



## **Response of the Victorian Caravan Parks Association Inc to the Final Report of the Competition Policy Review Panel (Harper Report).**

Thank you for the opportunity to provide comment on the Final Report and Recommendations of the Competition Policy Review Panel (Harper Report).

### **Sections of the Review's Report of key interest to the VCPA are:**

- **Page 43 – Recommendation 8 – Regulation Review**, which promotes a removal of unnecessary restriction on competition. We support a removal of some of the current caravan park business registration procedures and costs
- **Page 45 – Recommendation 9 – Planning and Zoning**, which promotes that rules in general should not restrict competition. We support a more flexible approach to encourage development of new parks despite the high levels of investment required.
- **Page 56 – Recommendation 24 – Application of the law to government activities**; a great opportunity to argue that local government has the potential to harm competition when it undertakes commercial transactions (low or no-cost camping) but does not carry on a business.
- **Page 50 – Competitive Neutrality Policy** – which promotes a review by government bodies of their CN policies and threshold tests for identifying what constitutes a “significant” business activity. We support a clearer definition of the Competitive Neutrality Policy, and a uniform approach to its adoption federally.
- **Page 56 – Recommendation 24 – Application of the law to government activities**; we argue that local government has the potential to harm competition when it undertakes commercial transactions (low or no-cost camping) but does not carry on a business.

## **1. Background Information**

### **1.1 Our interest in the Review of Competition Policy**

The Victorian Caravan Park Association (VCPA) is the peak body of caravan and holiday park owners and operators in Victoria, with nearly 400 members across the state. It is a member of the national body – the Caravan Industry Association of Australia (CIAA)

As identified in the 2007 ABS survey (400 Caravan Parks), Victoria has 49,000 powered and camping sites and 6,500 cabins, so the Victorian Caravan Industry is a significant provider of

affordable tourist accommodation, dominating the holiday and visitor markets for both intrastate and interstate visitors.

About thirty (30) percent of our members operate caravan parks located on crown land reserves as both Committees of Management and Lessees. As such they have invested and manage significant capital improvements on crown land in the form of accommodation, infrastructure, services and recreational equipment, and are the largest provider of tourist accommodation on crown land in Victoria.

In addition to its role in providing affordable domestic tourism accommodation at holiday destinations across the state, VCPA members are also as providers of low-cost accommodation to permanent residents. The rights of residents in caravan parks are comprehensively protected by the Residential Tenancies Act in Victoria, which sets out a framework of compliance requirements for caravan park owners.

The VCPA supports any recommendations arising from the Competition Policy Review which will aid:

- the development of the tourism industry in Victoria
- the investment of capital into tourism accommodation , facilities and attractions
- the reduction of state and local regulatory burdens and barriers

## **1.2 Contribution to the tourism industry to Victoria**

The Caravan Park Industry is a significant source of income and employment in Victoria with an estimated:

- \$50 million annual turnover
- Employment of over 2500 people

Caravan Parks are:

- The largest suppliers of tourism accommodation outside the Melbourne CBD and which accounts for more than 50% of domestic visitors.
- A significant accommodator of road based (fly/drive, car tours and campervan) tourists
- A significant accommodator of visitors for Holiday and Visiting Friends and Relatives which represent over 70% of all visitors
- A significant source of visitor income to key attractor sites within Victoria
- A significant generator of associated income for local tourist, retail and service industries in their area.

## **2. The nature and extent of local government regulatory responsibilities which impact on business costs**

Local Government represents a very significant level of regulatory impact on the current Caravan Park industry. It is estimated that the current annual cost of business compliance across all levels is in the order of \$30,000 per annum – a significant amount for small business/family operated parks.

The current environment for new developments is already heavily burdened with high costs and lack of availability of debt funding, and the difficulty in finding affordable development

sites, so the uncertainty and delays caused by regulation (see below) are increasing the number of parks being sold for redevelopment and reducing the number of new tourist parks to an insignificant level. Accordingly the supply of affordable tourist accommodation is shrinking in Victoria. the Victorian state government has targeted tourism as the 2<sup>nd</sup> largest contributor to regional economies, and this shrinkage should be of concern. With record numbers of new caravan sales (Victoria is the largest producer of caravans in Australia) and the retiring baby-boomers ensuring the trend continues, all factors which discourage the increased supply of sites in Victoria should be heavily scrutinised.

### **3. Impact of Local Council Planning Regulations**

Local Government is responsible for overseeing compliance with a range of regulations affecting the development and operation of tourism businesses in Victoria for the purposes of public health and safety, planning, etc. We acknowledge the intention to deliver benefits to the community; however, it is the cumulative impact of a complexity of regulation on small businesses with limited human and financial resources which is of greatest concern. Furthermore, it seems that much of the regulation is aimed at solving specific problems but applied globally rather than specifically.

The following areas are of greatest concern to the Victorian Caravan Parks Association:

#### **3.1 Renewal of Caravan Park Registrations**

Under the Victorian Caravan Park Regulations 2011, caravan parks are required to apply every 3 years for renewal of their registration. Without this renewal, the parks are in breach of one of the requirements of their insurance policy which requires that they hold a current certificate of registration with their local Council.

The process of renewing the registration is complex and detailed, depending on the Council involved. The VCPA Office is frequently asked to intercede with Council staff to get the process going and to assist Council officers with limited understanding of the process to make it happen in a timely way.

We argue that for the majority of business owners, registration renewal is a simple process that does not require a complex submission every 3 years, and that a simplified process should not call up detailed CFA and other Guidelines that give rise to Schedules of Works and further detailed agreements.

#### **3.2 CFA Regulations**

The Victorian *Residential Tenancies Act 1997* and the Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2010 refer to CFA Caravan Park Fire Safety Guidelines. As the Guidelines are flexible in their application to established parks, they are subject to differing interpretation by Council and CFA officers and are further complicated where staff within either department change. Often, much liaison is required to demonstrate to officers that performance standards are appropriate for established parks rather than the prescriptive provisions.

The VCPA can provide any number of case studies where parks that have been operating for decades without a history of internal fire risk or incident, have been hit with a required Schedule of Works which can cost many thousands of dollars to implement.

Councils are required to reach agreement with the park over the extent and timing of the Schedule of Works' implementation, and this negotiation is fraught with difficulty when the Council and/or CFA officer is relatively inexperienced. Recently a park that had been issued

with a Schedule of Works amounting to more than \$200,000.00 was able to have this reduced to \$20,000.00 through the intervention of a senior CFA Officer who was better able to assess the risk and develop alternative strategies for mitigating the risk. Other parks have not been so fortunate, and the costs are a significant barrier to retaining park operators and park ownership.

### 3.3 Emergency Management Plans

The RTA requires park operators to develop and lodge an Emergency Management Plan with the local Council, fully detailing the risks in the park to human safety and property, and the intended strategies to mitigate the risks.

Failure to meet this requirement may result in a delay in renewing caravan park registration which is managed by the local Council. Caravan parks are then at risk to have voided their terms of their insurance policies which require that they hold a current certificate of registration.

Again it is clear that different Councils have differing requirements for writing EMPs and different criteria for approving EMPs which is not a helpful environment. As an example, one Council recently required a caravan park owner to re-submit its EMP to describe its risk-mitigation strategy in the acknowledged unlikely event of a major collision between trucks on the local main road that bordered the park, and to develop a Heat Policy for holiday makers on days of extreme heat!

#### Recommendation 1:

That the existing legislation (Residential Tenancies Act 1994) be amended to remove the reference to the **CFA Caravan Park Fire Safety Guideline** (the Guideline) in *Section 20 Part 3 Standards* within the **RTA (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2010**, and to provide a simple and clear procedure for renewal of registration of the caravan park business.

### 3.4 Building Regulations

In Victoria, caravan parks are regulated by the Victorian *Residential Tenancies Act 1997 (RTA)* and the Residential Tenancies (Caravan Parks and Movable Dwellings Registration and Standards) Regulations 2010. The Regulations have recently been amended and as such operators and regulators alike are still digesting some changes. The regulations govern (amongst other things) the installation of movable dwellings (Caravans and Unregistered Movable Dwellings) within parks, however, some councils have imposed additional requirements for planning permits which again add time and complexity to the upgrading of accommodation within parks.

Additional requirements are in fact superfluous given that parks have had to comply with state planning requirements at initial approval stages. Such delays have resulted in significant holding costs for parks that have outlaid payment for dwelling acquisitions and have been awaiting approvals for more than 6 months and the likelihood that they are then not be able to honor bookings accepted for the peak tourist periods.

There are noticeable differences in the way that each of the 70 Councils understands their regulatory role within the RTA, and the ways that the requirements are interpreted. A major

issue is the high turnover of Council staff with responsibility for these matters. The transfer of information and experience is not always well-handled.

Regrettably, Victorian Caravan Parks Association now directs its members to resolve disputes with Council Officers over installations of movable dwellings and similar matters that are clearly set out in the Regulations and are not ambiguous, to the Building Appeals Board. This represents a further waste of time and effort, plus the associated costs, for caravan park operators.

### **3.5 Liquor Licensing**

In an attempt to control problematic venues, the tightening of liquor laws was globally applied and fortunately some concessions have since been granted. Caravan Parks in general only have Liquor Licences to facilitate the provision of wine-on-arrival accommodation packages and sales of small packaged alcohol for consumption of guests at their site / cabin. Recent exemptions were granted to Bed & Breakfast accommodation with 8 rooms or less, however, larger bed & Breakfasts and Caravan Parks have been overlooked and burdened with hefty fee increases and additional licensing criteria.

### **3.6 Food Handling Compliance**

Some Caravan Parks operate small kiosks that generally only sell pre-packaged low risk convenience foods. They are, however, required to complete various daily and weekly forms/ registers despite being categorised at the lowest risk level.

## **4. Council Rating Decisions**

In 2010 a number of shires and Councils altered the system of valuing caravan parks away from a single rating of the Improved Capital Value of the park, to include a separate rating for each cabin in the park. This was done despite clear regulatory guidelines in the Local Government Act defining the support of the state government for the creation of permanent residences in caravan parks to create more affordable accommodation for those in need. This section of the Act clearly outlined the type of residence and the way that they should be valued to minimise costs and keep this form of housing as low-cost as possible.

The VCPA had been forced to allocate scarce funding resources to seek to have these valuations overturned through the legal system. It is wasteful and frustrating.

## **5. Free camping Activities of Councils**

### **Unregulated Competition**

Special interest groups are demanding the right to choose where they camp in Victoria without any consideration for their impact on the environment or the degradation of public land. Such groups argue for freedom to camp anywhere as a right as taxpayers and as senior citizens on limited incomes. Proposals to local Councils from such Interest Groups have included requests to allow free camping in road-side rest areas, show grounds and school ovals, all of which compromise public safety, public liability risks and environmental quality whilst imposing on local rate-payers the additional unrecovered costs for cleaning and maintaining such sites.

However the most significant impact for operators of caravan parks is the income lost from such tourists if they are supported to stay outside commercial caravan parks that are required to meet full costs of business registration and compliance. We hold that government agencies such as local Councils should not engage in such anti-competitive

activities that bypass the commercial costs imposed on business operators of the same product and service and in so doing, create an unequal playing field.

Unfortunately the submissions from the special interest groups to many local government bodies have been made on the basis that Councils need to create and maintain Free Camping zones in order to secure the discretionary spending of tourists who would bypass towns that did not offer a free camping alternative to caravan parks.

Councils that develop promote and maintain free camping sites may inadvertently be in breach of Competitive Neutrality guidelines that require consideration of the effect on local businesses of a decision to offer free or discounted services or products that may not be fully costed to include Council-provided support.

Councils have to date avoided any such liability by arguing that in providing free camp sites which do not generate a sustainable income, they are not conducting a business.

**Recommendation 2:**

That no Free Camping sites be set up and approved within a 30 km distance from a commercial caravan park.

That Councils be required to fully disclose the full costs of all services and equipment provided by the Council in connection with free camping sites, and to show that such sites fully comply with the regulations that apply to commercial caravan parks.

Thank you for the opportunity to contribute these comments.

Further information may be sought from:

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