

Tasmanian Shipping and Freight Inquiry Submissions

Contents

Introduction.....	1
Recommendations	3
Who is Caravan, RV & Accommodation Industry of Australia Ltd (CRVA)?	3
Tourism in Tasmania	5
The caravanning and camping sector.....	6
BSPVES purpose and performance.....	8
‘Grey nomads’.....	10
Conclusion.....	12

Introduction

CRVA’s response to the Tasmanian Shipping and Freight Draft Report (hereinafter the ‘Draft Report’) is centred on the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), particularly Draft Recommendation 11 (Chapter 3), which states:

Given that the main objective of the Bass Strait Passenger Vehicle Equalisation Scheme appears to be the provision of support for Tasmania’s inbound tourism, the Australian Government should examine alternative use of the funds under the scheme to pursue this objective more effectively and transparently.

To the extent that the scheme has a broader objective — including outbound travel from Tasmania, the Government should clearly articulate this objective and evaluate the scheme on that basis.

The issue here is one of equity, and the Federal Governments’ responsibility towards Bass Strait sea transport as a component of the National Highway. This is the premise of the establishment of the BSPVES in 1996, however an unintended consequence of the scheme has been the generation of a significant tourism by-product and a welcome return on investment. The subsequent removal of the scheme would have serious impacts on the state of Tasmania. To suggest that the underlying motivation of the BSPVES is purely to support Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report

inbound tourism is false. The spending of Commonwealth money for this sole purpose may attract the ire of other State jurisdictions who could lay claim to the same argument.

Accordingly, CRVA strongly disagrees with this Draft Recommendation. Not only does it abdicate the responsibility of the Commonwealth (which is already failing to keep pace with its obligations, as funding provisions fail to account for the changing value of money over time), but it fails to factor the negative impact the removal of the BSPVES would cause due to the secondary value of the scheme. It ignores the large proportion of leisure visitors who have arrived in the state as a result of the scheme, and how many more could be attracted if the BSPVES had been effectively indexed since establishment to the value of today's money. It overlooks the fact that visitors who arrive in Tasmania with their own vehicles for leisure, tend to stay longer, spend more money during their stay, and visit regional areas that other travellers do not.

Of further concern to CRVA, is the Commission's reliance on erroneous statements of fact. On several occasions within the Draft Report, the Commission demonstrates a belief that travellers affected by the BSPVES are made up almost entirely of 'grey nomads'. Further, that it was to attract this group of tourists that the BSPVES was established. This is categorically incorrect.

Again, the stated aim of the BSPVES was for Bass Strait 'to be treated as Tasmania's Sea Highway', not for the sole purpose of attracting retirees to the state for a touring holiday.

As to the suggestion that 'grey nomads' constitute the bulk of travellers to Tasmania accompanying a vehicle, CRVA stresses that 'grey nomads' make up only a minority of the caravanning and camping drive tourism market nationally, and that the Commission should not be making recommendations on this faulty basis.

CRVA is committed to creating better outcomes for industry consumers, businesses and participants, as well as improving the contribution of the caravanning and camping sector to the Australian economy. This means developing the industry across all Australian jurisdictions. To eradicate the BSPVES would increase the cost of travel to Tasmania by sea, with a vehicle, by up to \$400 – further dissuading prospective inbound domestic tourists. Research has shown that existing prices already act as a deterrent for many people who would otherwise consider a trip to Tasmania.

Caravanning and camping is big business – consumer expenditure within the sector is at \$7 billion annually¹, and although Tasmanian residents are participants in domestic holiday travel, the state itself, as a proportion, does not receive as many domestic visitors as other Australian states.

CRVA submits that the BSPVES is essential to the continued growth of the Tasmanian economy, and that there is an obligation to provide equity for users of the National Highway. It should be enhanced, not abolished. The scheme is a valid investment generating strong economic return. Draft Recommendation 11 is made without proper consideration of the nature of drive tourism within Australia. Further, some of the assumptions upon which the recommendation is predicated are misguided, and others in our opinion, plainly wrong.

Recommendations

1. That Draft Recommendation 11 of the Draft Report be removed in its entirety.
2. That all suggestions that 'grey nomads' constitute the bulk of travellers affected by the BSPVES be removed from the Report.
3. That the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) be retained and enhanced to further alleviate the cost of sea travel for passengers accompanying a vehicle across Bass Strait.

Who is Caravan, RV & Accommodation Industry of Australia Ltd (CRVA)?

CRVA is the national peak body for the caravanning and holiday parks industry, representing manufacturers, retailers and repairers including caravans, motorhomes, camper trailers, tent trailers, camping, cabins, plus other RVs and industry suppliers, as well as caravan holiday parks.

CRVA is responsible for the growth and development of the Australian caravanning and camping industry for the benefit of all industry participants including consumers, industry

¹ Tourism Research Australia Snapshots 2012 Caravan or Camping in Australia, March 2012
[Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report](#)

employees, and business operators. CRVA undertakes a number of national marketing campaigns designed to grow demand for caravanning and camping, provides education and training for industry participants through conferences and skills based programs, encourages best practice and product development through a sector-specific accreditation program, commissions research and works closely with state and international tourism and caravanning associations to understand latest industry trends, and undertakes advocacy and lobbying on behalf of the industry to address industry issues.

CRVA's membership is comprised of the state-based Caravanning Associations (both trade and parks) as well as the national body representing RV manufacturing – RVM Australia. Each of the eleven member organisations put forth a representative to provide direction through the CRVA National Board. Over 1,000 industry businesses also voluntarily invest in CRVA activities on a yearly basis, and CRVA communicates to one of the largest active consumer caravanning and camping databases (170,000 in number) in Australia, which is regularly purged to ensure participation and cut-through.

CRVA is a member of (and holds a Board position with) the National Tourism Alliance, a master licensee under the Federal T-QUAL Accreditation Framework, a category sponsor of the Australian Tourism Awards, a member of the Tourism & Hospitality Careers Council, and holds Board positions or is actively involved in Skills Councils, State Government working groups, and State Tourism Industry Councils.

Since its inception CRVA has represented the interests of the Tasmanian caravanning and camping industries, working in consultation with the state caravanning association, CIA Tasmania. We have sought to incorporate Tasmania into the Australian camping sector; the CRVA national board includes a Tasmanian Executive Director. CRVA has worked with CIA Tasmania on intrastate development of product and with Tourism Tasmania to create interstate cooperative opportunities for dispersal. CRVA CEO Stuart Lamont is also a board member of the Tourism Industry Council of Tasmania.

CRVA is putting forward this submission after consultation with State Caravan Industry Associations and other National Industry Peak Bodies.

Tourism in Tasmania

Tasmanian Government and industry have worked hard to improve the tourism performance of the state. In the 2013-14 Budget, \$1 million was allocated to develop sustainable air access to Tasmania into the future². Total tourism, recreation and cultural infrastructure expenditure is \$7 million³ and funds have been pledged to help develop Tasmania's tourism attractions (e.g. Three Capes Track) to encourage visitation and dispersal.

These actions are a direct response to the fact that Tasmania's current domestic tourism market has been described as 'subdued'⁴. When compared to other states, Tasmania attracts interstate overnight visitors in significantly lower numbers.

Table of interstate visitor nights ('000) according to state, for the year ended 30 September 2013⁵

NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Total
32 922	23 226	33 970	7 963	11 700	5 815	3 838	na	125 215

Modest domestic tourist arrivals to Tasmania is a specific concern that the Tourism 21 Joint Strategic Business Plan Update (August 2013) of the Tasmanian Government and Tasmanian Tourism Industry sought to address. The Tourism 21 goal is to achieve \$2.1 billion in visitor spending in the Tasmanian tourism industry by 2021. The Plan identified the following priority:

Fundamentally, the new Tourism 21 goal challenges the entire industry to focus its efforts on inspiring more Australians who are considering visiting Tasmania for a holiday, to actually move beyond thinking about it and travel here.⁶

When discussing the future of drive tourism in Tasmania it is especially important to note that 90% of caravanning and camping activity in Australia is undertaken by domestic travellers.⁷ The drive tourism and domestic tourism markets overlap and intertwine to a substantial degree.

² Tasmania 2013-14 Budget, p 5.8

³ Ibid p 7.14

⁴ Ibid p 2.1

⁵ Figures taken from Tourism Research Australia's National Visitor Survey

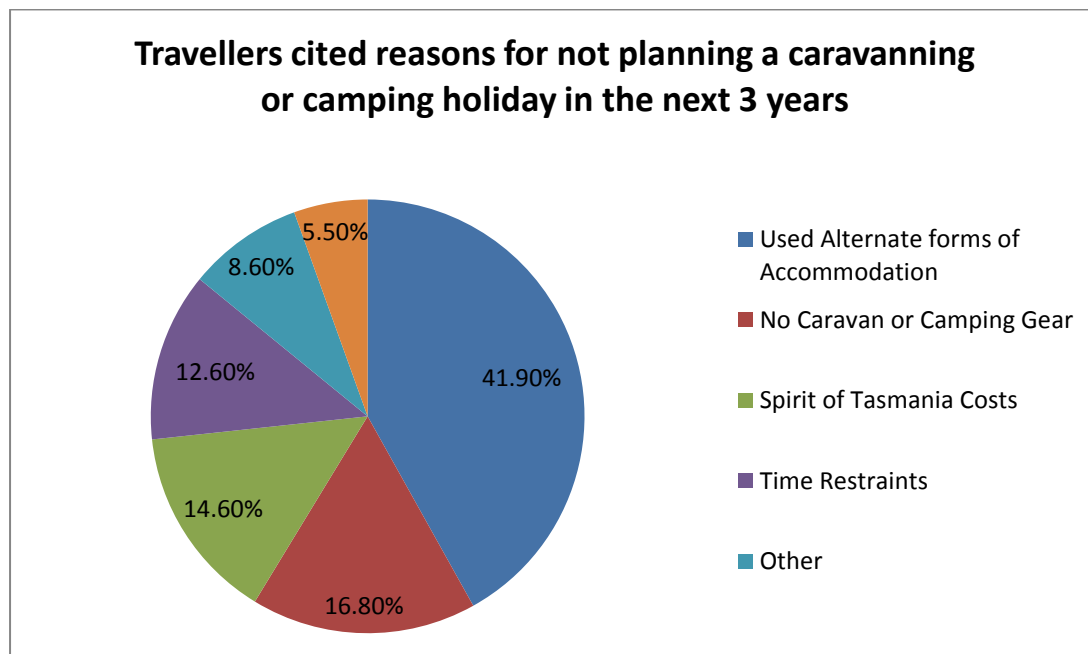
⁶ p 5

⁷ Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report

CRVA recently completed a survey of Australians' attitudes towards Tasmania, canvassing 3,232 potential travellers and their desire to visit the state, as compared to a genuine intention to visit the state. The findings overwhelmingly suggested that although many respondents wanted to travel to Tasmania for a holiday, a much lower proportion actually planned to do so.

72.9% of respondents indicated that they intended to undertake a caravanning or camping holiday in Tasmania in the next 3 years, with 27.1% of respondents indicating they did not. Of this 27.1% the cost of travelling by boat was considered to be one of the most significant deterrents. In fact, for those respondents who were both interested in taking a caravanning and camping trip and who were equipped to do so, it was the leading deterrent.



Tasmania of course benefits from interstate visitors, but Tasmanians also contribute to mainland tourism. BDO data shows that Tasmania has nearly twice as many registered campervans per head of population than any of the mainland states.⁸

The caravanning and camping sector

As a sector within the broader national tourism market, the Australian Caravanning & Holiday Parks Industry is rapidly expanding with over 85% of the Australian population

⁸ BDO Caravan and Campervan Data Report, April 2012
Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report

having had a caravanning or camping holiday at least once in their life⁹ and over 9.3 million Australians intending to holiday within the industry between 2011 and 2013¹⁰. Caravan holiday parks are seeing record levels of revenue and higher than average occupancy¹¹ and 10% of all visitor nights in Australia are spent in caravan holiday parks¹². It is important that Tasmania benefits from this sector growth.

The National Visitor Survey indicates that Tasmania is particularly reliant on tourism outside capital and metropolitan areas, with 49% of all domestic visitor expenditure in the state taking place in regional areas.¹³ In light of this finding, it must be noted that 90% of all caravanning and camping site nights take place in regional Australia¹⁴.

Caravanning and camping activities help to ensure that the valuable tourist dollar is not spent only in major cities. The sector provides valuable means for economic expansion for remote areas; for every \$100 of caravan park revenue, \$138 worth of direct economic benefit flows through the local community¹⁵, creating growth and opportunities for local government areas. This contribution is in addition to the expenditure of caravanning and camping visitors themselves, which is subject to a 1.92 tourism multiplier¹⁶ in determining full economic benefit.

According to CIA Tasmania, the Tasmanian caravan industry has a capacity of around 1.7 million room nights per annum and is the largest accommodation sector in the state. In 2012/13 Caravan Parks contributed over \$290 million to the State economy, with those using caravans staying an average 35 days in the State.

The Tasmanian Visitor Survey (TVS) figures show that the total expenditure of visitors in the caravanning and/or camping segment during the year ending September 2013 was \$569,409,000.

⁹ Alliance Strategic Research Consumer Research Report, 2011

¹⁰ Ibid

¹¹ ABS Survey of Tourist Accommodation – Short Term Caravan Parks, June 2010

¹² Tourism Research Australia Snapshots 2012 Caravan or Camping in Australia, March 2012

¹³ Tourism Research Australia Travel by Australians: September Quarter 2013

¹⁴ Tourism Research Australia Snapshots 2012 Caravan or Camping in Australia, March 2012

¹⁵ BDO Economic Benefit Report Commercial Caravan Park to a Local Community, October 2012

¹⁶ Tourism Research Australia Tourism's Contribution to the Australian Economy 1997–98 to 2010–11, April 2012

[Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report](#)

Tasmania already benefits from the holiday parks industry and the self-drive tourist, but Tasmania is yet to fully harness this enormous market, despite the fact that it has all the facilities (natural heritage, self-drive infrastructure, established holiday parks industry) to do so.

BSPVES purpose and performance

CRVA is in agreement with the Tourism Industry Council of Tasmania on this issue. The TVS has shown since the introduction of the BSPVES in 1996, between 60% and 70% of all passenger arrivals into Tasmania each year by sea have been leisure visitors¹⁷. The TVS also shows that since the introduction of the BSPVES, visitors arriving in the state with their own vehicle stay longer, spend significantly more and disperse more widely through regional areas of Tasmania, than visitors who arrive by air.

The most recent TVS (July 2013) shows that the average length of stay by visitors to Tasmania by sea was 2.4 times longer than visitors arriving by air (18 nights compared to 7.5 nights visitors who arrive by air); sea visitors on average spent 1.75 times more during their stay in the state (\$2,550 compared to \$1,450 by visitors arriving by air)¹⁸.

The total value of direct visitor spending by leisure visitors arriving in Tasmania by sea in 2012-13 was around \$255 million. A report undertaken by Deloitte Access Economics in March 2013 reported that the economic impact of every \$1 million visitor spending in Tasmania in 2013 was 12.46 FTE (Full Time Equivalent employment positions) in the Tasmanian economy, meaning total visitor spending by visitors arriving in Tasmania by sea in the 2012/13FY directly supported 3,200 FTE positions across the Tasmanian economy¹⁹.

As stated earlier, a 2013 survey undertaken by CRVA into consumer attitudes toward travel to Tasmania indicated that the cost of travel on the ferry was the main deterrent for people who were otherwise willing and able to take a caravanning and/or camping trip to Tasmania.

The BSPVES arrangements have generated significant growth in sea visitor arrivals to Tasmania as well as expansion of the Tasmanian tourism industry. Since September 1996 there has been a consistent increase in sea passenger crossings on Bass Strait from

¹⁷ Tasmanian Visitor Survey 'Sea Arrivals Year-on-Year' available from Tourism Tasmania

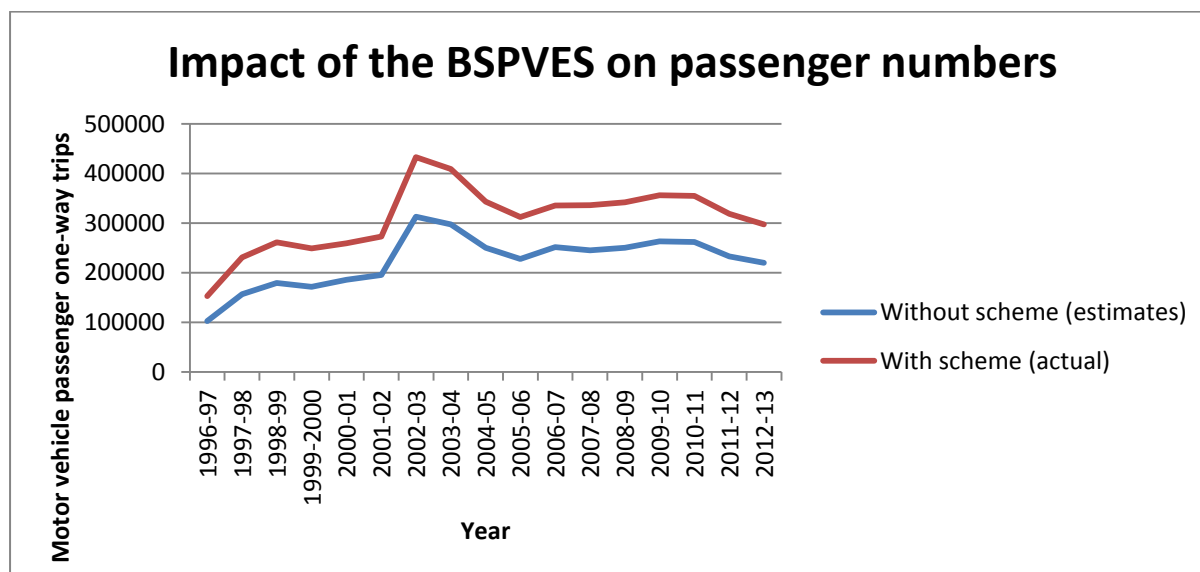
¹⁸ Tasmanian Visitor Survey July 2013 available from Tourism Tasmania

¹⁹ Deloitte Access Economics' 'Economic impact of tourism marketing expenditure in Tasmania'(2013) – available from Tourism Industry Council Tasmania

[Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report](#)

150,000 annual passenger crossings in 1995-96, to around 350,000 annual crossings in 2012-13 - an average compound growth rate of above 5% per annum²⁰ over nearly 20 years.

The most recent Bass Strait Passenger Vehicle Equalisation Scheme Monitoring Report²¹ uses an econometric model (taking into account changes in population, real household disposable income, the sea package fare and the full economy air fare) to arrive at the following estimation of the scheme's effectiveness²²:



The Productivity Commission's recommendation to abolish the BSPVES will increase the cost of taking your vehicle across Bass Strait by over \$400 return – all but ensuring that the number of passengers travelling by water over Bass Strait dramatically falls.

CRVA acknowledges the benefits of increased air travel to Tasmania in order to bolster local tourism operators and for the convenience of Tasmanians. However it is important not to neglect the needs of travellers who may have different transportation requirements. The cost of travelling to Tasmania by boat, with a vehicle (whether it be a car or recreational vehicle) is increasing.

In establishing the scheme in 1996, the Howard Government acknowledged the Australian

²⁰ Bass Strait Passenger Vehicle Equalisation Scheme BTRE Monitoring Report No.13 2010-12 (2012) & TT Line Pty Ltd Annual Report 2012/13 (2013)

²¹ No 14, January 2014

²² The modelling and the graph are based on the number of one-way trips from Melbourne-Devonport. Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report

Government had 'a special responsibility to achieve equality for Tasmanians in developing opportunities for their state', and recognised Bass Strait as 'Tasmania's Sea Highway... providing for the affordable movement of passengers and vehicles' between Tasmania and mainland Australia. According to the original 1997 Bureau of Infrastructure, Transport and Regional Economics (BITRE) monitoring report into the BSPVES, the original rebate offered by the scheme was calculated on the basis of determining a net fare charged by a passenger vessel operator for an eligible passenger vehicle plus driver, travelling in standard share cabin accommodation, compared to the notional cost of driving an equivalent distance on the National Highway network.

The current value of the BSPVES is \$204 one-way. This no longer covers the full cost of vehicle transport across Bass Strait, with the operator charging an additional \$79 per standard vehicle each-way to cover the gap between the rebate and the actual cost of passage. This cost is passed directly onto the passenger through the fares²³.

CRVA submits that the BSPVES should be properly indexed so as to serve the scheme's original purpose. The BSPVES should bring the cost of passenger and vehicle travel across Bass Strait into line with the equivalent cost of travel on any other interstate highway.

'Grey nomads'

The Draft Report suggests that the bulk of consumers affected by the BSPVES are 'grey nomads'. It goes so far as to proffer that the BSPVES was created to serve this small sector of the market. This is not supported by documentary evidence in the Draft Report itself. On the contrary, national sector research indicates the very opposite. As such, we would urge the Commission not to make recommendations on this basis.

Draft Report, p 16:

The scheme [BSPVES] is narrowly targeted at a minor component of the touring market, largely the 'grey nomads' sub-market.

The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) was introduced in September 1996 in an effort to ease the financial burden of sea travel across Bass Strait for

²³ Information provided by TT Line Pty Ltd
Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report

passengers accompanying a vehicle. The suggestion that it is 'narrowly targeted' at grey nomads is unfounded.

Draft Report, p 84:

BITRE data show that the major growth areas for vehicles using the subsidy has been vehicles with caravans and motor homes. Participants at the December inquiry roundtables advised that the passengers of these vehicles were likely to be 'grey nomads'.

Draft Report, p 86:

The BSPVES, which was intended among other things to provide direct benefits to the tourism industry, provides only diluted support and has a limited capacity to generate future expansion in the tourism sector with growth concentrated in the 'grey nomads' touring sub-market.

Research by Tourism Research Australia indicates that the largest user group of the caravanning and camping sector is 35-49 year olds, being easily the largest demographic to travel within the sector²⁴. Further, the consumer demographic with the highest growth potential into the future is family groups.²⁵ Though grey nomads are a significant consumer group, they represent only a fraction of caravanning and camping consumers.

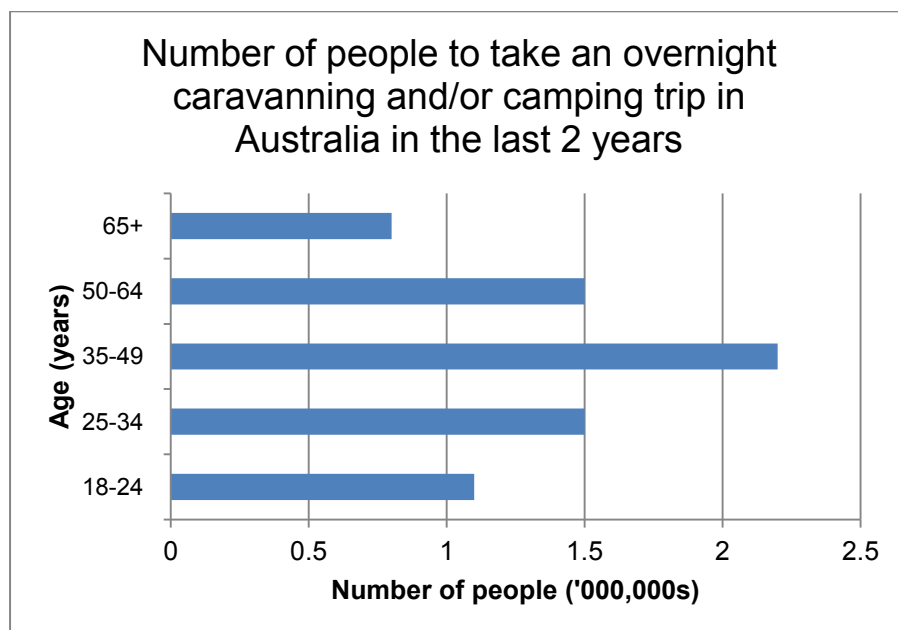
A report released in 2013 by KPMG, titled *Impact of Demographic Change on the Future of the Caravan, Camping and Manufactured Housing/ Manufactured Home Village Industry*, makes the following observation:

*Although the Retiree life segment is projected to experience rapid population growth in the decade to 2021 (average annual growth rate of 4.4%), it is important to note that this segment is projected to remain **relatively small** at 2.0m in 2021. Given that participation rates in camping and caravanning tend to drop among persons aged 65 years and over, the Retiree life segment is not likely to represent a significant market for the camping and caravanning industry over the coming decade.*

²⁴ Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

²⁵ KPMG Impact of Demographic Change on the Future of the Caravan, Camping and Manufactured Housing/ Manufactured Home Village Industry, July 2013
[Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report](#)

Figures provided by Alliance Strategic Research²⁶ offer some perspective:



CRVA stresses that current market research testifies to the fact that grey nomads are not the predominant market force in caravanning and camping within Australia, and that younger travellers with families are predicted to be the most significant growth group. It is not only grey nomads who would suffer as a result of abolishing the BSPVES. It is not only participants in the caravanning and camping sector who would suffer. All people who would seek to travel between mainland Australia and Tasmania by sea, whether they be interstate visitors or Tasmanian locals, will suffer.

Conclusion

Tasmania as a whole benefits greatly from the recreational vehicle and holiday parks industry. Regional areas in particular depend upon interstate tourists travelling to the state with their own vehicles in order to undertake drive tourism holidays. The BSPVES helps to ease the significant financial burden that such travel imposes.

CRVA also submits that the Draft Report has overlooked the complexities of the caravanning and camping sector's economic contribution to Tasmania and the rest of the country. Travellers who arrive by sea with their own vehicle contribute more money, over a greater

²⁶ Consumer Research Report 2011: The graph shows people who have spent at least two nights away from home on their trip.

[Caravan, RV & Accommodation Industry of Australia Ltd Submissions in response to the Tasmanian Shipping and Freight Draft Report](#)

period of time, and disperse further through regional Tasmania than visitors who arrive by air. Similarly, Tasmanians travelling interstate with recreational vehicles inject considerable money into the broader Australian economy.

Regional and coastal tourist destinations rely upon visitors arriving in Tasmania with their own vehicle; the detrimental effects of BSPVES abolition on these areas have not been adequately addressed by the Draft Report.

To recommend the abolition of the BSPVES without first thoroughly considering the extent of the economic benefit that the scheme imparts – particularly in terms of the caravanning and camping market – is irresponsible.

As an organisation designed to serve the caravanning and camping sector of the tourism industry, CRVA welcomes all the benefits that the BSPVES provides in this area. However, CRVA submits that at its core, this issue is not about tourism, but equity.

The Government should step up to their 'special responsibility' and bring the costs of passenger travel over Tasmania's Sea Highway into line with that of interstate road highways in mainland Australia. Rather than abolishing the BSPVES, it should be retained and enhanced.

For further information please contact:

Stuart Lamont,
Chief Executive Officer
Caravan, RV & Accommodation Industry of Australia Ltd (CRVA)
Postal Address: PO Box 5881, Stafford Heights Qld 4053
Phone: 07 3262 6566
Fax: 07 3262 9989