

11 December 2013

Mr Chris Jordan
Commissioner for Taxation
Australian Taxation Office
Canberra Act 2601

Via email: steven.iselin@ato.gov.au

Dear Commissioner Jordan,

Re: ATO draft ruling goods and services tax: supplies made by an operator of a 'moveable home estate' (GSTR 2013/D2)

COTA Australia welcomes the opportunity to provide comment on the draft terms of reference for the Financial Systems Inquiry.

COTA Australia is the peak national policy body of older Australians. Its members are the eight State and Territory Councils on the Ageing (COTA) in NSW, Queensland, Tasmania, South Australia, Victoria, Western Australia, ACT and the Northern Territory.

COTA Australia has a focus on national policy issues from the perspective of older people as citizens and consumers and seeks to promote, improve and protect the circumstances and wellbeing of all older Australians; promote and protect their interests; and promote effective responses to their needs.

COTA welcomes the opportunity to comment on this draft ruling as it has the potential to adversely impact on around 100,000 residents, many of them older people. Indeed we have had a number of contacts from older people expressing their dismay at this proposal with many of them quite fearful about what it would mean for them.

Issues

Housing affordability is a huge problem for many older Australians and they have chosen manufactured housing estates as an option they can afford. In choosing where to live as a long-term option, people entered into these parks on the basis of the taxation arrangements and associated costs at the time of moving in i.e. either paying 5.5 % GST or none at all where the operator has chosen that option.

The draft ruling of the Australian Taxation Office to levy GST on fees associated with residential parks will have a negative impact on the most vulnerable in our community. The latest figures show that around 90 per cent of home park residents are pensioners. Many do not have the resources to make what could amount to retrospective payments and the projected increased costs may push them into already over-heated private rental markets

and possibly a significant number into homelessness. There are various estimates as to what this proposal might mean but most people would be paying somewhere between \$35-50 extra a fortnight. For those on a pension, and even more for those on Newstart Allowance, this is a significant impost that they would struggle to absorb.

People view these parks as their homes and have shown some surprise and disbelief that the draft ruling seems to be implying the parks are not residential and not people's homes. As one correspondent said to us, "How can the government say these parks are not residential when I have lived here for 24 years?" COTA is concerned that if this ruling is not changed many people will lose the only home they have. Given the state of the private rental market, with low availability and high rents, seeking alternative affordable accommodation is not an option for many park residents. In addition, the public housing system is saturated, with long waiting lists in most jurisdictions.

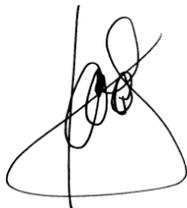
The increased revenue from this measure is estimated to be around \$6 million per year. This would have a very small impact on total GST receipts while the increased costs would have a significant impact on the individuals affected, many of whom are living on low fixed incomes. There may also be significantly higher financial impacts on state and territory housing schemes.

Recommendation

COTA calls for the draft ruling to be immediately recalled to ensure residents do not have to worry about significant rental increases in the future or the debt of back payments.

For further information regarding this submission please contact Jo Root, National Policy Manager, on (02) 6282 3436 or email jroot@cota.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ian Yates', written over a faint, large, stylized outline of a person's head and shoulders.

Ian Yates AM
Chief Executive