



# Federal Pre-Budget Submission 2022

Prepared for Australian Federal Treasurer  
Hon. Josh Frydenburg  
22nd December 2021



## Introduction

The previous two years have highlighted the need for Australia to be able to deliver both services and products to Australians, by Australians. This includes tourism and local manufacturing, both of which the caravan industry in Australia champions across 6000 business and 53,000 workers.

A strong and responsive policy landscape for the caravan and camping industry will create more investment, in particular across regional and rural Australia, leading to more jobs and higher-quality tourism product; a reinvigorated manufacturing process that supports building innovative caravan and RV products in Australia and opportunities for continued export developments particularly in North America, Europe and Middle East. From a tourism perspective, >90% of caravan and camping

Supply chain shortages have crippled local businesses and had a detrimental impact on the ability of consumers to spend when they have had the capacity to do so locally. There is an opportunity to on-shore more parts of these supply chains through tech development (i.e. 3D printing for latches/hatches that are currently manufactured overseas).

In 2021, more than 22,000 recreational vehicles will be built in Australia, a record for the industry since the 1970s. This will be added to by around 20,000 imported RVs, another record. These figures highlight the strength of the industry and the potential the RV manufacturing sector has to go to additional heights in the decade to come.

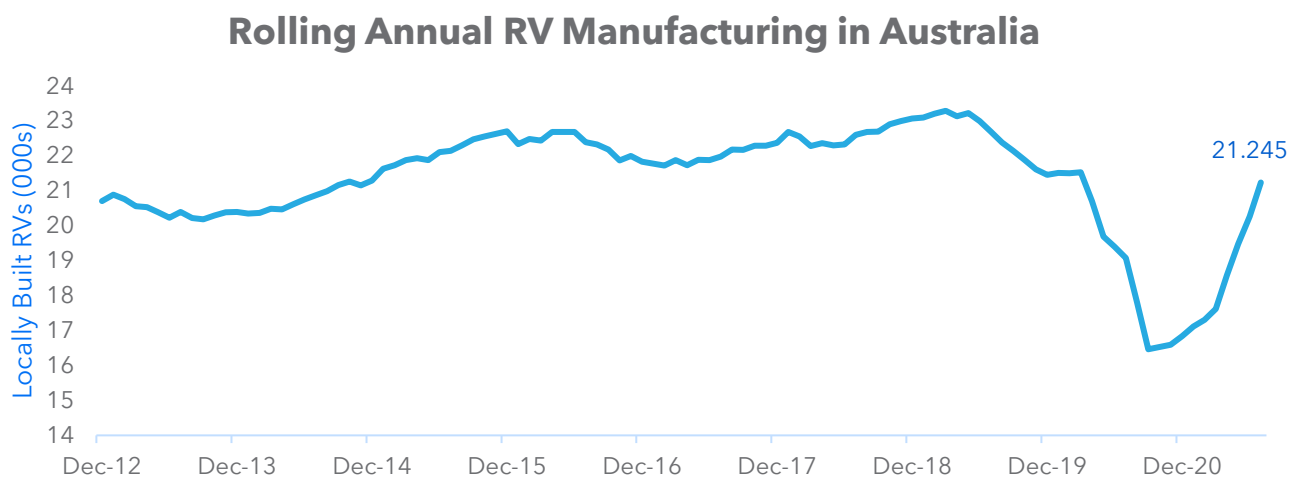


Figure 1: Rolling Annual of RVs built in Australia. Source: NEM Australasia 2021.

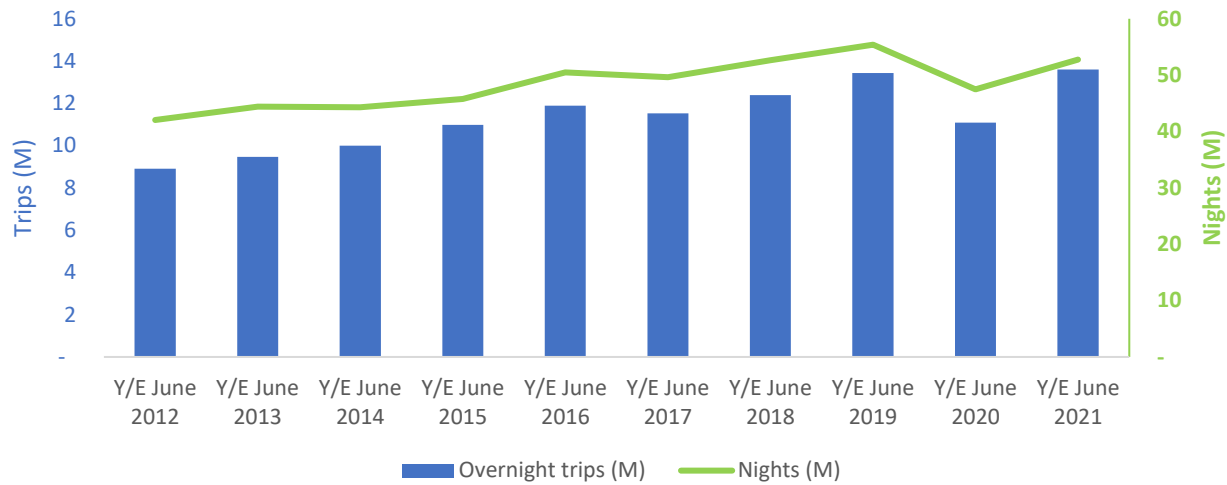
While it has been positive to have seen the Morrison government's re-focus on some elements of manufacturing sector (through the Modern Manufacturing Initiative) there are significant productivity and export gains to be had in other long-standing parts of the Australian manufacturing landscape, such as the caravan industry which were excluded from this program

There are more than 200 caravan manufacturers in Australia, many with multiple sites. This number is set to decrease in coming years with tightening legislation and a forecasted period of consolidation. Caravan manufacturers are ripe for a tech infusion, with some businesses already utilising 3D printing and robotics to streamline production methods. There are however a long-tail of businesses that, with a small incentive, would have the confidence to grow their operations and invest in more infrastructure.



From a tourism perspective, the industry has rebounded where possible. Although this remains fragmented depending on the region/town/state. Caravan Industry Association of Australia is calling on the treasurer to provide an ambitious forward-thinking budget for tourism that will help sectors and the economy prepare for challenges in the next ten years.

**Caravan and Camping Domestic Travel since 2012**



Opportunities abound to support recent additional funding to ARENA and electric vehicle charging network rollouts. However there is concern that the tourism industry is not being catered to in this regard. EV chargers in regional accommodations complement the above policy announcements in recent months, as does upgrading of the infrastructure in caravan parks to reduce overheads and cut emissions. Importantly, these initiatives have short term and longer term benefits in terms of job creation and resilience.





# Summary of Recommendations

## Supporting Domestic Tourism Recovery

- Civil Liability Insurance Reform
- Additional Resources for Tourism Australia and Maintenance of Domestic Campaigns
- Develop promotional campaign to encourage career pathways in tourism

## Developing Industry for the Future

- Caravan Park Energy Uplift Scheme
- EV Chargers for Caravan Parks

## Strengthening Sovereign Manufacturing

- RV Manufacturing Fund to support innovation and growth

## Improving Traveler Safety

- Support of Towing Courses for New Caravanners

## Overview of the Caravan and Camping Industry

The Australian caravan and camping industry is a \$23 billion industry that directly employs 53,000 people, manufactures more than 20,000 vehicles per annum, services over 770,000 vehicles on the road, generates 12 million trips and 60 million visitor nights in caravan parks across the country, with 90% of tourism activity occurring in regional Australia.

Caravan Industry Association of Australia is the peak national body that represent the 6,000 businesses in the sector across manufacturing, component & suppliers, retail and tourism. With a vision 'to champion a safe, compliant and sustainable caravan industry in Australia' Caravan Industry Association of Australia operates across four pillars of Advocacy, Marketing, Research and Compliance & Accreditation.

Caravan Industry Association of Australia is a not-for-profit organisation operating under a Federated model with a membership base comprising the individual state caravanning and camping industry associations, who we work collaboratively with on matters concerning the caravanning and camping industry across Australia.

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## Recommendation 1: Additional Support of Tourism Australia to continue domestic marketing through partnerships

### Overview

Increase of Tourism Australia's annual budget to \$240M to participate in domestic marketing activities via partnerships for the coming three years.

### Explanation

Caravan Industry Association of Australia supports and advocates for a continued, strategic role for Tourism Australia in our domestic industry beyond the end of FY21, and an increase in their budget to \$240M to do so. This decision to remain domestically focussed, requires no regulatory change, rather a direction of the Federal Government to be recognised and adopted into Tourism Australia's Corporate and Strategic Planning processes.

Domestic tourism has historically been part of TA's corporate plan and strategic intent. The national agency can bring a unifying role to drive specific, targeted and research driven outcomes to sustainably re-build and then expand our local tourism economic pie which domestically has been at least 70% of our entire visitor economy.

Further, the release of THRIVE 2030, out of the Reimagining the Visitor Economy initiative, has highlighted the strategic need for domestic tourism (and key categories of it that move well beyond State and Territory borders) to deliver more coordinated, strategically driven outcomes.

Domestic tourism remains the bedrock of our industry and this will not change for many years to come. We see important, strategic initiatives and support the activities of TA in ongoing and new initiatives. Examples include national (across State/Territories) road journeys; co-partnerships and key-collaboration with industry; an acute national focus on regional tourism product and its promotion to a national audience; as well as fostering important areas such as accessible tourism and indigenous visitor experiences where caravan parks play an important role in accommodation.

### Rationale

As an example of the success garnered when Tourism Australia partners with industry that are experts in the domestic tourism market; in 2020, Caravan Industry Association of Australia successfully partnered with Tourism Australia to deliver 'Travel Your Road' campaign. The campaign launched in July 2020 was designed to inspire Australians to, when safe, take a road trip and see regional Australia with it staggered out to states where travel and border restrictions have been less impactful on visitor behaviour.

The target was for three million bed nights to be achieved over the campaign period (July-November) however, caravan park data received from reservation management systems has indicated that approximately 10.9 million bed nights were achieved - far exceeding expectations. This is in addition to many nights not recorded from non-commercial accommodation. Encouragingly while the goal was for 85% regional dispersal, TRA data from September indicates that 92% of nights and 89% of trips were in regional and rural locations around Australia.

Tourism Australia need to be encouraged to continue to support domestic marketing initiatives and leveraging their digital capabilities to reach more Australians in more ways to ensure that Australians travel domestically for years to come.



## Recommendation 2: Insurance Reform

### Overview

Federal treasury to work with state and territory treasury's to reform Australia's tort laws as they apply to personal injury claims and other civil liabilities.

### Explanation

Obtaining property and public liability insurance is the single biggest issue facing caravan park operators and many other sectors in the experience economy. Caravan parks across Australia, from northern Queensland to Victoria, top end, Central and Western Australia are collectively struggling to find or afford public liability and/or commercial property insurance.

Premiums for caravan parks have increased by as much as 400-500% from 2019, with both commercial property and public liability insurance deeply affected. While this insurance crisis is well-acknowledged by the Australian Government across the bipartisan divide. It now requires action and intervention and a sustainable long-term outcome.

The impact on existing product (such as swimming pools and jumping pillows at caravan parks), are demanded for by our customer base, and offered ad nauseum in overseas markets, but are at risk, or have been repeatedly closed off to consumers, due simply to unsustainable, unconscionable insurance premiums.

### What Needs to be Done

This has been recognised as an issue since 2019, and the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) Insurance Inquiry (the 'Carnell Report') highlights recommendations for which Caravan Industry Association of Australia is strongly advocating.

- **Recommendation 5:** Liability for personal injury should be subject to statutory caps.
- **Recommendation 7:** Where there is only one or no insurers left in a professional indemnity market, the Federal Government should provide an insurance scheme of last resort for SMEs
- **Recommendation 8:** Expand the Australian Reinsurance Pool Corporation to provide reinsurance for all-natural disasters for commercial property insurance.
- **Recommendation 12:** Decisions about claims should be shortened:
  - For general timeframes from 4 months to 3 months.
  - For 'extraordinary catastrophes' from 12 months to 4 months.
- **Recommendation 13:** Require insurance companies to provide 60 calendar days' notice for a renewal refusal, premium increases above 15%, or changes in exclusions or excesses, together with a statement providing reasons for the change and any specific modifications that a business can make to continue their insurance or reduce premiums, exclusions and excesses.



## Recommendation 3: Promote the visitor economy as an attractive career choice via a promotion

### Overview

\$10M allocation to Tourism Australia to promote the visitor economy as a career pathway for Australians

### Explanation

There is a role for Tourism Australia to promote the visitor economy as an industry to work to a variety of audiences including those underrepresented in the workforce such as indigenous Australians and older Australians. Younger people also need to be targeted for these campaigns, as largely they bore the brunt of redundancies through the COVID-19 response.

One survey (from [Young Tourism Network](#)) in early 2021 found that young people are currently more likely to dissuade someone from working in the tourism industry rather than recommend working in the sector.

Changing the perception of a job and career in the visitor economy will be vital to establish a long-term pipeline of workers in the industry, and it needs to begin immediately. This is within Tourism Australia's current mandate, as being able to deliver on world class experiences for international visitor will depend upon activating a local workforce.

### Rationale

Workforce challenges, in the short term, is the greatest threat to the preservation of Australia's world class visitor economy. To deliver world class tourism experiences, a world class workforce is also needed. As COVID-19 has highlighted, reliance on an international workforce is fraught with danger, as such, local workforce attraction, across all levels of the visitor economy needs to be a leading priority.

With an estimated 100,000 vacancies in tourism industry following the departure of 300,000 workers (domestic and international) in the last two years; this workforce can only be boosted with a dramatic perception change of the industry.



## Recommendation 4: Recreational Vehicle Manufacturing Scheme to support sovereign manufacturing

### Overview

\$20M fund through Department of Industry, Innovation & Science to unlock \$40M of private capital in the recreational vehicle manufacturing sector to modernise, expand, encourage innovation and adopt new technologies. Recreational Vehicles (RVs) include caravans, campervans, camper-trailers, pop-tops, tent-trailers and motorhomes as well as businesses that supply these factories. There are an estimated 1,100 businesses that would be eligible for this grant.

### Rationale

This proposal would help modernise and grow the sector to increase exports, adopt new technologies, encourage innovation and support job creation. An estimated 400 jobs would be created by this investment and it would also provide an opportunity for businesses to reduce the emissions generated by their production methods.

RV manufacturing remain largely located in Australia, with 90% of registered RVs built in Australia, however production growth is hampered by supply chain issues and a lack of scaling infrastructure in factories. Unlike the car industry, the RV manufacturing sector has demonstrably stood on it's own two feet with 2021 manufacturing levels being at 35 year highs. There are currently 200 businesses in Australia that directly manufacture RVs across 650 sites.

There are an additional 6,000 businesses dependent on the RV manufacturing sector in Australia, including parts & components suppliers, after-market sales and associated tourism business the RV travel uses.

The recently successful Modern Manufacturing Initiative has proven that Australia has a manufacturing future, however traditional industries that demonstrate positive outlooks should not be omitted from this opportunity to grow and modernise.

### Explanation

This \$20m contribution from the Federal Government would co-fund projects on a 1:2 basis that would encourage manufacturers and component suppliers in the RV sector to:

- adopt and scale new technologies
- encourage innovation
- reduce factory emissions
- assist in transition to new pre-requisites under Road Vehicle Standards legislation
- become more productive and competitive in the global market and,
- create more jobs in Australia.

### Proposed Eligibility

- Businesses must be able to demonstrate they are current manufacturer of RVs OR a component supplier to RV manufacturers and located in Australia.
- Projects must be completed within 3 years and have a total minimum spend of \$300,000 (grant of \$100,000).





- The maximum project spend would be \$3M (grant of \$1M).

### Priorities/Focus Areas

This will assist RV & component manufacturers to:

- Build, construct, install or commission manufacturing plant and equipment
- Integrate production-related software that is directly related to the capital investment
- Invest in training to assist a business in boosting their export capabilities and integrate new technology
- Fit-out, alterations, or extensions to buildings directly related to the capital investment

### Key Outcomes

- Strengthening local supply chains
- Grow RV exports to \$50M annually by end of 2025 (\$38M currently)
- Improving vehicle technologies and road safety
- Increasing the level of local manufacturing and jobs in the sector
- Create an additional 400 ongoing jobs in the industry.
- Reduce emissions





## Recommendation 5: Caravan Park Energy Uplift Scheme

### Overview

- A \$5M grants scheme for caravan parks (max \$25,000 per caravan park) to improve electric infrastructure in their parks and reduce running costs & emissions. This would be matched 1:1 by the business.
- This could include:
  - upgrading equipment to reduce energy consumption
  - upgrading building fabrics to save energy
  - invest in energy monitoring/management systems
  - conduct assessments/audits/feasibility studies

### Rationale

Electricity costs comprise 19% of caravan park overhead costs each year, the largest cost to business after wages, and significantly ahead of water at 11% (BDO, 2021). Improving the electrical infrastructure and management in caravan parks is therefore the most effective way to reduce running costs to businesses and cut emissions.

Caravan parks in the last twelve months received 27 million visitor nights, 34% of total holiday nights in regional Australia (Tourism Research Australia, 2021). Caravan and camping is consistently the largest provider of holiday nights in regional Australia, and is playing a vital role in the recovery of tourism in the regions.

However, many parks have ageing infrastructure that unnecessarily increases emissions and running costs. Given the impact of COVID-19 and restrictions on movements impacting caravan park revenues - very few businesses currently have the funds required to invest in necessary capital upgrades.

The proposal for this program is based off the 'Hotel Energy Uplift Scheme' where caravan parks were ineligible for grants administered in 2020.

### Explanation

This program would cost the Federal Government a maximum of \$5M over 5 years, and lead to an estimated 800 caravan parks improving and modernising their electrical infrastructure. Each caravan park would be eligible for a grant of up to \$25,000 (minimum amount of \$10,000) with the project required to be finished by July 1st 2023. It is proposed that the project be administered in the same way as the Hotel Energy Uplift Scheme was this year.

### Priorities/Focus Areas

- Reduction in emissions of caravan parks
- Reduce running costs in caravan parks
- Improve energy efficient technology in caravan parks
- Improve management of energy & electricity in caravan parks
- Improve the visitor experience in caravan parks



## Recommendation 6: EV Charging Scheme for Caravan Parks

### Overview

- A \$3M matched grants scheme available for regional caravan parks to install electric vehicle (EV) charging stations.
- This would result in 2000 chargers being installed and boost the confidence of EV drivers to travel regionally as well as supporting local jobs.
- EV chargers installed in this program would be 7kW AC chargers, and able to support all brands of electric vehicle on the Australian market.

### Explanation

Caravan Industry Association of Australia is proposing a 50% subsidy be made available for caravan parks to install electric vehicle (EV) chargers, capped at a maximum 2000 chargers total for the program's duration (two years) and a max of three chargers per caravan park.

With EV charger and installation costing on average \$3,000 to a business; this would cap the overall investment from the federal government to \$3M plus an administration cost (estimated at 5% of total project costs) if the scheme is to be administered by Caravan Industry Association of Australia.

Caravan parks are well suited to the establishment of this program, as they have the required space for installation, and their electricity usage is generally operated through a 'microgrid' which reduces pressure on the broader energy consumption of the local area. Many hotels in Australia are already offering EV charging facilities to guests, however these are largely in city-based accommodations and often only cater for certain types of EVs (i.e. Tesla).

Caravan Industry Association of Australia has previously operated a similar project on behalf of the Department of Health to subsidise the purchase of defibrillators for caravan parks. More information on this program can be found [here](#).

### Rationale

The coming decade will see increased adoption of electric vehicles (EVs) with 14,727 registered in January 2020, an increase of 52% from 2019 (Australian Bureau of Statistics, 2020). By 2040, EVs are projected to account for between 70% and 100% of new vehicle sales and be 30% of the fleet in Australia (Infrastructure Australia, 2020).

EV users are most likely to select their choice of destination in large part on their ability to recharge the vehicle overnight. Drive tourism represents 76% of all domestic tourism in regional Australia (TRA, 2020) and to ensure that future EV owners are not anchored to urban Australia and major hubs in the age of electric vehicles, investment into the provision of charge points is required. This will provide additional confidence for remote travel and support recent announcements regarding the improvement of roads in regional & remote Australia.

Caravan Parks create \$9B of tourism spend (Y/E June 2021) with 43% of this from the cabin market, which is the primary aim of this proposal. Users of cabins in caravan parks spend 67% more than other caravan park users, making them an important part of regional tourism. Caravan Parks are the largest accommodation providers in regional Australia, accounting for 1 in 3 holiday nights.



The intent of this proposal is not to replace private sector investment in EV chargers. It is to ‘prime the pump’ and help get caravan park businesses into a position where they can benefit from the medium-term transition by their customer base to EVs, by supporting the early adopters among their customers.

This is also designed to address potential ‘market failure’ in supplying EVs in regional & remote Australia, as it is unlikely that suppliers will, off their own back, provide charging points in the most remote parts of the country.

**Outcomes**

- Increased drive tourism to regional parts of Australia from a fast-growing consumer base.
- Opportunity to upskill and provide employment for regional and remote electricians in the installation of EV charger infrastructure.
- Increased consumer confidence of travelling to regional and remote Australia.
- Supporting existing and incoming public EV charging infrastructure.

**Proposed Budget (over 3 years)**

	<b>Total Cost</b>	<b>Federal Investment</b>
2000 EV Chargers (7kW)	\$3,000,000	\$1,500,000
Labour/install costs	\$3,000,000	\$1,500,000
Administration costs (estimated 5% project cost)	\$300,000	\$300,000
<b>Total project cost (excl. GST)</b>	<b>\$6,300,000</b>	<b>\$3,300,000</b>



Figure 1: Caravan Parks in Australia. (WikiCamps, 2021)



## Recommendation 7: Improving Uptake of Towing Courses for New Caravanners

### **Overview**

A federal government subsidy to support new caravan owners undertake towing courses. It is proposed that for two years, any individual who enrolls in an accredited towing course, will receive 50% of their course fees as a reimbursement.

### **Rationale**

Subsidized towing courses would improve the education resources available to caravan owners and improve road safety outcomes. In 2021, there will be more than 50,000 recreational vehicles sold in Australia across the new and second hand market. Many of these owners will be first time users of a caravan owing to the significant increase in interest in the market.

Education is the best way to mitigate collisions when towing a caravan for road users. This proposal is estimated to cost the Federal Government \$6M over three years to establish subsidised towing courses through accredited providers and could be administered through Caravan Industry Association of Australia in partnership with industry recognised training providers.