LAND TAX ASSESSMENT AMENDMENT BILL 2022

Second Reading

Resumed from 20 October.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [5.53 pm]: We have been galloping through legislation here today. I would hate to say we are about to come to a screaming stop, but I think we will still manage to progress in a reasonable manner tonight but perhaps not at the same rapid rate of this afternoon. This must be some sort of record, with three bills completed between two o'clock and six o'clock. I have not looked through the archives to see whether that is a record, but I suspect it would not be far off.

Hon Stephen Dawson: It would be for the Legislative Council.

Hon Dr STEVE THOMAS: Yes—sorry, for the Legislative Council. We will not reference how quickly legislation tends to go through the other place.

The Land Tax Assessment Amendment Bill is a really interesting one. There is a bit of history with this, for those of us who have been around for a long time. I will mention that I am the opposition's lead speaker on the bill and the opposition is supporting the bill for a range of reasons. I am old enough to remember caravan parks in some detail over many years, and I have certainly been around long enough to remember when caravan parks in particular paid land tax at a significant level.

We work under a system whereby caravan parks receive significant land tax exemptions, but when I first got involved in Parliament nearly 20 years ago now—which probably rightly picks me at a fair age—caravan parks across the state of Western Australia paid a significant amount of land tax. Caravan parks through the south west, particularly where the land value was fairly high, were being charged hundreds of thousands of dollars in land tax because land tax relates to the value of the property. So that people understand what land tax is, land tax is an additional tax applied by the state on all land in the state of Western Australia unless otherwise exempt. Obviously, the government does not charge itself land tax. The government does not charge itself many taxes at all, much to the chagrin of local government in particular. It also gives an exemption to the principal place of residence; we do not charge land tax on people's homes. Originally, effectively, if someone's land fell outside that, they paid land tax. Whether someone invested in a residential investment, such as a rental, or had a business, they paid land tax on their business. Those businesses originally included things such as caravan parks.

At the back of the black stump, if you will, in fairly remote areas, caravan parks are not necessarily valued at a particularly high amount. But in more populous and sought-after areas—I am thinking particularly around the Busselton area where I got involved nearly 20 years ago—caravan parks paid a significant amount of land tax. It was an incredible impost upon those businesses. They struggled to survive when they were paying that level of land tax. A campaign was undertaken at the time, all those years ago, and that resulted in some changes. Between then and now, land tax has been removed from short-term caravan parks with the exception, in many cases, of a nominal amount. The vast majority simply stopped having any significant contribution to land tax. That made an enormous impact on their bottom line. Plenty of caravan parks were shutting down. When I first got involved in politics, caravan parks were open but shut down during those first years during which I was involved. The good thing is that some of them have since opened up again.

If members happen to be down in the south west and visit Peppermint Grove Beach, for example, they will see the caravan park; it was originally a very popular caravan park where lots of people would spend their summers and lots of people had permanent caravans placed there that were still on wheels; they were not necessarily cabins, but they were permanently placed vans. I knew people in Donnybrook, where I lived, who would travel over, take a carton of beer with them and spend the weekend wandering along Peppermint Grove Beach and —

Hon Kyle McGinn: You'd drink a carton?

Hon Dr STEVE THOMAS: I was not talking about me. I never had a caravan over there. I would never claim that. There were probably people who took more than one carton for a weekend.

Hon Sue Ellery: Do you reckon there's too many mozzies on Peppermint Grove Beach?

Hon Dr STEVE THOMAS: They are bigger at the golf course. At Capel Golf Club, the mozzies would probably pick up a one wood. They would struggle with a putter, but the mosquitos at the golf course would pick up a one wood or a two wood. They are enormous. You need a golf club to keep them at bay, they are that big. We digress a little bit into golfing lore. But the caravan park at Peppermint Grove Beach was a prime example. The minister raises a good point, because there are other proposals for short-term accommodation in that area around Peppermint Grove. Ludlow, for example, is just out the back of the Ludlow tuart forest, where we can skip through the arum lilies that the Minister for Emergency Services is so fond of trying to get rid of as best he can. They have had a good season this year, if the minister has been down there.

Hon Stephen Dawson: Not just down there. I went to Muchea a few weekends ago, or Gingin, and on the way up north there were some along the roads.

Hon Dr STEVE THOMAS: My wife pulled a couple out on Upper Capel Road, which is where we live out the back of Donnybrook, so they are slowly spreading.

Sitting suspended from 6.00 to 7.00 pm

Hon Dr STEVE THOMAS: Before we were so rudely interrupted by the dinner break, we were discussing —

Hon Matthew Swinbourn: Your colleagues are rushing back to hear your contribution!

Hon Dr STEVE THOMAS: No doubt they are being overly enthusiastic in their friendship for Germany. I suspect they are over there pressing the case for more bilateral trade and the opening up of more trade routes into Germany, which is a highly industrialised nation, I might add. There is potential for us to send raw materials over there.

Hon Matthew Swinbourn: Four of us were there only a week ago.

Hon Dr STEVE THOMAS: In Germany?

Hon Matthew Swinbourn: Yes.

Hon Dr STEVE THOMAS: Was it a parliamentary jaunt?

Hon Matthew Swinbourn: No, it was work, believe me.

Hon Dr STEVE THOMAS: It was work. That is what they all say, Acting President (Hon Dr Brian Walker).

Hon Matthew Swinbourn interjected.

Hon Dr STEVE THOMAS: I was not asking the Acting President to comment.

I will drag myself back to the Land Tax Assessment Amendment Bill 2022, because this is a serious issue. As I said in my brief contribution before the dinner break, the opposition supports the bill. I will take members through the history of how we got here without repeating what I said at the start of my contribution. I remember when land tax applied universally to caravan parks many years ago. I am old enough and have been around the place long enough to remember when that occurred. Obviously, the land tax was incredibly high for those living in highly valued land areas because it was based on the valuation of the land. Caravan parks around Busselton and my patch in the south west were paying well over $100 000 a year in land tax. It was a significant impost on their viability. Governments post that period recognised that. My memory—the minister might correct me on this—is that the first correction occurred under the Carpenter government. I am trying to remember the year. It was around 2007, although it might have been slightly earlier. That can be checked later.

Hon Stephen Dawson interjected.

Hon Dr STEVE THOMAS: We will get to that. The minister's advisers were busy outside looking at their books, so that is okay.

Far be it from me to give too much credit to a Labor government, but I think it was the Carpenter government that first recognised the problem and instigated a set of changes. I apologise that I do not remember exactly what year that was. The Carpenter government instigated changes to make it easier for caravan parks to survive because caravan parks were closing down. It was a significant issue back in the mid-2000s when caravan parks could not survive and were going under. I used the example in my patch of the caravan park at Peppermint Grove Breach because I was a regular visitor to Peppermint Grove Breach and that caravan park closed for a number of years. When it closed, a handful of permanent residents, effectively, had to find another form of accommodation. A handful of residents were living in permanent-style accommodation despite the fact that it was a caravan park and the accommodation was supposed to be temporary. The classic caravan that has been bricked up and no longer has wheels on it is effectively a small transportable house. Ultimately, four or five residents had to be rehoused. That was the issue that was faced at the time, so this is important. It becomes particularly important when we look at the options around housing when the housing crisis is going on. That is the history.

My memory is that the Carpenter government introduced land tax. The minister can clarify that in his response. That government instituted some reforms around land tax for caravan parks to keep them open, and that probably has been largely successful. It is interesting that in the years I have been watching and observing politics, which is now decades, but only seems like centuries, there has not really been a significant increase in the number of caravan parks in Western Australia. The minister might correct me on that. My anecdotal experience is that although caravan parks themselves have been useful, their number has not exploded. I think that is partly because of the economics of owning a caravan park. Like many businesses, they look very good from the outside but after looking inside and having to get involved in running a caravan park, people find that the costs are significantly higher than they thought. It is not as though Western Australia is short of space to put them. There has to be enough throughput to make sure they are viable and charge a cost that makes the caravan park economically viable in the long term.

That brings me to the issue of why this is important. It is important partly because we have an issue around housing, and that is not going to change in a hurry. When people put in permanent fixtures in caravan parks and campgrounds, they start to become an alternative low-cost option for housing. Western Australia has a housing crisis. On occasion, the opposition has been known jump up and give the government a hard time over that. We have suggested that the government should do more on housing. The reality is that almost everywhere in Australia has a housing issue and a housing crisis. That is partly because of the cost of housing. In the short amount of time I have available to discuss the issue, I do not have the time to go through the housing costs in great detail. However, I will simply say that in 2003, 2004 and 2005, depending on where a person lived, those who owned real estate, not just in this state, but elsewhere, effectively saw the capital value of their property double. That is a good thing for people who own real estate, but it is difficult for people who are not in real estate and want to try to buy in after the fact.

I will go so far as to say that I am aware of people who sold their property before real estate boomed and doubled in value in 2004, to give members an average, and who invested their money in the bank and held it for a time and tried to buy back into real estate in 2006. They then realised that the reasonable house they sold in 2003 for $250 000, on average, was going to cost them $500 000 to buy back in 2006. In effect, by selling their property and not immediately reinvesting that money back into real estate, they halved the value of their investment compared to everyone else. They kept their $250 000 but were $250 000 below the equivalent real estate value. That had an incredible impact. We have never corrected from the doubling that occurred in 2007–08. I was asked earlier whether I had a chart for this speech. I have resisted the urge to provide a chart this time around.

Hon Sue Ellery: That is disappointing.

Hon Dr STEVE THOMAS: I know. I am sorry. If we had a break, I could probably bring one in during the committee stage and seek to table it.

We have never quite corrected from that doubling in value. It would not be complicated to write a housing policy that accounts for that by driving down housing prices to a point at which house prices gradually compound over time instead of doubling, as they did in 2003 and 2004, but the reality is that it would not be a popular policy. It would not be difficult to write and everyone who wanted to buy a house would find that it was significantly more affordable. However, everybody who currently owns a house, which I suspect would be the vast majority of members in the chamber tonight and a goodly proportion of people in the community, would suddenly find the price of their real estate going down significantly. I will give members a brief outline of the numbers. If there had been a gradual compounding increase in the price of houses, the average house price in Perth today would be in the mid-$300 000s; however, the average price in Perth is actually $500 000, plus a bit. There is a disparity of about $150 000. If we wanted to give young people today an equal chance to get into the market, we would have to have a housing policy that drove down the average price of houses by about $150 000. That is not a particularly appetising prospect for those who bought their houses at $520 000 or $530 000. It is a difficult area. What can we do instead? We have to look at alternative options.

One option, which the government is addressing in the house tonight, is to look at alternatives to four-by-two brick and tile homes, which seem to be the standard measure of modern real estate success. There are probably a few members in the chamber who are close to my age and who will remember the old days, when we generally started out with a three-by-one fibro. Just to put it on the record, the first house I bought was a three-by-one fibro. This was in about 1991 and I paid $42 500 for it, at a time when my wage was $25 000, which was the average wage across Australia at that time. People could get that sort of housing for less than twice the average wage. The average wage in Australia today—I will forget the arguments about mean, median and mode for a minute—is just over $90 000. If we wanted to buy a house today at just over 1.5 times the average wage, we would spend about $140 000 or maybe $150 000. Good luck buying a house for $150 000 in Perth! There is probably no starker measure than that of the price of housing and the economics in Western Australia. I got into the housing market at around $150 000 in today's dollars. We can compare that with the $500 000 that young people are trying to get into the housing market at now. It is my generation—our generation, for some members—that has reaped the rewards of that. This means that we are going to have to get a lot more imaginative and creative in the way we provide housing in the future. One way, which we will deal with tonight, is smaller houses.

The government is doing some very interesting work in the tiny houses market; there is one in Bunbury that seems to be going okay. Tiny houses might be developed for singles and couples, for example; there are some good opportunities for that. The government is trying to keep the price of those down, which is good. It is interesting that the government is investing in tiny housing for social housing. I have not seen much of it occur yet in the private sector, apart from a few entrepreneurs putting second buildings on blocks of land, but there is some prospect for this with social housing.

The other option is the model that we are talking about in the bill before the house tonight; that is, a model in which people buy houses without necessarily buying the land that sits under them. There are two places where we see that happen—in park homes in caravan parks and in aged-care residences. This model allows people to access

housing at a much cheaper rate. It comes with risks, though, and we need to acknowledge those risks. The first is that people do not own the land upon which their building sits; they own only the house. I am always interested to know, from a legal perspective, who would own the stumps if a house was on stumps. Would it be four inches down like it is for farmland, and then suddenly the Queen—sorry, the King; I nearly got it wrong—would own the stumps? I am not entirely sure. It is not a question that I am going to ask the minister to try to answer tonight.

There is an issue with selling on these properties, because the type of sale is restricted. I am sure that other members have had people come to see them who are in aged residential or well-aged facilities, or are ageing in place. These people have paid a significant amount of money for a house, although much less than the $520 000 needed to buy the average home in Perth; they might still have paid a quarter of a million dollars for a two-by-one or a two-by-two in an aged-care facility. They do not own the land and the selling of that home can be very complicated. It is an issue of contract law. The problem becomes not so much about what a person owns or what they can sell, but what their contract says. Plenty of people have been caught by this—they have been unable to sell on, particularly if there are restrictions on the age of buyers. People get caught by that process in aged-care units. In my view, it is much simpler in caravan parks, where it is simply about finding a buyer, but there are still issues around the contract that the owner signed and their obligations in relation to the land that surrounds and underpins their actual investment.

My personal preference has always been to own the land upon which I sit. I am not much interested in investing in apartments versus standalone houses, but that is a personal preference. Around the world, there may well be more apartment livers than residents of standalone houses, but standalone houses are my personal preference because you do not have that issue and you do not have to fight that battle that is very much about contract law and what a person owns or does not own. We will probably have to increasingly look at that as we go forward. This model is becoming critical because of the housing shortage. It gives people the option to get into the market at a relatively low purchase price. That happens currently. In fact, I am aware that some caravan parks in the south west have had a low level of temporary accommodation sales—that is, people have not been frequenting their caravans and mobile homes—and so have effectively been surviving on their capacity to put in park homes and sell them to more permanent residents. I will not name them because that is not necessarily a good thing to do, but some caravan parks certainly rely on this. They will obviously rely on this land tax exemption to operate profitably. It will be absolutely critical for them; otherwise, I suspect we will see the closure of caravan parks again.

It is interesting that this bill is before the house tonight because of a State Administrative Tribunal decision in 2018. That decision found that the exemption introduced by the Carpenter government, from memory, could not be universally applied to transportable homes. The exemption was supposed to apply to relocatable homes, which were defined as being genuinely mobile homes, as opposed to separate buildings. The explanatory memorandum states that the exemption cannot be applied to new caravan parks containing relocatable homes that are not vehicles. I think that is really interesting. I am aware of a case or two in which the resident of a cabin in a caravan park attached wheels to it in an attempt to demonstrate that it was actually a vehicle. I never found out whether that was allowed in the end; I suspect it was not. Perhaps the minister might be able to find out whether that ever occurred.

Hon Stephen Dawson: Ask me that question again, honourable member.

Hon Dr STEVE THOMAS: Effectively, the State Administrative Tribunal ruled in 2018 that to be considered for an exemption, a transportable home had to be a vehicle and not a transportable home. I am aware of a couple of cases in which people put wheels on their home to try to demonstrate that it was transportable. From my memory of the ones that I looked at, they were still on footings but they had wheels attached. I will be interested to find out how that was dealt with. I suspect that it might have been given short shrift. The minister's advisers might not even be aware, because it might have been dealt with at a relatively low level, but we will see how we go. That is precisely one of the issues that is dealt with in the explanatory memorandum. The exemption cannot be applied to relocatable homes that are not vehicles. It says —

> Non-vehicle relocatable homes are often used by permanent residents of a park, who purchase the home and use it as their primary residence.

That is exactly true. In my view, that has been one of the major growths in the area. As I said before, there has been a significant increase in the number of people trying to downsize, and they downsize by buying a permanent home, but not on wheels and not a caravan, although, interestingly, some of them are caravans with extensions. That has always been the case. They start with a caravan with its facilities and they effectively put in a permanent extension that starts with a patio at the front. I have seen some pretty impressive ones with outdoor pools amongst them. People can go a long way with a caravan and make it into a permanent residence.

The bill before the house will provide land tax relief for parks in which the majority of relocatable homes are owner-occupiers. It obviously will not apply to parks that are renting out sites. If a park is renting out sites, that is fair enough; it is being used to earn an income that is not simply based on the park's residents, but is effectively a business. I think that is reasonable. We will briefly go into the committee stage of the bill to look at the models.

Effectively, if 75 per cent of a park's permanent homes are owner-occupied, it will be deemed to be 100 per cent owner-occupied and the park will receive the full land tax exemption. Of course, there will often be a combination. Caravan parks will have a series of camping grounds, a series of caravan sites and a series of permanent homes. They have enormous faith in me, member; it is okay. Obviously, there will be a mixture. If more than 75 per cent of the park's grounds are camping grounds, it will also qualify for the exemption. Those are reasonably good compromises. The reality is that calculating the percentage of the terms of residency will get a little bit complicated. I point out that the explanatory memorandum says —

> If at least 75 per cent of a park's sites are exempt sites, a full exemption will apply to the park.

That is referring to owner-occupiers. It can be a mixture of short-stay accommodation and long-stay accommodation for permanent residents. That is why it focuses on owner-occupiers. If there is a mixture of short-stay and long-stay accommodation, the exemption will be calculated separately on each of those parts, so there will be a proportion of short stay and a proportion of long stay. During the committee stage, we will find the best opportunity to try to break that down a little more without going to extremes. If at least 75 per cent—that seems to be the magic figure throughout the bill—of a park comprises short-stay sites, particularly camping and caravan sites, it will be deemed to be fully exempt from land tax. If it is less than 75 per cent, a proportional exemption will be worked out, which is the little bit of calculation that we need to look at. We will briefly go into those calculations in a little more detail.

I want to finish on this part by saying that the land tax exemption for caravan parks as per the legislation in front of us is critical for their survival. It would be very different if caravan parks were creating great wealth for people. Some of them do pretty well. I could name great caravan parks in the south west that do well, but they probably would not thank me for it, so I will not. For the most part, regional caravan parks in particular, and, I suspect, some in Perth as well, will not survive the imposition of the original land tax that they were exposed to in the early 2000s. I think that, ultimately, this is a good bill because it deals with that issue. The government should be thanked for fixing this particular process and for being supportive of the tourism industry, which is critically important.

A couple of other parts of the bill are worthy of looking at. The next important part of the bill will provide an exemption from land tax for owners who are in full-time care. Basically, if someone can no longer look after themselves and they are moved into an aged-care facility, be it frail aged or well aged or in God's waiting room, if you will, at that point they will no longer be a resident of the house and they will lose their exemption, which, as I said at the start of my speech, is based on an exemption on their primary place of residence. Currently, those people who are shifted into aged-care support services are charged land tax if they retain ownership of their house. This is a pretty sensitive area, so I want to tread a little carefully here. Most people of that age—I feel like I am creeping closer all the time—do not want to leave their home and think that they are not coming back. From a mental health perspective, that is a difficult thing for those people. If someone puts an aged parent who can no longer look after themselves into residential care, they generally know that their parent is never leaving standing up. As tragic as that is, that is something of a reality. That is part of a process.

The tricky part of this part of housing policy is that suddenly a dollar value is being applied to the family home, and that becomes a highly emotive issue. Under the legislation proposed by the government, if the family home is rented out, it is a business and land tax will apply, and that is perfectly reasonable. I suspect that the tricky part is that it will somewhat provide a disincentive to transfer ownership of the house, which in many cases the resident is not going to return to. I do not think there is a good answer, so I do not expect the minister to have a great explanation for why this occurs. The issue is one of human nature, and there is not much that we can do about it. I have not been able to alter that, despite all my experiments to try to do so.

The reality is that in an ideal world, we would want to have as much of the housing stock that is available in any jurisdiction—in this case, the state of Western Australia—to be available to those who need it. It is an emotional tug of war to tell someone who has lived in their house for potentially 30, 40 or 50 years that they will not be coming back—that their house is needed and therefore they should pass it on to the next generation or sell it to fund a fair degree of their aged care, which is occasionally what happens. That in itself is a very emotive thing. Members might remember—again, for those who have a corporate history and who have been around long enough—that in the federal sphere, we had a very good member for Pearce in Judi Moylan, who was tasked with aged care. She introduced a policy that effectively said that people should contribute to their aged care and that the family home is an asset that should be utilised for that because in the vast majority of cases, these people will not return to their family homes. There was enormous backlash to that because many considered the family home their inheritance—their boat, holiday, new car or whatever it was. I think Judi Moylan was right; our biggest priority should be caring for our ageing relatives, rather than what our inheritance looks like. There was amazing backlash, which, in my view, probably cost Judi Moylan her political career because the leaders at the time, with John Howard as the Prime Minister, did not back her. I think she was very forward-looking.

The issue we face with the proposal to exempt land tax if the aged person has moved into aged care and is no longer a resident is that—I am not opposed to it and the opposition is not opposed to the bill nor this particular part of the

bill—it provides a somewhat perverse disincentive to hand over the property to somebody, to the next generation, because the next generation will pay land tax on it. If I was going into a retirement village and I considered passing on my family home to one of my children, presuming that that child had a family home of their own, they would pay land tax on that house. However, if the home was left in my name, despite the fact that I would never go back to it, we would not pay land tax on it. It would also mean that we could not rent it out because if it was rented out, suddenly we would have to pay land tax on it. If it is in my name and I am in aged care—some people, my kids in particular, probably think I should be there already, but that is a whole other argument!—that would provide somewhat of a perverse disincentive.

Hon Dan Caddy: Not just your kids.

Hon Dr STEVE THOMAS: Settle!

It provides somewhat of a disincentive to use it. There are probably residences that are not being used for accommodation because there is a land tax disincentive to do so. That is probably less so at the moment as rental values start to go up and people have to balance land tax costs versus rental value. We need to be a little cautious about that component of the bill before the house today. We need to maximise the housing stock that is out there without providing a disincentive to it. There is already a bunch of disincentives to providing housing stock. Most of the people I know who have traditionally invested in residential housing are getting out; they prefer commercial real estate investment rather than residential real estate investment. Their view is that the returns are better and the risks are lower. At some point, we will have a debate about changes to residential tenancy that might or might not impact upon that, but that is largely a debate for another day.

At the other end, members for the South West Region, for example, have probably seen an outbreak of Airbnbs around the regions because it is more convenient and easier to put one's residential property under a short-term lease. The outcome is that instead of having a yearlong lease in which they might gross $25 000 a year, with a tenant over whom they have very little control—and with very little control over their property—with Airbnb, everybody comes and goes very quickly and they probably get the same return in five months that they would over 12 months and, in effect, none of the occupiers have any power to affect the property itself; they have no impact on it. It is absolutely the case that there are properties that should be in the real estate market providing housing in a very tight market that are not because of the return on investment, the risk to a person's property and their level of control over it. When we get to that debate, it will be interesting to see whether we make that worse, not better. Those are important issues to consider. Again, the opposition is happy to support the government's intent to provide the exemption for home owners who are in care—aged care in particular—but none of this comes without some level of risk and secondary impact. It is important to place those matters on the table and make sure that we are aware of them.

Apart from that, the bill will change the notification requirement. As far as I am aware, people have always been required under the act to inform the Commissioner of Taxation of their assessment and any changes to it. Rather than being separated out, the bill that we are debating introduces a more general notification process, which is described this way —

> Owners will be required to advise the Commissioner of an event or circumstances which may affect their exemption or concession. The amendments require the Commissioner to notify the owner that an exemption or concession applies —

Or does not apply —

> … and the events or circumstances which may affect it …

I do not think that the changes are dramatic or overly significant. This is probably the part of the bill that will have to be tested in operation to make sure that it works. As I understand it from the briefing, the intent is to make sure that people in a park home do not receive a land tax exemption when they should not receive it. I suspect that that is likely to be successful.

That is an outline of the bill. I have probably outlined why it is significant and what needs to be done on it. The briefing indicated that the economic impact of the bill will not be big—it will be very small—and I hope the minister will respond to that during his second reading reply. As I understand it, it will largely reinforce the exemptions that currently exist. The changes will probably have very little impact on the overall amount since the changes that were done all those years ago. Here we go, minister; I may be able to answer my own question. I made a note that the current exemptions were added in 2005, so it would have been the Gallop government, not necessarily the Carpenter government. There you go; I will see whether my research and notes on that are accurate.

Hon Stephen Dawson: Yes, that is right.

Hon Dr STEVE THOMAS: There you go; as you get older, your memory is not quite what it was.

I knew it approximately; it was 2005, not 2006, according to my notes. That was a good move by the Gallop government and remains a good move today. In my view, it is important that these exemptions that applied nearly

20 years ago continue to apply to caravanning and camping providers—that is not people who are camping and caravanning, but the caravan park owners and managers. It is important for the government to address the issue brought up by the State Administrative Tribunal in 2018. I will be interested to see whether sticking a set of wheels on, effectively, a cabin will really mean anything. I suspect it would be a long bow to draw, but let us see where we go. This legislation will deal with that issue.

This legislation will become more and more important over time as I suspect housing will become—dare I say it—less affordable rather than more affordable. Before I complain too much about the cost of housing in Western Australia, I have to say that Perth is bad, but Sydney and Melbourne are far, far worse. When the average price is over $1 million, I am not sure how many people in my children's generation will be buying in. They will probably be buying somewhere on the outskirts and travelling a very long way. It is absolutely an issue for the next generation. We will see more and more people investing in alternative housing models; in fact, I think we should encourage that. I think we should divest ourselves of this definition of a four-by-two brick and tile being the bar for success and start looking at alternative construction models and plan designs, and perhaps be more realistic about the amount of space that we need. I feel like a hypocrite when I say that.

Hon Martin Pritchard: Member, will you take an interjection?

Hon Dr STEVE THOMAS: Yes, absolutely.

Hon Martin Pritchard: I think that Melbourne has already got to the point whereby people have to look at alternatives, so houses are often split into many different parts to try to accommodate more people.

Hon Dr STEVE THOMAS: That is exactly right, Hon Martin Pritchard. The average size of a dwelling in England is more like 100 square metres or less now. The average size of a house in Perth is probably 200 square metres. I have a monstrous damned thing that we built down in Donnybrook, which sounded like a good idea at the time, but my poor wife, who has to clean it, does not enjoy it. We will have to start looking far more at alternatives in housing. I think we can be far more imaginative in all those things, and the legislation before the house today will hopefully be helpful for that rather than a hindrance. We have passed lots of hindrance legislation, so it is something of a pleasure to say that I think the legislation before the house today is good legislation, and, as the minister did, I commend the bill to the house. I look forward to asking a few perhaps more technical questions at the committee stage, but I have every confidence, with a bit of goodwill, that we will not particularly hold up this bill. We might not be as quick as we were earlier today, but I think this bill is worthy of support. Perhaps at some point we will have a debate on how we can go a bit further with it.

HON JACKIE JARVIS (South West) [7.42 pm]: I rise to make a short contribution to the debate on the Land Tax Assessment Amendment Bill 2022. Hon Dr Steve Thomas raised some questions on the provisions for people moving into aged care, and I want to give a lived experience of why this change in legislation is important.

Currently, people do not pay land tax on their primary residence. Previously, if a person moved out of their primary residence to go into aged care and the property remained vacant, they were liable for land tax. When my father had to go into aged care at quite short notice, he had been living in a house that he had expected to live in for the rest of his life. Unfortunately, he got dementia, which progressed quite quickly, and when he was put into aged care, it was quite critical. I have friends with elderly parents who have had physical injuries.

Perhaps mum or dad think they are going to live in their house forever, but they have a fall and break a hip and the hospital says that they cannot go back to their own home. People may think that that is fine; they now have a vacant house, so why not just sell it or rent it out. But at the time of my dad's situation, my husband was running our farm full-time, I was working full-time off-farm, and one of my daughters was in year 11 at high school and was also playing high-level hockey and needed to be taken from Margaret River to Bunbury and Perth to play hockey. People can be left with a house that has 10, 20, 30, 40 or 50 years' worth of their parents' stuff in it. It is not easy to clear out that house and sell it or rent it out within weeks or months. In my dad's situation, it took us 12 months to not only get the mental headspace, but also have the time to sort through our parents' possessions that they had had for a very long time. My eldest daughter's fiancé's grandmother was 95 and had lived in the same house for virtually her entire adult life. When she went into care, members can imagine what was involved. Under the current legislation, the family would be paying land tax on that property while trying to deal with this time of crisis and this property that is not yet able to be rented or sold. As it turned out, after 12 months, we sold my dad's property—he was never going back to it and there was no point in hanging onto it—but those are the practical terms. As Hon Nick Goiran would say, that is the mischief we are trying to solve. It is a shame he is away on urgent parliamentary business when I am quoting him.

I refer to caravan parks and those sorts of temporary dwellings. I reflect on my parents, who retired to Busselton about 20 years ago. When they were looking to relocate from Wanneroo to Busselton, mainly to look after my children, I should add, their options 20 years ago were really to buy or build a two or three-bedroom unit in an over 55s estate—a standard brick and tile home with maybe a little courtyard or garden. Now, 20 years later, we have lifestyle villages.

There are some really successful ones in Busselton and Margaret River. They have what look, for all the world, like lovely little cabins. They are technically transportable homes—they cannot be towed, but people can pick them up with a Hiab and put them on the back of a truck. Once upon a time, the retirees who lived in caravan parks as permanent residents were generally on fixed incomes, maybe on the age pension. They had a limited income and they lived in an older caravan; maybe they had a timber frame annex on it. These days, a lot of self-funded retirees are living in these lifestyle villages. These people want a lock-and-leave facility. They have sold their family home, wherever it might have been. People who retire to Busselton have often come from the wheatbelt or Perth. There are a lot of retired farmers in Busselton, and a lot of them like to have these really nice temporary facilities, for want of a better word. There are also little cottages. The tiny homes trend is absolutely taking off. One of my other daughters is seriously looking at going into the tiny home market. A tiny home could be a caravan on wheels. It could be towable. It could be a sea container that needs a crane to put it on the back of a truck.

Hon Dr Steve Thomas: You're doing very well if you get to leave home these days.

Hon JACKIE JARVIS: As Hon Dr Steve Thomas would know, one of the benefits for someone living in the regions is that if their children want to go to university, they have to leave home. Mine left home. Unfortunately, one of them is now living at my home in Perth. I think she thinks that she has technically left home and I am in her digs! The whole landscape has changed, and I wanted to add that story.

I am about the same age as Hon Dr Steve Thomas. I obviously have not studied land tax as long as he has, but he talked about caravan parks struggling to survive. Around 26 or 27 years ago, I worked for one of the big four banks in Busselton as a business lender, and I remember getting a directive that we were not to loan any money to caravan parks. This was statewide. Too many caravan parks were falling over, and this particular bank felt it was too exposed. I do not think we can now imagine a caravan park in Busselton, Dunsborough or Margaret River to be struggling, but they certainly were. I was not aware of the land tax issue, but I certainly remember that.

I think these are really good, pragmatic changes to deal with this issue. The housing market has changed and the types of people who are living long term in park home–type accommodation is changing. I think these measures will be good for not only people going into nursing home situations, but also people in their 50s and 60s who are moving into lifestyle villages because they want the lifestyle. They want to lock and leave; they want to be able to go on caravan holidays and cruises. Thank you.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Emergency Services) [7.49 pm] — in reply: I thank Hon Dr Steve Thomas for his contribution to the second reading debate and also for his indication of the opposition's support for the Land Tax Assessment Amendment Bill 2022. I will answer his questions very soon, but I also acknowledge the contribution made by Hon Jackie Jarvis and thank her for her personal story and perspectives. I acknowledge her support for the bill and the positives associated with it.

I confirm for the record that Hon Dr Steve Thomas is correct: it was the Gallop government that in 2005 brought in the 50 per cent land tax concession for eligible land in a park. There was a further change made in 2010 under the previous Liberal–National government, under which there was a 100 per cent exemption for eligible land in a park. The second change came out of some work done by the Economics and Industry Standing Committee of the Legislative Assembly, which reported —

Hon Dr Steve Thomas: They do occasionally do some good work!

Hon STEPHEN DAWSON: It did. That committee was chaired by Hon Mike Nahan and deputy chaired by Hon Bill Johnston. I think that committee also included luminaries such as Hon Liza Harvey, so it was a high-powered committee. It recommended some further changes in 2009, and the then government responded in 2010.

These answers are in no order, by the way; they are on bits of paper, so I will try to answer them all, but they are not in any order!

Hon Dr Steve Thomas mentioned the State Administrative Tribunal decision that meant that the land tax exemption could not apply to relocatable park homes that are not vehicles. He mentioned relocatable homes that have wheels attached to them. The SAT decision ruled that a park home must be more than merely movable, or capable of movement, and that it must be a means of transport. If a park home has wheels attached but is not itself a means of transport, it will likely not meet the definition of a relocatable park home.

Why are the changes to the caravan park exemption necessary? The amendments are required because the current exemption relies on the term "park home" as defined in the Caravan Parks and Camping Grounds Act 1995. As was mentioned, a 2018 SAT decision created industry uncertainty for parks containing non-vehicle park homes; the case was Henville v City of Armadale. These homes are movable dwellings that can be used by people who live in a park on a permanent basis, and the uncertainty impacts on the land tax exemption. Amendments to the Caravan Parks and Camping Grounds Regulations 1997 in response to the SAT decision have resulted in uncertainty

in relation to existing parks; however, new parks containing non-vehicle relocatable homes cannot be licensed as caravan parks and also cannot receive the land tax exemption.

The term "park home" cannot be relied upon for the land tax exemption. The exemption has been reviewed and will be replaced with a new exemption that will have the flexibility to apply to parks that provide both short-stay holiday accommodation and long-stay accommodation for permanent residents. For parks containing sites used as a person's primary residence, the exemption will rely upon whether the dwelling on the site is owner-occupied and not the dwelling type.

I refer now to owners in full-time care and that exemption, and why the change relating to owners in care is required. The Land Tax Assessment Act 2002 provides that private residential property is exempt from land tax if the owner uses it as their primary residence. When a person stops living in their home as a result of moving into full-time care, such as a nursing home or hospital, the exemption will no longer apply. This means that a person is required to pay land tax on their home, despite being unable to live in that home. This is an unfair result, so these amendments are required to provide legislative support for granting an exemption to home owners in full-time care.

How many people go permanently into aged care? In 2020–21, approximately 6 361 people were admitted into permanent residential care in Western Australia. In 2019, around 187 500 Australians with disability were living in care accommodation, and in 2019–20 there were 8 298 episodes of residential care nationally, with about 355 in Western Australia. Only 3.4 per cent of the episodes of residential care lasted longer than one year. As an indication of the number of people potentially affected by the amendments, RevenueWA encountered three instances of land tax being applied to owners in care between 2017 and 2020. Additionally, in 2020–21 in Western Australia, 4 537 people entered residential respite care, 6 901 entered home care and 2 492 went into transitional care. The proposed exemption likely would not be required for these types of care. On average, people spend around 2.5 years in aged care before they die or move back home; that does happen in some cases—people go back to their own home.

Hon Dr Steve Thomas: It wouldn't be a big percentage, I imagine.

Hon STEPHEN DAWSON: I do not have any further data, but it does happen in some instances.

Hon Dr Steve Thomas mentioned the 75 per cent threshold. The policy reason for the exemption for caravans and campsites in short-stay parks is to support low-cost holiday accommodation. The policy reason for the exemption for owner-occupied sites in long-stay parks is that a person should not be liable for land tax on their primary residence. The policy of the proposed exemption is to support parks with these types of exempt accommodation sites. The 75 per cent threshold in the proposed exemption will encourage parks to provide a significant proportion of exempt sites. The threshold will provide these parks with an allowance of up to 25 per cent for non-exempt sites, such as cabins, chalets or long-term tenanted sites. Parks that provide a significant proportion of exempt sites—that is, 75 per cent—will receive an exemption for these types of sites, which would ordinarily be taxable.

Hon Dr Steve Thomas mentioned that people often do not return to their home after going into aged care, but asked whether someone who goes into temporary care will qualify for an exemption. Private residential property is exempt from land tax if the owner uses it as their primary residence. If an owner goes into temporary care, such as a short hospital stay, their home is still their primary residence and it will still be exempt from land tax under the primary residence exemption. If the home owner goes into full-time care, their home will qualify for the new exemption only if their new primary residence, where they are receiving full-time care, is one of the care facilities that is listed in the exemption, or if they are being cared for by a qualified carer.

Hon Dr Steve Thomas noted the new general notification requirement. Currently, the Land Tax Assessment Act 2002 creates specific notification requirements for some exemptions. These landowners are required to notify the Commissioner of State Revenue of any event or circumstance that would cause their exemption to no longer apply. There is no general obligation to notify the commissioner of any event or change in circumstances for other land tax exemptions or concessions that do not impose a notification requirement. The bill will delete the specific notification requirements and introduce one general, consistent notification requirement that will apply to all landowners receiving a land tax exemption or concession. Owners will be required to advise the commissioner of an event or circumstances that may affect their exemption or concession. Under the proposed amendments, before a notification requirement can apply, the commissioner must notify the owner that an exemption or concession applies to their land and the events or circumstances that may affect the exemption or concession. This ensures that owners will be aware of their obligations under the notification requirements. Just to clarify, that will apply to all land, not just land in caravan parks. I am happy to delve into other issues once we get into Committee of the Whole House.

Hon Dr Steve Thomas asked about the financial or economic impacts of the amendments. I am advised that they will have no material impact on revenue collection. Eligible land in a caravan or residential park is exempt from land tax under the current caravan park exemption. RevenueWA expects that most parks will not have a significant change to their exemption status as a result of changes to the exemption. Short-stay parks are not expected to have significant change to their exemption status, because both the current and proposed exemptions apply based on

caravan and campsites in a park, and include common areas or related purposes. The forms of land excluded from both exemptions are also broadly the same. Although cabins and chalets are excluded from the current exemption, they may be exempt under the proposed exemption if the 75 per cent threshold is met. This is expected to result in similar, or more favourable, exemption outcomes for parks containing short-stay accommodation.

It is estimated that 91 per cent of relocatable homes in long-stay parks containing permanent residents are owner-occupied. Under the new exemption, long-stay parks that are at least 75 per cent owner-occupied will be fully exempt, so most long-stay parks are expected to be fully exempt.

An insignificant amount of tax revenue will be forgone with the introduction of an exemption for owners in full-time care. As I said, from 2017 to 2020, RevenueWA encountered the issue on three occasions. In each case, land tax of less than $2 000 applied after the residential exemption was removed. It is not a large amount but it makes the system fairer.

Hopefully, I have answered most of the opposition's questions, but I am certainly happy to go into them in further detail if members require further information when we go into Committee of the Whole.

With that, I commend the bill to the house.

Question put and passed.

Bill read a second time.

Committee

The Deputy Chair of Committees (Hon Dr Brian Walker) in the chair; Hon Stephen Dawson (Minister for Emergency Services) in charge of the bill.

Clause 1: Short title —

Hon Dr STEVE THOMAS: I do not expect to be in committee for long but we are not going to rush, given the good work that has been done to get through bills today. I want to start on a couple of fairly broad things before we get into the technical details. I do not intend to spend a lot of time on clause 1. The intent of this bill relates to the purchase of buildings that sit upon land owned by some other model. Will a variation in what a person purchases have an impact? We are effectively dealing with a caravan park or park home situation where the land is entirely owned by one legal entity. Has the government looked at a model in which land and house property purchases—effectively, a subdivision model—have been a part of the process, or are we dealing only with bulk units in which people purchasing buildings remain on a universal land title?

Hon STEPHEN DAWSON: It will apply only to caravan parks in which the landowner is liable to pay the tax.

Hon Dr STEVE THOMAS: I thank the minister for confirming that; that was my understanding as well. I am trying to avoid any possible confusion around the process. One of my great bugbears in this particular area of policy is the complicated contracts that people end up signing for the buildings that they purchase. In some ways, they can be so immensely complicated that it is difficult to sell the building on. We talked earlier about the need to sell on and potentially make that housing stock available. I refer to the contract law component. Can the minister envisage any way in which it would be possible for a contract that a purchaser signs for a park home that is in breach of the legislation could interfere with the exemption?

Hon STEPHEN DAWSON: I am told that my advisers cannot think of a way that the purchase contract could affect it in that way.

Hon Dr STEVE THOMAS: I am making sure of these things as we go along. Now that the minister has his advisers in place, does he know how much land tax is collected in park homes and caravan parks? What is the average land tax bill for those who purchase or rent out that sort of asset? The minister might not have the information in front of him and it does not matter if he does not.

Hon STEPHEN DAWSON: I am sorry; we do not have that information available.

Clause put and passed.

Clauses 2 and 3 put and passed.

Clause 4: Section 15A amended —

Hon Dr STEVE THOMAS: Clause 4 is at the beginning of part 2, "Amendments deemed to have commenced on 1 July 2020". I am struggling to understand the changes that will be made by clause 4(1), which states —

> In section 15A(1)(a) delete "a concession or exemption under section 39B" and insert:
>
> an exemption under section 39B to any extent

Can the minister explain why that particular paragraph is being changed? I am not sure what impact the words "to any extent" will have and how that will be any different.

Hon STEPHEN DAWSON: The changes are required because the current exemption provides that a portion of land is exempt under section 39B. The new exemption will not exempt particular portions of a park. It will exempt the entire land to the extent of the percentage calculated under proposed section 39C. As a result, all existing references to portions of a park must be removed.

Hon Dr STEVE THOMAS: I am not sure whether that was the easiest explanation to understand, but I think what the minister is saying is that "to any extent" is a reference, effectively, to a portion of a park rather than the entirety of a park. Is that why the wording has to change from "a concession or exemption" to the words "to any extent"? Is it because it is on a percentage basis? Is that what we are trying to work out?

Hon STEPHEN DAWSON: That is correct.

Hon Dr STEVE THOMAS: Sometimes the legal drafting takes a bit of understanding.

[Interruption from the table.]

Hon Dr STEVE THOMAS: The government still exists in the state of Western Australia, M'lud, under the circumstances!

Hon Stephen Dawson: Nothing to see here, honourable member!

Hon Dr STEVE THOMAS: It is all good. I do not think there was a rebellion, or I have missed it!

I think I get that. Clause 4(2) on page 3 deletes and inserts words. I will read it in so that we know what we are talking about. Clause 4(2) states —

> In section 15A(2) delete "by the subdividing owner of the land on the value of the taxable portion of the land for each of the 10 financial years" and insert:
>
> on the land by the subdividing owner of the land for each of the 10 financial years (the ***relevant financial years***)

Why is it 10 financial years? Is there a reason 10 years was chosen as the relevant financial period?

Hon STEPHEN DAWSON: The 10-year time frame is an existing time frame. We have just changed the wording for this new change.

Hon Dr STEVE THOMAS: Presumably, any definition of "relevant financial years" in what will ultimately be the Land Tax Assessment Act, as amended by the 2022 bill, will refer to the relevant financial years rather than 10 financial years. I presume that is the figure that is referred to throughout the current act in a number of cases, or is it specific to the exemptions proposed for caravan park and park homes or is it the more widely used 10-year definition?

Hon STEPHEN DAWSON: That 10-year period relates specifically to only section 15A.

Clause put and passed.

Clauses 5 and 6 put and passed.

Clause 7: Section 26B inserted —

Hon Dr STEVE THOMAS: We are now on clause 7, bearing in mind there are only 19 clauses in the entire bill. Given that I think we got through a 60-something clause bill half an hour earlier, I am not too concerned.

This is the exemption for those who are entering care. Proposed section 26B will be inserted as a new section, so it will not delete any existing sections; it will add a new component. Under proposed section 26B(1), the definition of "aged-care facility" will have the meaning given to it in section 38A(1) of the Land Tax Assessment Act, which I think is found a couple of pages over in the bill. Sorry, I will start with that. Is section 38A(1) in the existing act or is it in the bill? I think it is in the existing act.

Hon STEPHEN DAWSON: Yes, the honourable member is correct. It is in the existing act.

Hon Dr STEVE THOMAS: I thought that was the case. Proposed section 26B(1) also states —

> ***care commencement date***, for an individual in full-time care, means the day on which the period of full-time care began …

I presume that means, effectively, the day of entry into a facility rather than when the care begins in the home and the person is transferred later. I presume we are talking about the day of entry into a residential care facility.

Hon STEPHEN DAWSON: Yes, it is the day that they move into the care facility, or it could be the day they move in under the care of a qualified carer, but, again, they would be moving to a place that was not their own home.

Hon Dr STEVE THOMAS: I thank the member. I was just checking that. The definition of "full-time care" in proposed section 26B(2) makes sense, which is simply when a carer is involved. I assume that "care commencement

date" in proposed section 26B(1) means that a transfer of residence would require a shift of residence. I think that is probably right.

Hon Stephen Dawson: You are correct.

Hon Dr STEVE THOMAS: Proposed section 26B(2) has a couple of interesting parts. Proposed section 26B(2)(b) states —

> the individual's primary residence is any of the following —
>
> (i) a public hospital as defined in the *Health Services Act 2016* …

I got into politics through debates around human health services, which might seem really weird for a vet, but I spent some time battling health bureaucrats back in the 1990s. That was my stepping stone to realising that I was not too bad at fighting bureaucrats, which is an interesting component.

I refer to public hospital care. I understand that there are only a few aged-care residents in public hospitals in Perth, but for regional members it is pretty common in regional Western Australia. In the old days, we used to call them care awaiting placement patients—CAP patients. Effectively, in regional hospitals there is a group of people for whom hospital is God's waiting room as much as the aged-care unit is, and the patients get transferred. I presume we are talking about those patients who I think are currently called nursing home–type patients. I know that the public health system would generally like them to be shifted out of hospitals and into other residential care. I think that is the group of people we are talking about. Perhaps that could be confirmed in the first instance.

Hon STEPHEN DAWSON: Not necessarily, honourable member. In relation to the definition of "public hospital", it is a hospital controlled or managed by a health service provider or the Department of Health CEO, or a hospital that has been declared to be a public hospital. It does not necessarily need to be those people who have gone into hospital and are on their way to somewhere else; it is not constrained to just those people. As I mentioned earlier, there could well be people in a public hospital who could benefit from the exemption and who could potentially go back to their own home following treatment in a hospital for whatever it might be.

Hon Dr STEVE THOMAS: So we are potentially talking about people with an acute diagnosis that turns somewhat chronic, but eventually they move on —

Hon Stephen Dawson: This might be a bad example, but they could be in hospital for cancer treatment.

Hon Dr STEVE THOMAS: If a person is lucky, they get to go home.

Hon Stephen Dawson: They could be cured or go into remission, and could then go back into their home.

Hon Dr STEVE THOMAS: That makes sense; I thank the minister for that. The same thing applies in a private hospital, which is fine. An aged-care facility obviously makes sense. I imagine that most facilities that specialise in palliative care would have hospital status, but there might be some in the private sector that might not. A place in another state or territory makes sense as well. Proposed section 26B(2)(b)(iii) and (iv) are perhaps a little more interesting as they refer to a mental health service or a private psychiatric hospital as defined in the Mental Health Act and the Private Hospitals and Health Services Act. Obviously, if a person is in a facility voluntarily, they are effectively the equivalent of a person in hospital. I presume that the same land tax exemption will apply to a person who is in one of those places involuntarily; I just thought I would check.

Hon STEPHEN DAWSON: Yes, it will if they are either voluntary or involuntary patients and if it is their primary residence.

Hon Dr STEVE THOMAS: That makes sense. The last bit under proposed subsection (2) is —

> (viii) a place of a prescribed class.

Does the minister have any idea of what a place of a prescribed class might look like?

Hon STEPHEN DAWSON: No, honourable member. This is kind of futureproofing. It is a prescription power. We could come across something in the future, but there are no examples at this stage.

Hon Dr STEVE THOMAS: Perhaps if we are in space.

Hon Stephen Dawson: Who knows?

Hon Dr STEVE THOMAS: Anything is possible.

Hon Stephen Dawson: If another option arises over the next few years, this will allow us to include it, rather than coming back to the Parliament to change the act again.

Hon Dr STEVE THOMAS: Just quietly, minister, I am not sure that we want to put options for whatever might occur in the future into too many pieces of legislation, but in this case, I will accept it.

Hon Stephen Dawson: We have done this before.

Hon Dr STEVE THOMAS: That does not necessarily mean that it is a good thing. In this case, I am happy to let it slide because I am taking it with the goodwill with which I think it was intended.

Proposed section 26B(3) states —

> Private residential property (except property held in trust) is exempt for an assessment year if —
>
> (a) … on 30 June in the financial year before the assessment year —
>
> (i) the property is owned by an individual as described in subsection (4); and
>
> (ii) the individual is in full-time care;

I am interested in the words "except property held in trust". Is it the case that all property held in trust could be deemed to be an investment and, therefore, land tax will apply, or will it be in a specific circumstance?

Hon STEPHEN DAWSON: I am told that there will not be a blanket ban on property held in trust; for example, a property could be held in trust by an executor, and that will be exempt.

Hon Dr STEVE THOMAS: As someone who is a bit to the right of Attila the Hun, I still find the trusts process a complicated beast. I have seen plenty of trusts used both as a tax avoidance mechanism and a wealth protection device. That is not the case universally; in some cases, they are used for perfectly legitimate reasons. I am just interested to see that trusts get that.

Proposed section 26B(4) states that for the purposes of this particular bit, the property must have been owned by an individual or an individual and their spouse, which is perfectly reasonable. Proposed paragraph (c) states —

> the individual and a person with whom the individual has lived in a de facto relationship for at least 2 years …

I am not sure whether other legislation defines de facto relationships. I am interested to hear whether two years is a set standard under other legislation. I will come back to the other bit.

Hon STEPHEN DAWSON: My understanding is that a couple does not legally become a de facto couple until they are two years into a relationship, so it aligns with that.

Hon Dr STEVE THOMAS: That is handy to know in case my children ever choose poorly. That is good to know.

Hon Stephen Dawson: Start the clock!

Hon Dr STEVE THOMAS: Or hide the bodies. I jump to proposed section 26B(5), which states —

> Despite subsection (3) —

Proposed section 26B(3) exempts residential property, except property held in trust. Proposed subsection (5) goes on to state that a property is not exempt if —

> (a) the individual or any other person derived any income from the property …
>
> (i) if the care commencement date was in the financial year before the assessment year — the period beginning on the care commencement date and ending immediately before the assessment year;

As I understand it, this will determine the time frame in which income derived from the property will define whether the owner is a resident or an investor. Is there any way to simplify that proposed subsection? If a person rents out their property in the financial year before they go into care, will the assessment be made on the financial year before or the year in which they go into care?

Hon STEPHEN DAWSON: It is based on the 30 June financial year before a person goes into care. Proposed subsection (5)(a) provides that the exemption will not apply if any income is derived from the property, such as rent. If an owner chooses to rent their home, it will be taxable. It will be assessed on 30 June in the financial year before; it will be reassessed on the following 30 June.

Hon Dr STEVE THOMAS: That makes sense. Potentially, there might be a lag period if a person rented out their property in one financial year and was receiving an income from it on 30 June, and then in the next financial year, they suddenly went into care for some reason. Will they not get an exemption on land tax until the financial year after that, or will there be a way to seek a review prior to the end of the financial year?

Hon STEPHEN DAWSON: They will have to wait until 30 June the following year. That is the liability.

Clause put and passed.

Clause 8: Part 3 Division 4A replaced —

Hon Dr STEVE THOMAS: I am looking at the terms used. We are now getting into the nitty-gritty of the bill in relation to residential parks and the land tax exemption. I note that the terminology used is "land used for dwelling or residential parks". In proposed section 39A, "Terms used", the definition of "dwelling or residential park" states —

(a) means a dwelling park or a residential park …

I was not certain of the definition of "dwelling park". Does it have a separate definition from that of a residential park? It is not a term that I have seen used, apart from in this legislation.

Hon STEPHEN DAWSON: A dwelling park is a caravan park or camping ground that is operated or required to be operated under a licence issued under the Caravan Parks and Camping Grounds Act 1995 or is operated by a local government on land that is not owned by, or vested in, the local government. A residential park is a place, including a caravan park, where there are sites on which relocatable homes may be parked, assembled or erected in accordance with a tenancy and there are shared premises for the use of long-stay tenants in accordance with a tenancy. It does not include a place established as a retirement village under the Retirement Villages Act 1992 or a prescribed place or class of place. They are different.

Hon Dr STEVE THOMAS: I read the definition of "dwelling park" in the legislation, but it did not leave me any more convinced of the separation other than, as the minister says, it is a caravan park or camping ground as defined in the Caravan Parks and Camping Grounds Act. Presumably, all dwelling parks are registered under that act, which kind of makes sense in paragraph (a) of the definition. However, paragraph (b) says —

operated by a local government …

I am not sure what section 5(2) of the Caravan Parks and Camping Grounds Act says —

on land that is not owned by, or vested in, the local government;

It would be a fairly unusual situation for a local government to operate a caravan park or camping ground on a piece of land it did not own. Is the minister aware of any examples of that that he could indicate?

Hon STEPHEN DAWSON: Sorry; my advisers are not aware of any examples off the top of their heads.

Hon Dr STEVE THOMAS: I suspect that this is one of those bits of legalese that is designed to make sure that it cannot happen rather than necessarily preventing something that exists.

Hon Stephen Dawson: I am not so sure. We would have to go back to the Caravan Parks and Camping Grounds Act 1995. There could be something in that act that turns on it.

Hon Dr STEVE THOMAS: We will not die in a ditch on it. We might chase that up behind the chair at some future time when time is not quite so pressing.

The definition of "excluded land" includes lots of options. I assume that excluded land effectively means a business, such as a hotel, motel, hostel, lodging house, boarding house, shop, cafe or restaurant. It is probably a reasonable definition, but does "excluded land" effectively mean anything that might be a business as opposed to a residential building of some sort?

Hon STEPHEN DAWSON: Excluded land that is taxable will not be included in the exemption, even when it is part of the dwelling or residential park. The proportion of a park's area that is excluded land will be removed from the exemption that applies to the park. The definition of the term states —

(a) land used for a hotel, motel, hostel, lodging house, boarding house, shop, cafe or restaurant;

(b) land not already mentioned in paragraph (a) that is the subject of a licence under the *Liquor Control Act 1988*;

The Liquor Control Act 1988 provides for a number of different types of liquor licence—for example, restaurants, clubs, hotels and liquor stores —

(c) land on which clearing works have been undertaken for the purposes of development on the land;

Land cleared for the purpose of development will be excluded from the exemption because it cannot be used by tenants of a dwelling or residential park —

(d) land used for prescribed purposes;

Hon Dr Steve Thomas: I was going to ask you about that one.

Hon STEPHEN DAWSON: Paragraph (d) allows the government to prescribe specific uses of land that are excluded from the exemption.

The DEPUTY CHAIR (Hon Dr Brian Walker): Minister, you were not speaking into the microphone, so I had difficulty hearing.

Hon STEPHEN DAWSON: I beg your pardon. Should I do it again?

The DEPUTY CHAIR: Not at all. That is fine.

Hon Dr STEVE THOMAS: Thank you, deputy chair. Luckily, I could hear him across the chamber reasonably well.

I was going to suggest that paragraph (d), "land used for prescribed purposes", might relate a bit to a conversation we had previously about prescribed purposes whereby it is a bit of a catch-all for government to pick up anything that might happen in the future. Would that be a reasonably accurate assessment?

Hon STEPHEN DAWSON: Paragraph (e) will allow land that, in the commissioner's opinion, is not used for the purposes of operating a dwelling or residential park to be excluded from the exemption.

Hon Dr Steve Thomas: I am looking at paragraph (d). Land used for prescribed purposes still very much means the same as it did previously. That is a bit of a catch-all for what you might look at for future development.

Hon STEPHEN DAWSON: Yes, the honourable member is correct. I have gone back to section 5(2) of the Caravan Parks and Camping Grounds Act 1995, but it does not help me answer the question that the member had, so I am sorry.

Hon Dr STEVE THOMAS: This is probably a bit of a weird shot, but the definition of "relocatable home" states —

> ***relocatable home*** has the meaning given in the *Residential Parks (Long-stay Tenants) Act 2006* …

I do not suppose the minister is in a position to give us an indication of how mobile a relocatable home has to be. Is there a definition based on how easy it is to relocate? Obviously, people move completely solid, standalone three-by-one or four-by-two houses. Almost any house is relocatable if someone has enough money. I am just interested in what the definition might be.

Hon STEPHEN DAWSON: It is a broad definition. It does not need to have wheels. A relocatable home is a vehicle, building, tent or other structure that is fitted or designed for use as a residence, whether or not it includes bathroom or toilet facilities, and that is or can be parked, assembled or erected on a site in a residential park. It does not have to have wheels, but it is quite broad.

Hon Dr STEVE THOMAS: It is broad, but it is what it is.

After proposed section 39A, we come to the rather onerous calculations of how much of the park is to be exempted as such. I omitted to say thank you for the briefings that we were provided. I asked a couple of questions. I remember wondering whether the "C" and the "S" in proposed section 39C(2) had been reversed, but that was corrected for me, so thank you very much. I do not propose to take us through calculation by calculation; I do not think there is a lot of point in doing that. I simply say that the calculations in proposed section 39C are pretty generous. A park that has 75 per cent short-stay caravan or camping or is 75 per cent owner-occupied is treated reasonably well, perhaps even slightly beneficially as part of the legislation. I do not propose to ask the minister to go through those examples. I think they are reasonable. I note that a range of examples are provided in the explanatory memorandum; in fact, it is a weighty document compared with the bill itself. I forget how many examples we went through, but we went through a number of them. I simply make the comment that it is a relatively generous provision according to the examples and perhaps not completely simple to calculate, but they are not too bad.

I move to proposed section 39D, which is the last part of clause 8, and the provisions around the calculations. A calculation under proposed section 39C must be made by reference to the dwelling or residential park as at midnight on 30 June in the financial year before the assessment year. As I understand it, that means that on 30 June, everybody who owns a caravan park or a camp site will be working out how many people are in short-stay caravan and camping sites, how many sites are long-stay owner-occupied and how many are effectively long-stay non-owner-occupied and whether their business is renting those out. What will happen if something significantly changes a caravan park; is that its assessment for that financial year or, because it is a retrospective assessment effectively for the previous financial year, is the theory that that does not change and whatever happens next year is caught up in that next financial year's assessment?

Hon STEPHEN DAWSON: Hon Dr Steve Thomas is correct; anything that happens moving forward would be captured in the next 30 June financial year.

Clause put and passed.

Clause 9: Section 42 amended —

Hon Dr STEVE THOMAS: There is a note at the bottom of "Section 42 amended", which is unusual. It reads —

> The heading to amended section 42 is to read:
>
> **One year exemption for land vacated for sale by mortgagee**

Presumably in those circumstances the entire park would be sold by a mortgagee and it would be a forced sale by a bank et cetera. Is this aimed at the exemption provided for land vacated? Will it be applicable to an entire park or a section of a park?

Hon STEPHEN DAWSON: This is just a consequential amendment to this section for the owner in care.

Hon Dr STEVE THOMAS: I am interested as to why there is a reference to the mortgagee component.

Hon STEPHEN DAWSON: Section 42 provides a one-year exemption for land that is vacant due to a mortgagee's right to sell the property. A person cannot receive a section 42 exemption for one property if they also have another property for which they are entitled to receive one of a number of listed exemptions. Clause 9 amends the list to include the proposed section 26B exemption for an owner in full-time care. This will ensure that an owner with more than one property cannot receive a section 42 exemption for one property if they are entitled to exemption for another because they are in full-time care. The section heading will also be amended.

Hon Dr Steve Thomas: Okay; that makes sense.

Clause put and passed.

Clause 10 put and passed.

Clause 11: Section 20 amended —

Hon Dr STEVE THOMAS: This clause is in part 3 so we coming to the end of the bill, minister. In fact, we are getting remarkably close to the end of the bill.

Part 3 is headed "Amendments commencing on day after Royal Assent", and I am interested in proposed section 20(1), which states —

> (a) delete "A taxpayer may apply to the Commissioner for an exemption …" and insert —
>
> The Commissioner may, on application or on the Commissioner's own initiative, grant an exemption, concession or further concession for any of the 16 following land for an assessment year …

Part 3 deals with the notification component. The explanatory memorandum defines it this way —

> **Section 20 amended**
>
> The … provisions that exempt land from land tax, subject to certain requirements. If those requirements are not met, section 20 provides the Commissioner a discretion to still grant the land an exemption or concession. A taxpayer must apply to the Commissioner for the provision to apply.
>
> Section 20 does not clearly state whether the tax reduction is contingent on the taxpayer making an application each year, or if the Commissioner can grant a tax reduction at a time other than when considering a taxpayer's application.

I am interested to know under what circumstances the commissioner may grant an exemption on their own initiative. It is not that the potential taxpayer would apply for it, but there must be a set of circumstances for when the commissioner goes, "I have this information but I don't know where it has come from", that would indicate that they should be granted an exemption. Under what circumstances is that likely to occur?

Hon STEPHEN DAWSON: I will give the example of a deceased estate. The commissioner will generally extend a deceased estate exemption for a second assessment year when the administration of the estate is delayed past 30 June and due to factors outside the control of the executor, or administrator, such as a dispute over who should administer the estate or how the estate should be distributed that results in court proceedings; an agreement to sell the property that is settled before 30 June but is delayed by the buyer or the conveyancer; or a delay in transferring the property to a beneficiary or beneficiaries due to illness of the executor or administrator. Those are some examples.

Hon Dr STEVE THOMAS: Yes, that makes sense. I thank the minister. At page 16, clause 11(3) will insert proposed section 20(2A), under which the commissioner may revoke an exemption, concession or further concession granted, and must give written notice of decision, and all those requirements inserted by clause 11(3). I presume that a similar example might be used in a situation in which there is a significant change, particularly, for example, in a deceased estate. Are we looking at a similar component?

Hon STEPHEN DAWSON: An example is that the commissioner might give an exemption if there was a nominal rent being charged for the property; however, if it later became apparent that actually a commercial or full rent was being charged, that exemption could be revoked.

Clause put and passed.

Clause 12: Section 20A inserted —

Hon Dr STEVE THOMAS: I indicate that my final couple of questions will be on clause 12; after that, I will be done. I think we have had a pretty good examination of a bill that we all agree on.

Clause 12 on page 18 will insert proposed section 20A, titled "Owner of land subject to exemption or concession may be required to notify Commissioner of event or circumstance". Proposed section 20A(1) reads —

> The Commissioner may serve a notice on an owner of land in a financial year (the relevant year) if —

> (a) an exemption, concession or further concession has been granted for the land … under a paragraph of section 20(1); or
>
> (b) an assessment of land tax in relation to the land has been made on the basis that an exemption or concession applies …

I am interested to know why the word "may" is used there. It seems to indicate that there is a discretion; the commissioner may or may not. When I read "may", I tend to read "may or may not", so the owner of the land may or may not be required to notify the commissioner. Does the fact that the word "may" is included there give leeway for a person to not notify the commissioner in the event of a particular circumstance? If we look at the rest of clause 12, proposed section 20A(2) uses the word "must", so we have moved from "may" to "must". Proposed section 20A(3) describes the events, and the rest of the proposed section to be inserted by clause 12 seems to be fairly solid. I am interested to know—I think this is my final round of questions—why there seems to be some leeway in this clause, whereby the owner may be required and the commissioner may serve a notice. Is that just a drafting requirement of legislation or is there a specific purpose to it?

Hon STEPHEN DAWSON: It is not a blanket requirement that the Commissioner of State Revenue needs to issue or serve a notice. The difference is that once the commissioner has served a notice on an owner, the owner must respond to that. That is simply it.

Hon Dr STEVE THOMAS: I guess that makes sense. I would have thought that if there was a particular trigger, the commissioner would be required to act. It is interesting that there appears to be a bit of leeway here.

I turn now to my final question on this bill. I find proposed section 20A(6) a bit confusing. That is on page 20. It states —

> Despite subsection (5), a person served with a notice under subsection (1) —

Which is the one we have just been discussing —

> is not required to notify the Commissioner of the occurrence of a relevant event or circumstance in compliance with the notice if, at the time the relevant event or circumstance occurs —
>
> (a) the person has ceased to be an owner of the land; …

That makes obvious sense. It continues —

> (b) an assessment of land tax has been made in relation to the land for an assessment year … on the basis that —
>
> (i) for a notice under subsection (1)(a) — no exemption is granted for the assessment year under the same paragraph of section 20(1); or
>
> (ii) for a notice under subsection (1)(b) — no exemption or concession under the same provision of Divisions 2 to 5 applies …

I am not sure what that means. It is a rather complicated component. Is there any way in which the minister can give us a brief overview of what that proposed section towards the end of the bill is designed to prevent or control?

Hon STEPHEN DAWSON: Proposed subsection (6) will provide two exceptions to the notification requirements for an owner who has been served with a notice. The person will not need to notify the commissioner if they do not own the land anymore, or the commissioner has determined that a tax reduction is not to be applied to the land. Currently, the Land Tax Assessment Act 2002 creates specific notification requirements for some exemptions. These landowners are required to notify the Commissioner of State Revenue of any event or circumstance that could cause their exemption to no longer apply. There is no general obligation to notify the commissioner of any event or change in circumstances for other land tax exemptions or concessions that do not impose a notification requirement. The bill will delete the specific notification requirements and introduce one general consistent notification requirement that will apply to all landowners who receive a land tax exemption or concession. Owners will be required to advise the commissioner of any event or circumstance that might affect their exemption or concession. Under the proposed amendments, before a notification requirement can apply, the commissioner must notify the owner that an exemption or concession applies to their land and any event or circumstance that might affect the exemption or concession. This will ensure that owners are aware of their obligations under the notification requirements. I am not sure that that answers the member's question.

Hon Dr STEVE THOMAS: That is not too bad. The bill is probably written in a legalistic way to make sure that it will capture exactly what it is intended to capture. I think the minister's explanation was easier to understand than the bill as it is written. Unfortunately for us, sometimes that does occur. I think this is the catch-all provision that is referred to in the second reading speech and the explanatory memorandum. Part 3 is kind of a catch-all component, but I suspect that proposed section 20A(6), which will be inserted by clause 12, is that catch-all despite its legalistic

tone. The minister's explanation was good and easier to understand than trying to read the legislation. With that, I am done with my consideration of the bill in detail.

Clause put and passed.

Clauses 13 to 19 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Emergency Services) [9.00 pm]: I move —

That the bill be now read a third time.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [9.01 pm]: I will not take long. I just want to say thank you to the minister. The briefing we got was very good and answered a bunch of questions in advance on what is a fairly technical bill. I express my appreciation to whichever staff was involved from Treasury and the Department of Finance. It was very good. We got through this is a fairly good way, and it certainly helps when we can get answers in advance and I appreciate that. I note that this chamber got through four bills today and we were the slowest, so I think the minister will have to lift his game and go really hard in future! We got the right result in the end, so that was good. A good briefing makes it much easier for the opposition to get through the process.

Question put and passed.

Bill read a third time and passed.