

CCI submission 76

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From: Hannah Waters [hannahwaters@amrsc.wa.gov.au]
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Dear Dr Abernethie

Warm greetings from Margaret River.

Thank you for extending the submission period for the Parliamentary Inquiry – Provision, Use and Regulation of Caravan Parks (and Camping Grounds) in Western Australia for the Shire of Augusta Margaret River.

Please find the submission attached in PDF format. I will also post a hard copy through to Parliament House.

If you have any queries or require any information please contact Cary Green in the office on 9780 5250 or via email: carygreen@amrsc.wa.gov.au

Many thanks and I hope you have a lovely afternoon.

Yours sincerely


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SHIRE of AUGUSTA
MARGARET RIVER

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ECONOMICS AND INDUSTRY STANDING COMMITTEE

YOUR REFERENCE: EISC/CCS/Sub

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Cary Green is prepared to appear before the committee to present our case.

The Shire of Augusta-Margaret River own two (2) caravan parks and one (1) camping ground with the primary purpose to provide a community service as opposed to existing for commercial profit. Although revenue return to the rate payers for these strategic community assets is a consideration in the management of the properties.

The properties are known as:

- Turner Caravan Park, Augusta
- Flinders Bay Caravan Park, Augusta
- Alexandra Bridge Camping Ground, Alexandra Bridge

All three properties are located on reserves held by the Shire and they are not bound by the liability of rates. Both caravan parks do pay a rubbish levy which is cost coded internally to the appropriate business units.

Turner Caravan Park has been identified as an aging and underperforming strategic asset and a proposal for redevelopment is currently being advertised for public comment. Some of the main issues that have been identified are:

- The proposed redevelopment will help to retain the land as a caravan park for current and future generations and ensure that it is quarantined from development for alternative uses.
- Turner Caravan Park is an underperforming community asset. "Despite good operational management it has below average occupancy, is high maintenance, shows signs of age – particularly the amenities buildings – and does not cater for changing market demand."
- Without redevelopment there will need to be a considerable sum spent on upgrading and maintenance without a corresponding increase in revenue.
- This would impact on the Shire of Augusta-Margaret River's financial budget and its ability to provide other community amenities.

The proposed redevelopment is being advertised as a "Major Trading Undertaking" for a period of six weeks and submissions close on Monday, 22 June 2009.



Structure, conduct and performance of the caravan park industry

1. The Caravan Industry Association is a small association run by a group of passionate individuals that provide a good service to the caravan park industry as a whole. However, the association seem to lack any real teeth when it comes to policy making and strategic planning for the future of the industry.
2. The Caravan park industry in the South West is is thriving due to an increased number of holiday makers and the reduction in the number of caravan parks, as a consequence of a number of parks being sold in the past 3-5 years and the forecast of more parks being sold in the future. The industry has also moved with the times and there has been a significant increase in cabin type accommodation to improve the product mix within the parks to cater for the diverse needs of the clients. There is increasing demand for this type of accommodation that competes with mid-level motel accommodation but offered the additional benefits of staying in a caravan park.
3. The popularity of semi-permanent caravans has also increased dramatically in prime locations and has resulted in resale prices of up to 10 times the value of the caravan if sold off site. Some operators have recognised the value of this market segment by installing and selling holiday chalets to the public often with a substantial profit to the park. Purchasers receive a term site agreement and pay annual site fees of similar value to permanent residents.

Demand, supply and costs, and trends thereof, of caravan park sites and related services

1. Statistics show that there has been a significant reduction in the number of caravan parks available in WA and that there have been very few caravan parks established. Many coastal caravan parks are being redeveloped for alternative uses perceived to provide a greater financial return. This is putting more pressure on the industry and Local Government owned parks like ours, as such the need to retain our parks as caravan parks in becoming increasingly important.
2. The trend in the reduction of caravan parks is going against the recent tourism reports that state that the caravan and camping industry was the fastest growing tourism sector in Australia, increasing at a rate of 15% pa. As a result of an increase in the demand for caravanning and a decrease in the supply of sites, and other associated variables such as the increased costs of operators to run the park, the traditional family holiday is going to become more expensive, hence the length of the stay by the family group will ultimately reduce.
3. The cost of caravan and camping holidays in the south west had increased significantly as the supply for sites during the busy season (Xmas school holidays etc) has reduced. If this trend is not reversed then the cost of holidays will continue to increase and the family caravan holiday will decrease in length because of affordability.
4. Operator's costs have increased also over time, and these increased costs are passed onto the consumer, through higher tariffs.



Supply and demand for long-and short-stay sites including camping sites

1. The reduction in the amount of caravan parks in WA has reduced the overall number of sites available for the caravanning and camping in general. This is even more apparent in the coastal regions where the prime site caravan parks have been sold to developers who have developed the land for non caravanning purposes.
2. The change in the product mix of caravan parks from the traditional caravanning and camping sites, to now cater for cabins and long-stay sites has also affected the amount of sites available. It has also affected the affordability of the family holiday as operators are able to charge a premium for their sites in the busy periods because of the lack of sites available.
3. The housing affordability issue has also made it more attractive for people, particularly seniors to move into a park home with a long stay agreement. Semi-permanent and permanent sites have in the past been good commercial options to provide revenue stream for operators during the quieter periods.
4. Caravan parks should be planned with a predominate use in mind, either as tourist park for parks that are located with good access to key tourist attractions, such as beaches. Otherwise they should be planned for permanent residents, located in areas close to amenities.

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**
 - **Providing an adequate mix of long-and short-stay facilities and sites**
1. Local Governments play an important role in retaining and /or redeveloping caravan parks in WA. They have a dual role in some areas of regulating caravan parks under the act and also providing caravan park accommodation through parks they own. LG's also have a local planning responsibility in safeguarding sufficient tourism sites in strategic tourism locations, to ensure that enough sites are available for short stays during peak season.
 2. The prescriptive nature of some of the current regulations can lead to caravan parks losing their character. Caravan parks in the south west have been improved substantially in the past 5 years to abide by these regulations, and to achieve a higher star rating for their park, but the holiday makers don't necessarily agree that these changes are in fact improvements. Predominant tourist parks should be afforded greater flexibility in relation to these guidelines, to ensure the parks retain their ambience and character.
 3. An accreditation system attached to caravan park licensing would also be beneficial to maintaining a suitable standard of park with incentives for longer licenses for those parks that provide an above standard product.



4. The last and probably most important issue for the ongoing viability of caravan parks in WA is the current State Land Tax debate. Without some form of concession provided to operators of the caravan parks there is a real risk of the industry going into decline. The current expense of land tax, plus insurance is not sustainable, because operators must pass on these costs to the holiday makers, creating affordability issues. Concessions for caravan parks from this tax would reduce the overhead costs of the parks, hence reducing the tariffs and in turn making caravan parks a more attractive investment option, opposed to development.