

CARAVAN MANUFACTURING INDUSTRY - EFFECT OF STAMP DUTY

Grievance

MR A.P. O'GORMAN (Joondalup) [9.22 am]: My grievance this morning is to the Treasurer and concerns stamp duty on caravans and the barriers that duty creates for the expansion of the caravan manufacturing industry in Western Australia. I do not know whether the Treasurer is aware that I have been caravanning for a number of years, prior to which I was a keen camper. I have travelled around the state visiting various caravan parks and talking to many other caravanners from around Australia. During my travels on holidays and while visiting small towns I started to think that Western Australia was experiencing a mini-tourism boom because I saw increasing numbers of caravans that had been registered in Queensland, Victoria and South Australia. However, from conversations with some of the owners of these vans, I discovered that a large number of them were resident in Western Australia. I was informed that many caravanners purchase their vans through local dealerships but that the vans are delivered and registered in other states. That is a method of avoiding paying stamp duty in Western Australia.

I decided that I would upgrade my caravan for various reasons, partly because I wanted to visit some of the smaller towns that might not have caravan parks and I needed the extra facilities provided in an upgraded van. I decided to purchase a van of very high quality from a WA manufacturer because I wanted to support local business. When I signed the offer to purchase, I was a bit shocked to discover the level of stamp duty. The van is worth about \$54 000 and incurs stamp duty of \$3 562. As members can imagine, that would probably shock most caravan purchasers in this state out of the market. The annual licensing fee is \$190, which is very reasonable and I commend the Treasurer for keeping it to a low level. I almost considered buying an eastern states van through one of the dealers in Western Australia that provide that service. It is not surprising that purchasers opt to buy their caravans in the eastern states to avoid paying the high stamp duty in Western Australia. I was of the opinion that that practice was not rampant in the industry. However, I now have proof that dealers are providing that opportunity. I would like to table a copy of some instructions I have received on how to avoid paying stamp duty by purchasing a caravan in the eastern states. The dealer is Harbin Nominees in Naval Base, which firm I believe trades under the name Cockburn Caravans. I have been told that another local dealer, George Day, also provides this type of service, but I have no documentation to indicate that.

[The paper was tabled for the information of members.]

Mr A.P. O'GORMAN: This practice not only puts honest dealers in a quandary because they want to use the same method, but also has a detrimental effect on our Western Australian manufacturing industry. Coromal Caravans Pty Ltd is the largest manufacturer, building approximately 2 000 caravans a year, followed by Trailcraft Australia Pty Ltd and Western Caravans, which between them build about 300 vans a year. Caravan and trailer manufacturers employ 250 to 300 people in the industry and they would like to expand and create more employment in Western Australia. In fact, one of the manufacturers expressed a wish to develop an approved training scheme for trades in the caravan industry. Currently all the tradespeople in the industry are trained over east or are not properly trained. The stamp duty applies only to land-based recreational vehicles, while boating enthusiasts pay no duty at all when they purchase luxury cruisers that can cost millions of dollars. Most caravans are purchased not only for the lifestyle but also because it is an economical way to take holidays and explore Western Australia. I urge the Treasurer to reconsider this impost on this industry and make all land-based recreational vehicles stamp duty free, or at least reduce the amount of stamp duty payable. The cost to the state of abolishing it would be between \$7 million and \$9 million a year. That amount could be recouped from imposing a similar stamp duty on luxury cruisers valued from, say, \$250 000 or \$500 000 to \$1 million. That would provide a reasonable income and would not penalise those who own much smaller or cheaper craft.

I have also done some research and found that trailers and caravans are exempt from stamp duty in Queensland. In Victoria owners pay no stamp duty if the caravan or trailer weighs less than four tonnes. I believe New South Wales imposes stamp duty, and I have documentation to indicate what it is. South Australia does not impose stamp duty on caravans and trailers. It is close enough to Western Australia to encourage people to fly there, pick up their van and bring it back here. I have heard of a number of caravanners around the state who have done that. I urge the Treasurer to consider this issue. The caravan manufacturing industry is an important industry for Western Australia.

This weekend is probably the prime touring weekend in the year for people with caravans. In the year I purchased my first caravan, the Easter weekend was the only weekend I could get away. I telephoned camping grounds from Exmouth to Esperance and could not find a caravan bay anywhere except in Collie. I am happy to say that I stayed at Collie and now realise that it is one of the great tourist destinations of Western Australia - Mick asked me to say that!

Several members interjected.

Mr A.P. O'GORMAN: That has been shown by the fact that it won the Australian Tidy Towns Award this year. It is a great place to visit. I urge all members to visit some of the smaller towns around the state, regardless of whether they stay in a caravan or in hotels, because they are part of a great industry. Caravanning is a great way to see our state. I hope the Treasurer has a good answer.

MR E.S. RIPPER (Belmont - Treasurer) [9.28 am]: Those comments prove how relentless the member for Collie-Wellington is in his campaign to promote his electorate. I hope the member for Joondalup will drive safely in his caravan over the forthcoming weekend, and also that everyone else will. In Western Australia, caravans are subject to the same stamp duty scale as motor vehicles. It is the case that there is a stamp duty exemption for caravans in Victoria, Queensland and South Australia. It is also the case that stamp duty rates on motor vehicles, particularly those at the top end of the scale, are higher than those in other states. The stamp duty payable on more expensive caravans in Western Australia is 6.5 per cent compared with the top marginal rate of five per cent in New South Wales, four per cent in Tasmania, four per cent in the Australian Capital Territory and three per cent in the Northern Territory. However, for caravans valued at \$15 000 or less, the rate of stamp duty in Western Australia is 2.75 per cent, and that is lower than the rate in the other jurisdictions in which stamp duty is applicable to caravans.

It is clear from those figures and the comments of the member for Joondalup that there is a difference between the stamp duty treatment of caravans in Western Australia and the stamp duty treatment of caravans in many other states. This is the type of issue that the state tax review has been established to look at. The government is committed to providing a competitive tax system in this state and to keeping the burden of taxes as low as possible. There have been 135 submissions to the review, including a number of submissions that have raised concerns about stamp duty on caravans. Consequently, the issue will be examined in the review and, in particular, there will be an examination of whether our stamp duty regime is having a detrimental effect on caravan sales. The review process is not just a review in government, although a lot of work is being done by the Department of Treasury and Finance. However, an external reference group has the job of providing advice to the government on community priorities and acting as a sounding board for the work of the Department of Treasury and Finance. There is a representative from the caravan industry on the reference group, alongside other business and community representatives. An interim report of the review will be released with the forthcoming budget, and we will look at further tax relief in subsequent years, beyond the tax relief that we have announced will apply in this budget. When we examine the possibilities for further tax relief, we will take into account the priorities established by the state tax review and we will look at competing demands for the use of state finances, including service improvements, the payment of public sector wages and the provision of more infrastructure at a time when the construction industry is overheated as a result of the booming economy. The government has shown that when it has the capacity, it will deliver tax relief. There have now been four rounds of tax relief in the past two years, and the total tax relief delivered by those four rounds of tax relief in the past two years is \$690 million in the forthcoming 2006-07 financial year. Of course I understand that people think that more tax relief would be appropriate. We are serious about offering more tax relief if we have the capacity to do that. However, we must take into account services, wages and infrastructure when we consider those matters.

I am concerned about the suggestion by the member for Joondalup that people might be evading Western Australian taxation by buying caravans in other states. I have received advice from the Department for Planning and Infrastructure that there is very little evidence to date to indicate a significant increase in interstate purchases of caravans by Western Australian residents to take advantage of the tax differences. Nevertheless, the state tax review will certainly look at that matter to determine whether our tax regime is having a detrimental effect on local industry. If firms are seeking to promote avoidance of the Western Australian tax regime, that is not fair behaviour to other people in the industry who do the right thing. That matter could well be examined by the Commissioner of State Revenue, and I urge anyone who has evidence of those matters to provide that evidence to the commissioner. I will refer the *Hansard* of the remarks of the member for Joondalup to the Department of Treasury and Finance for its general information, but also for onward referral to the state tax review. The member has raised an interesting issue that could possibly be affecting the performance of a local industry that we would like to see prosper. I want to make sure that the state tax review examines that issue.

Mr C.J. Barnett: He is just another aggrieved and suffering taxpayer, isn't he?

Mr E.S. RIPPER: Although taxpayers do not like to pay taxes, member for Cottesloe, they do like to receive the services that the taxation funds. It is the government's job to find the appropriate balance between tax levels, wage levels, service levels and infrastructure levels.

I conclude by repeating the remarks that I made at the beginning of my comments: Easter is a time when a number of people travel and caravan. I urge everyone to focus on safety as they go into this weekend of travel and holiday.