

CCI Sub 29

**Beckingham, Vanessa**

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**From:** Albany Holiday Park [albanyholiday@hotmail.com]  
**Sent:** Tuesday, 28 April 2009 1:34 PM  
**To:** Committee, Economics & Industry Standing  
**Subject:** Inquiry into Caravan Parks Submission  
**Attachments:** parliamentary inquiry.doc

I have attached my submission in a Word document format. Hard copy to follow.

Please let me know if you have trouble opening document.

Thanks and best regards,

Ed Nelson

Albany Holiday Park is centrally located to Albany and regional attractions. 4kms from city centre on main highway. Spacious, peaceful park with vast grassed areas and shady trees. A popular and enjoyable park with clean, modern facilities. Great for a peaceful escape while in Albany or as a base while visiting the spectacular attractions nearby. You deserve a break. Take a few days and visit a unique and historic part of Western Australia. Albany Holiday Park 550 Albany Hwy Albany WA 6330 Tel. 08 9841 7800 Our site: [www.albanyholiday.com.au](http://www.albanyholiday.com.au) What's on in Albany: <http://www.albanygateway.com.au/Calendar/default.asp?PageID=165>

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## Submission on Inquiry into the provision use and regulation of caravan parks in WA

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April 24, 2009

My wife and I own and run the Albany Holiday Park in Albany. We bought the business in 2003 with the intention of developing it into a mixed use park (long term Park Home residents and a separate section for tourists). We looked at caravan parks for sale all over WA and QLD and we settled on the Albany park as it had the best potential for a successful Park Home Village for retirees as well as a stable local economy.

In the relatively short time we have owned our park, we've seen the industry change considerably. The year we bought our park could be called the last year caravan parks ceased to be 'mom and pop' operations. Since then there have been massive increases in running costs, taxes and legislation compliance requirements. The industry has seen consolidation through single owners buying multiple caravan parks in order to get economies of scale. With this consolidation has come welcome capital to upgrade parks but they also upgraded the daily tariffs.

It is now nearly impossible to run a small park profitably due to the increased costs and this fact will be borne over the next few years as the small operations close due to financial losses or dereliction. An economist involved with one of the larger investment firms that has over 40 parks in their portfolio told me in 2005 that any park that turns over less than 600,000.00 can't sustain the staffing needed to comply with regulations and keep the park in good repair. For obvious reasons, we set a goal to get our turnover above 600,000.00.

Caravan Parks came on the radar of the government and utilities at about the same time the media was running stories about all the grey nomads buying caravans in record numbers while some of the parks were being closed for redevelopment. It seems caravan parks became the target for a range of price increases as well as new regulations – everyone has jumped in to get their cut and tell us how to run our businesses.

### **Challenges**

Some of the major challenges we've faced over the last 5 years and the result;

- *Change of water rating to include new sewer charges...* Increased water rates/charges by up to 500% for parks. Water rates is now in the top 4 expenses for the business and there is more increase to come. Everyone expects a caravan park to be green, well it's now nearly impossible to afford it.

- Re-valuation of land values resulting in increased land tax and council rates...Our rates have gone from around 6,000.00 to 28,000.00 per annum over 5 years.
- *Eric Rippers fair price policy for electricity supply to permanent residents.* In 2004 we received a letter from the Minister for Energy's office saying caravan parks could now only charge .13 cents per unit for electricity (we were charging .20 cents), even though we were paying up to .19 cents per unit. Our cost has now gone up to .26 cents per unit and we are not allowed to increase what we charge. We've had 4 years of losing money on every unit of power our residents use and I have challenged the Office of Energy on this matter as it is a policy that punishes parks that have long stay customers and is unsustainable.
- *Enactment of the new Residential Tenancies Act in 2008.* Our latest advice is that any person that moves into our park, even for one day, and has the intention to stay long term falls under this new Act. The new Act imposes very onerous requirements to comply with proper procedure and is very clear that parks face fines of up to 20,000.00 per offence if it's not done properly. Our check in forms/leases have gone from a 2 page to 105 page document and ending a tenancy or evicting a bad tenant is now harder and more complicated than if they were renting a suburban house. The result has been that we no longer allow long-stay customers in our caravan sites. Most parks in Albany are the same. The type of people that used to stay in parks long term are now having to find alternative low cost accommodation.
- *Limiting of price increases by the Residential Tenancies Act.* The new Act forces Park Operators to pre-nominate either a percentage or CPI increase in rent. There is no provision to base it on the actual increases in business specific running costs. Our example; our running costs went up an across the board average of 12% in 07-08. We are limited to increasing the site rental for our Park Home customers to Perth CPI which was only 3.8%. We are now making 8% less in our Park Home Village site rental income than the year before. This obviously can't continue.
- *Changes to land use through the new Tourist Accommodation Strategy and Bulletin 83.* This new move by the Department of Planning and Infrastructure, Tourism WA and our local council to limit what Park Operators can and can't do with the mix of their sites is really icing on the cake. Late last year, the City of Albany sought to limit the number of permanent sites and number of on site cabins that parks have. Their argument was that there is a shortage of sites for caravans and they need to protect what is left. Unfortunately their data was anecdotal and not based on real occupancy figures. Our example was that our park was to be limited to 30% permanents, (as at November, we had 40%), 20% Cabins and Chalets (as at November we had 24%) and the rest vacant sites for caravans. We have acres of vacant land and this Policy would force any new development to be in the form of more vacant sites. With the occupancy rate for our vacant caravan sites running at below 30%, we hardly need more of them. This proposal is still being opposed by all Park Operators in Albany and we see this move as a serious attack on our right to run our business both efficiently and profitably.

### **Demand Levels**

Despite increases in advertising, demand for our caravan sites has dropped 8% from 07-08 to 08-09. We attribute this to higher tariffs, higher fuel prices and lower disposable income for our main customers, retired travellers and from talking to other operators in Albany, they are experiencing the same thing. Demand for on site Cabins and Chalets has remained much the same over the last 2 years. We are getting good repeat business from people in our area that come to Albany for supplies and holidays. I can not comment on the rest of the industry on this. Demand for Park Homes in our retirement village has dropped right off due to the economic downturn. Retirees have to sell their existing home to move in and that is hard to achieve at the moment.

### **Sustainability and Protection of the Rights of Operators**

Our industry has come under the attack from an unprecedented number of areas over the last 5 years. The items I've highlighted above are not the full list but are the most serious. Legislators must not forget that caravan parks are businesses and business owners need to make a reasonable return on their investment. Last year I red flagged the rise in our running costs with the Caravan Industry of WA and other operators in hopes to get ideas on how to mitigate our losses. Nobody had any real solutions other than to put our prices up. If we did this, we would lose business to motels and other accommodation providers that aren't getting hit as hard as we are. If you want to still have caravan parks around when you're retired and towing a new Jayco to Albany...

- **Stop the unrealistic increases in our main running costs;** water rates, electricity, wages (we have to pay up to 2 ½ times award during our busiest times), council rates and land tax. Consider subsidies or special rate levels for our industry.
- **Ease up on the legislation changes! Allow Operators to choose their own mix of long/short stay.** There is no need to change our zoning, tell us what mix our park should have or what we should charge for rent. Caravan parks are competing in a free market and should be left to freely determine the best way to service customers. Park Operators know the business. If there is a demand that is not satisfied, we will fix it. Caravanners will NOT run out of sites, we'll make sure of it. Normal market forces will guarantee it.
- **Allow operators to charge long stay customers for price increases.** Market forces should determine what operators charge for site rental and power. The government is forcing operators to charge artificially low rents and electricity fees.
- **Help us encourage tourists to stay longer.** Signature attractions such as the Whaling Station Museum, Treetop Walk and well run Visitor Centres have an enormous effect on tourists experience. WA needs more development of these types of attractions.
- **Create realistic awards for caravan parks.** The very time caravan parks need high staffing levels to best service visitors is when high penalty rates apply. We often operate the office for less hours, turn customers away and leave cabins empty on Public Holidays because we can't afford to pay cleaners and office staff the high penalty rates. Travellers are the real losers here.

Gone are the days of being able to arrive at a caravan park next to the ocean, pitch a tent and enjoy a week with the family for a peppercorn daily rate. Re-zoning, skyrocketing council rates and land taxes, double digit increases in running costs and over-regulation has seen to this. Instead of forcing more regulation on operators which will result in lower returns, address these issues. Otherwise there is no incentive for good operators to join the industry and existing ones will get out.

Ed Nelson  
Albany Holiday Park