

**Abernethie, Loraine**

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**Sent:** Thursday, 23 April 2009 12:20 PM  
**To:** Committee, Economics & Industry Standing  
**Subject:** Parliamentary submission to the Economics Standing Committee

**Attachments:** Parliamentary submission\_\_.docx



Parliamentary  
Submission\_\_.doc.

The Principal Research Officer  
Economics and Industry Standing Committee Legislative Assembly Parliament House PERTH  
WA 6000

Please find attached, our submission to:  
The Inquiry into the Provision, Use and Regulation of Caravan Parks (and Camping  
Grounds) in Western Australia.

A signed hard is following.

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22<sup>nd</sup> April 2009

The Principal Research Officer  
Economics and Industry Standing Committee  
Legislative Assembly  
Parliament House  
PERTH WA 6000

## **SUBMISSION**

### **Parliamentary Inquiry – Provision, Use, and Regulation of Caravan Parks (and Camping Grounds) in Western Australia.**

#### **An overview of Mandalay Holiday Resort and Tourist Park**

Mandalay Holiday Resort in Busselton is 4.25 hectares or 10 acres and was originally started with six fibro cement beach cottages and 4 timber duplexes in 1951-52. My parents (Eric and Sue Johnson) purchased the property in February 1964 and decided to build a caravan park on the southern half of the land. Tourism in Busselton at that time was in its infancy. My parents had a dairy farming background and when they tried to borrow money from the R&I Bank in 1965 the bank would not lend money for tourism development. The Caravan Park opened in December 1965 with 35 sites and basic facilities and continued to be gradually developed using their own capital.

With rising costs, land values, land tax and a very low caravan and camping occupancy (12% to 18%), Mandalay needed to change from the traditional caravan park to survive.

In 1979 my wife, Margaret, and I purchased the park from my parents and continued to develop Mandalay into an all tourist Caravan and Camping Resort with 120 powered sites including 24 private ensuites that cater for tents, caravans and motor homes. Using bank finance we also renovated the six Beach Cottages and added a further 48 two and three bedroom self contained Chalets (park homes) from budget to luxury. The income generated from the accommodation allowed us to do further capital development which included sealed roads and curbing, sewer, underground power, water, reticulation, landscaping, camp kitchen, linen laundry and resort facilities such as 2 pools (one indoors), 3 playgrounds, games room, jumping pillow, kiosk and reception. We are now one of four 5 Star Caravan and Tourist Parks in Australia.

Over \$10,000,000 has been spent on capital development in our Resort. We now have 28 employees including reception, grounds and gardens, maintenance, housekeeping and management staff. Mandalay has no permanent residents.

We are members of: Caravan Industries of WA, Caravan and Recreation Vehicles Association of Australia, Australia's South West, Geographe Bay Tourism Association, Augusta Margaret River Tourism Association, Busselton Chamber of Commerce and Top Tourist Parks of Australia.

### **Demand and Occupancy**

We rely totally on the tourism and holiday market. 70% of our market is from Perth metropolitan area, 20% from rural WA and 10% is made up of eastern states and overseas visitors.

Only 31% of our turnover comes from 120 caravan, camping and motor home sites. 69% of our turnover comes from 54 accommodation units

We target most of our advertising and marketing at Perth and have put a huge effort into establishing a repeat clientele. Our advertising is mainly targeted at families with children and couples whose kids have left home. We promote spring, summer and autumn. It is difficult to get people to go south in winter.

Occupancy levels in the caravan and camping sites still remain low. There is a huge demand for the ten day Christmas, New Year period. We then work hard to fill the park for the remainder of January and February. The park is quiet in March. We fill again for one week at Easter and then our season finishes. July school holidays is empty, October school holidays are 35%

The average annual site occupancy for Mandalay in 1997 was 27%. The occupancy in 2007 was 33%.

The number of site nights used by caravans, tents and motor homes has barely increased in the last ten years. By adding extra facilities and entertainment to our park we have encouraged people to stay longer and this has increased our occupancy but not the number of new guests. A large number of caravanners stay with us twice a year in February and November are retirees who also travel north each year. Unfortunately the numbers of these grey haired people are getting less and are not being made up with the Baby Boomers as predicted by Australian Social Research.

In 2007 we reduced the number of available tourist sites by 52 and added 24 private ensuite caravan sites and 19 self contained Chalets (park homes). We now have 120 available tourist sites and 54 accommodation units.

The loss of Acacia Caravan Park in 2007 had little effect on increasing our occupancy. They had 68 semi permanent caravans on site and only had about 50 caravan sites available for tourists. They filled in January the same as us. The small occupancy they had for the rest of the year was divided up between the other 14 parks in Busselton.

**Site Nights, Occupancy and Average Nights Stay:** (The number of site nights occupied by caravans, tents and motor homes)

	S/N	Occ	Ave/N/Stay
2004/2005	15204	34%	6 nights stay
2005/2006	14034	33%	6 nights stay
2006/2007	14280	33%	6 nights stay
2007/2008	16057	38%	7 nights stay

**Site Occupancy by month:**

July 07	8%
August 07	9%
September 07	22%
October 07	35%
November 07	34%
December 07	62%
January 08	99%
February 08	98%
March 08	72%
April 08	61%
May 08	31%
June 08	7 %

**Income**

Our park is one of only four 5 Star Rated parks in Australia. We have some of the highest tariffs of any park in WA. The income derived caravan and camping sites is low compared to the income from self contained accommodation. The average net site fee for 2 people is \$26 per night and \$7 -\$10 for extra people in Low season and \$32 per night in High season. The net annual income per site averages \$4800 to \$5000. Accommodation averages \$95 to \$210 per night and \$ 32,000 to \$35000 per annum.

**Costs**

The day of the low cost caravan or camping holiday are long gone if you want to stay in a park. Some of our operating costs for 2007/2008, excluding wages and bank charges, include:

Shire Rates	\$28903
Water Rates	\$15472
Sewer	\$38995
Land Tax	\$59100
Electricity	\$51266
Gas	\$9253

Insurance	\$28503
Public Liability	\$28321
Workers Compensation	\$19872
Advertising:	\$120,000

The charge out cost for house keepers, ground staff and receptionists is about \$32 per hour. Compare that with income of \$26 per night for a caravan site.

### **An overview of the Caravan Park Industry in the Shire of Busselton**

In the 1950s to late 1970s tourism development in Busselton was mainly in camping and caravan parks because there were large, relatively inexpensive, parcels of land available and the Regulations at the time were limited and had no Planning Restrictions, so caravan and camping parks could be established without a large capital spend. Interest rates were high, bank lending was difficult and there was not the return or demand to build self contained accommodation.

Prior to 1966 there were around twenty five 6 to 10 acre parcels of land, mostly beach front, used for camping and caravanning in the Shire of Busselton. All of them had a very low occupancy and a short summer season. They were considered hobby businesses with most of them closing during winter and the owners seeking other employment to supplement their income. The Locke Estate camp sites were also offering 16 camping ground leases and were operating in direct opposition to the 25 private caravan and camping parks.

In the mid 1960s, Meelup Camping Ground, Glenleigh Caravan Park, Dolphin Caravan Park, Rosie's Causeway Caravan Park and Siesta Caravan Park all closed due to low occupancy.

Lazy Days Caravan Park, Sandy Bay Caravan Park, Four Seasons Caravan Park and Bluewaters (now Beachlands Holiday Park) were built in the early and mid 1970s and struggled to survive with several different owners and leasees. The Caves Caravan Park in Yallingup was opened in the early 1980s.

Occupancy levels had not increased, during the mid 1980s Whitesands Caravan Park in Quindalup was redeveloped into chalets and Elanora Caravan Park was redeveloped into the Geographe Bay Holiday Park (a strata titled Caravan Park) and the Broadwater Resort.

During the mid to late 1980s the Busselton Beach Resort was built as a timeshare and the strata titled resorts; Broadwater Resort, Abbey Beach Resort and the Geographe Bayveiw Resort all opened and created a glut of up market self contained apartment style accommodation in Busselton. Then followed the building of the Radisson in Quindalup (now Wyndham Resort timeshare) Broadwater Bungalows (now the Mercure), Amalphi Resort (strata titled) and the closure and redevelopment of both Greenacres Caravan Park in Dunsborough (now the strata titled Regency Beach Club) and the Vasse Caravan Park in Abbey (now the strata titled Cape Forte Apartments)

The last Caravan Park to be built in the Busselton Shire was Dunsborough Lakes Caravan Park in the early 1990s. Acacia Caravan Park closed in 2007 and is currently being redeveloped into the Aqua Resort Luxury Apartments (strata titled).

There are now 14 registered caravan parks in the Shire of Busselton that comply with the current Regulations. There are 16 leases at Locke Estate, 12 are operating as unregistered camping and

caravan sites that do not comply with the current Regulations and do not pay all the statutory charges and taxes we pay for.

### **Maintaining a Viable Caravan Park Industry**

The Shire of Busselton is introducing a Local Tourism Planning Strategy (LPTS) which identifies tourism and other related land as areas of tourism significance, particularly caravan parks. The idea is to protect or keep the land as a caravan park. We see this as placing a tomb stone on the property. It will severely devalue the saleable value of the land. We do not have an issue with keeping the land available for Tourism; however the 'Caravan Park Only' use will devalue and restrict future opportunities and use of the land.

**We see an incentive based scheme to keep Caravan Parks rather than a locked up Planning Scheme. Incentives such as zero Land Tax and discounts on Shire Rates, Water and Sewer Rates could be applied while the use remains as a caravan park on tourist zoned land. If that use is changed then full rates and taxes apply. It would be an incentive to keep the park operating and attract new parks to be built.**

**Victoria, NSW, SA and Queensland do not have Land Tax on Caravan Parks for that reason.**

Following the 2002 Ministerial Tourism Taskforce's Investigation of the Impact of Combining Permanent Residential Accommodation on Tourist Zoned Land and the Impact of Strata Titling of Tourist Accommodation, the WA State Government decided to discount the Land Tax on Caravan Parks by 50%. The Year it was introduced, the Valuer General did a land revaluation of our property (which doubled) and the Land Tax remained almost the same.

Caravan Parks which cater for touring vans and tents will only survive on areas of lower cost land and lower cost statutory charges.

At present there are no new Tourist Caravan Parks being built in WA. Those parks that are planned are bogged down in Planning Schemes. They suffer from Regulations such as environmental issues, health, access and services such as waste disposal, electricity, roads, amenities and land scaping. Once all the issues are sorted out the park is no longer viable on \$26 per night. In the last 10 years the Shire of Busselton has had numerous Development Applications for Proposed Caravan Parks and all have fallen through.

### **Changes in Tourism Use**

Busselton's economy relies heavily on tourism. As trends change and tourists and holiday makers look for different holiday experiences, the tourism use of the land will change as supply dictates. We do not have problem with keeping our land zoned 'Tourist' as long as we can have the flexibility to change the tourist use to meet market demand. We do not want to see a 'Restricted Tourist Use' or 'Restricted Caravan and Camping Use' introduced.

## **Competition**

The private caravan operator, whether owned or leased, faces some stiff competition with some Shire Councils who run their own parks. Councils have the advantage of: using the shire staff and equipment, get the benefit of Local Government buying power, don't necessarily shop locally, have the advantage of no Rates and Land Tax, have the use consultants and technicians and have the advantage of office personnel to pay wages, insurance, accounts, train staff and deal with development and planning issues. Their costs are lower so they can afford to set their caravan site tariffs at a much cheaper rate. We would like to see more emphasis on Competitive Neutrality or at least get the Shire Councils to raise the site fees to an amount that we can compete on a level playing field.

## **Free Camping**

One of the largest motorhome clubs, the Campervan and Motorhome Association Australia (CMCA) has been lobbying Shire Councils to provide free overnight rest stops for motorhomes, campervans and caravans in their towns. They want toilets, power, water, and dump points for their chemical toilets. The Caravan Industry Association of WA has also been lobbying the Councils to have the free camps stopped. We also want them stopped. If the motorhome occupants stay in a free camp, their money stays with them, except for some fuel and maybe some groceries. If they stay in a caravan park, the park operator gets the \$26; he spends it in the town as well as the fuel and the groceries from the motorhome. Then the town's economy gets the benefit.

We have invested heavily in the Caravan Park component of our Resort. We would not have survived to today if we had not added the self contained accommodation to generate the income to offset the park costs and pay wages. We are second generation park operators in this park and our children want to take on the business. We are constantly looking at ways to increase the occupancy and turnover and improve viability. We have spent millions of dollars and added all sorts of facilities to attract customers to us, however there is a large number of our customers who don't want or need all the resort pools, playgrounds and gamesrooms we offer. They are just looking for somewhere to stay in the best location, that is clean, safe and quiet but don't want to pay for that privilege.

Yours faithfully

Clive and Margaret Johnson  
Owners  
Mandalay Holiday Resort & Tourist Park