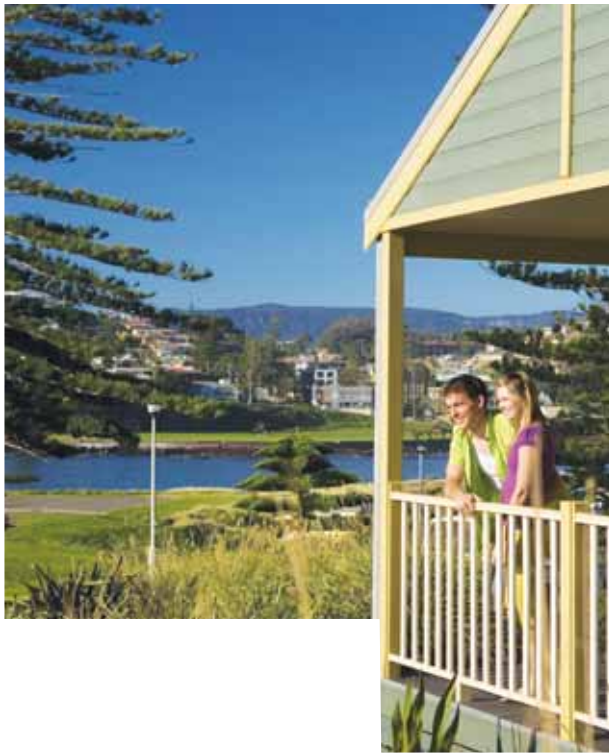




Caravan & Camping Industry Profile



Caravan & Camping

Industry Profile

The Fastest Growing Tourism Sector

The caravan, motorhome and camping industry is the fastest growing domestic tourism sector in Australia and has been for the past 15 years.

The industry is responding to changing consumer preferences, with caravan and holiday parks enhancing the quality of accommodation and facilities provided, and caravan and RV manufacturers incorporating luxury fit-outs with the option to be self-contained.

What is so attractive about the caravan and camping sector?

- The freedom of touring 'out-there' at your own pace;
- The camaraderie of the people you meet with similar interests;
- It is affordable and offers a range of accommodation options;
- Experiencing the 'real' Australia, and the natural environment;
- Caravan and holiday parks are often in prime locations;
- Quality facilities and accommodation are now provided in most good caravan parks.

Market Segments

The industry is segmented by different demographics and market sectors, which have different needs and create different levels of demand.

Families

60% of people participating in the caravan and camping sector are domestic families between the ages of 15 and 44 years who holiday and travel in groups of three or more, usually during school holidays. The majority choose to stay in cabins or go camping in coastal holiday parks.

Seniors

Over the age of 55 years account for 21% of visitors to caravan parks, and 35% of the visitor nights. These generally comprise of cashed-up retirees or pensioners. They are often referred to as 'Grey Nomads' or 'Sundowners' but more recently also include the 'Baby Boomers'. This is the group which prefers to tour in their caravans or motorhomes and try to avoid the holiday peak seasons. Many prefer outback touring and avoid the coast. Last year, 63% of caravan and motorhome buyers were aged 55 years or older.

Couples

The 'yuppie' or 'DINKS' market, aged between 25 and 40 years, take a short-break of three to four days and look for good quality park cabins in prime locations. They make up around 12% of the market.

International

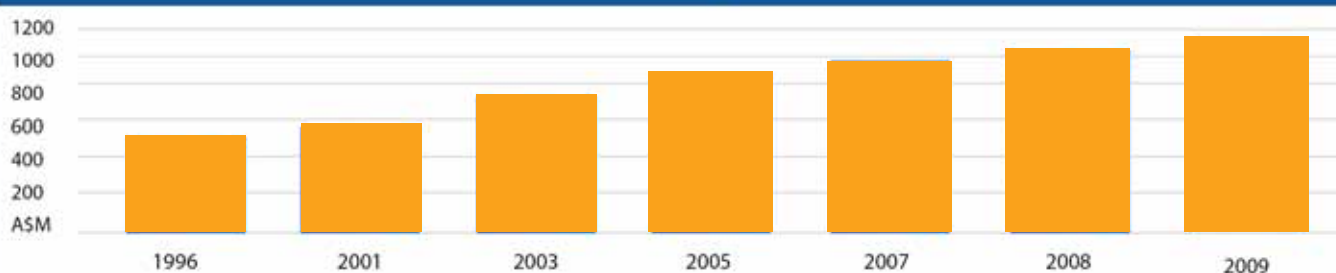
Of all international visitors to Australia, 7% (277,000) spend at least one night in a caravan park. 67% are from the UK, Germany or other European countries, and 53% are between the ages of 20 and 34 years. The majority of these visitors travel in hired campervans or motorhomes and some are described as backpackers.



Industry Profile and Statistics

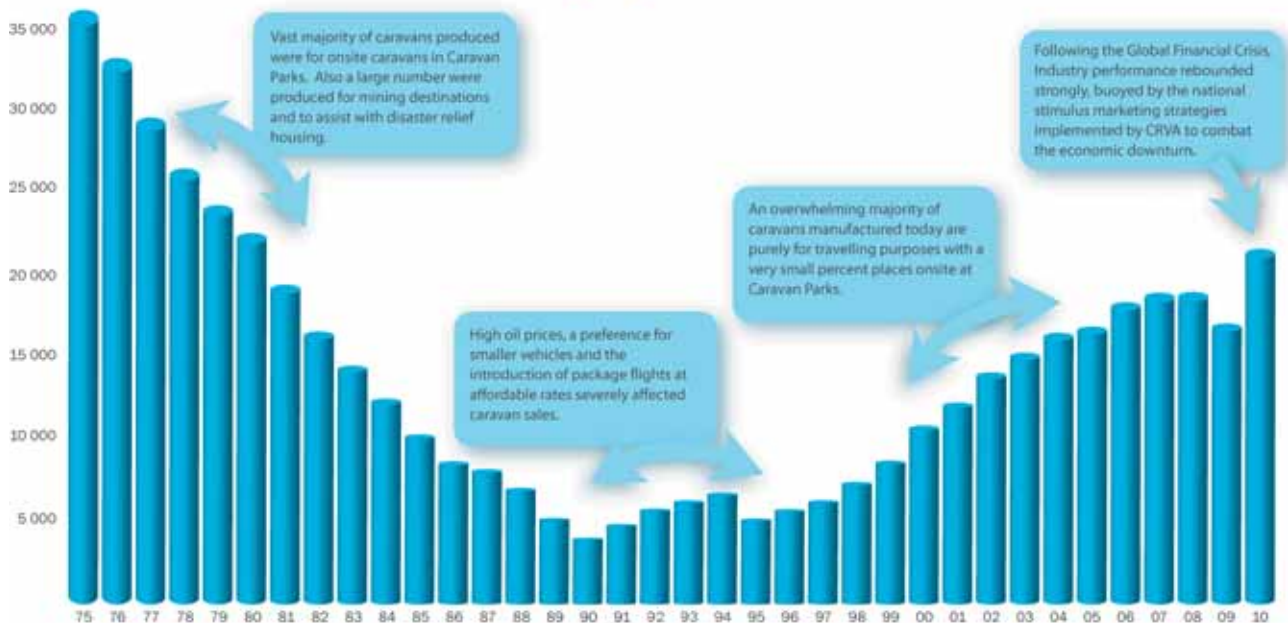
- The industry has been growing at an annual rate of between 8 & 10% over the past five years (this includes park occupancies and RV registrations).
- In NSW, over the past 5 years visitors to caravan parks and commercial camping grounds have increased by 8%; visitor nights have increased by 18.6%; and expenditure increased by 67%.
- According to ABS statistics, 51% of available paid tourism beds in NSW are in the caravan & camping industry (in some 900 caravan parks)
- In 2010 new caravans, camper trailers and motohomes manufactured totalled 21,150 which represented a 30 year high and was a 32% increase on the previous year.
- Caravan and RV registrations have increased by 250% over the past 15 years.
- There are currently around 330,000 RV's registered in Australia,
- It is estimated that there are around 70,000 and 80,000 caravanners travelling on an extended tour around Australia at any one time.
- More than 87% of Australians have stayed at a park.
- According to Tourism Research Australia there are around 8 million domestic visitors staying overnight in caravan and camping accommodation, totaling 41 million visitor nights (17% of Aust. domestic visitor nights). There was a 1.3 million increase between 2008 and 2009. The average stay is 5.7 nights.
- The industry is worth \$6.5 billion nationally and currently provides for 620,000 holidays per annum.

HOLIDAY PARK TURNOVER

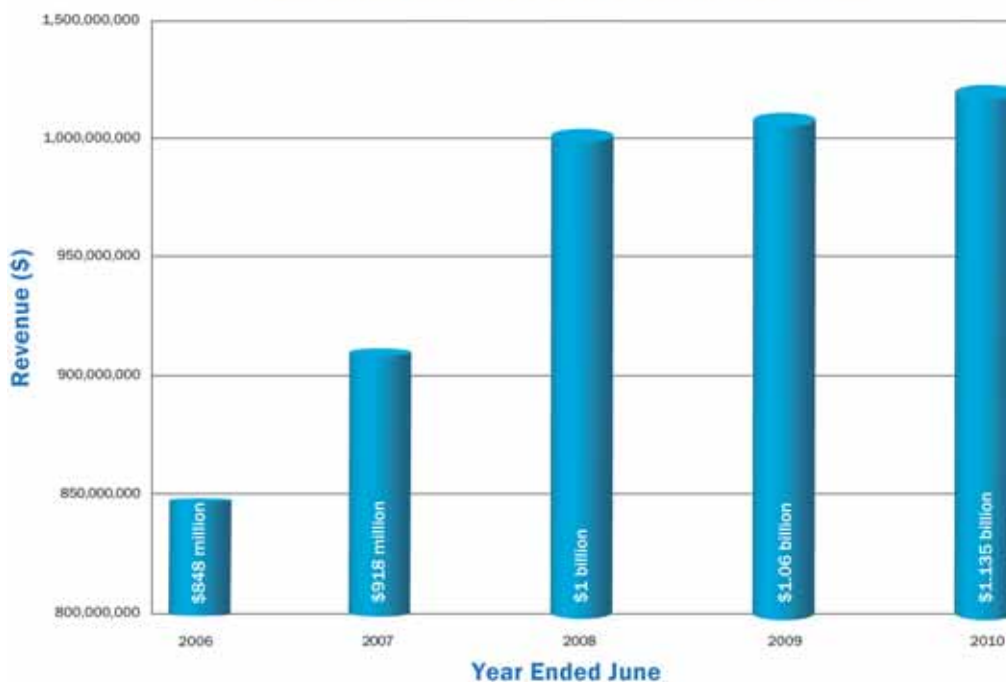




Australian RV Manufacturing Figures 1975 - 2010 (ABS & RVMAA Data)



Australian Caravan & Holiday Parks Revenue (ABS Data)



Caravan and Holiday Parks

Whether couples or families are holidaying in a tent or cabin, or whether retirees are touring Australia in their caravan, a caravan park environment offers a unique sense of camaraderie and community which is not found in any other type of tourism accommodation. Generations of families have effectively grown up together, meeting on their annual holidays in the same park (and often the same site). Marriages, children and grandchildren have resulted.

Generally speaking, coastal parks, in prime positions, are geared for family holidays as well as for those touring with caravans. Successful holiday and tourist parks have responded to consumer demands for better standards. Many have become 'destination parks' with the provision of good quality facilities such as swimming pools, kids clubs, camp kitchens, jumping pillows, mini-golf, group entertainment, internet access, restaurants and shops. They also offer a range of accommodation options.

The majority of coastal holiday parks have introduced good quality accommodation over the past 20 years, comprising of one to three

bedroom, self contained cabins. They generally range from 3.5 to 5 (AAAT) Stars. The top end are luxurious accommodation. Often being in prime locations, these cabins are in high demand and are effectively competing with less appealing motel and hotel accommodation.

Whereas there are many inland caravan parks which cater for extended holidays in towns which have particular attractions or events, the majority are regarded as 'transit parks' where those touring in caravans and motorhomes may stay for a night or two on route to a destination further a field. The challenge is to encourage these visitors to extend their stays. Touring caravans and motorhomes are the lifeblood of tourism in many inland and outback towns (eg Burke or Lightning Ridge), contributing up to 80% of visitor nights.

Cabins in inland parks are often used for itinerant workers or for visiting sporting or school groups, but are generally not to the same standard of coastal parks.

There is no such thing as a 'typical' caravan or holiday park. They range from resort standards at one end to very basic at the other. Parks can comprise a combination of sites and accommodation options.



Short-term

Short-term holiday makers will occupy either:

- Powered or un-powered sites for camping or caravans. Some parks also offer en-suits (toilet / shower units) for these sites;
- One to three bedroom cabins, most of which are self contained with kitchens and bathrooms;
- Privately owned caravans with annex (referred to as either: annual / weekender / static / storage vans / long-term casuals) located at caravan parks, which require a formal agreement with the park owner, usually negotiated on an annual basis, for casual occupancy not to exceed 180 days per year (not a permanent residence).

Long-term

Long-term sites are occupied by permanent residents who own their own manufactured home or caravan / annex and who pay rent for their sites. Many parks have a proportion of permanents, but generally speaking, the numbers are decreasing.

Cabins

The number of cabins being provided in parks will continue to increase in response to consumer demand, and because cabins offer a much higher yield than powered sites. Some people are concerned that the subsequent reduction in powered sites (fallen by 6.3% over three years) will have a negative impact on those touring with caravans or motorhomes. However, the average occupancy rates for caravan parks is between 40 and 50 percent. It is only during peak holiday periods when site availability may be a problem and most 'tourers' tend to avoid those times.

There are 2,700 caravan parks in Australia and 900 in NSW. The majority of parks are family owned (small business) however at the top end, coastal parks, with a return on capital of over 10%, are being snapped up by corporate interests (NRMA for example), of which there are about six major players in the market. They are being sold for prices in a range of \$10m to \$25m.

In NSW 30% of caravan parks are located on Crown Land and are either operated by Councils; Crown Land Trusts; or by long term private leaseholders. Between 15 % and 20% (150 +) of parks in NSW are either owned or run by Councils or Trusts under a range of different management arrangements (eg contract managers / incentive arrangements).

Caravan and RV Trends

The demand for new caravans, campervan, motorhomes and camper trailers is extraordinary. For many manufacturers, there is up to a six month waiting time to fulfill orders. At the 2011 NSW Caravan, Camping, RV & Holiday SUPERSHOW held at Rosehill, many exhibitors were reporting record sales of caravans and other RV's, despite the industry having been on the crest of a wave for the past 15 years or so. The statistics referred to earlier demonstrate the significant growth being experienced.

Discerning consumers are either entering the market for, or upgrading to, larger and more luxurious units, with a strong trend towards self contained (toilet and shower) amenities. These types of vans cost in the range of \$55,000 to \$65,000. Even a middle of the road caravan (say \$45,000) is very well appointed compared to units 20 years ago. You can imagine the luxury in a \$600,000 Winnebago (motorhome) – all the comforts of home.

Consumer Trends

Consumers of the caravan and camping lifestyle are generally demanding better facilities and a higher standard of accommodation whether it be in park cabins or in their own caravan or motorhome. They also wish to be able to experience non-degraded natural and constructed landscapes, and are more environmentally conscious. *To assist caravan park members in this regard, the CCIA has introduced the Gumnut Awards certification program which recognises progressive achievements in environmental sustainability and social responsibility.*

Demographer, Bernard Salt states: "Caravan and tourist parks tap into middle market baby boomers who cannot afford million-dollar beach houses. Caravan park facilities will continue to be significantly redeveloped as holidaymakers demand better facilities and a wider array of accommodation options."

Whereas the industry typically caters for 'middle Australia', it is increasingly attracting a more affluent group of clients. It is not uncommon for 4.5 to 5 Star cabins in the best coastal parks to achieve up to \$600 per night in peak season.

In addition to the significant growth in consumers hitting the road in caravans, camper trailers and motorhomes, There has been a significant increase in families camping in larger tents. Luxury camping is also appealing to a broader demographic. Since the GFC there has been a return to family values and simple camaraderie with friends, enjoying the great out doors.



Domestic and regional tourism has been flat for many years and has contracted since 1998 due to a whole range of influences. However, the caravan and camping industry has defied that trend and is, in fact, booming. Rising petrol prices has had little apparent impact on sale of, or holiday use of, caravans and motorhomes. Surveys of consumers indicate that the cost of fuel needs to be taken into account when planning a trip, but it will not stop them from enjoying the touring experience. If anything, they may shorten their trip to compensate. The CCIA engaged KPMG to conduct a detailed study into the impact of rising fuel prices on a caravan or motorhome touring holiday. In summary it showed that a 20 cents per litre increase in the price of fuel only adds around 2% to the cost of the holiday – or the equivalent cost of one or two cups of coffee per day.

Cashed-up retirees (particularly Baby Boomers) are spending-up on expensive rigs to go touring, and planning their 'big trip'. A 4WD and a self-contained caravan represents a potential capital investment of between \$100,000 and \$150,000. Campervans and motorhomes range from \$80,000 to \$600,000.

“ Spending the
kid’s inheritance!! ”

Queensland research into 'Grey Nomads' (as opposed to Baby Boomers) shows that they are primarily retirees in an age group of 61 to 65 years with a combined (couples) income of less than \$30,000. They tend to travel on average three times per year at 14.5 weeks at a time. 57% of them are interested in part-time work and are prepared to be flexible in their timing if work was available. They prefer outback travel in the winter months. This is a different demographic group to the cashed-up retirees. The typical Grey Nomad has less disposable cash to spend.



Illegal Camping

An area which potentially threatens the viability of caravan parks is the practice where some Councils are offering, and promoting, free or subsidised (cheap) camping and caravan / motorhome sites in locations which are not licensed as caravan parks, such as showgrounds or other Crown Reserves - in direct competition with legitimate (with an Approval to Operate) caravan parks in the same town or region.

In these situations, legitimate caravan parks are left wondering why they must comply with, and meet the cost of, the raft of specific legislation which applies to their businesses, including Council rates and regulations – when their own Council can unfairly compete and undermine their operations and, at the same time, not comply with the law.

Some Councils believe that by offering free or subsidised camping, caravan or motorhome sites, it will attract more travelling tourists to their towns to do business. Some motorhome and caravan clubs have even attempted to 'blackmail' some Councils and towns by threatening to by-pass their towns if free or cheap facilities are not provided.



The position of the CCIA is that any provision of caravan and camping facilities must comply with the law and, that the pricing of sites needs to comply with Competitive Neutrality guidelines (which applies to Councils).

There are a number of other potential problems which can be associated with non-compliant camping and caravan sites and which may impact negatively on local communities, Councils, or on the travellers themselves. They are sewage and grey water disposal (environmental pollution), rubbish disposal, adequacy of toilet facilities, OHS and risk management, safety and security, lighting, fire control facilities, who will be liable when a problem occurs.

Legitimate caravan parks, run by Councils or private operators, must be seen as important small businesses which contribute to the local economy. They employ local people, encourage tourists to the town, promote other local attractions to visitors, and invest capital and cash into the town.

The CCIA has no objections to bona fide bush camping or National Parks camps, which have always been a part of the Australian way of life.

Roadside camping is not regarded as 'illegal' unless specified by signage and regulations determined either by the RTA or the local Council. However, this practice is not necessarily community friendly if in, or close to, a town.

To deal with the issue of 'illegal camping', particularly on Crown Reserves in NSW, a government and industry working group was established in 2009 to consider the issues and to recommend resolutions. The group met on three occasions.

The working group comprised representation from:

- Crown Lands Division, LPMA, convenor
- NSW Department of Planning
- Tourism New South Wales
- Local Government & Shires Association (LGSA)
- Caravan & Camping Industry Association of NSW (CCIA)
- Campervan & Motorhome Club of Australia (CMCA)

This initiative was supported by both the Minister for Lands and the Minister for Tourism.

Agreement was reached on a process to ensure that any Crown Reserve to be used for regular overnight camping, be it a local show ground or other lands, needs to be fully compliant, consistent with the approved proposed use. The process involves the following:

1. Approval to Operate under Section 68 of the Local Government Act 1993.
2. Any approvals be subject to compliance with the Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005, and the issuing of an 'Approval to Operate' by the Council concerned.
3. Submission of a Development Application (for a caravan park / camping ground) seeking consent under SEPP 21.
4. Consent from the land owner (the LPMA if on Crown reserve) requesting that 'camping' be an approved use. The applicant / Council also needs to comply with the Competitive Neutrality guidelines, or specify who is paying for the cost of establishing and maintaining the site.

The Division of Crown Lands (who is responsible for Crown Reserves) is currently taking a number of Councils to task, who are providing illegal (non-compliant) camping / caravan / motorhome sites on Crown Reserves. They will require these Councils to either comply with the Local Government (Caravan Parks & Camping Grounds etc) Regulation 2005, or close down operations.

It is important that, as a matter of policy, we all support legitimate tourism infrastructure (in this case, caravan parks). Whereas State and Local Governments have an important role to play in supporting tourism, the majority of products, be they accommodation, attractions, entertainment or transport, are provided by private operators. That is where the tourism dollars are generated.



Environmental and Social Issues Gumnut Awards

In 2002 the CCIA introduced a certification program known as the Gumnut Awards for holiday and residential parks, which recognises a commitment to environmental sustainability and social responsibility. The program has been developed with the assistance of the University of Western Sydney (UWS) who also conduct the independent assessments. Progressive achievement is rewarded at three levels being BRONZE, SILVER and GOLD.

This very credible and successful program has already achieved a 47% adoption rate which, according to UWS research, is far better than most similar schemes world-wide. Training is an essential component for participants at the entry level, and to progress to Silver and Gold. The Gumnut Awards are based on 10 categories:

- 1 Landscaping
- 2 Water & wastewater
- 3 Solid waste
- 4 Energy efficiency
- 5 Air & noise pollution
- 6 Biodiversity conservation
- 7 Economics
- 8 Staff
- 9 Local community
- 10 Safety & emergency response plan



The Gumnut program has also been adapted and introduced to CCIA 'Trade' members, being dealers and manufacturers of caravans, motorhomes, camping gear and associated service businesses.

As of mid 2011 there were 210 CCIA member holiday parks in the Gumnut Awards program, which represents a 52% adoption rate.

Also in 2011, the CCIA launched the Gumnut Awards on-line distance learning program which will allow park and trade businesses in remote locations, and inter-state, to enroll. This was made possible with the \$75,000 grant from the NSW Environmental Trust.



Conclusion

The positive growth being experienced by the industry is predicted to continue for at least the next decade as the 'cashed-up' Baby Boomer generation drift into semi of full retirement, with many deciding to hit the road to explore this great country of ours. Also as holiday park accommodation and facilities continue to improve they will further enhance their share of the holiday market. The future looks bright.

SOURCES OF DATA

- Tourism Research Australia
- Australian Bureau of Statistics
- Caravan, RV & Accommodation Industry of Australia
- Tourism New South Wales
- Caravan & Camping Industry Association of NSW
- Personal interviews of outback Tourism Managers



Compiled by

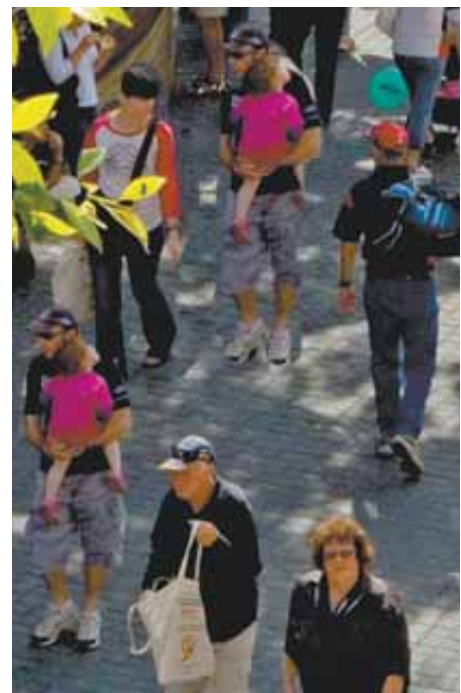
Barry Baillie

Chief Executive Officer

Caravan & Camping Industry Association of NSW

ABN 63 002 223 449

PO Box H114, Harris Park NSW 2150
Phone: 02 9615 9999 Fax: 02 9615 9998
Email: admin@cciansw.com.au





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