

17 December 2014

Dr Warren Mundy
Commissioner, Productivity Commission
Australia's International Tourism Industry Research Project
Locked Bag 2, Collins St East
Melbourne VIC 8003

**Caravan Industry Association of Australia's submission in response to Productivity Commission –
Australia's International Tourism Industry**

Dear Dr Mundy

Caravan Industry Association of Australia welcomes the opportunity to provide feedback to the Productivity Commission's research project examining Australia's international tourism industry.

The caravanning and camping sector is a large contributor to the national tourism industry, responsible for providing 10 percent of all tourism site nights in Australia and \$7 billion to the Australian economy. However, the overwhelming majority of tourists to the sector are Australians themselves. This presents an opportunity for Australian inbound tourism, and as such, an area of study as part of the proposed research project.

The Australian caravanning and camping industry has the capacity to accommodate a greater share of inbound tourists, while still welcoming domestic travellers. Drive tourism offers international visitors the opportunity to experience firsthand the vastness and diversity of the Australian landscape. Caravan and holiday parks showcase the idiosyncrasies of Australian culture.

Australia boasts a range of tourism experiences that cannot be experienced elsewhere and it is this uniqueness that should be marketed to attract inbound tourists. This uniqueness is encapsulated by a caravanning and camping holiday.

Caravan Industry Association of Australia

Caravan Industry Association of Australia (CIAA) is the peak national body for the caravanning and camping 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.

The CIAA enjoys the responsibility of contributing to the growth and development of the Australian caravanning and camping industry for the benefit of all industry participants including consumers, industry employees, and business operators. We undertake a number of national marketing campaigns designed to grow demand for caravanning and camping and provide education and training for industry participants through conferences and skills based programs.

This approach encourages best practice and product development through sector-specific accreditation programs, targeted research and close liaison with State and international tourism and caravanning associations to understand latest industry trends. The CIAA takes seriously its advocacy

and lobbying role on behalf of the industry to address commercial, regulatory and operational issues.

As the peak national body our membership is comprised of the State and Territory based caravanning associations whose members in turn are derived from the RV trade and caravan and recreational parks. Each of the ten member organisations put forth a representative to provide direction and governance of the CIAA through a National Board. More than 1,000 industry businesses invest in CIAA activities on a yearly basis, and we regularly communicate to one of the largest active consumer caravanning and camping databases in Australia with over 230,000 registered participants.

The CIAA is a member of, and holds a Board position with, the National Tourism Alliance (NTA), is a category sponsor of the Australian Tourism Awards, a foundation member of the Tourism and Hospitality Careers Council, and holds Board positions on, or is actively involved in the activities of, skills councils, State and Territory Government working groups, State Tourism Industry Councils and Australian Regional Tourism Network.

Central to our purpose is an active advocacy devoted to continually improving value and opportunities for industry consumers, businesses and participants, as well as increasing the contribution of the caravanning and camping sector to the Australian economy.

The caravanning and camping sector

As a sector within the broader national tourism market, the Australian Caravanning & Holiday Parks Industry is rapidly expanding. Caravan holiday parks are seeing record levels of revenue and higher than average occupancy¹ and 10 percent of all visitor nights in Australia are spent in caravan holiday parks².

Caravanning and camping activities help to ensure that the valuable tourist dollar is not spent only in major cities; 90 percent of all caravanning and camping site nights take place in regional Australia³. 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 community⁴, 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 multiplier⁵ in determining full economic benefit. Consumer interest in RV product remains high, with an estimated 265,000 people visiting the five major caravan shows this year.

The RV Industry generates \$7 billion worth of consumer expenditure annually⁶ and contributes approximately \$17.44 billion dollars in economic activity to the Australian economy every year. With increasing sales in the family market⁷ and a growing share in the 'grey nomad' market⁸, caravan

¹ ABS Survey of Tourist Accommodation – Short Term Caravan Parks, June 2010

² Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

³ Ibid

⁴ BDO Economic Benefit Report Commercial Caravan Park to a Local Community, October 2012

⁵ Tourism Research Australia Tourism's Contribution to the Australian Economy 1997–98 to 2010–11, April 2012

⁶ Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

⁷ Exactly half of the 8.5 million domestic CC visitors in Australia were aged 30-54 years: Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

⁸ Alliance Strategic Research Consumer Research Report, 2011

production is expected to continue its growth trajectory in line with the increase in the ageing population and Australia's retiree profile.

The number of registered RVs in Australia displays strong annual growth⁹ with 528,869 RVs registered as at 2013. Of these 54,103 RVs are motorised (i.e. motorhomes or campervans) while 474,783 are towed product (i.e. caravans, camper trailers, tent trailers, and other towed RVs)¹⁰. RV ownership and touring is tipped to continue growing over the next twenty years at a rate beyond its current annual growth rate of 5 percent.¹¹

These figures demonstrate the huge contribution of the caravanning and camping sector to the broader Australian tourism industry and the national economy. However, it is clear that the bulk of caravanning and camping activity is undertaken by Australians themselves. Over 85 percent of the Australian population has had a caravanning or camping holiday at least once in their life¹² and 90 percent of caravanning and camping activity in Australia is undertaken by domestic travellers.¹³

Visitation and capacity

According to Tourism Research Australia's International and National Visitor Surveys, the number of international caravanning and camping visitors to Australia has been on the rise over the past several years, as has the number of international visitors generally.

However, the caravanning and camping sector is at present, noticeably underrepresented in the numbers. The total number of visitor nights spent in the sector for the year ending June 2014, was 48.6 million. Of this total, international visitors comprise only 10.6 percent.

TABLE 1: Annual site nights in the caravanning and camping sector by international visitors to Australia

Period	International caravanning and camping visitors	All international visitors
Year ending June 2014	5,124,774	216,000,564
Year ending June 2013	5,109,683	214,709,073
Year ending June 2012	4,526,702	198,656,103
Year ending June 2011	4,594,590	190,203,140
Year ending June 2010	4,389,431	181,887,171
Year ending June 2009	5,058,374	173,237,928
Year ending June 2008	4,419,964	159,763,122
Year ending June 2007	4,125,296	158,678,288
Year ending June 2006	3,970,852	144,517,631

TABLE 2: Annual site nights in the caravanning and camping sector by domestic visitors

Period	Domestic caravanning and camping visitors	All domestic visitors
Year ending June 2014	43,442,000	294,980,000

⁹BDO Caravan and Campervan Data Report 2013, August 2014

¹⁰Ibid

¹¹Ibid

¹²Alliance Strategic Research Consumer Research Report, 2011

¹³Tourism Research Australia Caravan or Camping in Australia Snapshots, 2012

Year ending June 2013	44,383,000	286,056,000
Year ending June 2012	42,039,000	278,348,000
Year ending June 2011	41,995,000	266,235,000
Year ending June 2010	41,052,000	264,260,000
Year ending June 2009	39,612,000	263,405,000
Year ending June 2008	41,439,000	285,490,000
Year ending June 2007	43,195,000	289,133,000
Year ending June 2006	37,335,000	280,396,000

The total capacity of short-term caravan parks Australia wide, as at June 2010 was 197,049, with an occupancy rate of 50.2 percent. Current figures are not available as the Australian Bureau of Statistics' Survey of Tourist Accommodation in Australia (the Survey¹⁴) ceased to include in depth information about the caravan parks sector in June 2010. It is the opinion of CIAA that the total capacity has remained relatively stable in the four years since the Survey was released, as has the average occupancy.

There is an existing capability within the sector to accommodate a greater number of visitors. This is an opportunity for Australia to harness the potential of the caravanning and camping sector to meet the demands of the burgeoning international tourism market.

One of the most discussed of the international markets in recent years is the Chinese. Tourism Australia's China 2020 Strategic Plan was released in 2011 and a series of initiatives and research projects have been invested in since, and with good reason. China is Australia's second largest inbound market for visitor arrivals and the largest market for total expenditure and visitor nights. However, as was noted in a 2013 KPMG Report:

In the year ending December 2012, China contributed the highest number of international visitor nights to Australia (13% of total nights) but 0% of these nights were spent either camping or caravanning. The ability to lift caravan / camping participation rates among Chinese visitors may present a significant opportunity for the industry. However, establishing how to introduce and attract Asian visitors to camping / caravanning will be the key challenge.¹⁵

We invite the Commission to consider this challenge. Independent Chinese travellers, as compared to Chinese group tour travellers seek a unique travel experience.¹⁶ This is exactly what caravanning and camping can offer, not only to China but the world.

We would like to bring to the Commission's attention the findings of Tourism Research Australia's *Caravan or Camping in Australia Snapshots 2012*. Generally, domestic caravanning and camping visitors spend more overall per trip (\$667) than other domestic visitors (\$656). They also spend, on average, two days more in each location. This difference in spending is even more pronounced for inbound tourists. International caravanning and camping visitors spend an average of \$7,507 per person, significantly more than the \$4,776 of international visitors.

Not only do caravanning and camping tourists tend to stay longer in each area they visit and spend more money during their stay, they also visit regional areas that other travellers do not. Given this

¹⁴ ABS Tourist Accommodation Australia, June Quarter 2010

¹⁵ KPMG Impact of Demographic Change on the Future of the Caravan, Camping and Manufactured Housing / Manufactured Home Village Industry, July 2013

¹⁶ Mao-Ying Wu & Philip L Pearce Chinese recreational vehicle tourists in Australia, James Cook University,

information, we believe the international caravanning and camping visitor represents an especially lucrative market for Australia.

There is an opportunity here to take advantage of an industry that is ready and willing to make an even greater contribution to the Australian economy. The resources necessary to accommodate international visitation already exist. Australia boasts natural wonders and a varied landscape, cultural treasures, iconic landmarks, world class cuisine and welcoming locals. A self-drive / caravan park holiday allows visitors to make the most of these unique offerings, giving them a drive to explore regional Australia that they may not have otherwise. As was outlined above, site capacity is more than adequate and is spread across the country.

CIAA recommends that the Productivity Commission consider any barriers to international tourists currently in place that may be causing them to bypass the caravanning and camping sector. Further, we recommend that the Commission explore ways to utilise the sector to greater effect in international marketing campaigns. The industry is strong enough to take on more inbound tourists and raises its hand to play a lead part in Australia's inbound tourism strategy into the future. Certainly, through our own marketing initiatives we are very happy to assist and work in partnership as part of any international marketing efforts.

Thank you for the opportunity to provide feedback to this project. Should you wish to discuss the contents of this letter, please do not hesitate to contact me.

Yours faithfully

Stuart Lamont
Chief Executive Officer