

Sub 90

Julian Lawrence – Submission to Economic Development Committee – Grey Tourism
18 August 2010

Summary

This is a supplementary submission to the Economic Development Committee on Grey Tourism. As well as being a general submission it is also submitted in response to other submissions and specifically a supplementary submission by Caravanning Queensland.

It is unfortunate that a potentially exciting enquiry may have been hijacked by the very narrow subject of Caravan Park accommodation and the vocal views of a lobby group. While important it is just one of many facilities which attract Grey Nomads.

It is also unfortunate that Caravanning Queensland choose to identify and target “lost revenue” rather than addressing the root cause of their perceived business issues. The facilities which they claim result in lost revenue have typically been established over a long period of time. They are not the root cause of any business problems the Caravan Parks may have. I respectfully suggest that the Committee not fall into the same trap but address those issues of Government identified by Caravanning Queensland as making it difficult for them to provide the required services at reasonable cost. Restricting competition, particularly through regulation, is generally not good for society.

In order to provide infrastructure which is attractive to Grey Nomads, assuming that is the intent, it must surely be necessary to understand the demand and meet it rather than providing facilities which require regulation to force their use.

Grey Nomads behave as much as temporary residents of an area than short term tourists. In this respect, beyond accommodation, they require similar facilities to permanent residents. In this sense they support the same businesses that locals require. It is quite likely that non-tourist small businesses which would otherwise be unviable and lost to a community become viable with the assistance of Grey Nomads. This is of benefit to the whole community.

A focus on high value, low volume, short stay tourism develops businesses consistent with narrow vertical markets would probably result in less flow on to the community in general.

There is a trend within mobile accommodation used by Grey Nomads towards self containment. The trend in Caravan Parks towards more developed accommodation sites and facilities is inconsistent.

Grey Nomads as Temporary Residents

Tourists arrive with limited facilities of their own and are reliant on local accommodation, hotels and restaurants for basic needs. This is sustained by them for a short, intense, time period. Grey Nomads bring accommodation with them. They have their own cooking facilities. Their needs are basic and are similar to those of local residents. Thus they initially require a food store, bakers, butchers, bottle shop, petrol station, etc. They support the same basic local businesses which local residents require. This is a major, intangible, benefit to the whole community.

As has been pointed out elsewhere, some Grey Nomads have skills which are useful to communities. Being time rich they are typically more than willing to use those skills. It only requires the community to make use of them.

While it may seem attractive to target high value, low volume, tourists it should be recognised that they are also high capital. The Grey Nomad uses a large proportion of facilities which local residents use.

Industry Trends

There are two conflicting trends apparent in accommodation used by Grey Nomads.

On the one hand caravans and motorhomes are becoming more self contained. There are increasing numbers of vehicles which are self sufficient for power (solar), carry water, have a toilet and shower, and carry their own waste until the opportunity to empty it. In general new vehicles are trending towards self containment.

On the other hand the long term trend within Caravan Parks has been to provide increasingly sophisticated facilities. A move to cabins and almost motel standard accommodation. The provision of barbeques and kitchens, swimming pools, and playgrounds.

The Market and the Service Providers are moving in opposite directions.

Given the short time available for this submission I will leave it to the Committee and Caravanners Queensland to identify those Government Policies which cause the Caravan Parks to not meet the demand.

Cross Subsidisation

A typical Caravan Park has a product mix along the lines of "Cottage", "Deluxe Ensuite Cabin", "Ensuite Cabin", "Cabin", "Powered Site", "Unpowered Site".

An unpowered site is typically a patch of grass.

The essential facilities include shower, toilet, water supply, dump point and laundry.

The additional facilities often include barbeque, kitchen, swimming pool and playground and security.

Given that product mix it is inevitable that the high overheads associated with the more sophisticated accommodation are spread across all categories of accommodation.

The price demanded for the patch of grass is thus typically skewed by the costs involved in operating the whole Caravan Park and has little to do with the cost of providing the limited facilities required by self contained vehicles.

There is a growing sense within the Grey Nomad community that we are being charged for facilities that we neither need nor use.

Thus, it is no surprise that there is 18% occupancy for unpowered sites referred to in Caravanners Queensland supplementary submission. They are simply over-priced and provide access to facilities which are neither required nor used. Economics 101 I believe.

Caravan Parks Lost Revenue

I have read many times recently about lost revenue for Caravan Parks.

With respect, it isn't lost, it was never, and never will be, there to be found.

No doubt an equally specious argument could be mounted by the Motel industry about lost revenue due to cottage and cabin accommodation in Caravan Parks.

I expect choice and, within limits, freedom. For Governments to regulate to restrict choice that has always been there is anathema. If choice is restricted, as demanded by the Caravanners Lobby, a typical reaction is to pack up and move to somewhere that choice is available.

That is essentially what has happened at Barcaldine. The very active Grey Nomad grapevine suggests its unfriendly so I haven't been there.

Experience suggests that a regulated monopoly, which is what Caravanners Queensland are demanding, is more distorting of economic activity than the current choices.

The issue for Caravan Parks is surely an inappropriate product mix and facilities not meeting market demand. No amount of regulation is going to fix that.

Impact of Lands Act and Ombudsman Decision

I believe the Ombudsman decision that compared Showgrounds to Caravan Parks is flawed.

It is flawed because the product offered by Showgrounds is significantly different to that offered by Caravan Parks. Caravan Parks have demonstrably moved "up-market" with all the cost overheads which that entails. Showgrounds have maintained their simple, basic, product offering. Apart from the issue of the use of Crown Land the nature of the business is considerably different. Showgrounds thus have a very different cost structure.

To have Showgrounds either close or increase their prices is a travesty based on a flawed decision.

From the supplementary submission of Caravanners Queensland.

"In particular, we are concerned by the inaccuracies in one of the submissions and the suggestion that the amendments made to Section 48 and Section 52 of the Land Act ought to be revoked. The revocation

of those amendments (and the consequential loss of the State's Caravan Park Policy - PUX /901/102) and the resulting un-regulated use of Reserves will inevitably result in the loss of caravan parks and will have a detrimental effect on tourism generally."

I can find no inaccuracies in the original submission. The sections of the Land Act ought to be revoked.

The suggestion that caravan parks would be lost as an inevitable result cannot be supported by any logical argument. If caravan parks are to be lost it is because they are providing an inappropriate product at an unacceptable price.

I doubt that there would be a detrimental effect on tourism generally. In very simple terms, provide the attractions which Grey Nomads need and they will visit.

The sections of the Land Act ought to be revoked as they unacceptably support an industry monopoly at the expense of consumer choice and acceptable pricing.

Showgrounds vs Caravan Parks

To some Grey Nomads the Showgrounds are a more attractive proposition than the Caravan Parks. For those with a degree of self containment they can escape from the sardine approach of Caravan Parks to a much more free environment. The language used for Caravan Parks is reminiscent of "caravan prison". Just another indication of where the Caravan Park Product is out of touch with demand and an indicator of where those people will go if their choice is restricted.

National Parks

Queensland National Parks have a booking and payment system which is awkward for Grey Nomads to use. It requires some forward planning and a means of contacting "head office".

It is easy to observe the behaviour of those who arrive at a National Park without a booking, to be confronted with a telephone number or internet address with no hope of connection in that remote place. They simply camp but don't pay. The chance of suffering a penalty is remote as the local Rangers have no input into the system, are as unhappy with it as visitors, and have predictably seemingly washed their hands of it.

It seems that the booking and payment system has been designed for head office ease of use rather than the consumer.

Unlike Caravan Parks the National Parks have to a large extent continued the design of camp sites around cars and tents (vehicle based camping). They are designed to leave the vehicle and carry the tent with other gear across a barrier.

It would be useful to better accommodate the self-contained and other camping vehicles referred to earlier.

Bush Camping and Reserves

As described earlier, the trend is towards vehicles which are capable of utilising bush camps (typically with just a toilet, or even without) for extended periods.

To match the trend there should be an expansion of simple camping sites rather than a contraction.

Conclusions and Recommendations

In considering the infrastructure necessary for Grey Nomads it is necessary to meet their needs rather than attempting to mould them to fit an invalid business model of a part of the industry.

The most fundamental need is for simple, no frills, reasonably priced accommodation, at acceptable prices. It is in the general community interest to provide it.

Expand the availability of camp sites.

Beyond that food, water and fuel are required from the same businesses that supply local residents. Thus the community benefits.

A distortion in the provision of accommodation, by limiting choice, results in community loss.

The role of Government, as hopefully reflected in this Committee, is presumably to adopt policies which demonstrate a balance between industry providers and consumers which allows sufficient consumer choice to be attractive while recognising the legitimate needs of the industry and providing benefit to the whole community.

Thus, remove distortions by revoking sections of the land act, provide more choice, and the community will gain through increased Grey Nomad visits. The alternative of restricting choice will result in fewer visits not redirected revenue.

In improving choice its also necessary to improve accessibility. The National Parks system is one example where change can occur relatively easily.

Who Is Julian Lawrence

The author of this submission is a retired motorhomer with a former career in general management and business wide systems development.

Further experience relevant to this Committee is with the development and application of cost and pricing systems, and their effect on consumer behaviour.