

**A TAX REFORM AGENDA FOR  
LONG-TERM AND SHORT-TERM ACCOMMODATION**

Hera Antoniadou and Helen Gilbert  
[hera.antoniades@uts.edu.au](mailto:hera.antoniades@uts.edu.au)  
[helen.gilbert@uts.edu.au](mailto:helen.gilbert@uts.edu.au)  
University of Technology, Sydney

**ABSTRACT**

In the last 15 years, there have been a number of reviews across Australia's taxation system which has had flow-on consequences for the real property sector. The Ralph Report (A Review of Business Taxation, A Tax System Redesigned, 1999 chaired by John Ralph AO) contained about 280 recommendations which were aimed at improving the competitiveness and efficiency of the Australian Business, reducing compliance costs and enhancing the stability of taxation arrangements. More recently the Henry Review (Australia's Future Tax System, 2009 chaired by Ken Henry) prioritised the economic and environmental challenges with a view to enhancing community wellbeing.

Caravan parks, camping grounds, and boarding houses have traditionally provided affordable accommodation for city and regional holidaymakers, retirees and also low income residents. However little attention has been afforded to either review with regards to taxation issues and community needs impacting on long term and short term accommodation. This paper examines the GST application for long-term and short-term accommodation, and will focus on the consequential treatment of the accommodation as either an input tax supply or a taxable supply. The research explores the effectiveness of the present taxation system and the impact for low-cost long term and short term accommodation. In conclusion, it is argued that the present taxation system has adversely impacted on low-cost long-term and short-term accommodation, coupled with the developers desire to maximise profits and redevelop caravan parks.

**KEYWORDS:** Caravan Parks, GST, long term accommodation; short term accommodation

**INTRODUCTION**

The real property industry in Australia is one that intersects the boundaries of many aspects of taxation. Ownership of real property, for example, may be as simple and straight-forward as ownership of the family home or an investment property by individuals, or as complex as ownership of investment properties through companies, trusts and unit funds. Thus ownership of real property may involve taxation matters relevant to capital gains tax, small business taxation, company taxation and goods and services tax (GST).

In the last 15 years, taxation reviews across Australia's taxation system has had flow-on consequences for the real property sector. Two primary reviews, The Ralph Report (A Review of Business Taxation, A Tax System Redesigned, 1999 chaired by John Ralph AO) contained about 280

recommendations which were aimed at improving the competitiveness and efficiency of the Australian Business, reducing compliance costs and enhancing the stability of taxation arrangements; and the Henry Review (Australia's Future Tax System, 2009 chaired by Ken Henry) prioritised the economic and environmental challenges with a view to enhancing community wellbeing.

Therefore, a fundamental reform of Australia's taxation system occurred when Goods and Services Tax (GST) was introduced in July 2000. GST, a broad based tax of 10%, is applied to goods and service *supplied* and *expended*, which includes real property transactions such as commercial and residential property. Therefore the primary aim for introducing GST was to reduce the tax burden on ordinary incomes (e.g. salary and wage earners to receive a reduction in their marginal tax rates), by transferring some of the tax burden over to consumption (e.g. supply of goods and services) and to remove wholesale tax and some state and territory taxes.

Consequently, GST is recognised as one of the relatively efficient taxes in Australia. Furthermore, Australia's GST rate is amongst the lowest in all OECD countries, making it a potential candidate for further reform. However, the complexity and application of GST for real property is highlighted with the varying treatment of commercial and residential sales and rental, caravan parks, vacant land and mixed use dwellings.

### **Overview of GST Regime for Real Property**

Within the GST regime there are three categories of *supplies*, which are identified as a *taxable supply*, an *input taxed supply* and a *GST-free supply*. These *supplies* are briefly discussed in this section:

- Taxable Supply – the supply comprises of a GST component, and there is a 100% GST refund for acquisitions relating to this supply, if the owner of the supply is registered for GST.
- Input Taxed Supply – the supply never contains a GST component, and there is no GST refund for acquisitions relating to this supply.
- GST-Free Supply – the supply never contains a GST component, however there is a 100% GST refund for acquisitions relating to this supply, if the owner of the supply is registered for GST.

For example, the sale of a commercial property is classified as either a taxable supply (if sold with vacant possession), or a GST free supply if sold as a “going concern”; whilst the commercial rent is considered a taxable supply only. However, residential property sales and residential rent is generally considered an input taxed supply unless the property is sold as new residential where the application would be a taxable supply.

Vacant land can fall into all three classifications; a taxable supply if the land is sold by a property developer, an input taxed supply if the land is sold by a consumer who is not a property developer, and GST-free supply if the land is sold by the Commonwealth. Farmland can generally be considered a GST-free supply, however there are some exemptions which might require the treatment to be a taxable supply. To add further to this intricacy, there is also the classification of commercial residential premises (CRP) which are a taxable supply but, if certain criteria are met, then the accommodation is considered as residential premises, which is an input tax supply. For example, caravan parks, camping grounds, boarding houses, hotels and motels and selected student accommodation are generally commercial residential premises, even though occupants may elect to use these premises as their permanent place of residence.

### **Commercial Residential Premises (CRP)**

Commercial Residential Premises, such as caravan parks, camping grounds, and boarding houses are generally subject to GST, both on the sale/purchase price and also if leased. Traditionally these types of accommodation have provided affordable living for the city and regional holidaymakers, retirees

and also low income residents. However, little attention has been afforded to the last two taxation reviews with regards to taxation issues and community needs impacting on long term and short term accommodation. Indeed, research undertaken by Reed and Greenhalgh (2004) highlighted the necessity for caravan parks to exist as possible, affordable housing options, for long-term accommodation for residents.

The natural amenity, scenic beauty and climate of the NSW coast provide an attractive destination for holidaymakers and long-term residents. Low cost accommodation providers including caravan parks, camping areas and manufactured home estates are important sources of tourist (short-term) and residential (long-term) accommodation, particularly on the coast. These sites are often located in attractive locations close to beaches, rivers, forests and national parks.

However there has been a marked decrease in the supply of low-cost coastal caravan parks in recent years due to a combination of factors. These include development pressures associated with increased population migration to the coast, the related growth of more upmarket facilities to capitalise on tourist demand and various threats to park viability created by increasing regulation, costs and land values. Between 1996 and 2006, 11 coastal communities in NSW and Queensland lost between 110 and 590 caravan sites each (Howden 2010a, 5). Many parks are converted into residential or commercial uses, or redeveloped into tourist resorts or holiday parks. Their closure and redevelopment raises various economic and environmental issues. Additionally, social impacts such as the loss of affordable tourist accommodation, the displacement of permanent residents and the policy implications involved are also worthy to note.

Therefore, this research paper examines the interrelated areas concerning the GST application on long-term and short-term accommodation. The first section of the paper discusses the literature for taxation levied on real property, together with the social considerations affecting the consumer and occupier of the property. The research then leads into a discussion on the application of GST and the impact for low cost family holidays and longer-term repercussions for the supply and security of affordable housing. In conclusion, it is argued that the present taxation system has adversely impacted on low-cost long-term and short-term accommodation, coupled with the developers desire to maximise profits and redevelop caravan parks.

## **LITERATURE REVIEW**

As discussed earlier in the paper, the introduction of GST as a broadly based tax in Australia was part of the government's tax reform strategy, whilst admittedly this also included a bonus with the obvious revenue collected by the Commonwealth. Research presented in this paper, nationally and internationally investigates the link with property taxes and residential accommodation. In Australia, GST is partly uniform for the residential market and different for the non residential market. For example, in Australia, second hand residential properties and residential rent is not subject to GST, whereas new residential properties are subject to GST implications. Furthermore, the treatment of CRP can be either a taxable supply or an input taxed supply. This complexity has created inequity for the occupant of investment properties, because a taxable supply will comprise a 10% GST component, and the occupant is unable to claim the GST credits. For instance a tenant will pay \$300 per week rent if the residential premises are classified as an input taxed supply. However, if the residential premises are classified as a taxable supply, for instance CRP, and the owner is registered for GST, then the tenant will be required to pay \$300 plus \$30 GST (i.e. an extra 10%), being a total of \$330.00. The tenant would be unable to claim the \$30 as a refund, and is therefore disadvantaged because of the *supply* classification for the property being occupied.

A policy perspective in Australia focuses on consumption tax spread evenly across the community and normally residential rent is exclusive of GST. However, if a property owner is able to classify the accommodation they provide to the consumer as commercial residential premises (CRP) then there are enormous benefits to the property investor. For example, any expenditure associated with the

income producing property, and which contains a GST component, will provide the property investor with the opportunity to claim 100% of the GST credits from the Australian Taxation Office (ATO). In comparison, the classification of residential rents does not provide the property investor with this opportunity.

Researchers have argued that GST is a regressive tax because lower income earners are adversely affected since a higher proportion of their income is consumed with tax, in comparison to those who are earning a higher income. Caravan parks have been providing low cost accommodation for groups at risk of homelessness (PAVS, 2002; AHURI, 2004; Marks, 2008; Gurran, Hamin & Norman, 2008). Other demographic groups have sought permanent residence in parks in coastal locations as part of downsizing, lifestyle changes and retirement trends (Gurran, *et al* 2008). Meanwhile increasing tourist numbers have ensured the caravan, motor-home and camping industries have created the fastest growing domestic tourism sector in Australia over the past 12 years (Baillie, 2010, CCIA NSW, 2013).

Caravan parks span the void between the tourism and housing sectors (Reed and Greenhalgh, 2003). Since the early 1900s they have provided affordable tourist accommodation – often in public reserves near beaches and rivers (Yeo and Grech, 2006) or en-route to holiday destinations (Reed and Greenhalgh, 2003). It was not legal to live in caravan parks prior to 1988, but people have resided in them since the 1930s depression era and councils did not act to prevent this. Permanent resident numbers increased during the 1980s coinciding with reduced housing affordability and the need to cater for construction, mining and itinerant workers (Reed & Greenhalgh 2003; Yeo and Grech, 2006).

Caravan and holiday parks provide a range of accommodation options from basic to resort standards and include short-term and permanent sites. Short-term occupation involves powered or unpowered sites for camping or caravans, self contained cabins or private caravans often owned by long-term casuals who have occupancy rights up to 180 days per year. Long-term sites are occupied by permanent residents who rent the site and either own or lease their home (or caravan and annex) (CCIA NSW, 2013). Some parks cater for tourists and permanent residents and other estates and parks have only long-term residents. The industry identifies different categories of parks including tourist parks, general caravan parks and manufactured home estates (MHEs) or communities (CCIA NSW 2013). There are currently 483 residential land lease communities housing long-term residents across NSW including caravan parks, MHEs, mobile home villages and relocatable home parks (NSW Fair Trading, 2013, 1). These varying categories for long and short term accommodation, has added to the complexity of the GST application for the CRP classification.

Research undertaken by Feld and Schneider (2003) argued that the more complex the taxation system is for a county, then there is a greater chance that the perceptions of the consumer will be towards their true tax burden and therefore their tax resistance is lessened. This concept can be applied against the complexity of GST for the real property sector. Additionally, Dixon and Rimmer (2000) argued that the introduction of GST was “failure in policy formulation” and should not have been considered the “central component” of tax reform. Another approach considered by Creedy (2002) was the examination of a variety of structures in the pre-GST and post-GST regimes. He argued that “separate taxes should not be examined in isolation” and concluded that indirect taxes generally generated a small increase in the measure of inequality with household expenditure, but Creedy did not continue with the research to include real property. Interestingly, Blount (2000), sought to discover patterns for public opinion on a range of tax issues in Australia, including the introduction of GST, and concluded that taxpayers preferred “higher indirect taxes” with an “aversion to visible taxes”. A comparison of property taxes for residential development in Sydney and Taipei concluded that taxes affect the price of Sydney properties but not so for Taipei (Chan, Chen 2011). Their study included commonwealth and state taxes and was restricted to the Sydney residential market only.

Nevertheless, a key application of Australia's tax reform is the incorporation of GST within the real property sector. The differing treatment for commercial and residential properties has added to the confusion and uncertainty of GST law application for property investors and occupiers. Caravanning and camping contributed \$1.5 billion to the NSW economy in 2012, with \$1.38 spent at local stores for every dollar spent at a caravan or camping site (Souris, 2013). The growth in the tourist industry has seen many park operators focus on more profitable short-term tourist opportunities – resulting in upmarket tourist parks. These holiday or destination parks are often located in pristine environments close to national parks and beaches. They provide a range of accommodation options including cabins and safari (pre-erected) tents. Activities and facilities offered include water parks, resort style pools, kids clubs, mini golf, group entertainment, internet access, shops, restaurants and cafes (TIC NSW, 2013 and CCIA, 2013).

Coastal parks in prime positions in particular, have responded to consumer preferences for better standards and accommodation geared particularly for families and couples (38% of visitors to parks in NSW) and seniors over 55 or grey nomads (28%) (CCIA, 2013, 3). Over the last 15 years, coastal holiday parks have introduced self-contained cabin accommodation (one to three bedrooms) ranging from 3.5 to 5 (AAAT) stars. Cabins with at least 4.5 stars can achieve up to \$400 per person per night in peak season (CCIA, 2012, 6) effectively competing with standard motel accommodation (CCIA NSW 2013). While site fees have not increased enough to assist park viability, the potential yields from cabin occupancy could balance this (CCIA, 2012). Private, corporate and public caravan park operators have followed this path resulting in a reduction of permanent residential sites in the remaining parks.

Therefore current policy for caravan parks on Crown lands is to provide short-term holiday or tourist accommodation and to convert long-term sites to short-term sites. Consequently permanent residents are gradually removed from these parks. However the state notes that *other* Crown land is reserved for permanent accommodation such as retirement villages and manufactured homes (DOL 2008).

The demand for more affordable retirement living in high-amenity locations, and the displacement of permanent residents from a decreasing stock of caravan parks has contributed to the growth of manufactured home estates (MHE). Middlebrook (2010) notes manufactured home estates supply a source of self-care retirement housing not always available in traditional 'bricks and mortar' housing. He suggests that compared to retirement villages, MHEs provide various advantages including lower cost homes and no stamp duty, entry or exit fees or deferred management fees on departure. The redevelopment of general caravan parks into MHEs and their availability for displaced residents from other parks indicates the growth of MHEs is both a cause and a consequence of caravan park closures.

In conclusion, a range of issues and public and private stakeholders are involved in the supply, demand and management of caravan parks and manufactured housing estates (MHEs). The developer's perception of caravan parks as low cost, temporary uses of land means they play a changing and significant role spanning the tourism and residential sectors. The complexity of the issue and ongoing pressure for the closure, rezoning and redevelopment of many parks presents major challenges for policy and governance in this area. In addition, the complexity with the classification of caravan parks as CRP has diminished the benefits and affordability previously available to occupants in the residential sector.

## **RESEARCH METHODOLOGY AND LIMITATIONS**

As indicated earlier in the paper, the aim of the research is focused on the application of GST for CRP, and the closure and redevelopment of many coastal caravan parks. Therefore this paper is a conceptual study that explores this phenomenon, mainly through a review of literature, regulation and government policy.

The first stage of the research provides an overview of the literature linking the application of GST to CRP, with a focus on the caravan park industry and the subsequent redevelopment of many sites. The second stage of the research provides a contextual analysis of regulation and government policy and the impact afforded to caravan park occupants and owners. Where relevant, statistical information relating to the closure of caravan parks coupled with the development progress is included; and data that is available *before* and *after* GST.

Issues such as the GST margin scheme are not discussed unless there is relevance to the research pertaining to this paper. Similarly it is beyond the scope of this paper to discuss the vast variety of CRP categories, such as hotels, motels, boarding houses and serviced apartments.

The various social issues and problems associated with the caravan park industry, particularly with the trend towards tourism and redevelopment, are identified. The discussion concludes with recommendations to simplify the GST application and to retain caravan park living for those seeking affordable housing options.

## **DISCUSSION AND ANALYSIS**

This section of the paper commences with a discussion on policy implications and the subsequent social impacts; in particular it is highlighted that greater recognition of the increasing role of caravan parks and MHEs in the provision of affordable housing is needed at all levels of government. Some noticeable social impacts arising from the caravan park conversions also includes lost character, social cohesion and a sense of place. In the second part of this section, taxation consideration and policy are discussed, together with the characteristics of premises used for accommodation.

### **Recognising the role of caravan parks and MHEs in affordable housing**

Policies and processes involving landuse change in these parks should reflect (rather than encourage) consideration of displaced residents' needs. For instances, in response to rising community concerns over redevelopment pressures and the threatened closure of some residential parks in the Gosford LGA, the local council developed an affordable housing strategy to preserve a range of housing types.

However, the council's attempt to rezone existing residential parks to 'Special Purpose' use to prohibit other uses was initially rejected by the state government, although a revised plan was later approved. This plan was tested and upheld in the Land and Environment Court (LEC) when the Court dismissed an owner's appeal over a refusal to rezone a residential park (Gosford City Council, 2009). This example demonstrates that policy change in this area is achievable. It also reflects a National Sea Change Taskforce campaign (2011) for greater control over the rezoning of affordable housing sites such as caravan parks and MHEs and the retention of a portion of these housing options for permanent residents.

In conclusion, policy response in this area has been minimal at the state level. The *Taskers* case demonstrates outcomes depend largely on the response of individual councils and their concern for social or environmental issues.

### **Lost character, social cohesion and sense of place**

Lazarow, Smith and Clarke (2008) suggest Australia's attachment to the coast shapes the cultural values and identity of coastal visitors and residents. Caravan parks provide cohesive communities, shared spaces, camaraderie, a sense of place and links to important environmental assets. Fuller (2007) argues the flexible nature of caravan parks helps define coastal communities and their loss or redevelopment significantly reduces 'communal inheritance'. Green (2000) suggests the sense of place and local character is more likely to be overwhelmed by the scale and pace of new residential and tourism developments in smaller coastal communities where the homogenising effect of increasing suburban character undermines the unique beauty and natural attractions of the area. As

noted by Gurrán et al (2005) planning tools to preserve and enhance important attributes of place are inadequate.

### **Loss of affordable housing**

NSW planning legislation (the *EPA Act*) obliges state and local government to *encourage* the provision and maintenance of affordable housing. Councils regulate and influence the supply of housing in terms of cost, type, location and amenity through planning tools and development approval powers. Coastal communities experience affordable housing supply problems as lower income families leave cities in search of low cost accommodation. The attraction of the coast for sea changers and retirees intensifies this shortage (Gosford City Council, 2009, 9). Gurrán *et al* (2005) report that coastal caravan parks and manufactured homes are important sources of housing for low income earners and retirees. However, gentrification is apparent in some coastal lifestyle destinations as demand for new housing and holiday accommodation reduces affordable housing options and creates seasonal shortages.

### **Caravan parks, MHEs, affordable housing and security of tenure**

Manufactured Home Estates (MHEs), where residents own or rent relocatable homes on leased sites, can be separate or integrated into caravan parks. With house prices under \$200,000, MHEs provide an important affordable housing option (DOP, 2010, 1). However, security of tenure can be an issue as the park owner retains land ownership. MHE and park residents are vulnerable to homelessness in a different way to other homeowners (Forrest *et al*, 2004), given that park owners are potential developers (Wakeling, 2008). Residential *site* agreements (applying to residents in parks prior to December 1994) allow subletting and limit termination circumstances available to park owners. However termination rights are greater under residential *tenancy* agreements (those made after 1994). As noted in the *Taskers* case, requirements to inform potential manufactured home purchasers of any (lodged or potential) development applications involving a MHE or park, protects buyers but decreases home values and sale opportunities for current residents (Wakeling, 2008). Proposed legislation allowing park owners to share capital gains from residential sales (noted earlier) would create further financial uncertainty as park residents sell up and move to retirement villages or nursing homes.

### **Government and the provision of new caravan and residential parks**

The shortfall in the provision of new parks in NSW due to land supply issues and development approval ‘hurdles’ needs further examination. One third of NSW parks are on Crown land and while a commercial approach to managing valuable public land assets is beneficial to the state, consideration of the impacts of this policy is important. The narrow focus on short-term tourism for high returns that displaces longer-term residents appears contrary to the principle of encouraging the multiple use of Crown lands. State government intentions to allow park development on a leasehold basis on Crown lands are yet to be implemented and are likely to provide tourist, rather than residential accommodation. However, the integrated approach of the state government in developing foreshore Crown lands with councils could be extended to include provision of affordable housing on appropriate Crown land. State support to develop such housing on council land is another option.

While caravan parks located on or near beaches, river floodplains and fragile environments are often easily rezoned for more permanent, higher impact strata titled development projects, the environmental standards for approval of MHEs appear to be far more stringent than those for other residential development forms. The blending of tourism and residential developments raises numerous issues for planning policy. As noted by Buckley (2008) property developers are using tourism as a means of acquiring, developing and selling real estate. Caravan and residential parks in coastal settlements under development pressure should not be subject to piecemeal planning decisions. An integrated approach that ensures consistency in impact assessment, security of tenure for aging or low income residents and long-term security for populations vulnerable to climate change impacts should define planning policy and development assessment in this area.

## **Taxation Considerations**

As mentioned earlier in this paper, long-term CRP are considered a taxable supply. However, whilst in some instances, there is a GST concession available for the owner of the premises, complexity in this category is magnified due to the variety of “accommodation” options that are available. For instance long-term CRP includes hotels, motels, hostels, boarding houses, caravan parks and camping grounds. Similarly, retirement villages and serviced apartments have separate rules and concessional requirements with regards to GST, however, it is considered beyond the scope of this paper to go into all these specifics and warrants further research in its entirety. Therefore the research focuses on premises used for accommodation with regards to the application relating to caravan parks.

## **Characteristics of Premises Used for Accommodation**

The term “residential premises” can generate a variety of interpretations, such as a building which has the appearance of a house, or a block of flats, or perhaps a studio apartment or maybe none of these! Therefore, it is important to clarify if the term relates to the physical appearance of the premises, or the “useage” of the premises, or a combination of both.

A New Tax System (Goods and Services Tax) Act 1999 (identified as the GST Act), in the Dictionary section, defines residential premises “as a land or a building that:

- a) Occupied as a residence or for residential accommodation, or
- b) Is intended to be occupied, and is capable of being occupied, as a residence or for residential accommodation”.

Generally if the premises provide sleeping accommodation and the essentials required for basic living in a home, then the premises are able to be used for long term residential accommodation. Basic living includes sleeping accommodation, kitchen and bathroom facilities including a toilet. Amongst many considerations there is also the requirement for the premises to be in an area zoned by the local authorities as suitable for “human habitation”. Examples of long-term residential will also include floating homes and ships – but these items must not be capable of self-propulsion. For instance houseboats which are readily adaptable for self propulsion will not fall into the classification of residential premises.

Another example includes demountable dwellings which are fixed to the land and are plumbed and wired in the normal mode of residential homes. In contrast if the new demountable house is not fixed to the land this is subject to the GST rules of a taxable supply. However, vehicles such as caravans and motor homes are not considered residential premises regardless if the vehicles are placed on a caravan park site. Furthermore, the GST Act does not classify vehicles on land or building, regardless of the length of time the vehicle is stationary, based on the premises that vehicles are not affixed to the land.

Commercial residential premises includes hotels, motels, inns, hostels, boarding houses, caravan parks, camping grounds and premises which provide residential living similar to the properties mentioned here. Boarding school facilities are classified as CRP, however there is an exception if the boarding school relates to student accommodation undertaking primary, secondary or special education courses. For example if the premises are used by teachers and staff then this is considered CRP. Cruise ships are considered to be long-term accommodation. The main characteristics for long term commercial residential will include: a commercial intention, multiple occupancy, accommodation as the primary function of the premises, central management and services offered.

## **Long-Term Residential Premises v. Short-Term Residential Premises**

This section of the paper discusses the differences between the various categories of supplies within the GST system for CRP and residential premises. It is beyond the scope of this paper to include other types of supplies or examples, such as non residential premises, GST-Free supplies and the margin scheme.

Generally premises occupied for residential living are classified as a taxable supply or an input taxed supply. This classification is very important for the property investor with regards to the GST treatment of income, expenditure, and the sale and purchase price of the property, and likewise the flow on consequences for the occupier of these premises. For example, if premises are classified as a taxable supply, and if the property investor is registered for GST, all rental income is calculated with a GST component. This has no impact for the property investor, who will forward the GST component to the ATO. However, the benefit for the property investor lies within the treatment of the expenditure associated with taxable supplies. Essentially, any expenditure, which contains a GST component, and is associated with the income producing property, will provide the property investor, with the opportunity to claim 100% of the GST credits from the ATO. However, as mentioned previously, the occupant is adversely affected because their rental includes a 10% GST component and the occupant is unable to receive a refund of the GST amount.

In contrast, if residential premises are classified as an input taxed supply, the property investor is unable to claim the GST credits associated with the expenditure, however, on a positive point, the occupier does not have a GST component in their rental calculation. It is this differing treatment of GST which raises questions on issues such as equity associated with shelter, affordable living, regressive or progressive tax implementation or greedy property investors exploiting loopholes in the legal system. Therefore, there is a definite advantage for the property investor to seek the classification of a taxable supply for their investment, being the commercial residential premises.

Whilst the changes which have occurred within the caravan park industry cannot be blamed entirely on the GST, there is nevertheless a higher rental component for occupants, therefore dispelling the benefits usually associated with affordable housing. Australia has 2,700 caravan parks with a third (900) located in NSW (CCIA NSW, 2013, 7) and the majority in coastal areas (DOP, 2010, 1). While 30% of NSW caravan parks are on Crown lands, most are family businesses and 15-20% are owned or managed by councils. Corporate interests are acquiring top end coastal parks for between \$10-25 million with returns on capital over 10% (CCIA 2012, 5). The recent return of many council managed Crown land parks to the state capitalises on the rising demand for quality tourist accommodation. Although many are being upgraded rather than sold, the number of Crown land caravan parks appears to have dropped recently from 300 (LPMA, 2009, 5) to 270 (LPMA, 2010, 67) and more recently 260 (Hembrow, 2011, 2). Overall caravan park numbers in NSW have decreased by 10% over the last decade with about 50 park closures in the past five years (CCIA, 2012, 5, 8).

Interestingly, the 1960s and 1970s saw the growth of coastal caravan parks (Reed and Greenhalgh, 2003) and the beginning of the sea change phenomenon. This was further intensified in the 1980s and 1990s in NSW as retirees sought a seaside lifestyle (Gurran, Squires and Blakely, 2005). Population growth in many coastal areas is currently equivalent to or higher than growth in metropolitan areas. As the baby boomer generation retires, coastal migration is predicted to rise further (Gurran *et al*, 2005). This in turn has attributed to the decline for caravan park living and a demand for new developments to purchase.

In conclusion, the property investor is provided with an incentive to aim for residential premises to be classified as CRP. Therefore, are there rules or guidelines to determine the differences between CRP and residential premises? Since the introduction of GST, the Australian Taxation Office has over the years introduced GST rulings to facilitate the interpretation of the law. For example in 2000, Goods and Services Tax Ruling 2000/20 clarified the treatment of a holiday unit or a serviced apartment, "strata, or other separately titled premises used as holiday accommodation are not usually commercial residential premises". Continuing over the years, additional rulings were issued, such as Goods and Services Tax Ruling 2012/D1 and 2012/3, to clarify the interpretation of the GST Act, court cases were won and lost, and the saga continues.

## CONCLUSION

This research paper discussed the various applications of GST for CRP and residential premises. The importance of the CRP classification is linked to the benefits for the property investor, with regards to claiming the GST credits on acquisitions. However, little consideration has been afforded to the occupant of these premises who is required to pay a GST inclusive amount of rent, hence losing the benefit previously associated with caravan parks considered to be affordable housing. The hidden values of traditional coastal caravan parks in providing a sense of place, character and identity are emerging now that communities are in danger of losing them. Current trends to upgrade facilities should not overwhelm the need for a range accommodation options for residents and the travelling public.

Nevertheless, as indicated earlier in the paper, the aim of the research is focused on the application of GST for CRP, and the closure and redevelopment of many coastal caravan parks. Therefore, is the GST inclusion necessary for CRP? The answer is straightforward:

1. Property Investor – Yes, main benefit is to claim the GST credits
2. Occupant – No, cannot claim the GST credits which are included in the rental amount.

Hence, in comparison to an input taxed supply, the property investor has an advantage, and the occupant is disadvantaged.

In coastal towns, these parks provide solace, community, networks, access to beaches and reserves, remnants of vegetation or habitat and tourist and permanent accommodation. Consideration of the significant contribution these ‘temporary’ spaces provide is important for retaining the amenity of our coastal areas. In conclusion, development pressures are driven by our attraction to the coast and the subsequent taxation consideration for GST. Therefore, policy adjustment, both at the state and federal level, is needed to ensure this valuable coastal amenity and affordable housing option is not lost.

## REFERENCES

1. Australian Housing and Urban Research Institute (AHURI) (2004) *Housing risk among caravan park residents* – Research and Policy Bulletin, based on research by Wensing, E; Holloway, D and Wood, M. AHURI UNSW-UWS Research Centre
2. Baillie, B (2010) *Submission to Inquiry into developing Queensland’s rural and regional communities through grey nomad tourism*. Caravan and Camping Industry Association NSW, 17 May, 2010.
3. Blount Simon., 2000, Public opinion and tax aversion in Australia. *Journal of Sociology* Volume 36, Number, 3 pp 275-290
4. Buckley R. (2008) Tourism. Lindenmayer, D, Dovers, S, Harris Olson, M and Morton, S (eds) *Ten Commitments: Reshaping the lucky country’s environment*. CSIRO, Melbourne pp125-130.
5. Bunce, D. (2010) Permanent Housing in Caravan Parks: Why reforms are necessary. *5<sup>th</sup> Australasian Housing Researcher’s Conference*, 17-19 November, 2010, University of Auckland.
6. Caravan and Camping Industry Association (CCIA) (2012) *Caravan and Camping Industry Profile* [www.caravan-camping.com.au/Caravan%20and%20Camping%20Industry%20Profile%20S.pdf](http://www.caravan-camping.com.au/Caravan%20and%20Camping%20Industry%20Profile%20S.pdf)
7. Caravan and Camping Industry Association of NSW (CCIA NSW) (2013) *NSW Caravan and Camping Industry Profile 2013*.
8. Chan Nelson and Chen Fong-Yao, 2011, A comparison of property taxes and fees in Sydney and Taipei, *Property Management* Volume 29 Number 2, pp 146-159

9. Creedy John, 2002, The GST and Vertical, Horizontal and Reranking Effects of Indirect Taxation in Australia, *Melbourne Institute of Applied Economic and Social Research* Volume 35, No.4, pp 380-390
10. Department of Lands, NSW (DOL). (2008) *Long-term residents in caravan parks on Crown land*, October 2008.
11. Department of Planning, NSW (DOP). (2010) *Approval and operation of caravan parks, camping grounds and manufactured home estates – Fact Sheet*, July 2010.
12. Dixon Peter B., and Rimmer Maureen T., 2000, Changes in Indirect Taxes in Australia: A dynamic General Equilibrium Analysis. *The Australian Economic Review* Volume 32 Number 4 pp 327-48
13. Feld Lars P., and Schneider Friedrich, 2003 State and local taxation, University of Linz Department
14. Forrest, K, Howard, A, Momtaz, S, Goodwin, G and Buttigieg, T (2004) *Central Coast Regional Profile and Social Atlas*. Wyong Shire Council, Gosford City Council, University of Newcastle and Central Coast Health.
15. Gosford City Council. (2009) *Affordable Housing Strategy, 2005*. Amended in July 2009. [http://www.gosford.nsw.gov.au/customer/document\\_gallery/social\\_atlas/base\\_view](http://www.gosford.nsw.gov.au/customer/document_gallery/social_atlas/base_view)
16. Green, R. (2000) Notions of Town Character. *Australian Planner* 37, 2, pp 76-86
17. Gurrán, N, Hamin, E and Norman, B. (2008) *Planning for Climate Change: Leading Practice Principles and Models for Sea Change Communities in Coastal Australia*. Prepared for the National Sea Change Taskforce, University of Sydney. July.
18. Gurrán, N, Squires, C and Blakely, E. (2005) *Meeting the Sea Change Challenge: Sea Change Communities in Coastal Australia*. Report for the National Sea Change Task Force, 31 March.
19. Hembrow, K, (2011) *NSW The Changing Face of Parks – Caravan Parks to Holiday Parks*, presentation for Land and Property Management Authority, Crown Lands Division, March 2011.
20. Howden, S. (2010a) 'Locals fight demise of humble caravan parks.' *Sydney Morning Herald*, 23-24/10/10 p5.
21. Land and Property Management Authority (LPMA). (2009) *Guidelines for the creation of new commercial leases for caravan parks on Crown land*, November, 2009. [www.lpma.nsw.gov.au](http://www.lpma.nsw.gov.au)
22. Land and Property Management Authority (LPMA). (2010) *Annual Report 2010*. NSW Government.
23. Lazarow, N, Smith, T and Clarke, B. (2008) Coasts. Lindenmayer, D, Dovers, S, Harris Olson, M and Morton, S (eds) *Ten Commitments: Reshaping the lucky country's environment*. CSIRO, Melbourne pp 87-94
24. Marks, A. (2008) *Residents at Risk: Stories of 'last resort' caravan park residency in NSW*. St Vincent de Paul Society, NSW
25. Middlebrook, P. (2010) *Manufactured Home Estates (The Future)*. Tourism Brokers: News 22/2/2010 <http://www.tourismbrokers.com.au/news/181> [accessed 19/8/13]
26. National Sea Change Taskforce. (2011) *NSW Coastal Policy Paper* – prepared for 2011 election
27. NSW Fair Trading. (2013) *NSW Government delivers new laws for Residential Land Lease Communities*, Media Release 6 April, 2013. [http://www.fairtradingnsw.gov.au/ftw/About\\_us/News](http://www.fairtradingnsw.gov.au/ftw/About_us/News)
28. Park and Village Service (PAVS) (2002) *No Place for Home: The loss of permanent accommodation on residential parks*.
29. Reed, R and Greenhalgh, E. (2003) The Changing Role of Caravan Parks as a Housing Alternative and Implications for the Real Estate Market. *Australian Property Journal*, August 2003, pp 507-515.
30. Reed, R., and Greenhalgh E., 2004 Caravan parks as a provider in the affordable housing market, *Property Management*, Vol 22, Iss 5, pp 396-409

31. Souris, G. (2013) cited in 'Boom Times for NSW Caravan Parks'. *Caravanning News*, June 2013. <http://caravanningnews.com/boom.htm> [accessed 10/7/13]
32. Tourism Industry Council (TIC) NSW. (2013) *Strength of NSW Caravan and camping Holidays Continues*. 1/2/13. <http://www.ticnsw.cam.au/strength-of-nsw-caravan-and-camping-holidays-continues> [accessed 19/8/13]
33. Wakeling, L. (2008) *Security of Tenure*. Affiliated Residential Park Residents Association. ARPRA.
34. Yeo, S and Grech, P. (2006) Flood-prone caravan parks in NSW – Is the system failing? *The Australian Journal of Emergency Mana*

## **LEGISLATION and RULINGS**

1. A New Tax System (Goods and Services Tax) Act 1999, Dictionary, *Cwlth*
2. Goods and Services Tax Ruling 2000/20
3. Goods and Services Tax Ruling, draft 2012/D1
4. Goods and Services Tax Ruling 2012/3