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## SUBMISSION ON DRAFT HUNTER REGIONAL PLAN AND DRAFT PLAN FOR GROWING HUNTER CITY

The Caravan, Camping & Touring Industry & Manufactured Housing Industry Association of NSW (including Caravan & Camping Industry Association, Manufactured Housing Industry Association and Land Lease Living Industry Association) is this State's peak industry body representing the interests of caravan and holiday parks, manufacturers and retailers of recreational vehicles (RVs) (motorhomes, campervans, caravans, camper trailers, tent trailers, 5th wheelers and slide-ons) and camping equipment, residential land lease communities and manufacturers of relocatable and manufactured homes.

We currently have, as members, over 700 businesses representing all aspects of our industry. More than 400 are operators of holiday parks and residential land lease communities (residential parks, including caravan parks and manufactured home estates) in New South Wales and over 200 are manufacturers, retailers and repairers of RVs and accessories.

## INTRODUCTION

Our Association broadly supports the development of plans for the Hunter Region and for Growing Hunter City which seek to accelerate housing supply, grow the regional economy, prioritise infrastructure that supports freight and tourism and provide the right regulatory environment to support small business.

112 of our members are located in the Hunter Region and Hunter City and comprise the following types of businesses:

- Caravan, holiday and tourist parks, located primarily along the coast from Lake Macquarie up to Forster-Tuncurry. A few are also located within the Hunter Valley.
- Residential Land Lease Communities, located primarily in the bay areas and inland from the coast,
- A manufactured home builder in Hexham,
- RV dealerships and repairers located along and near the M1 Pacific Motorway in Newcastle and Lake Macquarie, and
- Service providers to the industry, including accessory suppliers, marketing organisations and consultants.

In representing the interests of our Hunter Region and Hunter City members we welcome this opportunity to comment on aspects of the Draft Hunter Regional Plan and Draft Plan for Growing Hunter City (the "Draft Plans") as relevant to our members.

## GOAL 2 – Grow the Largest Regional Economy in Australia

We note the data presented within the Draft Plans, which highlights the following points:

- The visitor economy is a regional strength. Visitors to the Hunter (excluding Grate Lakes Local Government Area) in the year ending June 2015 spent nearly 8.8 million nights in the region, which is 13.5% of visitor nights spent across NSW.<sup>1</sup>
- Tourism is important to the economy with 8.8% of the region's workforce in the accommodation and food services sector, compared with 6.8% for the rest of NSW.<sup>2</sup>
- Retailing is also an important economic activity in the region, as one of the largest employment sectors and a key feature of the region's centres. In 2014, 10.2% of the Hunter workforce was employed in retail.<sup>3</sup>

Caravan, holiday and tourist parks are very important to the tourism economy as a whole. The caravan and camping industry continues to be one of the fastest growing domestic tourism sectors in Australia. New South Wales is Australia's favourite State for caravanning and camping, with a 35.3% share of visitor nights and a 33% share of visitors. Caravanning and camping also accommodates over 26% of the visitor holiday nights in Regional New South Wales making it a vitally important part of the tourism infrastructure.

In 2014 New South Wales received over 2.2 million domestic caravan and camping visitors spending over 10 million nights in caravan and camping accommodation. This injected more than \$1.9 billion in economic value to New South Wales.<sup>4</sup> In addition, research shows that for every \$1 income in a commercial caravan park, \$1.38 of economic benefit flows on to the local community, making caravan parks an important part of the tourism infrastructure which delivers strong economic prosperity in regional NSW.<sup>5</sup>

And there is still room to grow. Every night there are around 50,000 short term and camp sites available across our commercial park network. The national occupancy rate is 54%, and 73% of our parks and camping grounds offer facilities to accommodate the growing number of RV tourists with larger units.

Of the overall number of caravan and camping visitors to NSW, 80% are engaged in holiday and leisure activities that bring significant benefits for the broader tourism economy of regions. Caravan and camping visitors spend an average of 4.7 nights which is 1.4 nights longer than the average for visitors to the state.<sup>6</sup>

Caravan and camping is therefore a key sector to assist in the Government's action plan to double overnight expenditure in New South Wales by 2020.

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<sup>1</sup> p34, *Draft Hunter Regional Plan*, November 2015

<sup>2</sup> Ibid.

<sup>3</sup> Ibid, p 33.

<sup>4</sup> *National Visitor Survey*, YE Dec 14, Tourism Research Australia

<sup>5</sup> P28, *Economic Benefit Report - Commercial Caravan Holiday Park to a Local Community*, October 2012

<sup>6</sup> Tourism Research Australia, op. cit.

Supporting caravanning and camping is, of course, the RV manufacturing and retailing sectors. While many other areas of manufacturing in Australia are receding, the RV industry continues to grow each year. In a presentation at the 2013 CRVA Conference, IBISWorld estimated that for 2012 – 13 the motor vehicle body and trailer manufacturing sector generated \$3.96 billion, and for 2012 - 13 the trailer and caravan retailing sector generated \$2.4 billion.

There are currently over 580,000 registered RVs in Australia.<sup>7</sup> The popularity of these vehicles is growing rapidly, with new registrations of around 20,000 units every year with an estimated 80,000 RV travellers on the road at any one time.<sup>8</sup>

Products range from state of the art motorhomes and caravans to budget options, pop-top caravans, 5<sup>th</sup> wheelers, converted buses, camper trailers, tent trailers, campervans, and slide on campers, etc. There is also an increase in the number and type of accessories available, including flat screen TV, sound systems, fridges, washers, microwaves, cookers, solar panels, satellite dishes and 4 wheel driving accessories.

Total RV production for 2015 was 22,711 units, an increase of 6.6% above 2014 levels. Traditional caravans represent nearly 54% of total RV production, followed by pop-tops at 22%, tent trailers and camper trailers at almost 19% and motorhomes and campervans at almost 5%.

Just over 5% of Australian households have a caravan, trailer or motorhome compared to 10% in the US, 11% in Europe and approximately 20% in the Netherlands (IBISWorld 2013). Caravans have been driving the growth in Australian manufacturing of towable recreational vehicles, but there has been strong growth in camper trailers and towable pop-tops (RVM Australia).

Retailing is increasingly done online, growing by an average of 25% per annum over the five years to 2013. It is predicted to grow by 11% per annum over the next five years (IBISWorld, 2013). Many businesses in the RV sector have already embraced this technology and are encouraged to continue.

There has also been some growth in the overall employment levels in the industry, driven by retailing, which we expect to continue into the future as the popularity of RV tourism continues to expand.

With a number of caravan, holiday and tourist parks, RV dealerships, repairers and industry service providers located in the Hunter Region and Hunter City we support Government actions to:

- Develop appropriate planning controls to support the region's key sectors and regional competitiveness,
- Develop strategies for prioritising and enhancing infrastructure that will support the tourism industry, including connections to the tourism gateways and attractions,
- Develop industry specific planning strategies and a regionally consistent planning approach for tourism, and
- Facilitate innovation and the growth of these small businesses.

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<sup>7</sup> BDO Caravan and Campervan Data Report December 2015

<sup>8</sup> National Caravan and Recreational Vehicle Towing Guide, 6<sup>th</sup> Edition, <http://www.towingguide.com.au/index.html>

We also support Government actions to improve infrastructure and transport corridors to strengthen freight and commerce connections between the regional economic corridors and Sydney and Brisbane. Upgrades to the M1 Pacific Highway will not only improve freight transport, which is essential for product businesses, but also tourism. Improved highway and road infrastructure, and accommodation and attraction signposting, are key priorities for the caravan and camping industry as people take to the road for their holidays.

#### Goal 4 – Support Robust Regional Communities

The following information and statistics, as set out in the Draft Plans, are important considerations for the Government and industry:

- The population of Hunter City and the communities in its surrounding hinterland is expected to grow to around 750,000 over the next 40 – 50 years.<sup>9</sup>
- Approximately 60,000 more dwellings will be needed in the Hunter City between 2016 and 2036 to support expected population growth.<sup>10</sup>
- By 2036, the Hunter is expected to be home to around 69,500 more people over the age of 65 years.<sup>11</sup>
- Communities in Port Stephens, Great Lakes, Dungog and Gloucester, which are all popular destinations for retirees, are expected to age more rapidly than other parts of the Hunter.<sup>12</sup>
- Growth in the number of single or couple-only households is significant and is set to continue, contributing to strong growth in the demand for smaller dwellings, and
- Some sectors of the Hunter community require particular types of housing, e.g. students, older people, short-term visitors, visitors accessing health services and low income households.<sup>13</sup>

Accordingly, the Draft Plans aim to deliver housing in the long term to meet expected population growth, diversify housing types to meet the varied needs of communities, including increasing the supply of smaller dwellings, and provide options for affordable housing.

We submit that residential land lease living and the manufactured housing sector is in a unique position to assist the Government with these important goals.

Residential land lease communities (formerly known as residential parks, including caravan parks and manufactured home estates) continue to grow in popularity across the State, and include communities exclusively comprised of permanent residents, or those that have residential sites as well as tourist sites. Residents usually own their own manufactured home or moveable dwelling and lease the land (the site) from the operator.

There are approximately 900 parks across New South Wales, with 495 residential land lease communities. The total number of residents is 33,912. Of all residential land lease communities 95% are located in rural and regional New South Wales. There are approximately 39 residential land lease communities in the Lake Macquarie and Port Stephens areas, with over 4000 residents.<sup>14</sup>

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<sup>9</sup> *Draft Hunter Regional Plan*, op. cit., p 13.

<sup>10</sup> *Draft Plan for Growing Hunter City*, p 12.

<sup>11</sup> *Draft Hunter Regional Plan*, op. cit., p 67.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid, p 69

<sup>14</sup> NSW Fair Trading, *Residential Land Lease Communities Profile of the Industry*, November 2015.

In America, more than 20 million people live in land lease communities and enjoy the lifestyle, secure environment and financial benefits they afford. In Australia, residential land lease communities are a lifestyle choice for many people. They provide an alternative form of housing that is more affordable than traditional housing, and therefore they play an important role in housing affordability in New South Wales and Australia. They offer benefits not just to seniors and retirees, but also young families, first homebuyers, seasonal workers and disadvantaged persons, including:

- Housing affordability

Construction costs per square metre for a new manufactured home are generally significantly less than a comparable site-built home. New and pre-loved manufactured homes can range from \$100,000 to \$300,000 depending on the size, style and location. Importantly, no stamp duty is payable on the purchase of a manufactured home.

Site rental can range from \$100 per week to more than \$200 per week depending on the size and location of the site. However, site rental includes the cost of amenities and facilities, the upkeep of common areas and residents may also receive rent assistance from Centrelink.

- Prime locations

Residents can choose a sea change, a bush retreat or a place in a residential section of a holiday park depending on their preference.

- Safety and security

With neighbours close by and on-site management residents can enjoy peace of mind whilst still maintaining their privacy.

- Amenities and facilities

Most residential land lease communities offer their residents great facilities and amenities, which can include swimming pools, tennis courts, bowling greens, libraries, recreational rooms, barbecues, communal gardens and even courtesy buses into local areas.

- Active and social living

Residential land lease communities are not retirement villages or aged care facilities. They are a form of community living that encourages active retirement, a healthy lifestyle and socialising with likeminded individuals.

Part of the success of residential land lease communities is the quality and strict manufacturing standards of the homes themselves. Coming out of a factory with quality trimmings and appliances for kitchens, bathrooms, living and sleeping areas, manufactured homes now offer everything that's available in a suburban home for a price much lower than site-built housing.

The affordability of manufactured housing is mainly attributable to the efficiencies of the factory process. The controlled environment and assembly-line techniques remove many of the problems of the site-built sector, such as poor weather, theft, vandalism and damage to building products and materials stored on site. As a result, manufactured homes are able to be built quickly which adds to their appeal.

Also, factory employees are trained, scheduled and managed by one employer, as opposed to the system of contracted labour. Manufactured home builders also benefit from the economies of scale which result from being able to purchase large quantities of building materials and products. As a result, savings can be passed on to customers.

Due to the unique building processes employed, it is arguable that factory built housing is more likely to exhibit a consistent standard of build than housing that is built on site. In fact, in many ways manufactured homes are built better than traditional homes because they are built in order to be transported as well as installed on site without succumbing to the stresses of movement.

We note the statement on page 69 of the Draft Hunter Regional Plan that “many people in the Hunter with low incomes find it difficult to access housing in the private rental market” and that “social and affordable housing is important in meeting the needs of people on low incomes.” Residential land lease living can meet these needs. While there are a number of residential land lease communities already established in the Hunter Region and Hunter City district, with the right planning controls and land opportunities to encourage further development, residential land lease living and manufactured housing could be instrumental to increasing the supply of affordable housing to the region.

In our December 2015 submission to the Department of Planning’s Improving the Regulation of Manufactured Homes, Caravan Parks, Manufactured Home Estates & Camping Grounds Discussion Paper we advocated for a State-wide regulatory scheme to ensure the continued growth of these sectors. This includes changes to zoning and the relevant State Environmental Planning Policies, clarity on the planning permissibility of manufactured homes outside caravan parks and manufactured home estates and critical stage inspections for manufactured homes.

As such, we support the Government actions outlined in the Draft Plans to:

- Investigate options to accommodate long term housing growth, including investigation of new land release areas,
- Develop planning controls that encourage more medium density housing in appropriate locations,
- Encourage a more diverse range of new housing types to meet changing demand and provide a choice of housing,
- Ensure affordable housing needs are identified, with strategies for delivery, and
- Work with councils to prepare an integrated housing strategy for Hunter City that addresses increasing supply of smaller dwellings, affordable housing and housing to meet special needs groups.

## CONCLUSION

We reiterate the importance of residential land lease living and manufactured housing in the supply of more affordable housing in the Hunter Region and Hunter City, as well as the significance of caravan, holiday and tourist parks and the RV industry to the region’s

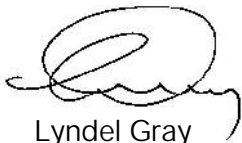
tourism. As such, our Association broadly supports the development of plans for the Hunter Region and for Growing Hunter City that support these industry sectors as set out in this submission.

In representing the interests of our Hunter Region and Hunter City members we are keen to continue to participate in any further consultations and ask that we be noted as a stakeholder so that we continue to be included in all future communications and meetings.

Thank you for your consideration of the issues we have raised.

Should you wish to meet and/or discuss any aspect of this submission please contact Bob Browne, General Counsel on (02) 9615 9920 or email [bob.browne@cciansw.com.au](mailto:bob.browne@cciansw.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lyndel Gray', with a stylized flourish at the end.

Lyndel Gray  
Chief Executive Officer