



## 2019-20 FEDERAL PRE-BUDGET SUBMISSION

PREPARED FOR: AUSTRALIAN FEDERAL TREASURER: THE HON JOSH FRYDENBERG MP

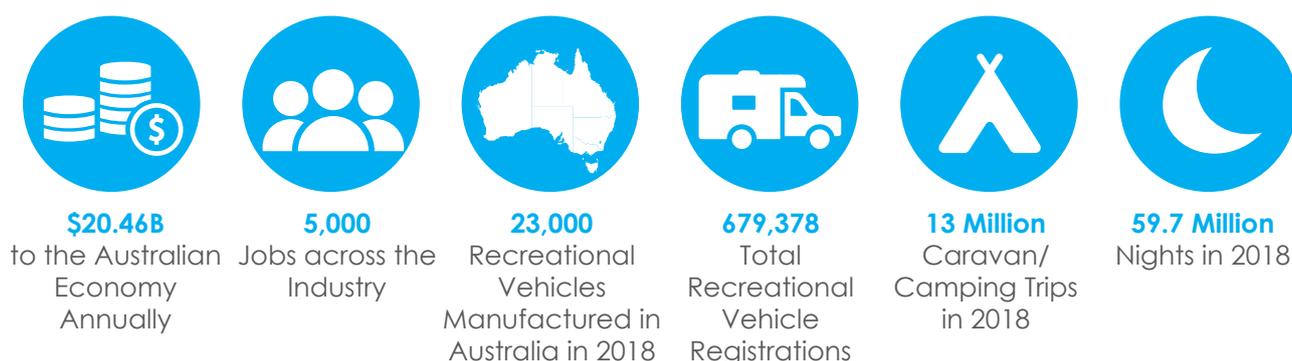
1/02/2019



# EXECUTIVE SUMMARY

Caravan Industry Association of Australia operates as a member-funded, non-for-profit industry association with a vision 'to lead and champion a robust, compliant and sustainable caravanning & camping industry'. The Association welcomes the opportunity to provide a submission to the Federal Government highlighting the key priorities for the Caravan Industry across the sectors of tourism, industry development and manufacturing for consideration and inclusion within the 2019-20 Federal Budget.

## THE IMPORTANCE OF THE CARAVAN INDUSTRY TO AUSTRALIA



**90% OF ECONOMIC ACTIVITY FROM THE CARAVAN INDUSTRY TAKES PLACE IN REGIONAL AUSTRALIA**

## KEY RECOMMENDATIONS

To support industry development, manufacturing and regional tourism the Caravan Industry Association of Australia calls upon the Federal Government to commit to the following priorities in the 2019-20 Federal Budget:

### INDUSTRY DEVELOPMENT

- Fund the Development of a Long-Term Caravan and Camping Strategy Document (\$1 million)
- Develop a Network of Defibrillators in Caravan Parks around Australia (\$1 million)
- Subsidize the Installation of Electric Charge Stations in Caravan Parks (\$5 million)
- Reinstate the Tourism Labour Force Survey
- Build the Capacity of the Tourism Workforce through Training and Education

### MANUFACTURING

- Fund a cross sector Advanced RV Manufacturing Hub (\$1 million)
- Support the collection of RV sales data (\$20,000)
- Fund an ongoing Australian Consumer Law Education Program for Consumer and Automotive Dealers (\$100,000)
- Fund an Education Package for Industry regarding changes to the Motor Vehicle Standards Act (\$100,000)

### TOURISM

- Establish and fund the Tourism 2030 Strategic plan
- Reform the Working Holiday Maker Visa System
- Fund Accommodation Data Collection from Caravan Parks (\$20,000)
- Restore Funding Certainty for Tourism Australia and Tourism Research Australia
- Invest in Digital Connectivity and Free-WIFI Networks across Regional Australia

# INDUSTRY DEVELOPMENT



*The caravan and camping industry have the potential to drive tourism and the associated economic benefits to Australia's regions. However, the industry requires targeted funding and support from government to build on and initiate projects that not only assist the regional tourism industry but also communities outside of major tourism regions.*

## FUND THE DEVELOPMENT OF A LONG-TERM CARAVAN AND CAMPING STRATEGY DOCUMENT **\$1 MILLION**

Australia's caravan and camping industry is an essential part of tourism, accounting for more than 1 in 5 nights spent in regional Australia by domestic visitors (TRA, 2019). The caravan industry accounts for 5,000 businesses and provides approximately 50,000 jobs in Australia. The entire industry contributes more than \$20.4 billion annually to the Australian economy, accounting for approximately 1.2% of Australia's GDP. With 23,000 RVs manufactured in 2018 and more than 670,000 RVs registered, the caravan industry is an integral part of tourism, manufacturing and retail in Australia.

It is vital that the industry has clear objectives, strategies and policies which ensure the sustainability of the industry through the coming decade. To ensure this, the Caravan Industry Association of Australia seeks funding of \$1 million to produce a long-term strategic document from the wide range of stakeholders in the industry that will guide policy decisions and outline priorities for the industry moving towards 2030.

This document is critical as RV manufacturing represents the sole remaining piece of automotive manufacturing in Australia and benefits from a long supply chain through added products and services. In addition, regional destinations are increasingly looking to attract caravan and camping visitors to stimulate growth in economies which have been hit by drought, declining populations and slow-tourism growth. A strategic document will help identify and achieve best practise for these destinations seeking to enrich their visitor economies with caravan and camping visitors.

## FUND A NETWORK OF DEFIBRILLATORS IN CARAVAN PARKS THROUGHOUT REGIONAL AUSTRALIA **\$1 MILLION**

More than 30,000 Australians each year die from sudden cardiac arrest. However, when a defibrillator (AED) and CPR are used in the first four minutes after a cardiac arrest, the chances of survival are above 60%. However if a device is not close to hand (which is often the case in regional Australia) and used within 10 minutes, the rate of survival is below 5% (Heart Foundation).

Research from the Heart Foundation highlights that those who are most at risk of suffering a cardiac arrest include Australians who live in a regional/rural setting, are from a lower socio-economic background and are aged over 55. These segments match the demographics of the biggest users of caravan parks as well as matching with the location of caravan parks; approximately 90% of the 1600 caravan parks around Australia are in regional areas. The provision of AEDs in caravan parks will save local lives in regional communities as well as visitors and provide a reliable network across Australia.

Caravan Industry Association of Australia urges the government to commit \$1 million to fund a network of defibrillators in caravan parks around Australia.

## SUBSIDIZE CHARGING POINTS FOR ELECTRIC VEHICLES IN REGIONAL AUSTRALIA **\$5 MILLION**

The coming decade will see increased adoption of electric vehicles (EVs) with 9,700 currently registered, an increase of 25% from the previous year (Australian Bureau of Statistics, 2019). With this inevitable advancement, comes a challenge for Australia in the lack of charging points around the country, especially in regional areas. Drive tourism represents 76% of all domestic tourism in regional Australia, to ensure that future EV owners are not anchored to urban Australia and that drive tourism continues to flourish in the age of electric vehicles, investment into the provision of charge points is sorely required.

Currently there is approximately one charging point for every six EVs in Australia; this pales in comparison to other countries such as the Netherlands (one charging point for every two EVs). Regional Australian accommodation providers, such as caravan parks, are ideally placed to provide charging stations as research highlights that overnight charging points are the most preferred method of recharging as opposed to 'charging on the go' at places such as fuel stations (NEM, 2018).

## REINSTATE THE TOURISM LABOUR FORCE SURVEY

As part of the investment in labour and skills, the Caravan Industry recommends that funding is given to reinstate the Tourism and Labour Force Survey which was last completed in 2015 by Deloitte. This will assist industry and educational institutions in identifying gaps and shortages in the tourism labour force and can guide future investment in skills and training programs.

## BUILD THE CAPACITY OF THE TOURISM WORKFORCE

Currently in Australia tourism accounts for 8% of total employment. This is only projected to grow with the government acknowledging there needs to be a strategy in place to address the projected shortfall of 150,000 workers by 2020 (Austrade, 2015). The last Tourism Labour Force Survey (2015) highlighted the high rate of turnover of jobs in tourism, which was reported at 66% in 2015 – significantly above other industries (Deloitte). In addition, 69% of tourism businesses also reported skill deficiencies from workers in 2015. Investment is required in skills-based training that supports the needs of businesses through the long supply chain of tourism. This will improve efficiency, consistency and the visitor experience. Additionally, funding should be allocated for a campaign that promotes careers in tourism and hospitality in conjunction with industry, STOs and educational institutions.

# MANUFACTURING



*Australia's manufacturing sector has seen drastic changes in the past decade with the loss of domestic car manufacturing and increasing amounts of recreational vehicles being built off-shore. However local RV manufacturing has continued to defy these challenges, with approximately 230 manufacturers building 23,000 RVs in Australia in 2018 – the most productive year since 1980. However, with technological advances, legislative changes and more imported product, the industry is set to face significant challenges in the coming decade. To ensure the sector can compete globally, with jobs remaining onshore, the industry requires Federal investment to improve research and development and future-proof the final bastion of Australian automotive manufacturing.*

## COMMIT TO FUNDING AN ADVANCED MANUFACTURING HUB **\$1 MILLION**

The coming decades will see fundamental changes to vehicle manufacture in Australia and globally due to new technologies which present a challenge to multiple industries. This presents an opportunity for wider industry collaboration through a publicly funded Advanced Automotive Manufacturing Hub. The Hub will empower industry to collaborate with educational institutions to unlock the potential for future technologies to make their way into Australian made recreational vehicles.

These technologies will include fuel type changes; already there are nearly 10,000 electric vehicles on the road in Australia which is forecast to increase dramatically with increases in petrol prices. Similarly, the prospect of hydrogen fuel cells powering more sustainable vehicles in the future can have a huge benefit to the RV industry owing to the larger power capacity of these vehicles compared to electric vehicles. Potentially the biggest change for both consumers and industry that is fast approaching is the rise of self-driving vehicles which have already undergone extensive real-world testing, this will test the RV industry to see how towable vehicles (which comprises 90% of RV product in Australia) fit in the future. These conversations need to be initiated with input from research bodies and industry so that the benefits of these advances can be unlocked, the challenges overcome and ideas can find a way to become reality for Australian RV manufacturers.

In order to preserve recreational vehicle manufacturing, and evolve with technology into the future, Caravan Industry Association of Australia urges the federal government to fund an Advanced Automotive Manufacturing Hub that will assist industry in meeting future challenges head on and continue to adapt and evolve.

## FUND THE COLLECTION OF RV SALES DATA **\$20,000**

The Caravan Industry of Australia seeks funding of \$20,000 to combine sales data from dealerships, online marketplaces and manufacturers to better inform the industry of sales trends of recreational vehicles. This will bring the RV industry in line with the Federal Chamber of Automotive Industries (FCAI) which collects sales information regarding the car industry at the expense of the Government. Sales data, when combined with manufacturing and import data will present an improved picture of the state of the RV industry.

## FUND AN AUSTRALIAN CONSUMER LAW EDUCATION PROGRAM FOR CONSUMER AND AUTOMOTIVE DEALERS **\$100,000**

Recreational vehicles are complex items owing to the variety of individual parts that constitute an entire vehicle. Amongst consumers there is often confusion around their rights under Australia Consumer Law during the purchase process. This can lead to frustrations from consumers and dealers/manufacturers alike when an issue arises. In order to educate consumers as to their rights and responsibilities, the Caravan Industry Association of Australia seeks funding of \$100,000 to construct an education kit around Australian Consumer Law. This will reduce the number of frivolous claims which hinder day-to-day business operations and lead to better customer experience and a mutual understanding between all parties during a recreational vehicle purchase.

## DEVELOP AN EDUCATION PACKAGE FOR INDUSTRY REGARDING CHANGES TO THE MOTOR VEHICLE STANDARDS ACT **\$100,000**

In November 2018, legislation was passed to update regulations regarding the manufacturing and importations of RVs in Australia through updates to the Motor Vehicle Standards Act (RVSA). This legislation is vital in ensuring that only vehicles which comply with Australia safety standards make their way onto Australian roads. The RV industry is unquestionably one of the most impacted industry by these reforms and as a result the Caravan Industry Association of Australia works closely with Vehicle Safety Standards (VSS) as part of the Department of infrastructure to educate our industry. Currently, our Association sits on six committees with VSS and two committees chaired by Standards Australia. The Caravan Industry Association of Australia are also heavily involved in rewriting the current Vehicle Standards Bulletin following changes to the legislation. To effectively manage these changes, a succinct education program needs to be created for industry.

An allocation of funds (\$100,000) is sought by the Caravan Industry Association of Australia to prepare the broader RV industry for change. An effective educational campaign will ensure that Australian businesses are well supported during the transition to the new legislation. This will result in a higher standard of product reaching consumers from Australian manufacturers and ensure that Australian roads remain safe from faulty product.

# TOURISM



*Tourism is the future of the Australian economy, especially in the wake of the mining boom. Governments, operators, RTOs, STOs and industry associations need to invest in tourism marketing, services and infrastructure which benefits sectors not solely involved in tourism. Tourism is one of the largest employers in the country – directly accounting for 8% of jobs in Australia; however, there is much scope to improve the economic impacts of tourism in regional Australia. Since 2005, international visitor spend in capital cities and the Gold Coast has increased at six times the rate of regional Australia. This clear gap in regional and urban tourism landscapes must be addressed with targeted investment in strategy, marketing, research and infrastructure.*

## ESTABLISH AND FUND THE TOURISM 2030 STRATEGIC PLAN

The previous long-term tourism strategy from Austrade; Tourism 2020, is nearing completion, and Caravan Industry Association of Australia was pleased to provide a submission to the Beyond Tourism 2020 Steering Committee to help guide the development of the next long-term strategy. The current targets for Tourism 2020 appear to be in reach, with goals for spend, nights and visitation surpassing the lower boundary. However most recent spend figures highlight that overall spend by international travellers in regional destinations fell by 4% in the past 12 months, while spend in capital cities and the Gold Coast increased by 7%.

Tourism beyond 2020, the future strategy, needs to include metrics for domestic tourism and regional dispersal of international markets. Australians travelling in Australia contributed 70% of total visitor expenditure in Australia; however, there is no national strategy surrounding domestic visitors. International visitor targets also need to be rethought to include regional dispersal and spend outside of capital cities and the Gold Coast. Caravan Industry Association of Australia calls up on the Federal Government to fund and establish a committee to implement the next whole of industry and government strategic targets. These targets must include improving the engagement and economic impact of international visitors in regional Australia and creating a strategy for domestic visitation.

## REFORM THE WORKING HOLIDAY MAKER VISA SYSTEM

The negative media that Australia has received in the past five years owing to the introduction of taxation on WHM visas 417 and 462 (the 'Backpacker tax') has had a severe impact on tourism in regional Australia. Backpackers are a vital part of the tourist mix as they disperse significantly further than other visitor segments and spend more per stay in regional Australia than any other market segment. In 2009, backpackers represented 26% of nights in Australia, in 2018, they represented less than 16% (TRA, 2019). Australia is already perceived as an expensive destination and any additional cost is a serious dent in the competitive advantage Australia has in attracting this segment. The Caravan Industry Association of Australia strongly recommends the removal of taxes on WHM 417 & 462 to bring their taxable incomes in line with Australian workers.

## FUND ACCOMMODATION DATA COLLECTION FROM CARAVAN PARKS

**\$20,000**

Caravan parks have a unique mix of product with cabins, powered sites and unpowered sites that differ from other accommodation types. Currently 70% of this product (powered and unpowered sites) is not covered by the Australian Accommodation Monitor (AAM) which began data collection through STR in mid-2018. STR had no capacity to collect accommodation data from caravan parks, hence the Caravan Industry Association of Australia, at our own expense, began collecting meaningful data from caravan parks to provide insights for the industry and seeks funding of \$20,000 to continue to collect this data. The industry will work with STR to improve the overall capabilities of data both within the caravan industry and the wider tourism industry. This is especially important for regional Australia where caravan and camping accommodations represent more than 20% of domestic visitor nights (TRA, 2019).

## RESTORE FUNDING CERTAINTY FOR TOURISM AUSTRALIA AND TOURISM RESEARCH AUSTRALIA

Tourism Research Australia (TRA) provides a vital service for the tourism industry in Australia through their National Visitor Survey (NVS) and International Visitor Survey (IVS). TRA requires an increase in funding to improve the scope of both these surveys so data can be increasingly trusted at a regional and SA2 level. Investment in TRA will also allow exploration into new methodologies that can potentially capture richer data that benefits industry and government. TRA is an indispensable source of travel data and research for commercial operators, STOs, RTOs and industry associations and marketing bodies; funding allocations should reflect this.

Tourism Australia (TA) provides a vital service in attracting international visitors to Australia, however TA needs an increase in resources to better target markets that are likely to disperse throughout Australia to reach regional dispersal goals. A greater investment in marketing will assist Tourism Australia enhance dispersal patterns of markets such as China, as well as increasing markets with strong dispersal patterns, such as Germany and the UK.

## INVEST IN DIGITAL CONNECTIVITY AND FREE-WIFI NETWORKS ACROSS REGIONAL AUSTRALIA

Improved telecommunication and internet connectivity (including the reduction of blackspots) through regional Australia must be a priority for the incoming government. Our Association supports the roll out of the NBN and advocates for the increased urgency in completing this, especially in Australia's regions. We also urge the government to support the creation of free WIFI in regional hubs and major tourism destinations to bring these areas in line with urban Australia and improve the visitor experience across Australia. While the rise of Smart Cities has been beneficial to Australia; it has widened the digital divide between cities and regions. The conversation needs to be adjusted to transform Australia into a Smart Destination that encompasses Smart Regions and Smart Cities.

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