrity of the exemption while ensuring that caravan parks will still be able to access the exemption.

I reiterate that the new exemption will provide tax relief for parks containing owner-occupied relocatable homes. These parks will be fully exempt from land tax if at least 75 per cent of their accommodation sites are owner-occupied relocatable homes. As most relocatable homes are owner occupied, it is expected that most parks will be granted a full exemption, but a partial exemption will apply if the owner-occupied sites comprise less than 75 per cent of the park's total accommodation.

This change will create a formal land tax exemption for residential parks containing owner-occupied homes and will ensure—the government is very committed to this—that owner-occupiers in parks, who are often older or on low fixed incomes, will not be indirectly charged land tax. That is really, really important to this government. The new exemption will also continue to provide land tax relief for parks that provide low-cost holiday accommodation. We had concerns about not only people who live in owner-occupied homes and long-stay residents of parks, but also those who want to enjoy a low-cost holiday. Low-cost holiday accommodation parks will be fully exempt from land tax if at least 75 per cent of their accommodation sites are caravan or camp sites. If it is less than 75 per cent, there will be a partial exemption. That continues the intent of the caravan park exemption and will provide a full exemption for parks that provide sufficient low-cost holiday accommodation. To answer the question asked by the Leader of the Opposition, it will also apply to parks in which there is a mixture of short-stay holiday accommodation and long-term accommodation for permanent residents. As the Minister for Finance, I am very, very proud that we will have these additional exemptions from land tax if an owner has moved into full-time care and the property is not rented out. That is a commonsense legislative change to assist people in the community during a very stressful period as they move into full-time care and can no longer live in their home. I am sure it is also a relief to their families and carers.

That is the summary of the bill, and I thank everyone for their contribution and those who have advised on the bill.

Question put and passed.

Bill read a second time.

[Leave granted to proceed forthwith to third reading.]

Third Reading

Bill read a third time, on motion by **Dr A.D. Buti (Minister for Finance)**, and transmitted to the Council.

House adjourned at 6.31 pm
