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CARAVAN INDUSTRY ASSOCIATION
WESTERN AUSTRALIA INC

THE ECONOMIC AND INDUSTRY COMMITTEE

INQUIRY INTO THE PROVISION, USE AND REGULATION OF CARAVAN PARKS (AND CAMPING GROUNDS) IN WESTERN AUSTRALIA

May 2009

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1.0 STRUCTURE, CONDUCT AND PERFORMANCE OF THE CARAVAN PARK INDUSTRY

1.1 Structure

Caravan Industry Association Western Australia Inc (CIAWA) is the peak industry body for the Caravan and Camping sector. CIAWA is a member of the Chamber of Commerce and Industry WA and Tourism Council Western Australia and is represented on the national caravan body. An overview of the structure of the industry is provided within Figure 1.

It represents 138 caravan park members and over 80 trade members throughout the State and operates under the influence of a number of Government departments which have their own specific and different legislation.

1.2 Conduct

CIAWA's aims are to conduct itself in a manner that preserves holiday and residential affordability and choice for all holiday makers and long-stay tenants and seeks to protect the rights of all tenants within caravan parks.

Further, the CIAWA operates collectively under an adopted 'Code of Ethics' which establishes the standards of conduct to be observed by all its members.

1.3 Performance

1.3.1 Economic Performance

In the September quarter of 2008, the Australian Bureau of Statistics identified 1,411 persons were employed by caravan parks which is up from 1,249 (1.12%) during the same period in 2005 *(Australian Bureau of Statistics (ABS) Western Australian Statistical Indicators - 13675 _Sept_2008)*.
It is understood that international and domestic users of caravan parks spent almost $6.5 billion in Australia in 2006. In the latest Australian Bureau of Statistics figures for the September 2008 quarters, takings from caravan parks within Western Australia alone were approximately $38 million. In addition to those takings, the industry (nationally) accounted for approximately $1.16 billion from the 2008 manufacturing forecasts for caravans, camper trailers and park homes/cabins. The manufacture of tents and other camping equipment is anticipated to account for a further $62.5 million during 2008 *(Caravan, RV & Accommodation Industry of Australia - Fact Sheet 2008)*.

1.3.2 Social / Community Performance

Caravan parks are a recognised provider of affordable housing and holiday accommodation, and are a catalyst for spending money within its local community.

Caravan park operators are generally substantial supporters of local sporting and charity events. They have an ongoing presence within the community and media which has ensured a high consumer confidence. A record attendance at the 2009 Perth Caravan and Camping Show of over 45,000 persons through the gate supports this.

CIAWA also works closely with Tourism Western Australia and Regional Tourism Organisations in promoting tourism in Western Australia.

1.3.3 Environmental Performance

CIAWA is encouraging all caravan parks to strive for 'best practice' in environmental management, while park home manufacturers are incorporating sustainable building practices, such as solar panels and heat pumps. Parks are implementing water wise gardens and artificial turf sites in conjunction with the more traditional grass sites.

Within the caravan park industry, an Environmental & Conservation Award (Gumnut Award) has been developed. A West Australian park has won the prestigious 2007 Banksia Award for Sustainable Built Environment 'Overall Winner', and the 2006 - Western Australian Environment Awards, Category Winner - 'Corporate Business Leading by Example'.

1.3.4 Advocacy Performance

The CIAWA is an active lobbyist with its most successful outcomes including:

- A 50% concession on Land Tax, 2005;
- Clarification on the recommended percentage of permanents within caravan parks as provided by WA Planning Commission – Planning Bulletin 83, 2009;
- Residential (Long-Stay Tenants) Act 2006;

The need for reform is ongoing and as such CIAWA continues to lobby all levels of Government on issues such as:

- Additional land tax reductions;
- Abolishment of stamp duty on motorhomes;
- A reduction in general servicing costs;
- Insurance/special purpose fund for Long-stay Tenants;
- Regulations associated with selling caravans and park homes within a caravan Park

2.0 DEMAND, SUPPLY AND COSTS, AND TRENDS THEREOF, OF CARAVAN PARK SITES AND RELATED SERVICES

2.1 Demand Trends

For the year 2007, around 871,590 visitors (or 14.3% of total visitors) stayed within a caravan park or camping ground during their holiday in WA. The majority of domestic visitors come from WA and only 11.1% from interstate. International visitors to WA who stayed within a caravan park or camping ground during their visit numbered 59,013 (or approximately 9% of all visitors) *(Tourism Western Australia Annual Report 2007 - 2008).*

The 2006 Census indicated that approximately 14,504 persons (or 0.8% of total persons) usually residing in Western Australia were in 'other' dwellings such as caravans, cabins, tents, houseboats or flats attached to a shop. 65% of these persons are within the North West and understood to be 'grey nomads'. This figure had risen to 1% by December 2008 which is considered to be from an increase in the number of 'grey nomads' but also from the provision of worker accommodation *(ABS 8635.0 - Tourist Accommodation, Australia, September 2008).*

The long term demand trends for caravan park accommodation by domestic and international holiday makers within the five tourism regions of Western Australia between 2004 – 2007 is summarised within Table 1, while short term trends are detailed within Table 2.

2.2 Supply Trends

For only a few weeks a year during the peak Christmas holiday period 100% occupancy within most parks is achieved. Aside from this period the overall yearly occupancy rate is approximates 37%, concluding that a significant capacity exists within caravan parks to accommodate the existing and anticipated demand.

For a number of reasons the industry has seen a closure in the number of mixed caravan parks. This has resulted in a reduction in the supply of tourist sites, however this figure is difficult to quantify given the unknown level of park refurbishment. As evidenced by Table 3, 4 new short-stay caravan parks developed in WA in recent years, while 5 residential parks have been developed in WA since 2005.

2.3 Cost Trends

Rising land values have not only attributed to a significant rise in land tax and Council rates, it has seen a reduction in the ability to provide affordable housing and holidays. Rising land tax bills and Council rates are often beyond the earning capacity of some parks, and a significant factor in the closure of some parks as evidenced by Table 3.

Additionally as a consequence of rising land values and the general cost of living, there has been an increase in the number of persons choosing to reside within either mixed parks or residential parks. In 2005, approximately 9,726 persons (4,863 park homes) were long-stay tenants within caravan parks. In 2008 that number has risen to 10,448 persons (5,224 park homes), an increase of 7.4%.

Anecdotal evidence suggests a shift in the expectations of holiday makers. Generally holiday makers are seeking a wider choice in accommodation type (cabins/chalets/villas) and a higher standard of private and communal amenities (en-suites, camp kitchens, recreational activities). Long-stay tenants are 'demanding' privacy and separation from holiday makers, these expectations significantly increase the cost of maintaining a caravan park, which is not proportionately recoverable through their expected nightly tariffs.

3.0 SUPPLY AND DEMAND FOR LONG- AND SHORT-STAY SITES INCLUDING CAMPING SITES

3.1 Demand for Long- and Short-stay Accommodation

3.1.1 Long-stay (Residential Caravan Parks)

In 2005, approximately 9,726 persons (4,863 cabins/park homes) were long-stay tenants within caravan parks, in 2008 that number has risen to 10,448 persons (5,224 cabins/park homes), an increase of 7.4%.

This rise in demand for long-stay tenants clearly demonstrates the need for all levels of government to acknowledge the important role caravan parks have in the provision of affordable housing within residential and mixed caravan parks.

3.1.2 Short Stay (Mixed Caravan Parks)

The demand for short-stay accommodation during the Christmas holiday period is generally 100%. Outside those times the average demand for all forms of tourism accommodation is approximately 37%.

3.2 Supply for Long- and Short-Stay Accommodation

The supply of residential parks is increasing. Existing parks, predominantly mixed, are understood to be redeveloping to accommodate the changes in demand for both affordable housing and an increase in the variety of holiday accommodation.

Whilst adequate supply to meet current demands may exist, additional parks are required in the future to ensure sustainability of the industry. Additional parks require Government support via the release of appropriate Crown land and minimizing current development barriers.

4.0 IMPACT OF EXISTING LEGISLATION, AND STATE AND LOCAL GOVERNMENT POLICIES REGULATING CARAVAN PARKS, PARTICULARLY RELATING TO:

- MAINTAINING A VIABLE CARAVAN PARK INDUSTRY
- PROTECTING THE RIGHTS OF OPERATORS AND USERS, AND
- PROVIDING AN ADEQUATE MIX OF LONG- AND SHORT-STAY FACILITIES AND SITES

4.1 Maintaining a viable Caravan Park Industry

To ensure the sustainability, affordability and viability of caravan parks, for both holiday makers and long-stay tenants, the current and proposed town planning and fiscal framework needs to be modified to reduce over-regulation.

4.1.1 Town Planning Reform

As a consequence of the clarification note issued by the WAPC in April 2009 (refer Section 1.3.4.2 of the submission) the adequate mix between short and long-stay tenants can now be negotiated between the park owner and the Local Authority without the predetermined percentages of Planning Bulletin 83.

Improved housing choice and the creation of a 'sense of place' for short- and long-stay tenants can be achieved more so via application of the Caravan and Camping Ground Regulations 1997 rather than conventional subdivision provisions of which is often required by WAPC and Local Authorities.

4.1.2 Land Tax Reform

The introduction of the 50% concession in 2005 was a welcome relief to all parks, however, all caravan parks should be exempt from land tax entirely which would be consistent with Victoria and South Australia.

4.1.3 Gross Rental Value (GRV) Assessment Reform

The current rating system is considered to penalise those parks which accommodate permanent residents. This fact combined with rising land values is significantly increasing GRV's often as much as 10 fold.

4.1.4 Water Supply Rate Reform

The water reform changes introduced in 2004 have resulted in significant increases in costs which directly impact on the cost of water for most caravan parks, because the increases are phased in over a 10 year period.

4.1.5 Sewerage Headwork Charges Reforms

The average increase in water and sewerage rates and charges has been estimated at $25,827 for each caravan park *(CIAWA Water and Sewerage Reforms - Effect on Caravan Parks, March 2004).* The seasonable nature of the caravan park industry limits the opportunity to sustainably absorb these costs, thus jeopardizing the ability to provide affordable holidays and affordable housing.

4.2 Protecting the Rights of Operators and Users

The introduction of the Residential Parks (Long-stay Tenants) Act 2006, has resulted in a clear acknowledgement of the roles and responsibilities of park owners and tenants. Notwithstanding, caravan park operators have been denied the right to control the sale of caravan and park homes in their caravan parks by competition legislation/policy.

4.3 Providing an adequate Mix of Long- and Short-stay Facilities and Sites

CIAWA remains confident that the new clarification advice from the WAPC (20 April 2009) is the first step in acknowledging that this industry requires individual assessment on a park by park basis and not a 'one size fits all approach'.

RESPONSE TO TERMS OF REFERENCE

1.0 STRUCTURE, CONDUCT AND PERFORMANCE OF THE CARAVAN PARK INDUSTRY

1.1 Structure

Within Western Australia's tourism industry the Caravan Industry Association Western Australia Inc (CIAWA) is the peak industry body for the Caravan and Camping sector.

CIAWA is a member of:

- Chamber of Commerce and Industry WA
- Tourism Council Western Australia

Two of its members sit on the board of the Caravan Recreational Vehicle and Accommodation Industry Association of Australia (CRVA), the national body and two full members on the Caravan and Camping Grounds Act Advisory Committee.

Figure 1 provides a snapshot of the overall industry, the various stakeholders, Government agencies, established relationships and regulations that influence them.

The industry represents caravan parks, caravan, camper trailer, motorhome manufacturers and dealers, camping retailers, service providers to the caravan park and trade industry and tourism operators. It represents 138 caravan park members and over 80 trade members throughout the state. Australian Bureau of Statistic figures suggest the amount of caravan parks to be only 197 (*Australian Bureau of Statistics (ABS) Western Australian Statistical Indicators - 13675 _Sept_2008*). It must be noted that the ABS Figures exclude caravan parks with less than 40 licensed sites.

The industry operates under the influence of a number of Government departments which have their own specific and different legislation, such as the:

- Caravan and Camping Ground Act 1995 (as amended);
- Caravan and Camping Ground Regulations 1997 (as amended);
- Planning and Development Act 1995 (as amended);
- Residential Parks (Long-stay Tenants) Act 2006 (as amended).

1.2 Conduct

As evidenced by Figure 1 the CIAWA represents all types of caravan parks, including tourist parks and dedicated residential parks, caravan, camper trailer, motorhome and camping manufacturers and dealers, service providers and tourism operators.

In all aspects of this work the CIAWA aims are to conduct itself in a manner that:

- Promotes the caravan and camping lifestyle;
- Encourages all caravan park owners/managers to create a positive sense of place/community within each park regardless of its type (tourist, mixed or residential);
- Preserves holiday and residential affordability and choice for all holiday makers and long-stay tenants;
- Addresses long term sustainability issues that threaten the industry;
- Achieves recognition of the importance the industry plays in the tourism and residential infrastructure in Western Australia;
- Advocates on behalf of members at Government level;
- Forms links with key industry bodies;
- Seeks to protect the rights of all tenants within caravan parks.

The CIAWA operates collectively under an adopted 'Code of Ethics' which establishes the standards of conduct to be observed by all its members. Under the Code, all members agree to:

- Promote 'Best Practice' standards throughout the industry, fostering sustainable economic, environmental and socially responsible management;
- Ensure legislative, regulation and code of practice applying to the industry are complied with and promoted throughout;
- Promote a fair and safe working environment for all staff and contribute positively to the local community;
- Promote the caravanning and camping lifestyle for all people;
- Support any promotions or promotional activities that the Caravan Industry Association WA may conduct or be involved in;
- Accurately represent all offerings of goods and services;
- Act with integrity and respect on all occasions;
- Handle all complaints professionally with a view to resolution, reporting to the complainant the outcome of the investigation;
- Fulfil all warranties, guarantees and professional obligations promptly and faithfully;
- Not divulge confidential and personal information on any member of Caravan Industry Association Western Australia (Inc) without their express consent;
- Not speak disparagingly of the work or product of any other member;

- Support the Association and its members by not doing anything that could be prejudicial to the standing or reputation of the Association or its members.

1.3 Performance

1.3.1 Economic Performance

The Caravan and Camping Industry is a considerable employer of local persons. The September quarter of 2008 identified 1,411 persons were employed by caravan parks which is up from 1,249 (1.12%) during the same period in 2005 *(Australian Bureau of Statistics (ABS) Western Australian Statistical Indicators - 13675 _Sept_2008)*. This growth in employment is considered to be far more significant than the numbers identified when combined with the reduction in park numbers from 205 in 2005 to 196 in 2008.

It is understood that international and domestic users of caravan parks spent almost $6.5 billion in Australia in 2006 *(Tourism Western Australia - Annual Report - 2007 - 2008)* of which a similar expenditure has occurred during the past two years. In the latest ABS September 2008 figures, takings from caravan parks within Western Australia alone were approximately $38 million *(Australian Bureau of Statistics (ABS) Western Australian Statistical Indicators - 13675 _Sept_2008)*.

As these figures indicate, the use of caravan parks is a vital part of the State's economy. In addition to the takings from caravan park operators, the industry (nationally) accounted for approximately $1.16 billion from the 2008 manufacturing forecasts for caravans, camper trailers and park homes/cabins. The manufacture of tents and other camping equipment is anticipated to account for a further $62.5 million during 2008 *(Caravan, RV & Accommodation Industry of Australia - Fact Sheet 2008)*.

1.3.2 Social / Community Performance

In smaller regional towns caravan parks are a recognised provider of affordable housing and holiday accommodation.

They are the catalyst for spending money locally on items necessary to run a caravan park business. Visitors to caravan parks support local tourist operators and attractions, supermarkets, service stations and vehicle repairers, local markets and souvenirs.

Caravan park operators are generally substantial supporters of local sporting and charity events. Some annual fundraising events organised by individual parks to support worthwhile charities include Camp Quality, Ronald McDonald House, Children's Leukaemia programs, Royal Flying Doctor Service and the Starlight Foundation.

At a time when other industries and the high end tourism sector are seen to be winding down/retrenching/dismissing staff and cancelling conferences, public shows and displays of product, CIAWA has expanded its presence. Consumer confidence and interest in the product range and holiday options is at record levels.

Anecdotal evidence supports this assertion as the 2009 Perth Caravan and Camping Show at Claremont Showground is recognised by members and visitors as being the 'best ever' with a record attendance of over 45,000 persons through the gate.

CIAWA works closely with Tourism Western Australia and Regional Tourism Organisations in promoting tourism in Western Australia, eg:

- Australia's North West was a sponsor of the Discover Downunder Warlu Way Safari
- Australia's Coral Coast was a partner in the Mix 94.5 Big Couch Road Trip promotion
- CIAWA works with Tourism WA at Caravan and Camping Shows in Adelaide, Melbourne, Sydney and Brisbane
- Tourism WA sponsored the West Australian sector of the Australian Caravan Safaris

CIAWA also has an elected representative on the Board of Tourism Council WA.

CIAWA regularly works with the media through TV, radio and press, both within metropolitan Perth and regional Western Australia to maintain a high profile within the overall tourism industry.

1.3.3 Environmental Performance

CIAWA is encouraging all caravan Parks to strive for 'best practice' in environmental management. Park home manufacturers are incorporating sustainable building practices, such as solar panels and heat pumps. Parks are implementing water wise gardens and artificial turf sites in conjunction with the more traditional grass sites.

Within the caravan park industry, an Environmental & Conservation Award (Gumnut Award) has been developed and focuses on water conservation and pollution, reducing waste, saving energy, supporting local communities and protecting flora and fauna.

Some caravan parks are gaining a reputation for environmental sustainability. A West Australian park has won the prestigious 2007 Banksia Award for Sustainable Built Environment 'Overall Winner', 2006 - Western Australian Environment Awards, Category Winner - 'Corporate Business Leading by Example'.

1.3.4 Advocacy Performance

CIAWA is an active lobbyist in the need for ongoing reform within the legislative framework that guides this industry. Many operational reforms have been made in response to CIAWA's efforts, with the most successful including:

1.3.4.1 Land Tax Reform

CIAWA has successfully lobbied State Government, resulting in a 50% reduction in land tax for licensed caravan parks, which came into effect in 2005.

1.3.4.2 Clarification note by The Western Australian Planning Commission on Planning Bulletin 83

Local Authorities and the Western Australian Planning Commission (WAPC) have the opportunity to assist CIAWA to ensure a sustainable and viable caravan industry remains.

Further recognition of the importance long-stay tenants have within all types of caravan parks and the need for caravan park operators to retain the right to 'self regulate' accommodation types for holiday makers and long-stay tenants is required. However, the recent recommendations of the WAPC with the 'Tourism Taskforce Review 2003 - 2006' (implemented via Planning Bulletin 83) failed to do so and as such recently developed Local Tourism Planning Strategies are simply unsustainable.

CIAWA has successfully lobbied to have the recommendations of Planning Bulletin 83 (PB83) clarified to ensure all levels of Government are aware that its recommendations on permanent occupation within tourism developments do not apply directly to caravan parks.

This has the effect of allowing individual caravan park owners/operators to liaise with Local Authorities to negotiate the most appropriate and sustainable development mix for each park as opposed to the predetermined approach offered by the WAPC in PB 83.

1.3.4.3 Residential (Long-stay Tenants) Act 2006

CIAWA contributed towards the drafting of the new Residential (Long-stay Tenants) Act 2006 in consultation with DOCEP. An Operators Guide was produced for caravan park operators and informational seminars were held throughout WA to assist caravan park operators to interpret the new Act. CIAWA also contributed to the Information Booklet on Park Living (for consumers) and the Commissioner's Guidelines for Park Liaison Committees.

1.3.5 Ongoing Advocacy

The need for reform is ongoing should the caravan industry wish to remain viable. As such CIAWA continues to lobby all levels of Government on issues such as: additional land tax reductions, abolishment of stamp duty on motorhomes and a reduction in general servicing costs.

1.3.5.1 Further Land Tax Reform

The 100% abolishment of land tax for all caravan parks (tourist, mixed or residential), irrespective of the zoning of the land under a Local Town Planning Scheme, is considered by CIAWA as the most appropriate, effective and socially responsible solution to assist in the retention of caravan parks in WA.

This solution is not new or unique. At present land tax on caravan parks in Victoria and South Australia receive a 100% exemption. A 100% exemption, conditional on the retention of the caravan park, is considered necessary as

- A 100% exemption on land tax and not rezoning to 'caravan park', preserves land value, ensures asset protection and improves borrowing capacity;
- It is an incentive for land owners to remain a caravan park, thereby providing affordability and choice for holiday makers and long-stay tenants;
- It reduces the pressure for affordable housing to be provided by the public sector.

1.3.5.2 Insurance / Special Purpose Fund for Long-stay Tenants

Due to an unforeseen need by tenants to relocate, generally triggered by park closures, it is commonly noted that such tenants do not have the ability to fund relocation. In response a form of compulsory insurance to cover the cost of relocation in the event a tenancy is terminated should be investigated. As special purpose fund could be established, similar to the Home Indemnity Insurance application to new home construction. The fund would be self-sustaining in the future, based on premiums from tenants and park operators. Government may be required to provide a funding guarantee to cover early claims. Existing tenants could pay an insurance premium with their weekly rent, which would be forwarded by caravan park operators to a fund administrator.

Caravan park operators could be required to contribute a levy to the fund, based on the number of occupied long-stay sites and claim exemption if they were prepared to enter into a fixed term tenancy agreement of not less than 10 years with any tenant.

As the percentage of tenants of caravan parks affected by the termination of tenancies is relatively small, the fund premiums would be minimal and accumulate quite quickly to enable claims to be met. Indeed, premiums would need to be minimal to ensure affordability and sustainability for park operators and consumers so that they are not further burdened any more than absolutely necessary.

The independent administrator of the fund would be required to assess claims and make appropriate payments to tenants where applicable.

1.3.5.3 Regulations Associated with Selling Caravans and Park Homes within a Caravan Park

To ensure that the consumer is adequately informed about issues, including security of tenure, relating to living in caravan parks and park home parks, caravan park operators must be involved in the sale process prior to the contract for sale and purchase being signed.

Caravan park operators should have the option to be the exclusive selling agent where a transfer of tenancy is involved.

2.0 DEMAND, SUPPLY AND COSTS, AND TRENDS THEREOF, OF CARAVAN PARK SITES AND RELATED SERVICES

2.1 Demand Trends

For the year 2007, around 871,590 visitors (or 14.3% of total visitors) stayed within a caravan park or camping ground during their holiday in WA. The majority of domestic visitors come from WA and only 11.1% from interstate. International visitors to WA who stayed within a caravan park or camping ground during their visit numbered 59,013 (or approximately 9% of all visitors) *(Tourism Western Australia Annual Report 2007 - 2008).*

Table 1 has been prepared by CIAWA using data from Tourism Western Australia to depict the long term trends in the demand for caravan park accommodation by domestic and international holiday makers within the five tourism regions of Western Australia. A review of Table 1 will reveal the following demand trends between 2004 - 2007:

Experience Perth
- Domestic demand remains stable
- International demand has declined1%

Australia's Coral Coast
- Domestic demand has increased 3%
- International demand has declined 8%

Australia's North West
- Domestic demand has declined 9%
- International demand has declined 10%

Australia's South West
- Domestic demand remains stable
- International demand has declined 2%

Australia's Golden Outback
- Domestic demand has declined 4%
- International demand has declined 1%

Table 2 has been prepared by CIAWA using data collected from individual parks within Western Australia to depict the short term demand trends experienced by parks and likely reasoning provided by the operators.

2.2 Supply Trends

Many levels of Government and sectors of the community have the opinion that demand for sites outstrip supply. This assumption may hold true for only a few weeks a year during the peak Christmas holiday season, whereby most if not all caravan parks achieve 100% occupancy.

Aside from this period the availability of sites remains high throughout the year. Generally, an overall yearly occupancy rate of 37% shows that a significant capacity exists within caravan parks to accommodate the existing and anticipated demand. The most practical solution to peak demand for tourist accommodation which already works well in some locations is the use of overflow areas in conjunction with local Government or private operators. Overflow areas can be ovals, public parks or vacant areas of land that when all caravan parks in the town or location are full, can be used with local authority approval to accommodate during peak demand periods. It can be operated by the local authority or caravan park operator with open communication and co-operation.

It remains unclear as to the exact numbers, however anecdotal evidence supports that many regional parks are refurbishing, resulting in an improved supply of sites (cabins and powered sites).

Table 3 has been prepared by CIAWA and depicts park closures/openings pre and post 2005. For a number of reasons the industry has seen a closure in the number of mixed caravan parks. This has resulted in a reduction in the supply of tourist sites, however as referred to above this figure is difficult to quantify given the unknown level of park refurbishment.

In addition to the demand trends detailed within Tables 1 and 2, it is commonly recognised that the industry is undergoing considerable change. On the negative, some park operators have experienced a rise in operating costs which could not be sustained, resulting in park closures. Within Western Australia alone, 9 caravan parks have closed since 2005.

Rising land values in regional and metropolitan areas have made it impossible for investors and potential developers of affordable tourism facilities, ie caravan parks, to acquire land and develop new facilities. This is evidenced by the fact that there have only been 4 new short-stay caravan parks developed in WA in recent years.

A further trend is the increase in residential accommodation (long-stay tenants) and number of park homes within caravan parks at the expense of 'tourist accommodation'. Not only has the number of long-stay tenants within parks increased, the number of parks dedicated entirely to long-stay tenants (residential parks - commonly referred to as park home parks) has risen. Approximately 5 residential parks have been developed in WA since 2005.

On the positive, occupancy rates for holiday makers has increased to 37% annually; 57.1% in the September 2008 quarter (*Australian Bureau of Statistic (ABS), Western Australian Statistical Indicators - 13675 _Sept_2008*), reinforcing the major role caravan parks have within the tourism infrastructure of WA.

A rise in the number of persons seeking long-stay tenancies and an increase in holiday makers highlights the need for the industry to achieve a balance between affordable tourism accommodation and long-stay housing affordability and choice. Also requiring balance within tourist sites in caravan parks is the trend towards cabin or chalet accommodation at the expense of powered caravan sites. Largely this will be governed by consumer demand for cabin/chalet versus powered site accommodation.

The caravan industry is uniquely placed to create new facilities that can be offered to tourists and long-stay tenants at affordable rates. It is also better able than most other forms of tourism development to operate on leasehold tenure. However, this can only be achieved if Government can identify and promote development opportunities on appropriate Crown land.

Purchase and/or lease terms of Government land need to acknowledge the price sensitivity of the desired developments and the highly seasonal nature of demand for tourism accommodation in caravan parks and similar developments.

2.3 Cost Trends

Since early 2000 land values and housing prices have significantly risen in WA (381% from 2000 - 2005 within the South West - *JMW Real Estate Dunsborough)*. This has the direct effect of creating a shortage in affordable housing choice and availability for some members of the community. As a consequence there has been an increase in the number of persons choosing to reside within either mixed parks or residential parks. In 2005, approximately 9,726 persons (4,863 park homes) were long-stay tenants within caravan parks. In 2008 that number has risen to 10,448 persons (5,224 park homes), an increase of 7.4% (*Australian Bureau of Statistics (ABS) Western Australian Statistical Indicators - 13675 _Sept_2008* and *Australian Bureau of Statistics (ABS) Tourism Accommodation Small Area Data Western Australia - 8635.5.40.001 _ Sept_2005*).

Land tax is levied on the land value against the 'highest development potential' provided for by the zoning of the land. As a consequence of rising land values and when zoning provides for uses with a 'higher' development potential than a caravan park, the resulting land tax bill and Council rates are often beyond the earning capacity of the park. A direct effect has seen the closure of some parks as evidenced by Table 3.

Rising land values have not only attributed to a rise in land tax and Council rates, it has seen a reduction in the ability to provide affordable housing and holidays.

In regard to the provision of affordable housing, the caravan industry remains well positioned to continue providing this housing in residential parks, as the construction costs remain significantly lower than those providing conventional residential lots.

Generally site costs within residential parks are approximately $50,000 - $55,000 *(CIAWA)*, excluding the original cost of the land but including the development of recreational/communal facilities such as pool, bowling green, clubhouse. This represents a saving in the order of $20,000 - $25,000 per site given the approximate cost of residential subdivisions of $70,000 - $75,000 per allotment which does not include recreational/communal facilities and general landscaping *(Planning South West Pty Ltd)*.

Anecdotal evidence suggests a shift in the expectations of holiday makers. Generally holiday makers are seeking a wider choice in accommodation type (cabins/chalets/villas) and a higher standard of private and communal amenities (en-suites, camp kitchens, recreational activities). While long-stay tenants are 'demanding' privacy and separation from holiday makers, these expectations significantly increase the cost of maintaining a caravan park.

The global economic slowdown has had two main effects on the operation of caravan parks. Firstly, a reduction in income within some sectors of the community has contributed to the rise in demand for affordable housing and choice, thereby increasing the amount of long-stay tenants within some caravan parks.

Secondly, there is an increase in domestic demand for affordable holidays. Holiday makers are seeking a greater choice in tourism accommodation such as cabins/villas/chalets and improved amenities, eg en-suite sites, playgrounds, water parks, camp kitchens, the provision of which is at a cost to the park owner, which is not proportionately recoverable through their expected nightly tariffs.

3.0 SUPPLY AND DEMAND FOR LONG- AND SHORT-STAY SITES INCLUDING CAMPING SITES

3.1 Demand for Long- and Short-stay Accommodation

3.1.1 Long-stay (Residential Caravan Parks)

In 2005, approximately 9,726 persons (4,863 cabins/park homes) were long-stay tenants within caravan parks, in 2008 that number has risen to 10,448 persons (5,224 cabins/park homes), an increase of 7.4%.

The 2006 Census indicated that approximately 14,504 persons (or 0.8% of total persons) usually residing in Western Australia were in 'other' dwellings such as caravans, cabins, tents, houseboats or flats attached to a shop. 65% of these persons are within the North West and understood to be 'grey nomads'. This figure had risen to 1.0% by December 2008 which is considered to be from an increase in the number of 'grey nomads' but also from the provision of worker accommodation *(ABS 8635.0 - Tourist Accommodation, Australia, September 2008).*

This rising demand for long-stay tenants clearly demonstrates the need for all levels of Government to acknowledge the important role caravan parks have in the provision of affordable housing within residential and mixed caravan parks.

3.1.2 Short-stay (Mixed Caravan Parks)

Recent global economic trends have seen a change in domestic and overseas travel habits. Generally, fewer West Australians are travelling overseas and are seeking an affordable domestic holiday. Not all holiday makers have the same needs/expectations for holiday accommodation. Some seek to holiday in a cabin/villa/chalet, while others choose caravans, tents, motorhomes or camper trailers. The demand for each accommodation type has its own specific issues, but common to all is seasonal fluctuations, school holiday periods, fuel prices, the location of each park, park amenities and tariffs. The demand for short-stay holiday accommodation is considered to be summarised within Table 2.

As evidenced by section 2.2 the demand for short-stay accommodation during the Christmas holiday period is generally 100%. Outside those times the average demand for all forms of tourism accommodation is approximately 37%.

3.2 Supply for Long- and Short-Stay Accommodation

The supply of short- and/or long-stay accommodation by the caravan industry can be undertaken either within one singular park catering to all long-stay tenants (residential park) or short-stay tenants within a tourist park. However, the most common supply is within a mixed caravan park whereby both long- and short-stay tenants are accommodated.

As evidenced by section 2.2 the supply of residential parks is increasing. Existing parks, predominantly mixed, are understood to be redeveloping to accommodate the changes in demand for both affordable housing and increase in the variety of holiday accommodation.

Whilst adequate supply to meet current demands may exist, additional parks are required in the future to ensure sustainability of the industry. Additional parks require Government support via the release of appropriate Crown land and minimizing current development barriers.

Specifically the supply of accommodation can be categorised as being provided by:

- **Tourist Parks:** A caravan park which contains all or some forms of cabins/chalets/villas and/or sites and whereby nearly all occupants are holiday makers.

- **Mixed Parks:** A caravan park which contains all or some forms of cabins/chalets/villas and/or sites and whereby half of the occupants are holiday makers.

- **Residential Parks:** A caravan park which contains predominantly park homes and caravans and whereby nearly all occupants are long-stay residents.

- **Transit Park:** An overflow area used only for the temporary accommodation of holiday makers (no longer than 3 consecutive nights) and when all registered caravan parks within a Local Authority area are 100% occupied. The location and management of these areas is undertaken by Local Government, generally in co-operation with local caravan parks.

- **Road Side Rest Areas:** Given a change in the attitude of some travellers and the rising cost to travel there is an increase in the number of persons using Main Roads roadside rest areas *(www.mainroads.wa.gov.au)*.

4.0 IMPACT OF EXISTING LEGISLATION, AND STATE AND LOCAL GOVERNMENT POLICIES REGULATING CARAVAN PARKS, PARTICULARLY RELATING TO:

- MAINTAINING A VIABLE CARAVAN PARK INDUSTRY
- PROTECTING THE RIGHTS OF OPERATORS AND USERS, AND
- PROVIDING AN ADEQUATE MIX OF LONG- AND SHORT-STAY FACILITIES AND SITES

4.1 Maintaining a viable Caravan Park Industry

4.1.1 Town Planning Reform

To ensure the sustainability, affordability and viability of caravan parks for both holiday makers and long-stay tenants, the current and proposed town planning framework needs to be modified to reduce over regulation.

Effective liaison with Tourism WA and the WA Planning Commission by CIAWA has recently resulted in a change to how State and Local Governments view the caravan industry. Planning Bulletin 83 suggested (amongst other things) a planning framework of 'use specific zones' and uniform limitations on the mix between short- and long-stay tenants. Both recommendations if implemented could have resulted in further park closures.

However, the recent (20 April 2009) correction by the WAPC on the interpretation of how PB83 and its recommendation on the percentage of permanents that could be accommodated in a tourist development should not apply to caravan parks is a considerable step towards maintaining the viability of caravan parks in WA. The adequate mix between short- and long-stay tenants can now be negotiated between the park owner and the Local Authority without the predetermined percentages of Planning Bulletin 83.

The sustainability needs and issues associated with a residential park go well beyond the implications of the current and proposed town planning framework. However, the planning framework has created assumptions and introduced limitations which are to the detriment of this sector and thus require amending.

For example, a residential park is not necessarily a park home park or 'aged care village' and can be located in a wide number of locations (urban and rural). As such the core demographics may vary from location to location. The proximity to social services therefore needs to be merits driven on an application by application basis. To preclude residential parks from rural zones will significantly reduce the opportunity for a choice of affordable housing. The appropriate use of rural land for Residential Parks is essential to maintaining the viability of affordable housing options thereby reducing the pressure on public sector resources.

The WAPC, via Planning Bulletin 71, seeks assessment of residential parks as if they are a conventional residential development. Improved housing choice and the creation of a 'sense of place' for short- and long-stay tenants can be achieved more so via application of the Caravan and Camping Ground Regulations 1997 rather than conventional subdivision provisions of which is often required by WAPC and Local Authorities.

4.1.2 Land Tax Reform

The determination of land tax is typically based on the land's 'best use'. As development of surrounding areas has encroached on many caravan parks, this has meant substantial increases in the land tax for these caravan parks. In some cases, the cost of land tax has risen for caravan park owners almost 10 times over the last 7 years.

It is acknowledged that rezoning existing parks to a 'use specific zone' such as 'caravan park', will have the effect of reducing/removing land tax as its use is now considered the 'highest and best' use for the land. However, such an outcome will have an even greater impact on the longevity of some parks as it significantly reduces the capital value of the land, thereby having a number of significant and devastating outcomes, particularly at such an uncertain time for credit providers.

Many caravan parks are family owned/operated; the land is the major asset and/or superannuation. Devaluation will effectively destroy their business and long term financial security. In the case of a company owned park a reduction in property values may be seen as a devaluation of an expendable item within a larger portfolio, facilitating its sale, redevelopment or closure.

A reduction in the value of the land also reduces the borrowing capacity for either the family or company owned park. A reduction in borrowing capacity compromises the ability for an owner to meet the expectations of their customers (long-stay and holiday makers) of improved amenities/facilities and wider accommodation choice. To offset the reduced borrowing capacity, park owners may need to increase the amount of long-stay tenants, which is a concern for tourism related agencies and Government departments.

The introduction of the 50% concession in 2005 was an attempt by the State Government to reduce the impact of taxation costs on caravan park operators. However, subsequent increases in land values, combined with current assessment methods, eroded any benefit of the concessions almost immediately. All caravan parks should be exempt from land tax entirely which would be consistent with Victoria and South Australia.

4.1.3 Gross Rental Value (GRV) Assessment Reform

Changes to the Valuer General's valuation criteria for caravan parks followed the introduction of the Caravan Parks and Camping Ground Act 1995, which resulted in park operators being penalised for providing accommodation for permanent residents. Local Government rating is based on the Valuer General's GRV assessments and therefore park operators have received significant increases again - as much as 10 fold increases.

4.1.4 Water Supply Rate Reform

The water reform changes introduced in 2004 have resulted in significant increases in costs, which directly impact on the cost of water for most caravan parks because the increases are phased in over a 10 year period.

4.1.5 Sewerage Headwork Charges Reforms

While the costs associated with water inflow are of concern, it is the excessive costs associated with sewerage charges under the recent water reform changes that are a real threat to the viability of many caravan parks across the State.

The average increase in water and sewerage rates and charges has been estimated at $25,827 per annum for each caravan park *(CIAWA Water and Sewerage Reforms - Effect on Caravan Parks, March 2004).*

The seasonable nature of the caravan park industry limits the opportunity to pass on increasing costs and the ability to provide affordable holidays and affordable housing. These cost factors hinder sustainability, which has contributed to the closure of a number of caravan parks in recent years.

4.2 Protecting the Rights of Operators and Users

The introduction of the Residential Parks (Long-stay Tenants) Act 2006 has resulted in a clear acknowledgement of the roles and responsibilities of park owners and tenants.

Support for this legislation is evidenced by CIAWA's involvement with DOCEP in its preparation. Notwithstanding, caravan park operators have been denied the right to control the sale of caravan and park homes in their caravan parks by the legislation. As a result, consumers are able to enter into contracts for the purchase of a caravan or park home with third parties before they receive proper advice on tenancy arrangements from the owner/manager of the park within which the caravan or park home is located. Where a relocatable 'dwelling' is sold in-situ, the purchaser can incorrectly assumes (or is incorrectly advised by the seller) that existing tenancy rights are provided.

Caravan park operators should have the option to be the exclusive selling agent where a transfer of tenancy is involved, providing full disclosure of the selling agency terms is provided prior to entering into the initial agreement.

4.3 Providing an adequate Mix of Long- and Short-stay Facilities and Sites

There are many external factors that impact on the demand for tourism accommodation and affordable housing as thus the viability of a caravan park. To ensure a sustainable business model which responds to changes in consumer expectations and cash flow demands, a caravan park owner must be able to 'self regulate' the ratio between holiday makers and long-stay tenants.

Planning provisions within local Town Planning Schemes are the most influential in this regard and CIAWA remains confident that the new clarification advice from the WAPC (20 April 2009) is the first step in acknowledging that this industry requires individual assessment on a park by park basis and not a 'one size fits all approach'.

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Figure 1

CARAVAN INDUSTRY ASSOCIATION WA (INC)

CARAVAN INDUSTRY ASSOCIATION
WESTERN AUSTRALIA INC

Committee → CEO → Members

Sub-Committees
- Promotions
- Show
- State Conference
- Parks
- Stamp Duty
- Training

Trade
- Dealers
- Manufacturers
- Retail outlets
- Suppliers to Caravan Parks
- Suppliers to dealers / retailers / manufacturers
- Tourism Operators

Department of Commerce
- Motor Vehicle Dealers Act
- Motor vehicle Repairers Certificate
- Retail Trading Hours Act

Department of Planning & Infrastructure
- Australian Standards

Recreation Vehicle Manufacturers Association of Australia
- Compliance
- Auditing

Caravan Parks
- Tourist
- Mixed
- Residential

Local Government
- Caravan & Camping Grounds Act
- Tourism Planning Strategy
- Local Planning Strategy
- Town Planning Scheme

Department of Commerce
- Residential Parks (Long-stay tenants) Act 2005

State Administrative Tribunal

Office of Energy
- Electricity (Caravan Park Operators) Exemption Order 2005

Department of Planning & Infrastructure
- State Planning Policy
- Planning Bulletins

Table 1 **LONG TERM DEMAND TREND BY REGION**

	2004						2005					
Region	Domestic			International			Domestic			International		
	CP		Total	CP		Total	CP		Total	CP		Total
Experience Perth	198,000	6%	3,161,000	21,100	4%	571,800	164,000	6%	2,826,000	15,600	3%	610,000
Australia's Coral Coast	186,000	31%	606,000	32,900	48%	68,900	165,000	29%	571,000	21,300	34%	61,900
Australia's North West	162,000	31%	517,000	25,500	50%	51,100	134,000	26%	513,000	23,100	43%	53,800
Australia's South West	315,000	16%	2,026,000	21,200	21%	98,900	320,000	17%	1,879,000	16,800	16%	107,100
Australia's Golden Outback	200,000	26%	782,000	17,200	37%	46,000	182,000	28%	651,000	12,300	31%	40,200

Region	2006						2007						2004-2007 Trend
	Domestic			International			Domestic			International			
	CP		Total	CP		Total	CP		Total	CP		Total	
Experience Perth	204,000	6%	3,212,000	20,200	3%	601,500	202,000	6%	3,126,000	21,400	3%	631,300	Dom: stable Intl: 1% decline
Australia's Coral Coast	206,000	35%	585,000	22,900	37%	61,400	194,000	34%	567,000	25,500	39%	65,600	Dom: 3% increase Intl: 8% decline
Australia's North West	138,000	20%	675,000	26,100	43%	60,900	112,000	22%	505,000	25,800	40%	63,900	Dom: 9%decline Intl: 10% decline
Australia's South West	318,000	16%	1,966,000	18,300	18%	102,200	319,000	16%	1,950,000	23,900	19%	128,700	Dom: stable Intl: 2% decline (2005 - 2007 3% decline)
Australia's Golden Outback	134,000	17%	778,000	15,900	38%	42,300	159,000	22%	737,000	19,100	36%	52,900	Dom: 4% decline Intl: 1% decline

Source: Tourism WA

CARAVAN INDUSTRY ASSOCIATION
WESTERN AUSTRALIA INC

Table 2 SHORT TERM DEMAND TRENDS BY REGION

Experience Perth

- Average bookings up/steady
- Easter in April had negative impact on March bookings
- Rest of the year is expected to be same as last year

Coral Coast

- 1st quarter bookings slightly up
- Future bookings slightly up/expected to be up
- Easter in April had negative impact on March bookings

South West

- Bookings up
- Traditional time of year to go down south
- Trend to cheaper accommodation (basic cabins, sites) which can result in bookings up but turnover down
- Upcoming holidays (winter and Christmas) looking strong
- West Coast more frequented in 1st quarter, South Coast more frequented in 2nd quarter of 2009

Golden Outback

- Bookings up

North West

- Average bookings are steady to down
- More workers than travellers
- January - March is not typical travelling time in North West
- Disrupted roads in wet season
- June - September expected to be good season

General trends:

- People are booking later
- Cheaper accommodation is in higher demand
- Easter in 2nd quarter which results in 1st quarter booking numbers being down compared to last year
- Less bookings, more walk-ins, more last minute bookings
- April is expected to be good due to Easter holidays

Source: CIAWA Member Research, first quarter 2009

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Table 3 CARAVAN PARK CLOSURES IN WESTERN AUSTRALIA

Pre 1st July 2005

• Ashburton Travellers Park	Onslow
• Caravan Village Caravan Park	Gosnells
• Donnybrook Caravan Park	Donnybrook
• Goomalling Caravan Park	Goomalling
• Greenacres Beachfront Caravan Park	Dunsborough
• Ledge Point Caravan Park	Ledge Point
• Palm Beach Caravan Park	Rockingham
• Travellers Caravan Park	Gosnells
• Gorges Caravan Park	Wittenoom
• Wilson Inlet Caravan Park	Denmark
• Yellowdine Caravan Park	Southern Cross
• Peninsula Caravan Park	Mandurah
• Capricorn Village	Yanchep
• Separation Point Caravan Park	Geraldton

Post 1st July 2005

• South Hedland Caravan Park	Port Hedland
• Estuary Caravan Park	Mandurah
• Preston Beach Caravan Park	Preston Beach
• Peppermint Grove Caravan Park	Capel
• Yalgorup Eco Park	Mandurah
• Acacia Caravan Park	Busselton
• Frenchman's Bay	Albany
• Oyster Harbour	Albany
• Doonbanks Caravan Park	Augusta

Pending

• Kalbarri Red Bluff Caravan Park	Kalbarri

Possible

• Timbertop Caravan Park	Mandurah
• Belvedere Caravan Park	Mandurah

Proposed new Caravan Parks

• Port Kennedy Eco Park	Port Kennedy

New Land zoned for Caravan Parks

- Kununurra
- Kalbarri

New Caravan Parks

• The Cove	Point Samson
• Wavecrest	Ravensthorpe
• Willowbrook Tea Rooms & Caravan Park	Gingin
• Ledge Point Caravan Park	Ledge Point

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