



2020-21 FEDERAL PRE-BUDGET SUBMISSION

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

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EXECUTIVE SUMMARY

Caravan Industry Association of Australia operates as a member-funded, not-for-profit industry association with a vision 'to lead and champion a robust, compliant and sustainable caravanning and 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 2020-2021 Federal Budget.

THE IMPORTANCE OF THE CARAVAN INDUSTRY TO AUSTRALIA



\$21B

to the Australian
Economy
Annually



5,000

Jobs across the
Industry



23,000

Recreational
Vehicles
Manufactured in
Australia in 2019



711,000

Total
Recreational
Vehicle
Registrations



13 Million

Caravan/
Camping Trips
in 2019



60 Million

Nights in 2019

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

KEY RECOMMENDATIONS

INDUSTRY DEVELOPMENT

- Fund the development of a Long-Term Caravan and Camping Strategy Document
- Subsidize the installation of Electric Charging Stations in Caravan Parks
- Reintroduce the Tourism Labour Force Survey
- Enhance the capacity of the Tourism Workforce through training and education

MANUFACTURING

- Fund a cross sector Advanced RV Manufacturing Hub
- Support the collection of RV sales data
- Fund an Australian Consumer Law Education Campaign for consumers and automotive traders
- Fund an education program for the RV industry regarding changes to the Roads Vehicle Standards Act

TOURISM

- Subsidise Industry International Ready Program
- Set up and fund the Tourism 2030 Strategic plan
- Reform the Working Holiday Maker Visa system
- Fund Accommodation Data Collection from caravan parks
- Restore Funding for Tourism Australia and Tourism Research Australia
- Invest in Digital Connectivity and Free WIFI Networks across Regional Australia

INDUSTRY DEVELOPMENT



Caravan and camping industry contributes \$21 billion annually to the Australian economy, and creates 5500 jobs across the country. However, the industry is facing several challenges, such as the highly competitive international market, emergence of electric vehicles and labour force skill deficiency. The industry requires the funding and support from government to establish and initiate projects that do not only assist the regional tourism industry but also ensure the prosperity of the local RV manufacturing industry.

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

The Caravan Industry Association of Australia seeks \$ 1 million to create a long-term strategy document, which provides clear objectives, strategies and policies to ensure the sustainability of the industry. The strategy document aims to guide a wide range of stakeholders to make informed and sustainable policy decisions, the document also outlines priorities for the industry for the next decade.

The Caravan and Camping industry in Australia plays an important role in regional tourism, and accounts for more than 1 in 5 nights spent in regional Australia. The industry also generated \$21 billion per annual of revenue and created 50,000 full-time equivalent jobs across 5,000 businesses. Recreational vehicle manufacturing sector produced 22000 RVs in 2019 the number of RVs manufactured remained constant since 2010. The caravan industry consists of tourism, manufacturing, and retail.

The Association believes the document is vital to keep the remaining piece of the automotive manufacturing industry in Australia strong. Moreover, the document will help regional destinations to attract caravan and camping visitors and stimulate economic growth. The document presents ideas and suggestions for these destinations seeking to cultivate their visitor economies with caravan and camping visitors.

SUBSIDIZE CHARGING POINTS FOR ELECTRIC VEHICLES IN REGIONAL AUSTRALIA

\$5 MILLION

A recent statistic shows 90% more electric vehicles (EVs) were sold in the first half of 2019 compared to the same period in 2018 (Electric Vehicle Council 2019). There are currently 22 EV models available in the Australian market. By 2020, another 9 models are expected to enter the market. With the increasing availability and the increasing number of environment-conscious consumers, increase adoption of EV is expected in the coming decade. This trend poses challenges for Australia due to the limited numbers of charging points around the country, especially in regional areas. In order to facilitate regional tourism in the future, the Association recommends government to invest in the provision of charging points in regional Australia.

The Association believes the charging points should be installed at accommodation providers, such as caravan parks; research showed that overnight charging points are the preferable option (NEW 2018). Moreover, accommodation destinations like caravan parks have the experience and amenity to accommodate various travellers' needs.

REINTRODUCE THE TOURISM LABOUR FORCE SURVEY

As part of the investment in labour and skills, the Caravan Industry Association of Australia 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

Tourism is one of Australia's largest export sectors. Australian Tourism Labour Force Report: 2015-2020 identified skills deficiency has increased by 40% and half of the businesses claimed to have difficulties with staff recruitment. Skill training is required to support the needs of businesses through the long supply chain of tourism. Government funding is needed to improve tourism businesses access to the workers they demand. Furthermore, funding should be allocated to promote careers in tourism and hospitality.

MANUFACTURING



Australia's RV Manufacturing industry remains competitive despite many local automobile manufacturing businesses closing their production facilities over the past decade. In 2019, over 22,000 RVs were built by over 200 manufacturers. However, in order to ensure the RV manufacturing industry continues to go from strength to strength, federal funding is required to improve research and support future proofing the industry to prepare for technological advances, legislative changes and increased international competition.

FUND AN ADVANCED MANUFACTURING HUB **\$1 MILLION**

In the coming decade, new challenges and opportunities will surface for the RV industry due to the emergence of new technologies. To capture the opportunities, the industry requires a publicly funded Advanced Automotive Manufacturing Hub for various industry partners to collaborate. The Hub will be the one-stop destination for Australian RV industry and educational institutions to collaborate and unlock the potential of future technologies.

Technology changes include fuel type changes and the rise of self-driving vehicles. The number of electric vehicles on the road is rising recently. The increase in petrol prices will further encourage the uptake of electric vehicles in Australia. Similarly, the prospect of hydrogen fuel cells powering more sustainable vehicles in the future can have huge benefits to the RV industry owing to the larger power capacity of these vehicles compared to electric vehicles. The rise of self-driving vehicles also demonstrates an opportunity for the RV industry to see how it could fit in the future. These conversations need to be initiated with input from research parties, educational facilities, and the industry so that the benefits of these advancements can be accomplished.

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

Caravan Industry Association 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 or RV. 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 CAMPAIGN FOR CONSUMERS AND AUTOMOTIVE DEALERSHIPS **\$100,000**

RVs are constructed with various individual parts and made them highly complex products. Confusions were often expressed by consumers about their rights under the Australian Consumer Law during the purchase process. Confusions could lead to frustrations from consumers and traders when problems arise. In order to educate consumers and reduce the number of minor disputes, the Association seeks funding of \$100,000 to create a digital education kit around Australian Consumer Law. The education kit addresses the confusions and facilitates day-to-day business transactions. Better customer experience takes place when the understandings are mutual between all parties.

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

Road Vehicle Standards Act (RVSA) was passed in November 2018 to upgrade the regulations regarding the manufacturing and importations of RVs in Australia. RVSA is vital to ensure that only vehicles which comply with Australian safety standards make their way on the Australian roads. The new legislation will impact the RV industry heavily and the Association works closely with Vehicle Safety Standards (VSS) as part of the Department of infrastructure to educate our industry. Currently, the Association sits on six committees with VSS and two committees chaired by Standards Australia. The Association also involves in rewriting the current Vehicle Standards Bulletin following changes to the legislation. To effectively manage these changes, an education campaign needs to be presented for the industry. The education program will ensure Australian businesses equip with knowledge for a smooth transition to the new legislation.

TOURISM



Tourism is one of the largest exports in Australia. In the financial year 2017-2018, tourism brought \$57.3 million and had 7% GDP growth compared to the previous year. However, the economic benefits from tourism do not distribute equally between capital cities and regional areas. Tourism in regional Australia had not reached its potential. In order to close the gap, investment in strategy, marketing, research, and infrastructure is needed.

INTERNATIONAL READY **\$1.5 MILLION**

The Caravan and Camping International Ready program provide a path for the caravan park and RV rental industry to build the capacity to offer a memorable experience and connect with international travellers. Traditionally, the caravan park sector has focused on the domestic market as Australians were more likely to disperse into the regional areas. In the past two decades, caravan parks also benefited by the growth in backpackers and free independent travellers primarily from the European markets. Recently, a growing amount of Chinese and other Asian tourists are travelling in Australia and demanding a caravanning and camping experience. Many caravan park operators are unsure of how to deliver a product and experience to these visitor segments that are vastly different from their traditional European markets. Operators have no specific knowledge and understandings to provide services for the new growing segment.

Aware of the challenges, the Association seeks to support the caravan park industry to the changing market condition and make sure the industry remains relevant to international visitors. The project is about building the sustainability of the caravan park sector which facilitates \$8 billion in visitor expenditure every year. International Ready provides an educational program for businesses, connects industry partnerships and creates a cooperative digital marketplace to businesses to directly reach markets and attend international trade events. The goals of the project will bring 500,000 international visitors to go caravan and camping in 3 years and generate an extra \$230 million (\$207 million go to regional Australia) economic benefits to Australia. In 3 years time, the industry collective will be self-sustaining and capable to conduct demand driving exercises for international markets.

ESTABLISH AND FUND THE TOURISM 2030 STRATEGIC PLAN

The previous long-term tourism strategy is coming to the end and current targets for Tourism 2020 appear to be in reach, Caravan Industry Association of Australia recommends the establishment of Tourism 2030 strategic plan. The strategic plan should include the metrics for domestic tourism and regional dispersal of international market. The government should invest in rebranding regional destinations to attract international visitors and increase spent outside of capital cities and Gold Coast. Domestic travellers contributed 70% total visitor expenditure in Australia; however, there is no national strategy surrounding domestic visitors. Tourism 2030 strategic plan should include a strategy for domestic visitations.

REFORM THE WORKING HOLIDAY MAKER VISA SYSTEM

The introduction of taxation (backpacker tax) on working holiday maker visas 417 and 462 created some negative comments. The tax poses a severe impact on tourism in regional Australia. Backpackers disperse significantly further than other visitor segments and have a higher tendency to spend more per stay in regional Australia. The nights spend in Australia by backpackers dropped 10% from 2009 - 2018. Australia is perceived as an expensive destination and any additional cost will damage the competitive advantage for Australia to attract working holiday workers. The Association strongly advocates the removal of taxes on visas 417 and 462 to bring their taxable income in line with Australian workers.

FUND ACCOMMODATION DATA COLLECTION FROM CARAVAN PARKS

\$50,000

Caravan parks have a unique mix of products with cabins, powered sites and unpowered sites that differ from other accommodation types. Currently, 70% of this product (powered and unpowered) sites are not covered by the Australian Accommodation Monitor which began data collection through STR in mid-2018. Caravan Industry Association of Australia decided to fill the gap and collect data from caravan parks at our own expense. The Association seeks \$50,000 to continue to collect the meaningful data and work collaboratively with STR to provide data insight within the caravan industry and the wider tourism industry. Data collection is crucial to regional destinations where caravan and camping accommodations represent more than 20% of domestic visitor nights.

RESTORE FUNDING CERTAINTY FOR TOURISM AUSTRALIA AND TOURISM RESEARCH AUSTRALIA

Tourism Research Australia (TRA) provides an important service for the Australian tourism industry through their National Visitor Survey (NVS) and International Visitor Survey (IVS). TRA requires an increase in funding to improve the scope of both surveys so data can be increasingly trusted at a regional and SA2 level. Increase funding in TRA also facilitates the exploration into new methodologies that can potentially capture richer data that benefits the industry and government.

Tourism Australia (TA) should receive resources for marketing work, in order to attract international visitors and achieve the regional dispersal goals. Greater investment in marketing will support TA to enhance dispersal patterns of different international markets.

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

The Association recommends investment in telecommunication and internet connectivity (including the reduction of blackspots) throughout regional Australia. NBN and free Wifi installations are necessary to bring the regional destinations in line with urban Australia and improve the visitor experience across Australia. Digital division between Australian cities and regions should be adjusted and transform Australia into a Smart Destination that comprises Smart Regions and Smart Cities.

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