

HANSARD 17 JUNE 2010
LAND TAX ASSESSMENT AMENDMENT BILL 2010

Second Reading

DR M.D. NAHAN (Riverton) [12.19 pm]: I would like to make a few comments on the Land Tax Assessment Amendment Bill 2010 in support of what other speakers have said and to also highlight a few issues. The second report of the Economics and Industry Standing Committee is a major report. The committee made 150-plus findings. A major finding was that we are losing space in caravan parks.

When I mentioned to people what we were doing as part of the committee, some of them giggled: "So you're going on vacation!" Perhaps! Once we looked at it and thought about it, this is a very important piece of infrastructure not only for tourism but also, as the member for Mandurah highlighted, for many other uses. We are continually losing capacity in caravan parks for a variety of reasons. One of the main reasons is that when caravan parks were built many years ago, they were often put on the outskirts of town, often in a very nice, pretty area. They were located on a large block of land, by the river or coast, and have variable zoning laws. They can be rezoned and therefore capture value. That is what is happening all around the state.

As the member for Victoria Park said, it is very important that not only university students are able to stay at caravan parks and have a good time for the weekend, as I used to, but also that they are family oriented. When I first came to Western Australia, I went to the caravan parks in the member for Mandurah's area. The nice thing was they were family oriented: the kids could run down and play by the beach without the need to keep too close an eye on them.

Young families with not much cash could also enjoy themselves for the weekend. This is not just a one-off issue. Everywhere the committee visited, we found people who had been going to the same caravan park for 10 to 20 years. It was part of the tourism culture. There is another growing band of people, which I will shortly join, in the grey nomads. They are the retirees who are keen and have the time —

Mr T.G. Stephens interjected.

Dr M.D. NAHAN: The member for Pilbara will be joining them soon, too.

Mr T.G. Stephens: I am just starting the second half of my career!

Dr M.D. NAHAN: I see. It will be a long second half!

Grey nomads are not only vocal but they are growing in number. They are very passionate about the recreation of travelling around the great state of Western Australia—in fact the whole nation. Many grey nomads come from places like Queensland and New South Wales. It is a major issue.

There is potential, the committee thought, for the growing expansion of international grey nomads; namely, people who come and travel around in rented vans. Unfortunately one of the odd things is that the largest number of those are the Wicked vans that are, let us say, despised. The vans are kind of clapped out. People driving them tend to like loud music and cause some accommodation problems for the grey nomads. Nonetheless, we found them interesting!

One of the most difficult and serious aspects, as the member for Mandurah pointed out, is that increases in land values, particularly around the coast, are pushing up the price not only of caravan park land but also housing generally. Increasingly, our caravans are being filled by long-stay tenants often on very low income—although not always, as sometimes they do

it for the lifestyle. They get into this mindset that things have not changed for decades. It was only recently that land values shot up in Western Australia. People went to caravan parks some time ago and bought a caravan, treated it as their home, put in gardens and parks and carports and thought everything would be fine because it had not changed in the past.

Land values have now shot up and many people are under real pressure to keep their homes. There have been many closures. They simply do not have the cash or capacity to find a larger home. People are being turfed out in large numbers.

One of the major findings of the Economics and Industry Standing Committee was that this pressure will continue unless we do something about it. The committee made 55 different recommendations, one of which involved the land tax issue. The previous government, I think in a report by a tourist task force, responded to these same pressures by giving a 50 per cent discount to caravan parks for land tax. I believe that was in the 2007–08 budget.

It was a positive initiative. Land tax is based on best alternative uses. In some caravan parks that are shire-owned or zoned strictly for caravan parks, it is not a big issue. One of the committee's major findings was that the zoning of caravan parks varies immensely. Many are zoned "tourist" and can actually be used for four-star or five-star tourist facilities. In fact, that is what has happened to many of them.

We have seen the unimproved value of land shoot up by 100 per cent to 200 per cent; therefore, the land tax levies shoot up accordingly. This has put real pressure on the economic viability of caravan parks as tourist parks. It is also creating an incentive for people to convert caravan parks to alternative uses, as it would. In fact, I believe that is part of the purpose of the tax.

When the committee visited caravan parks, we found that a large number of firms have identified the speculative capacity of these parks—that is, the rezoning capacity—and are buying the land, often keeping it as a caravan park for periods of time but doing other things like putting chalets and more long-stay accommodation in. They are waiting for the day they can change the value of the land. That is how business works.

One of the committee's concerns, which was also a concern of the task force of 2006 under the previous government, was that we want these parks to remain as parks. The Land Tax Assessment Amendment Bill 2010 provides a substantial land tax incentive to keep caravan parks. We want that to be more permanent, so the committee suggested a clawback period. The previous government had a clawback period of five years.

The committee's report recommended, since we are doubling the land tax exemption from 50 per cent to 100 per cent, that we increase the clawback period from five years to 10 years to dissuade speculative capacity. That is what the bill does. It takes up in full recommendations 16 and 17 of the committee's report, and implements them. I congratulate the government on that initiative.

The Minister for Planning gave quite a comprehensive response to the committee and its many recommendations. He indicated which recommendations he would undertake in part or in full and which ones he would not. Although the issues of this bill are relevant and very important, and the government should be congratulated for taking it up, there are other issues that are just as important. The differential between the profit that someone can make from operating a caravan park and what can be obtained by rezoning is phenomenal and overwhelms the land tax incentive.

To give members some data, we heard that in one of the northern vacation cities of Western Australia—I will not name it—some of the caravan parks are on the market or could be on the market for over \$20 million. Seabird Caravan Park, which is north of the city, is one of the few that has been stratified; that is, strata titled.

The committee heard that a few years ago one of the small blocks, probably no bigger than this area in front of me in this chamber, with a caravan on it, sold for \$750 000. In other words the value, whether it be for tourist or a holiday home or just the value Western Australians put on having a home by the sea, even if it is small, overwhelms this land tax incentive.

The Western Australian Planning Commission has issued a planning document that sets out a strategy for shires to take up. It says, "Let's look strategically at our caravan parks and say which ones we need to preserve, and zone them accordingly. Let's consider which ones are medium, and which ones we can utilise." It has to have a strategic focus. We found that the Shire of Augusta – Margaret River was the most advanced in that regard. It was very effective. Albany also did the same thing: the priority ones were identified. Such parks are usually by the coastline and are family oriented.

For the second tier parks it would have allowed more chalets and some more long stays. For the third tier parks, which were usually further from the ocean, it would have allowed redevelopment, including for more long-stay accommodation.

Mr T.G. Stephens: Your normal philosophy and ideology is "let the market dictate". Can you just tell me why have you suddenly got a warm and fuzzy feeling towards caravan park users, when your warm and fuzzy feelings about every other segment of the market seem to be completely cold?

Dr M.D. NAHAN: Let us take that in three points. First, about this being the first time I have had "warm and fuzzy feelings", I do not think I have even had a conversation with that term, so I do not know how the member came out with the statement.

Mr T.G. Stephens: Warm and fuzzy in the Parliament.

Dr M.D. NAHAN: No. Second, why did I take this issue up? It is important people infrastructure. Do I believe that we should have zoning laws that stick; zoning laws that state that Kwinana should be an industrial site? Yes, I do. This is an issue about planning zoning for infrastructure. This issue is that we go out and build infrastructure and we zone it for caravan parks.

The zoning gets watered down and therefore we lose essential infrastructure. That is what this legislation is about. If the member read the report, he would not have to ask that question. Third, we went to places and we found people, as the member for Mandurah outlined in detail, who are destitute; they are being thrown out of often second-rate homes. They like the properties and they like the facilities, but they are an offshoot and victims of a rising lack of affordable housing.

Also, up in the member for Pilbara's area, which I did not mention, there is not so much a long-stay issue; essential pieces of infrastructure—that is, caravan parks, which are part of the infrastructure for grey nomads and other tourists in that area—are being consumed. Therefore, the tourists have nowhere to stay because the people who have not been able to find accommodation due to the lack of affordable housing and land availability have taken over the caravan parks.

Ms A.J.G. MacTiernan: Carve up those cow paddocks! Do not bother about the —

Dr M.D. NAHAN: The member would rather people —

The ACTING SPEAKER (Mr A.P. O'Gorman): Members!

Dr M.D. NAHAN: The member for Armadale would prefer people not have any place to stay in the caravan —

Ms A.J.G. MacTiernan: Laissez faire; don't worry about sewerage!

Dr M.D. NAHAN: The member for Armadale would have people live in low-quality homes; that is what she would prefer!

Ms A.J.G. MacTiernan: No. The member does not have the figures. The member should look at living affordability, not just housing affordability.

Dr M.D. NAHAN: I do.

Ms A.J.G. MacTiernan: You cannot stick people out there and provide nothing for them and expect that to be functional. This is the failure of your laissez-faire politics that you have pursued!

Dr M.D. NAHAN: Talk to the member for Mandurah! The problem that the member for Mandurah highlighted is largely the previous government's doing. People are living in that accommodation; they do not have opportunity because the previous government did not deal with housing affordability when it was its issue, so the problem lies with the former government!

Ms A.J.G. MacTiernan: You would just carve it up—carve up the cow paddocks!

Dr M.D. NAHAN: I would carve up cow paddocks if it meant that people would have affordable housing—yes, I would.

Ms A.J.G. MacTiernan: But they don't have affordable housing; you have got to look —

Dr M.D. NAHAN: Yes, I would.

The ACTING SPEAKER: Members!

Ms A.J.G. MacTiernan: You can't look just at the cost of the land; you've got to look at the living affordability.

Dr M.D. NAHAN: Has the member looked at the people who live in those caravan parks and their situation?

Ms A.J.G. MacTiernan: All that data is showing is the cost of transport actually outweighs the cost of housing.

Mrs L.M. Harvey: She knows absolutely everything!

Dr M.D. NAHAN: The member for Armadale —

Ms A.J.G. MacTiernan: I like to think that I have learnt something.

The ACTING SPEAKER: Member for Armadale, I am trying to hear the member for Riverton. Until now it has been a reasonable contribution that we have been able to hear. We have heard everybody else in silence and I ask that we hear the member for Riverton in silence.

Dr M.D. NAHAN: Thanks very much. There is a very major issue, as the member for Mandurah said, that not only in Mandurah but also around the Perth area and other areas there will be a growing crisis of people who have located, or plan to locate, to caravan parks but those caravan parks are to be rezoned. Those people will not find an alternative. That is the issue that we must plan for. The real issue is that most of the land in the places where people want caravan parks has been taken up for alternative uses and it is very expensive. A major recommendation in the report is that governments, whether they be local government or the state government, identify and rezone land that can be taken up, identified and rezoned as caravan parks. That is not easy but it has to be done.

An issue that the member for Mandurah raised, which I think is important, is that this to a large extent has to be provided by, and the leadership has to come from, local governments. Local governments need to identify at-risk caravan parks and land that can be used and appropriately zoned for caravan parks. A major recommendation of the Economics and Industry Standing Committee's second report was in fact that shires take the lead not only in identifying the land but also owning the land for caravan parks to more effectively prevent that land being rezoned for other uses.

Nonetheless, the Land Tax Assessment Amendment Bill provides something that the government can do quickly that builds on the committee's report, and the Tourism Planning Taskforce report of 2006 augments it. The bill provides a constructive way to help people retain caravan parks as caravan parks while we undertake a more strategic review.

On behalf of the Economics and Industry Standing Committee, I thank the government's initiative in taking this issue up and I welcome the bill.