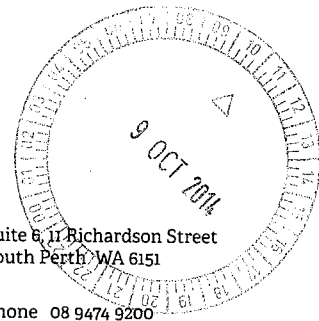




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Hon. Robyn McSweeney MLC
Chair
Legislative Council
Standing Committee on Legislation
Parliament House
PERTH WA 6000
E: lccl@parliament.wa.gov.au

9 October 2014

Dear Mrs McSweeney

Taxation Legislation Amendment Bill 2014

My name is Beth Cameron and I am the Chief Executive Officer of Leading Age Services Australia - WA (LASA-WA). I write to you regarding the Taxation Legislation Amendment Bill 2014, currently under consideration of the Standing Committee.

About Leading Age Services Australia (LASA-WA)

LASA is a not-for-profit association that represents age care providers across the spectrum of the industry. Our members include suppliers of homecare, residential care and retirement villages regardless of their ownership status (private, charity, mission and not-for-profit).

The purpose of this submission

The purpose of this submission is to bring to your attention a possible unforeseen consequence of the Taxation Legislation Amendment Bill 2014 that could find not-for-profit aged care providers subject to payroll tax.

Aged care is a highly regulated area of business. Legislation determines: what kind of aged care services can be delivered; where; for how many people; at what price. The result of this is a constrained sector reliant on government funding and with limited profitability. In Western Australia particularly, the industry is not growing in alignment with projected need.

In summary, and as you would be aware, the legislation means that organisations established and carried on for the promotion of trade, industry or commerce would only be entitled to an exemption for stamp duty, land tax and payroll tax if the sole or dominant purpose of the organisation is the relief of poverty, the advancement of education or the advancement of religion.

In other words, unlike poverty, education and religion, aged care is not excluded from this legislation. LASA-WA is asking for an amendment whereby 'the provision of aged care services' is inserted at 96A(d)(iv) and then consequential amendments made where necessary:

96A. What is a relevant body...

- (d)...unless the sole or 13 dominant purpose of the body is —
- (i) the relief of poverty; or
 - (ii) the advancement of education; or
 - (iii) the advancement of religion; or
 - <insert> (iv) the provision of aged care services**

**All age services.
Speaking as one.**

In order to secure certainty that not-for-profit aged care providers will remain exempt from payroll tax LASA-WA is asking for the amendment.

Although the legislation provides for a process where an organisation that has been asked to pay payroll tax can make an application to the Commissioner for State Revenue and then the Minister for an exemption, this process, should it need to be used, will be another burden on not-for-profit aged care providers.

Other issues

The 2014/15 Federal Budget announced the removal of a \$653 million Payroll Tax subsidy to private providers of aged care.

The subsidy meant that the payroll tax private aged care providers paid to the WA Government was reimbursed by the Federal government. This subsidy had been in place in some form since 1968, in respect of the highly regulated and resulting financial limitations on the sector. The 2014/15 Federal Budget announced this subsidy would stop on 1st January 2015. In Western Australia, this subsidy equates to around \$65 million over three and a half years.

In order to meet the care needs of older Western Australians, now and in the future, we need *all* providers of aged care to be supported, to remain viable and to grow.

There was no consultation with the industry before the Federal budget announcement and there is no phasing in. The industry has had no time to prepare for the financial consequences. Feedback to date from the Federal Government is that 'this is a state issue' and an expectation that aged care consumers will bear final costs.

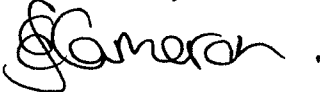
Over 5,800 Western Australian's receiving aged care will be affected and for an average 80 bed facility, the decision will cost approximately \$240,000 p.a. - the equivalent of 4.4 full time care staff.

LASA-WA appreciates that this Committee may not be in a position to examine the subsidy issue, however, we are concerned to find that aged care is not currently exempt from the Taxation Legislation Amendment Bill 2014. We have discussed the significant importance of the payroll tax exemption with a number of your parliamentary colleagues and are concerned that without a specific exemption in this legislation, aged care providers will be asked to pay payroll tax in the not too distant future. This would have huge ramifications for aged care providers and the people they care for.

Request to give evidence

While this submission has been made in consultation with LASA-WA members, because of the series nature of the legislation, I am asking to give evidence to the Committee and to advise that a number of my members will also provide individual written submissions.

Yours sincerely



Beth Cameron
Chief Executive Officer
LASA-WA