

## HANSARD 15 OCTOBER 2009

### ECONOMICS AND INDUSTRY STANDING COMMITTEE

*Second Report — "Provision, Use and Regulation of Caravan Parks (and Camping Grounds) in Western Australia" — Tabling*

**DR M.D. NAHAN (Riverton)** [10.14 am]: I present for tabling the second report of the Economics and Industry Standing Committee, entitled "Provision, Use and Regulation of Caravan Parks (and Camping Grounds) in Western Australia". As members can see, we have been active! No wonder I had a hernia!

[See paper .]

**Dr M.D. NAHAN:** Caravanning and camping have long been a central part of the Western Australian way of life, whether it be family vacations by the sea during school holidays, exploring the great Western Australian outback or undertaking the grand tour to the north and beyond. The network of caravan and camping facilities around the state is a vital part of the state's tourism industry and constitutes a sizeable business in its own right. This way of life and the industry that supplies it are under threat.

Caravan parks are disappearing and not being replaced, and many of the remaining parks are filling with permanent residents, which is reducing space for tourists. That is a central finding of this report. The loss of caravan and camping infrastructure is not new to members of this place, past and present; many members have, over the past decade, raised their concerns about the loss of such facilities. Governments have commissioned numerous advisory groups and investigations, some of which are ongoing, aimed at addressing the loss of this essential infrastructure.

The loss of these facilities and the associated problems are of longstanding concern to many local governments, park owners, caravan groups, regional governments and park residents. As is apparent from this pile of documents, many of these people have expressed their concerns in the form of submissions to the committee. Despite this interest in the investigations, the committee finds that very little of an effective nature has been achieved to address the decline in caravan and camping infrastructure. This needs to be addressed as a priority.

The loss of caravan and camping infrastructure is significant. For example, Mandurah—historically a mainstay of the traditional family caravan holiday—has witnessed the closure of many caravan parks over the past decade, and only six parks remain. Of these remaining parks, 87 per cent of the available space is currently occupied by long-stay residents, which leaves only 80 sites available to tourists. Moreover, it has been assessed that four of the six remaining parks are likely to be closed in the near future. No replacement parks have been identified for or planned in Mandurah or the greater Peel region.

The Shire of Busselton—another traditional centre of family caravan holidays—has lost 15 parks over the past few decades, with seven closures over the past few years. Two of the remaining 11 parks have limited or no short-stay sites for tourists, and some parks are under threat. Again, there are no plans to redevelop or find new parks in this shire.

In the Pilbara region, although parks are not being closed, they are filled with workers to the virtual exclusion of tourists, so that caravanners making the 1 500-kilometre trek from Exmouth to Broome have no place to stay along the way.

Despite caravan parks being the foundation of the Broome economy, providing accommodation for most tourists and a place of residence for workers in the wider tourism industry, caravan parks are either full or disappearing.

The pressures for redevelopment or closure of parks are numerous, powerful and ongoing. Characteristically, caravan parks in the past were located on the outskirts of towns on isolated, pristine beaches, or near attractive tourist sites. That is what happened when these places were low-cost. In recent years, urban encroachment, rising land values—particularly along the coast—and rising demand for holiday homes have driven large increases in the underlying value of the land on which caravan parks are located.

Caravanning and camping is fundamentally a low-priced business; that is one of its attributes, but it also means that there is limited ability to pass on costs. This has meant that many parks have struggled to cope with recent rises in water and electricity prices, land taxes and rates, wages and other costs, which is putting pressure on them to redevelop into alternative, higher value uses.

The vast majority of caravan parks are privately owned and have zoning that allows for redevelopment. Caravan parks have come under pressure from people in need of housing, affordable or otherwise. Nearly 15 000 people live permanently in caravan parks around the state, resulting in many parks being filled with long-stay tenants. Although the growth in long-stay tenants is a response to a real and growing need, and although many caravan parks need a proportion of long-stay tenants to remain viable, long-stay tenants are crowding out tourists.

What should be done? The response needs to be a fundamental one. The central task is to stem the loss of existing parks and to ensure the creation of new parks. The report has made a number of recommendations, including that the government identify, procure and zone parcels of land for new caravan parks.

The government should purchase the redevelopment rights of privately owned parks on strategic sites, and encourage and assist pastoral lessees to develop and manage nature-based parks on their leaseholdings. The government should ensure that the Department of Environment and Conservation sets aside a much greater proportion of its estate for low-cost—I emphasise low-cost—nature-based caravan parks and camping grounds.

It should also ensure that LandCorp, the Department of Planning and other planning and development agencies include caravan parks in their structural and regional plans.

These actions will come at a cost but are necessary to sustain the industry.

The report also recommends a number of measures to take cost pressures off park owners and to provide fiscal incentives for them to continue to operate parks predominantly for short-stay tourists. These measures include that the land tax concession of 50 per cent be increased to 100 per cent for parks operating primarily for short-stay tourists, with the caveat that there be a clawback over the previous 10 years if these parks are redeveloped. The committee also recommends that local government rates be calculated on actual use—say, caravan use—rather than higher value use as applies currently, such as for general tourism.

One of the main findings of the report was that the demands facing parks vary according to region, season, type of service, levels of investment and mix of tenants. One approach certainly does not fit all in the caravan business.

As such, the report recommends that the government amend legislation governing caravan parks to give market forces and park owners greater influence over the design, size and mix of services and that it ensure that local government authorities develop tourism strategies that guide planning and mix of service to include the regulation and principles relating to the proportion of long-stay tenants in caravan parks.

The committee also recommends that the licensing and compliance function remain under the jurisdiction of local government rather than the proposed “independent state-based agency”. We believe that the principle of subsidiary in terms of regulation, compliance and licensing remains and applies.

Another major finding in the report is that there is a major shift underway in the demand for caravanning and camping services towards nature-based facilities and towards urban recreational and vacation parks with limited services and low costs.

These trends are being driven by a number of factors, including a rise in the number of grey nomads—winter drifters, who drift towards the sun and back; and freedom seekers—people who like to go out in a four-wheel drive on the weekend and seek freedom; as well as the growth in large, self-contained caravans pulled by four-wheel drive vehicles.

These are all defined in the report. This shift poses a challenge to park owners as they emphasise low-cost services and a different mix of services. These trends should be given priority when identifying, developing and zoning new facilities.

One of the most surprising findings of the committee was the large, informal camping activity on pastoral leases along the Ningaloo coast. This represents one of the most concentrated areas of caravan activity in the state—and has been, apparently, for decades. It was at least a surprise to me. It is not included in much of the official records, data and information. It is a secret haven.

The committee visited the area, and it is a lovely spot. It is the view of the committee that the government must ensure that these areas remain open to caravanning and camping. Indeed, the government must take great care when deciding the setback and management rights of the land along the foreshore of the Ningaloo park to ensure that these areas remain open to low-cost, nature-based camping and caravanning. In fact it is the view of the committee that there is scope to formalise and expand the nature-based facilities along the Ningaloo coast and that pastoral lessees are well placed to provide these services.

Although the report focuses on the need to ensure adequate caravanning and camping facilities for tourism, it also explores in detail the plight and policy options open to government to address the needs of long-stay tenants. While long-stay tenants play a valuable role—indeed, in some parks, an essential role—the primary purpose of caravanning and camping facilities is tourism. They are not meant to be residential developments but tourism facilities. It is the view of the committee that there is a need to reduce the number of long-stay tenants in caravan parks, at least in strategic areas.

People reside in caravan parks for a variety of reasons, including lifestyle and affordability, as well as, particularly in the north, the lack of alternative accommodation. These are valid needs and must be met. The problem is that rises in house prices in recent years has pushed people in larger numbers into caravan parks, crowding out tourists.

Moreover, once in parks, long-stay tenants often become trapped, facing loss of asset values if forced to move and often unable to find alternative parks or alternative similarly priced accommodation. Long-stay tenants are also often elderly, with not too many assets and few opportunities. Thus, the redevelopment of parks has created significant dislocation and, in many cases, substantial hardship to long-stay tenants.

The committee found that the decision of many long-stay tenants to buy into caravan parks was often based on unrealistic expectations, misconceptions about ownership rights and perhaps misinformation. It is unfortunate.

It is imperative therefore that prospective long-stay tenants be fully informed about their rights, and that they understand that they have not purchased the land on which their van may rest and that the value of the caravan will depreciate over time.

The Residential Parks (Long-stay Tenants) Act 2006 was designed to address the information and tenure deficiency of long-stay tenants. Although it has not been well received by long-stay tenants or park owners, it is the view of the committee that the act went as far as appropriate and the committee does not recommend amendments.

To further assist long-stay tenants, the committee recommends the interagency working group, formed recently to address the problems of the residents of the Kingsway Tourist Park, be continued and that it act in a proactive manner to identify parks that are at risk of closing and develop appropriate solutions tailored to the needs of long-stay residents in those parks.

The solution to the excessive demand for long-stay tenants lies in ensuring the supply of affordable and available housing more generally. Notwithstanding this, the committee found that lifestyle villages or park homes, which have developed in Western Australia in recent years, are an essential mechanism to address the needs of many people—not all—in the market for long-stay tenancy, and thus reduce pressure on caravan parks.

The committee recommends that the government facilitate and encourage the development of park homes or lifestyle villages. It is important for these to remain affordable, which means they must be allowed access to low-cost land, such as land zoned rural. The committee also recommends that the government continue to regulate the sector under the Caravan Parks and Camping Grounds Act 1995 and that subsidiary legislation under this act be developed for this purpose.

One of the key reasons for the lack of effective action to date has been the lack of a champion amongst government agencies. The sector is of concern to many, but no agency has overall responsibility. The committee recommends that the Minister for Tourism and Tourism Western Australia be given the task to oversee and promote the development of the caravanning and camping industry and related infrastructure, and responsibility to implement the recommendations in the report.

In the view of the committee, Tourism Western Australia has tended to focus excessively on high-end, high-cost tourism at the expense of the caravanning and camping sector. This should change. Tourism Western Australia does not have a budget item for caravanning and camping and does not include it in a strategic plan. This must change. The committee strongly believes that the caravanning and camping sector has a bright but changing future as long as we act now and ensure the basic infrastructure remains.

In ending, I would like to thank fellow committee members, including the coopted member, the member for Mandurah, for their commitment and effort. The inquiry has been productive; it has been a joint effort throughout. I would like to thank Dr Loraine Abernethie, principal research officer, and Ms Vanessa Beckingham for their professionalism, dedication, quality of work and good cheer. It is my pleasure to present this report to the government. I urge the government to act.