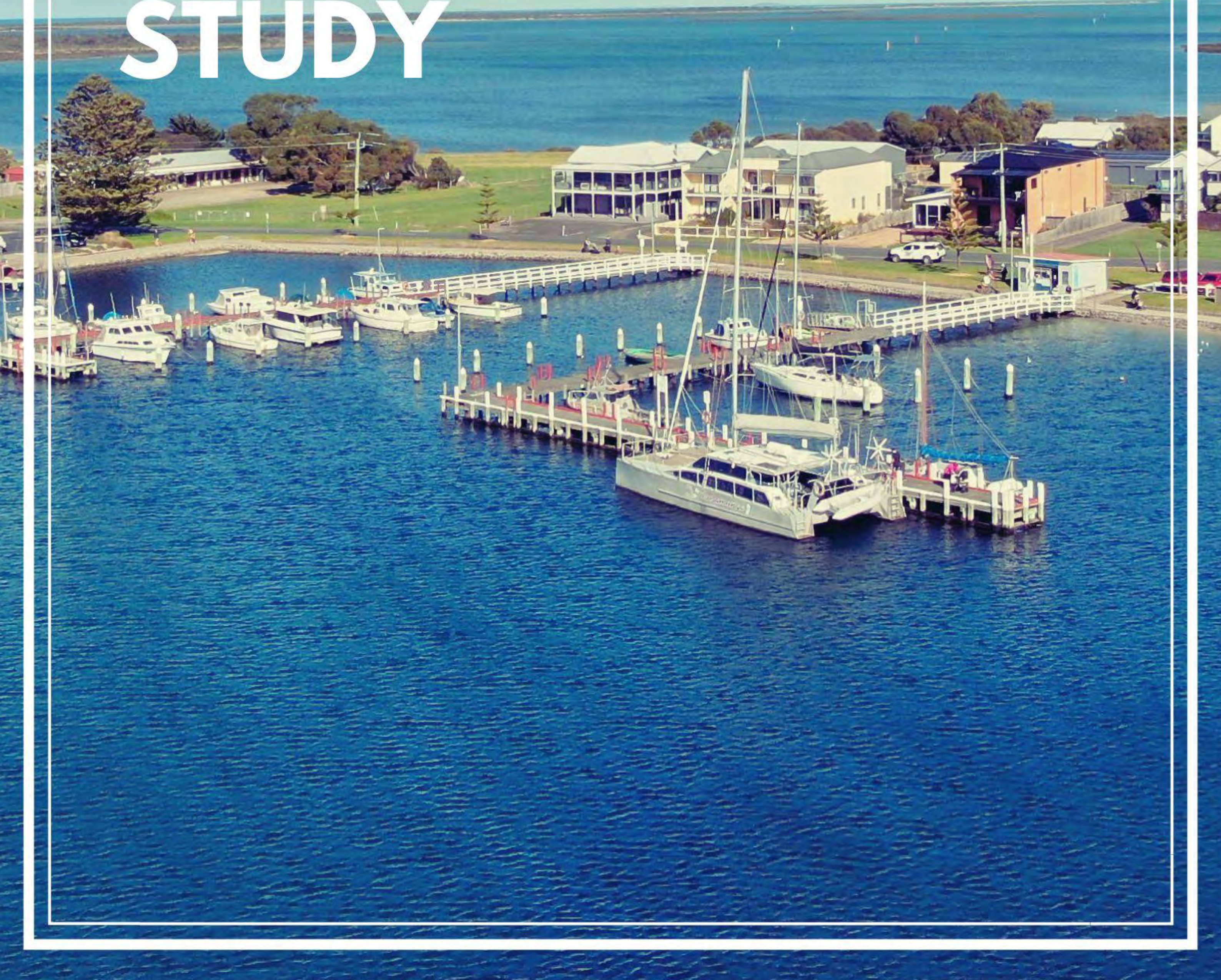
STAFFORD STRATEGY

JUNE 2022 | PREPARED FOR WELLINGTON SHIRE COUNCIL

PORT ALBERT CARAVAN AND CAMPING PARK FEASIBILITY STUDY



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CONTENTS

TABLES & FIGURES

EXECUTIVE SUMMARY

Introduction

Stafford Strategy (Stafford) was commissioned by Wellington Shire Council (the Council) to develop a Feasibility Study (the Study) for a Caravan and Camping Park at Port Albert. The primary purpose of the Study is to enable **developers** to consider the feasibility of the private sector establishing a caravan and camping park development within Port Albert. While there are several existing caravan and camping parks within the region, many are older style facilities and with permanent accommodation facilities included. There are no destination holiday parks (branded or unbranded) within the region currently.

The brief also requested:

- a separate assessment of Port Albert Seabank Caravan Park (Seabank) to identify what changes may be required to enable it to be reopened as a fully operational park, as its currently not registered as an operational caravan park; and
- to offer comment on the current supply of free short-stay caravan sites by the Council (noting there are five of these within the region).

With respect to Seabank, a separate report has been provided due to the commercial sensitivities involved. The issue of free short stay caravan sites funded by Council is covered in this report.

Key Findings

The research and analysis undertaken for this Study identified the following.

- Port Albert is well-located on the Gippsland coast to attract a number of niche visitor markets including those specifically coming for fishing, a transiting grey nomad market of interstate and intrastate visitors, a family market coming for school holiday longer stay periods particularly, a potential itinerant worker market coming for various projects, and then an existing permanent stayer market.
- Much of the existing caravan and camping park stock comprises older style parks. While some are well-maintained, many are now of an age where they would benefit from refurbishment and/or replacement of facilities.
- Port Albert especially appears to be well-regarded by the fishing market as a great location to get easier access to deeper offshore fishing grounds and as a safe and enjoyable location to be based at.
- The town does not currently have a destination holiday park to attract a stronger, higher-yielding visitor market who stays longer (for example, the family market or a grey nomad market wanting to base themselves and undertake a variety of day trips/excursions).
- Although the potential should exist to offer facilities to attract the above-identified niche visitor markets, it is challenging to try and accommodate all of these on one caravan and camping site because market needs differ and family markets, in particular, do not always enjoy being located next to a very male-orientated fishing market or itinerant workers, and permanent stayers do not always enjoy having to share facilities with many other niche markets. Being able to separate facilities for different niche markets is, therefore, important.
- A consumer sentiment assessment (based on an extensive online data scrape of online comments and perceptions) indicates a highly variable range of net promoter scores meaning that while there are some caravan and camping parks that consumers rate highly, there is also a number that received very low scores and therefore drags down the average for the region.
- The various free camping and caravan short term stay sites available throughout the Shire offer a product that the market likes because they are free. However, while these may offer free options to the consumer, the cost to Council and ratepayers to provide these free sites may not be insignificant, particularly once all likely operating related costs are included. These costs need to be carefully balanced against the actual economic benefits generated (this is yet to be quantified).

The Preferred Model

Several different models have been considered for a new/enhanced caravan and camping facility in Port Albert. These included:

- a traditional caravan/transit style caravan park facility focused purely on the leisure market;
- a traditional caravan/transit style caravan park facility focused on a variety of markets including the leisure market as well as a longer stay permanent market;
- a regulated RV/caravan facility with boom games to enable greater regulation of use; and
- a destination holiday park facility that is complementary to the size, scale, and surrounding environment that Port Albert offers.
- And ideally, a destination holiday park which is a nationally branded property, so it comes with an existing strong client – customer base to leverage off from day 1.

The analysis undertaken as part of this Study indicates that there is a gap in the market for a destination holiday park facility and that there is likely pent-up demand for this style of accommodation offering. The challenge, however, is finding a site able to deliver this.

Of the 21 holiday/caravan parks identified in the Shire, almost all of these (86% or 18 properties) reflect a more traditional caravan park model. Many also have a significant number of permanents who reside at the parks year-round. We are not discounting the importance of these facilities – they fill a gap in the market and provide lower-cost residential housing for some of the Shire's population. However, facilitating stronger market demand for any proposed new facility is likely going to require offering a unique product that is not already saturated in the Shire. Destination holiday parks offer this product. And offering this different form of accommodation in Port Albert will ensure that visitor markets are being grown, rather than cannibalising existing visitor markets and accommodation providers.

The recommended development model, therefore, comprises:

- capacity for approximately 50+ powered and unpowered sites to accommodate caravans, camping, and RVs, and potentially 10-20 light weight all weather glamping pods which could be easily removed from sites relatively quickly rather than cabins;
- the park should be focused on tourists as opposed to permanent stay caravaners-campers as we often find these two niche markets are very different and far harder to mix;
- the park needs to be family friendly to encourage a greater number of families to stopover and visit the region throughout much of the year but especially over spring, summer, and autumn;
- the park should have ample camping spaces which can be used during major events, including for cycling events for example, etc;
- development should be designed by a highly experienced designer who is considered to be an industry leader in holiday parks to make sure it is well rated for facilities;
- consideration should be given to the provision of amenities such as BBQ facilities, camp kitchen, bike hire/loan, and daily children's activities on site; and
- as most sites investigated have a number of environmental overlay challenges which will restrict most forms of built development, we would not be suggesting a typical destination holiday park with swimming pool, water features, café etc but rather, trying to create a much higher environmentally focussed lower impact park but which can still allow for sufficient capacity of sites to be commercially viable.

If this last point cannot be offered, then there would appear to be no viable site to consider.

Site Assessment

In total, six sites (Figure 1) have been assessed for the development of a new destination holiday park. These sites were identified based on discussions with Council and a site visit by Stafford. These sites included the following:

- Cricket Reserve
- Racecourse Reserve
- Seabank
- RV Overnight Stop
- Rutter Park
- The Coates Site

Figure 1: The Sites Assessed

Table 1 provides a ranking of key variables that have been used to assess which site may offer up the best options for a destination park as per the recommended model described. It demonstrates that, based on this assessment, the preferred site is the **Coates site**, with a total score of **41**. This site ranks highest because it offers:

- a large enough footprint to develop a destination holiday park as outlined in Section 4 (and the potential to possibly expand the site's footprint through integration with other part of the Coates' site);
- a strategic site location – close to Port Albert town centre, the Old Port Walking Track, the beach foreshore, and several attractive natural areas;
- adjacent land uses that are complementary/supportive of a quality destination holiday park;
- its existing access and not through residential areas;
- its current private ownership which may offer an easier pathway to secure and develop the site; and
- the potential to possibly extend the site if required with the additional adjoining Coates land.

This is followed by the **Cricket Reserve site** with a score of **40** (noting that its rating could lower pending what the cost of remediating parts of this site are and if there is a native title claim on the site). The **Seabank site** is rated at **39**, and while it offers an existing caravan park with many amenities, much of the site requires refurbishment and/or replacement.

Table 1: Site Ratings

Site Name	Cricket Reserve	Racecourse Reserve	Seabank	RV Overnight Stop	Rutter Park	Coates Site
Land Owner	3	3	3	3	3	3
Current Use	3	3	3	3	1	3
Caravan park permissibility?	2	3	2	2	3	2
Size (sqm)	2	3	3	0	0	3
Adjacent Land Uses	3	3	3	3	2	3
Proximity to town centre	3	1	1	3	3	3
Cost to Secure	3	3	2	3	3	3
Cost to Develop/Remediate	1	1	2	2	2	1
Strategic Fit with Council Vision	3	2	2	1	0	3
Likely community support	3	1	2	0	0	3
Vistas	3	1	1	3	3	3
Access	3	1	1	3	3	3
Bushfire Risk	1	1	1	1	1	1
Environmental Overlay	1	1	1	3	3	1
Flooding Risk	1	2	3	1	1	1
Heritage Overlay	2	2	3	1	1	2
Aboriginal Cultural Significance Overlay	1	1	1	1	1	1
Type of facility able to be accommodated	1	1	2	1	1	1
Site features	1	0	3	1	1	1
Score	40	33	39	35	32	41

The two Crown land sites managed by DELWP (the Cricket Reserve and the Racecourse Reserve) are both impacted by native title, flooding, or bush fire management) and could take some time to find a workable way forward for either site.

The Coates site is also impacted by potential flooding and the risk of rising sea levels along with bush fire management.

Advice from Council indicates that any private sector proponent who sought to establish a caravan and camping park use on any of the sites would need to further investigate and resolve the various constraints through relevant technical assessments (servicing reports, flora and fauna assessments, bushfire risk assessments, cultural heritage investigations etc); obtain consent of relevant landowners (the Crown or private owners); and seek all relevant statutory approvals from relevant authorities. Given these complexities and associated costs, the establishment of a destination holiday park is likely to be a significant challenge (or indeed unviable subject to further investigation).

Table 2: Site Constraints as Identified by DELWP, CMA and Council

Cricket Reserve (Crown Land Managed by DELWP)
• Crown land, with native title to be resolved/extinguished. • Land affected by cultural heritage sensitivity mapping (with a requirement for a Cultural Heritage Management Plan) • Land affected by flooding, with the West Gippsland Catchment Management Authority advising that a "low intensity" camping/caravan park facility could be supported but not one which had permanent caravan sites or cabins. • Land affected by the Bushfire Management Overlay • Marine and Coastal Act consent required from the Department of Environment, Land, Water and Planning (DELWP), along with an assessment of biodiversity values • Services (water, sewer etc) required • DELWP would expect Council to be the committee of management to oversee any camping ground lease. Council would not want to take on this responsibility, so this is a major barrier for this site.
Racecourse Reserve (Crown Land Managed by DELWP)
• Crown land, with native title to be resolved/extinguished. • Land affected by cultural heritage sensitivity mapping (with a requirement for a Cultural Heritage Management Plan) • Land affected by the Bushfire Management Overlay • Native vegetation coverage, with flora and fauna assessment required • Services (water, sewer etc) required • DELWP would expect Council to be the committee of management to oversee any camping ground lease. Council would not want to take on this responsibility, so this is a major barrier for this site.
Coates Site (Privately Owned Land)
• Land affected by cultural heritage sensitivity mapping (with a requirement for a Cultural Heritage Management Plan) • Land partly affected by flooding, with the West Gippsland Catchment Management Authority advising that a camping and caravan park facility would be viable if structures are located outside current flood extents, but when accounting for future sea level rise impacts only a low intensity facility could be supported (i.e. not a facility with permanent caravan sites or cabins) • Significant native vegetation coverage, with flora and fauna assessment required • Land affected by Bushfire Management Overlay • Services (water, sewer etc) required

Financial Appraisal of the Preferred Model & Site

Based on our analysis, Table 3 reflects the key results from a cost benefit model of the preferred site's development assuming the identified site constraints could be resolved.

Table 3: Preferred Model & Site Feasibility Findings

Summary	
Required Yield	5%
Discount Rate	5%
Visitors - Year 1	38k
Visitors - Year 10	52k
Revenue - Year 1	$1.1m
Revenue - Year 10	$1.7m
Expenditure - Year 1	$786k
Expenditure - Year 10	$1.0m
EBITDA - Year 1	$288k
EBITDA - Year 10	$649k
CAPEX	$11.6m
Cashflow - Year 1	$288k
Cashflow - Year 10	$349k
IRR	5%
NPV	$739k

The results demonstrate the following.

- A positive financial outcome should be possible even with the capital development cost of $11.6m.
- The product gap in the regional market is for a quality destination holiday park rather than a more utilitarian caravan and camping park which already exist but a number of more traditional destination holiday park features may not be able to be accommodated on site, so revenue streams and market demand are likely to be curtailed as a result.
- Visitation is based on establishing a true destination holiday park with 25 quality eco-glamping pods, 50 powered and 25 unpowered sites along with other amenities assuming these can be accommodated on areas which are not flood prone or unduly constrained.
- Positive economic and financial metrics are achieved including a return on capital of circa 6% on average per annum, over ten years, shown in cash flow modelling, but stronger in later years.
- The preferred location (the Coates site) is privately owned, so a sale which offers a freehold arrangement is possible unlike the DELWP managed sites which would need to be leased to Council (to operate as a committee of management) and then sublet to a third party by Council, which we understand is not a desired option for Council.
- Though not factored in, we note that the Coates Family also own additional land adjacent to the site they are offering and could be persuaded to lease or sell some of this land, should it be needed to offer a third party a larger site, to enable a destination holiday park to be established and to potentially address any site constraints on their site from possible flood inundation, rising sea level impacts etc..
- Please note that whilst these indicative results show a positive outcome, they are modest and may not be sufficient to secure market interest. This is because the site constraints limit many of the potential revenue streams which destination holiday parks traditionally have.

Next Steps

In summary, we would suggest that Council consider and note the following.

- Consider the findings of this Study and, if in agreement, look to assess the next steps required (focused on testing private sector interest) to activate the caravan and camping park opportunity even though several constraints are identified.
- Note that the Coates site is rated as the best site for a quality caravan and camping park to appeal to a broad family holiday market and the transiting grey nomad market, and the potential may exist to secure the Coates site, at an attractive price, but with a requirement for including several environmental and related improvements to the site which the Coates family are keen to secure as a legacy project for them.
- Note the findings of the separate appraisal of the Seabank caravan and camping site and the suggestions offered for this.
- Note that while offering free camping and caravan parks is attractive to encourage a number of visitors, Council should undertake its own economic appraisal on the actual costs and benefits of providing these free park sites, to ensure they are fully informed of the cost and economic implications of offering these and noting they will probably be viewed as competition by a commercial operator, and because they are free and provided by Council, the issue of competitive neutrality may arise.
- If accepted as a preferred site option, discussions would need to be held by a prospective developer with the Coates family to investigate how best to move this option forward.
- Council has made it very clear that it will have no financial involvement with any proposed development or be the committee of management on the sites that are Crown land.
- Council's role beyond this report is to make the key caravan and camping ground developers aware of the report, provide any developers with the same level of support as any other new business prospects and provide Council's regulatory/planning role.
- We would also suggest that a follow up piece of work be undertaken to test the market interest in developing a destination holiday park at Port Albert with major operating

companies. This will offer a market sounding to enable Council to then determine if there is interest or not.

- There is also the need to offer an information session to the community to understand that Council have had an independent study undertaken on the feasibility for a new caravan and camping park, to inform them of the findings, and to explain the next steps, which will focus on determining if there is any private sector interest in establishing a holiday park in Port Albert.

Conclusion

The focus of this feasibility study has been the Port Albert area, and the need by Council to consider the feasibility of the private sector establishing a caravan and camping park. The analysis and research undertaken including site assessments, reflects that there are options to consider with a preferred site identified but there are several site constraints which may make result in a non-viable commercial outcome.

It is important to also note that from the outset, Council have been clear that they are merely the facilitator in this process; they have no desire to purchase or lease sites for a new or existing caravan or camping park at Port Albert. Once this study is complete and any next steps required are undertaken, they have effectively discharged their obligation to try and establish a replacement caravan and camping park to the one which was closed in Port Albert some time ago.

For a variety of reasons, including potential market demand for new forms of destination holiday parks and noting the current commercial accommodation mix within the Wellington Shire region, Council has seen the potential to help facilitate the development of a new caravan and camping park to support Port Albert and a wider region with a new product offering, to add to the mix of existing facilities, assuming this is shown to be commercially viable.

The top line commercial appraisal we have provided indicates that a new commercial caravan and camping park could possibly be financially viable. This is based on several assumptions, however, which would need to be further tested and which have been set out as part of this feasibility study. These reflect challenges with:

- Seasonality impacting on average annual occupancy levels and market demand able to be achieved
- Recognising the various niche markets who already come to the region along with other niche markets which can be grown but which require the addition of new facilities to better cater to their needs
- Finding sites zoned fit for purpose and which are also attractive for this purpose
- Finding sites which have fewer constraints such as flood, heritage, cultural and bush fire overlays etc. and noting that the preferred site and alternatives are all constrained by a mix of environmental, cultural, and related constraints which will be very challenging to address
- And finding sites where landowners are receptive to either leasing or selling sites for caravan and camping park development and are also realistic on financial returns possible.

Feedback from DELWP, CMA and from Council, indicates that many of the environmental and culturally based constraints which exist on the sites identified, will make it very challenging for any caravan and camping park operator-developer, to create a viable commercial operation.

In addition, we note that Council has advised it will have no financial involvement with any proposal, or committee of management role for Crown land sites.

1. INTRODUCTION & CONTEXT

1.1. The Brief

Stafford Strategy (Stafford) was commissioned by Wellington Shire Council (the Council) to develop a Feasibility Study (the Study) for a Caravan and Camping Park at Port Albert. The primary purpose of the Study is to enable the Council to make an informed decision regarding any future caravan and camping park development within Port Albert.

The core objectives of the Study include the following.

- Provide a high-level project context/background.
- Complete a Tourism Impact Assessment.
- Site option analysis including a recommended location having consideration of Land Use Planning and environmental context and constraints; Operational and capital budgets; and Competitor review of surrounding caravan/camping grounds
- Complete an evaluation of the existing private Seabank Caravan Park and identify a capital budget so it can satisfy regulations and customer expectations ("bring it up to standard").
- Provide advice regarding whether free (self-contained) RV Camping in Port Albert has to be discontinued.
- Forecast market interest in establishing any new facility.
- Summary of overall commercial viability.
- Consult with the Port Albert community.

1.2. About Port Albert

Port Albert is a coastal town in Victoria, situated 236 kilometres southeast of Melbourne in the Shire of Wellington. Port Albert was one of Victoria's first established ports, dating back to the mid-1800s. Initially, the area was known as Seabank or Old Port but was changed to New Leith when the town started developing, and later changed to Alberton and Port Albert in honour of Prince Albert of Saxe-Coburg and Gotha, the husband of Queen Victoria.

As of the 2016 Census, Port Albert was home to 293 residents.

Today, Port Albert is still a commercial port. It has a strong reputation for recreational fishing which sees the town's population swell considerably during summer.

Major tourism attractions within the town include the Port Albert Maritime Museum, the Old Port Walking Trail, as well as fishing and bird watching. Robertson Beach is a popular location for birdwatching and fishing.

1.3. The context for the Project

The strong community interest in the development of a caravan park facility in Port Albert dates back to 2002 (and beyond). In 2002, Council engaged Chris Dance Land Design to complete a Port Albert Development Masterplan. The Masterplan was developed to provide guidance and direction to the future development of the Port Albert township in both the public and private realm. One of the recommendations in the Masterplan was to relocate the caravan park (which was located on foreshore) to a new site[1]. This was recommended for several reasons, including providing public open space and parkland along the foreshore; and improving the visual qualities of the precinct (there were several disused/derelict caravans that impacted the visual qualities of the foreshore).

At workshop sessions with the community, the consultants suggested that the foreshore parkland should only be developed once a new suitable site for a caravan park has been identified and developed.

In 2002, this was confirmed by the Council's Manager of Property who stated in a letter, "I wish to advise that Council has indicated "in principle" agreement with the draft recommendation to eventually close the existing caravan park; but only if a new caravan park was first developed".[2]

Despite this in-principal agreement, the foreshore caravan park was subsequently closed before a new site was identified and developed. While a free RV site[3] has been developed along the foreshore (and near where the old foreshore caravan park was located), the community believes that the loss of the caravan park facility, which attracted strong visitation from those with permanent holiday sites, has significantly affected the town's prosperity leading to the closure of several businesses. The lack of accommodation facilities in the town generally has also contributed to this decline.

There is, therefore, a strong desire by the community to increase the economic vibrancy of Port Albert through growing both overnight visitation and visitor dwell time in the town. It is considered that a paid, high-quality caravan park may offer opportunities to achieve this.

[1] The action in the Masterplan included: "Relocate the existing foreshore caravan park (once current lease arrangements have expired) to a new site within the new development of the saltmarsh area or on the site of the old football oval."

[2] Letter by John Hirt (Manager Property, Wellington Shire Council) dated 27, February 2002

[3] This was developed because the community identified that there was a need for places for RVs to pull up and stop in town, and the only caravan parks in Port Albert was not ideal for this as it was located outside the town centre.

2. THE VISITOR ECONOMY

2.1. Port Albert's (and Wellington Shire's) Visitor Economy

2.1.1. How the data was derived

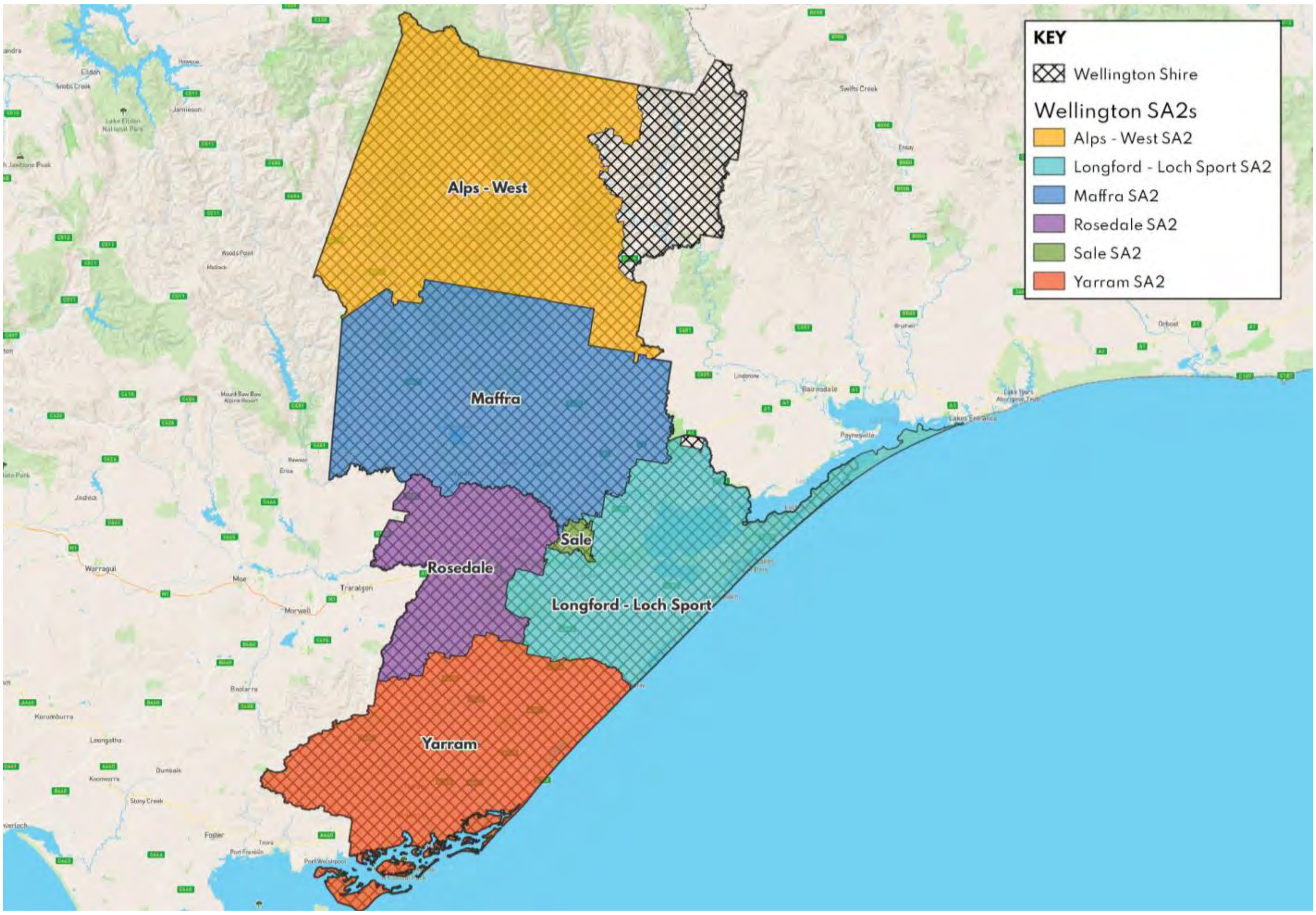
Visitor data has been compiled for the district using the National and International Visitor Survey (NVS and IVS) data published by Tourism Research Australia (TRA). The NVS and IVS provide visitation data based on 'Statistical Area 2' (SA2) boundaries. Every LGA in Australia is made up of one or more SA2s. The SA2s included in Wellington Shire are outlined in Figure 2. Port Albert falls within the Yarram SA2.

As per the methodology applied by TRA for LGAs[4], visitation data is averaged over three-year periods, rather than being provided on an annual basis, as this minimises the impact of variability in estimates from year to year and provides more robust estimates. The periods assessed in this report include:

- December 2011 to December 2013, referred to as **2013**;
- December 2014 to December 2016, referred to as **2016**;
- December 2017 to December 2019, referred to as **2019**; and
- December 2020 to December 2021[5], referred to as **2021**.

December YE data (unless otherwise specified) has been applied as this is the most recent iteration of data released by TRA via the NVS and IVS at the time of report writing.

Figure 2: SA2s in East Gippsland Shire[6]



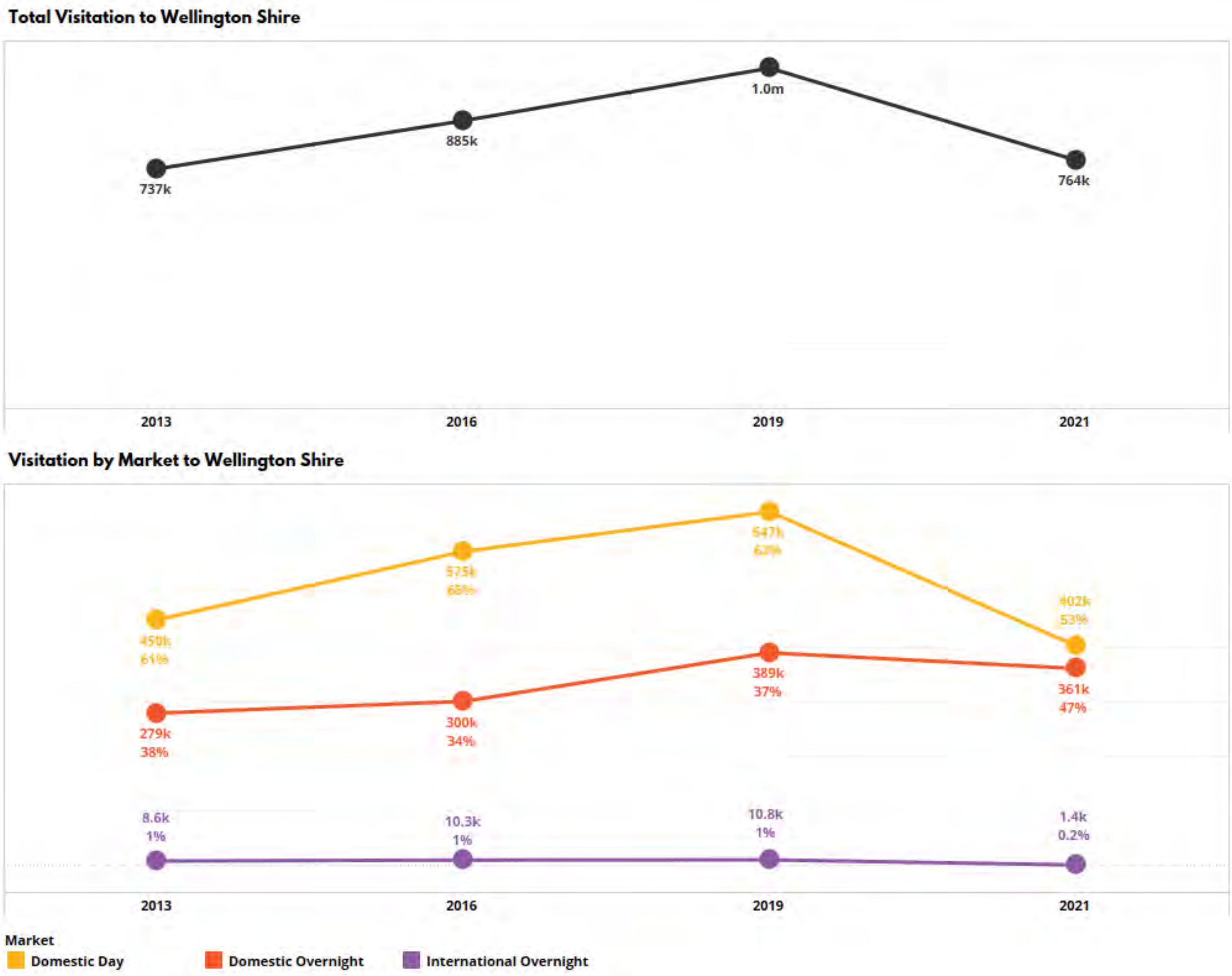
[4] https://www.tra.gov.au/research/regional-tourism/local-government-area-profiles/local-government-area-profiles
[5] Only two years' worth of data has been included in this period as it reflects the primary COVID-19 impacted period. This has been separated out from other years to avoid skewing the dataset.
[6] The northeastern part of Wellington Shire includes the Orbost SA2. However, because the majority of this SA2 falls in East Gippsland Shire, this has been excluded from the data.

2.1.2. Visitation to Wellington Shire

Figure 3 provides a summary of total visitation to Wellington Shire from 2013 to 2021. Before COVID-19, visitation to the Shire had been growing, increasing by 36% (263,000) visitors. However, like the vast majority of destinations nationwide, COVID-19 resulted in a sharp decline in domestic and international visitation due to international and state border closures and lockdowns. The Shire did not see as strong a drop in visitation as some other destinations, particularly when compared with major cities and national tourism destinations (such as Cairns) which rely heavily on international visitor markets.

For the Shire, the primary decline in visitation stemmed from the domestic day trip market, falling by 245,000 visits and which is very likely due to lockdown restrictions.

Figure 3: Visitation to Wellington Shire, 2013 – 2021 (December YE)[7]



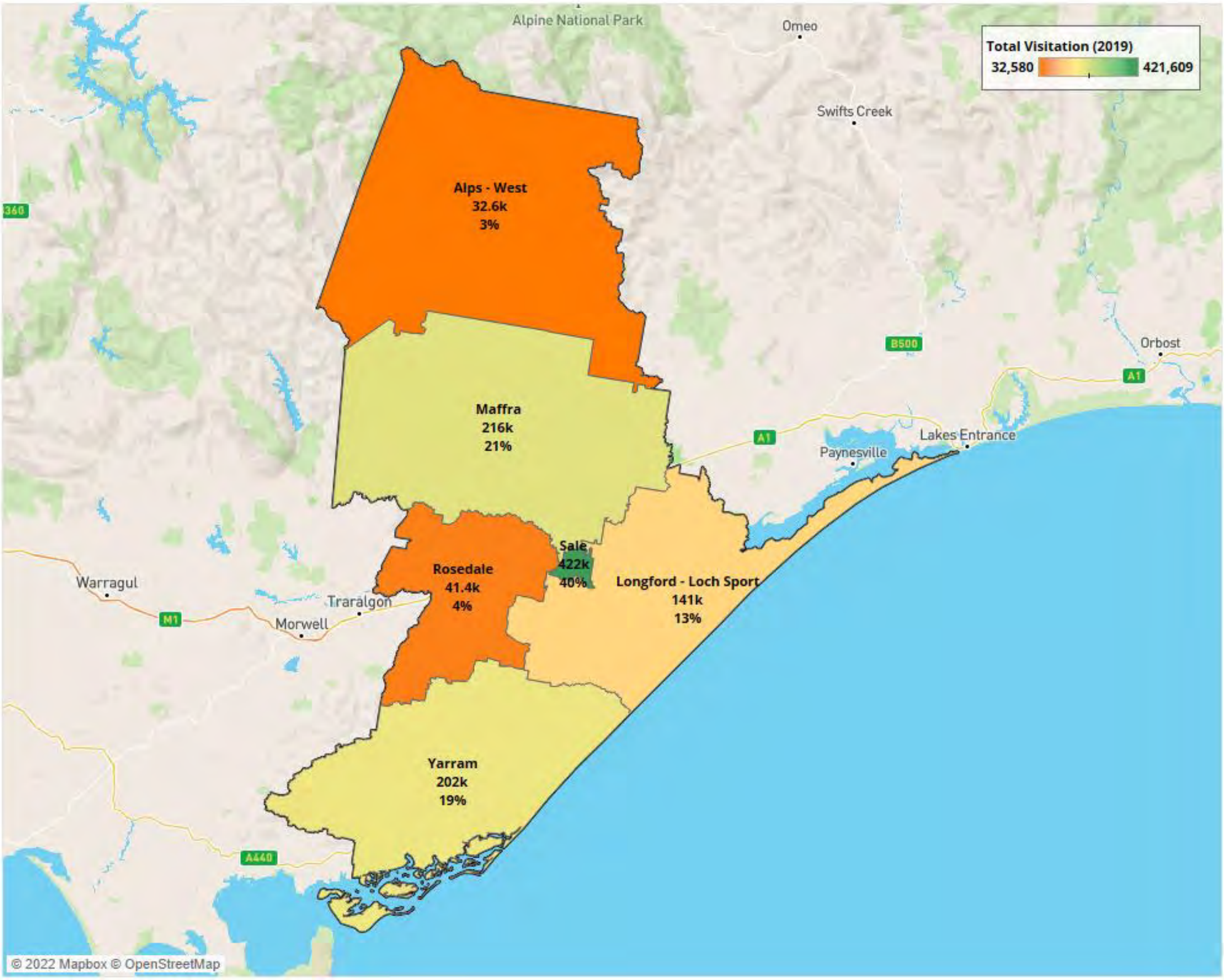
[7] Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.

2.1.3. Visitation to Wellington Shire SA2s

As of 2019[8], the most visited SA2 in the Shire was Sale, generating 40% of the Shire's total visitation (Figure 4). This is not surprising, given that Sale is the primary service centre for the Shire and offers the bulk of products and services.

Port Albert is situated within the Yarram SA2 which generated 19% of all visits to the Shire.

Figure 4: Visitation to Wellington Shire SA2s, 2019 (December YE)[9]



8 2019 is used here because it reflects pre-COVID-19 data and is, therefore, a more accurate reflection of the visitor profile to the Shire.

9 Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.

2.1.4. Visitation to Yarram SA2

As identified above, Port Albert falls within the Yarram SA2. SA2s are the smallest geographic level of visitor data that is provided by TRA. As a result, we are unable to provide a breakdown of data for Port Albert specifically. To achieve this breakdown would require a visitor survey to be undertaken during different parts of the year to identify a breakdown of where visitors to Yarram SA2 are travelling to.

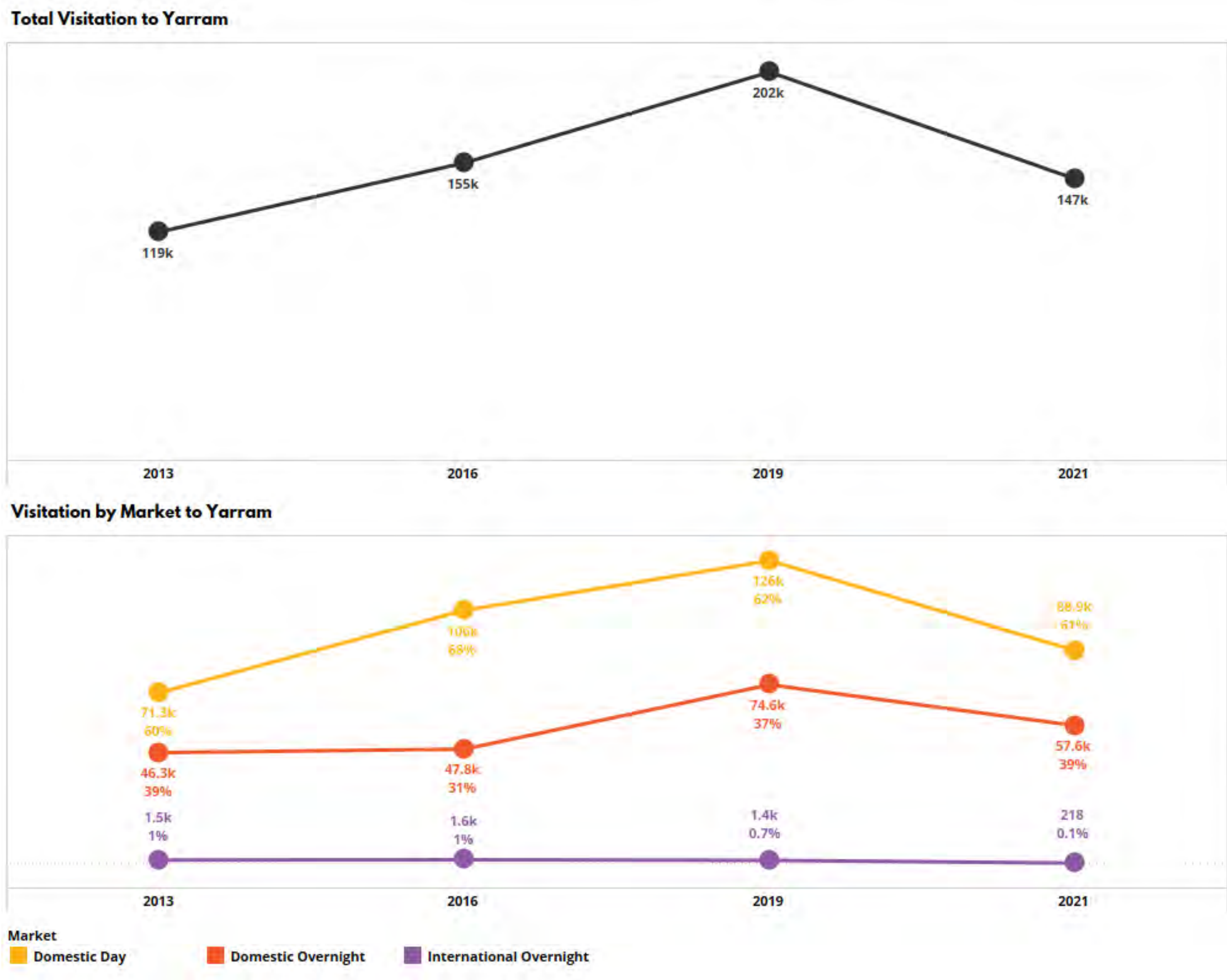
Based on conversations with a variety of stakeholders, along with the research/analysis undertaken, we note the following.

- Port Albert is likely to have a larger day trip market than Yarram SA2 generally because there is a lack of overnight accommodation facilities within the town.
- This is also likely to be influenced by the limited tourism product on offer.
- Spend in Port Albert is also likely to be lower than Yarram SA2s average due to the limited amount of commissionable tourism products and supporting services on offer.

In line with trends for the Shire, visitation to Yarram SA2 was growing before COVID-19, increasing from 119,000 visits in 2013 to 202,000 in 2019 (Figure 5). COVID-19 saw visitation to the SA2 drop to 147,000.

Most visitors to Yarram SA2 are domestic day trippers, comprising 62% of all visitation in 2019. As noted previously, we suspect that the domestic day trip proportion for Port Albert is even stronger than this broader figure for Yarram SA2.

Figure 5: Visitation to Yarram SA2, 2013 – 2021 (December YE)[10]

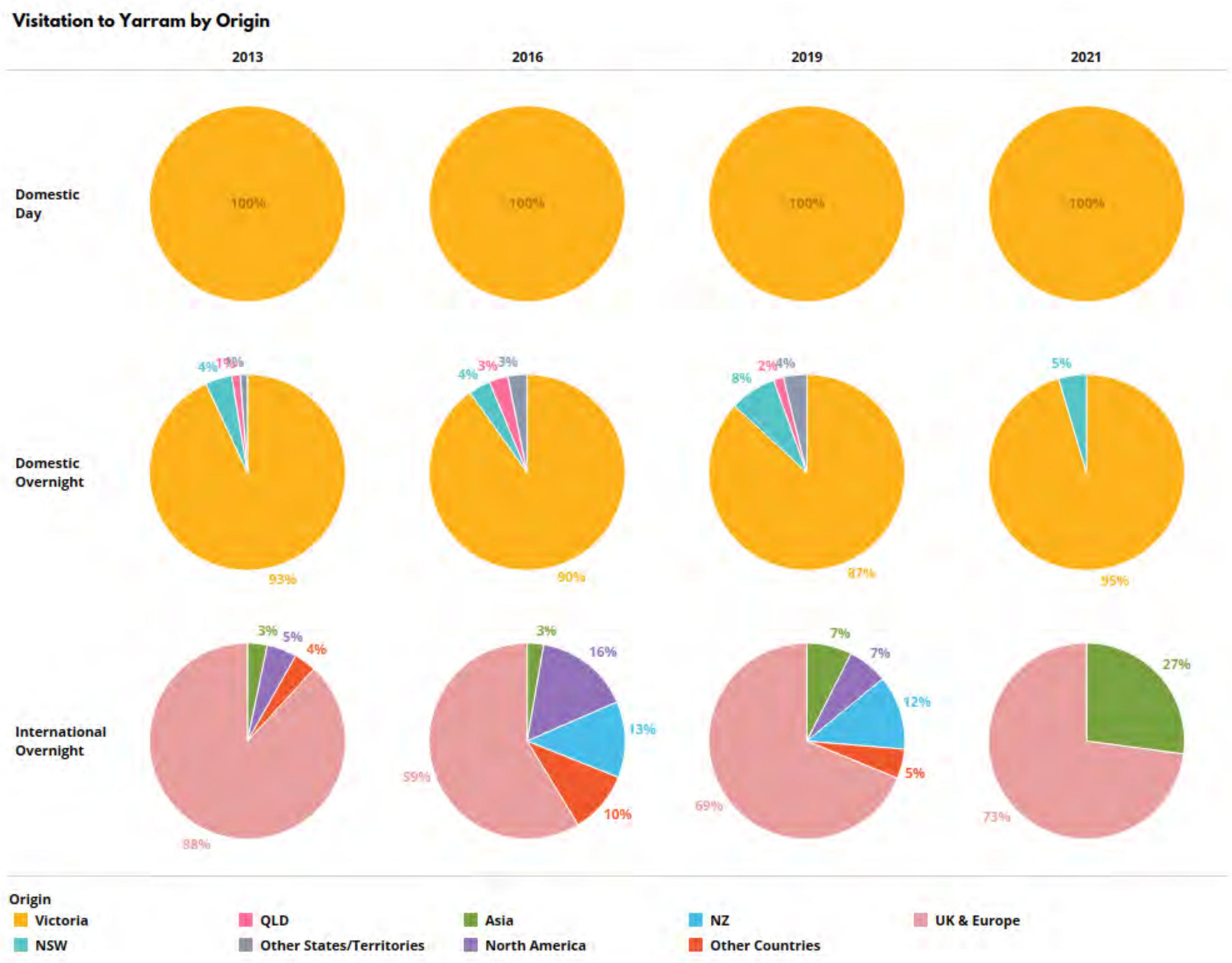


[10] Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.

Figure 6 summarises visitation to Yarram SA2 by visitor origin. It demonstrates the following.

- The domestic day trip market is entirely made up of intrastate visitors travelling from Victoria.
- The intrastate market also comprises the vast majority of domestic overnight visitation – accounting for 87% of domestic overnight travel in 2019.
- International visitation makes up a very small share of overall visitation to Yarram SA2. Of the international travellers who do visit Yarram SA2, most come from the UK or Europe (69% in 2019), followed by NZ (12%). These two markets are far more experiential than other international markets and are more likely to venture off traditional tourism routes.

Figure 6: Visitation to Yarram SA2 by visitor origin, 2013 – 2021 (December YE)[11]



[11] Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.

Yarram SA2 is predominantly a leisure destination, with most visitors travelling for a holiday or to visit friends and relatives (VFR). In 2019, these markets combined accounted for 81% of all travel to the SA2. Business travel represented a small but growing proportion of visitation, increasing from 7% of all travel to 12% in 2019.

Figure 7: Visitation to Yarram SA2 by visitor motivation, 2013 – 2021 (December YE)[12]

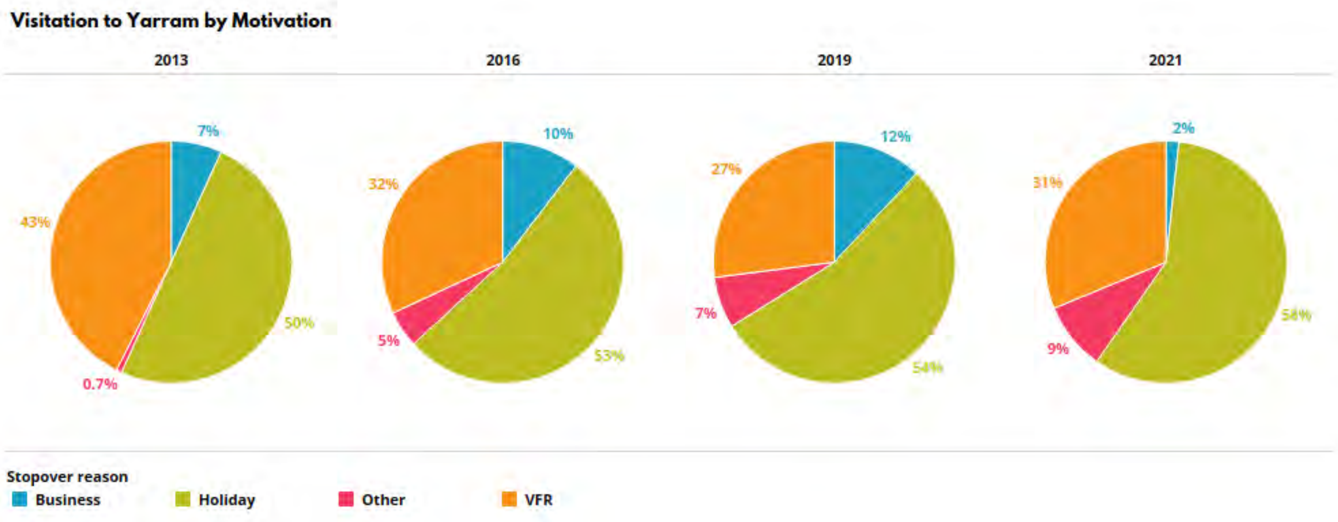
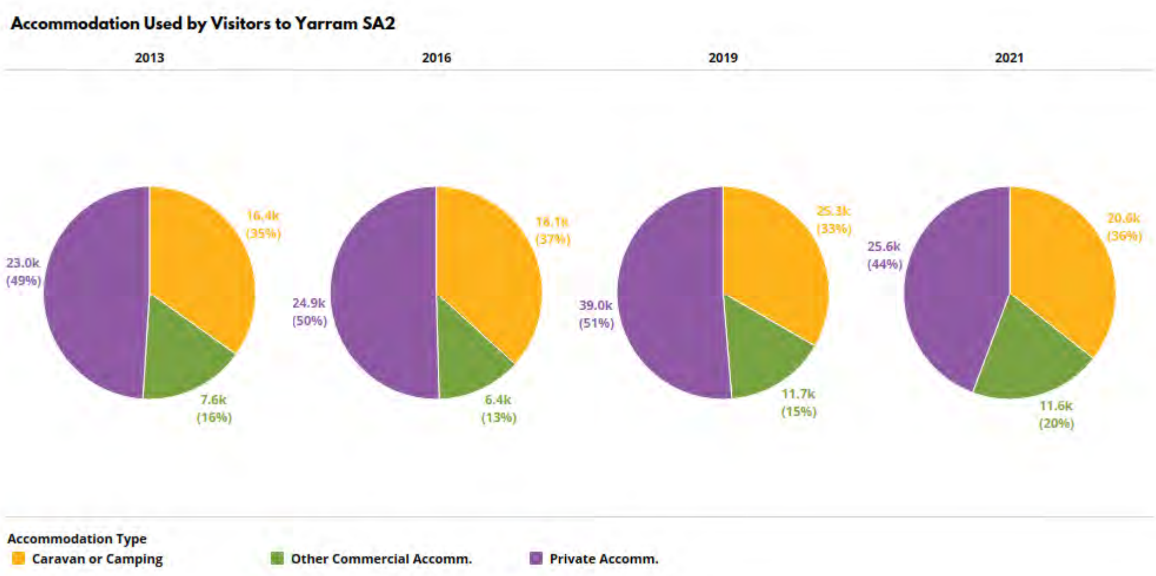


Figure 8 provides a breakdown of the common types of accommodation used by visitors to Yarram SA2 and shows the following.

- Private accommodation is the most common type of accommodation used. In 2019, 51% of visitors used this form of accommodation when visiting Yarram SA2. This does not necessarily reflect that it is the most popular product on offer – it could be that visitors are opting to stay with friends/family or other forms of private accommodation because of a lack of commercial accommodation options available; and/or because the commercial product on offer does not meet their needs or expectations.
- In terms of commercial accommodation options, caravan/camping options were the most popular form of accommodation. In 2019, 33% of visitors stayed in a caravan park/camping ground, while only 15% stayed in another form of accommodation (including hotels, motels, resorts etc.).
- Before COVID-19, the number of visitors staying in caravan/camping accommodation was growing, increasing from 16,400 visitors in 2013 to 25,300 visitors in 2019.

Figure 8: Visitation to Yarram SA2 by accommodation used, 2013 – 2021 (December YE)[13]



[12] Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.
[13] Tourism Research Australia National and International Visitor Surveys, compiled by Stafford.

2.2. Caravan & Camping Trends

2.2.1. Emerging Markets

The direction of caravan & camping in Australia has two key market focuses, including:

- A market looking for increased comfort, safety, and facilities – providing for their everyday needs, including a growing family market.
- A market looking to explore but keep it simple and low cost.

Most caravan and camping travellers are generally seeking better facilities along with a higher standard of accommodation, including in-park cabins or their own caravan/RV. There is also a desire to experience non-degraded natural and constructed landscapes and travellers are more environmentally conscious.

For those who are more cost-conscious, their needs and wants are mostly captured by:

- A dump point (with toilets if possible) and a tap to refill freshwater tanks.
- A welcome and an appreciation of their business (i.e., a friendly, hospitable town atmosphere).
- Quality visitor information that shows local tourism attractions and facilities.
- Short-term parking close to the CBD/town shopping area.
- A location to park (including longer vehicle bays) for longer terms stays that is safe, quiet, and somewhat away from the main population.

2.2.2. Shifting Demographics

A growing interest in caravanning and camping is happening around the world, particularly amongst younger generations. New technologies, increased positive perceptions, as well as overall infrastructural improvements (such as national roadways), are driving increased interests, further accelerated by the development of vehicle technology, manufacturing and fuel efficiency.

As Australia's demographics shift, so too does the profile and structure of the RV, caravan, and camping market. Research undertaken by KPMG on behalf of the Caravan Industry Association of Australia indicates the following:

- The young family life segment (persons aged 30-39 years) may present one of the most significant opportunities for the industry over the coming decade.
- Couple families with children households are projected to remain the largest segment in Australia in the medium term.
- The sociability of caravanning and camping and the appeal of affordability and safety may go some way in meeting the needs of the growing market segment of lone person households.
- Opportunities exist to increase participation rates amongst the Asian-born and culturally linked Australian residents, as well as international Asian visitors.
- Online retailing presents both an opportunity and a challenge for the industry.
- Workforce planning is set to become an increasingly important focus for the industry.
- Young travellers are far more likely to use the internet as a source of information for their travel and for booking accommodation and experiences.
- Workforce planning is likely to become an increasingly important focus for the industry.
- Young travellers are far more likely to use the internet as a source of information for their travel and for booking accommodation and experiences.

2.2.3. Conscious Consumers

Interest in regenerative tourism is growing as consumers become increasable conscious of their footprint. There is a desire by visitors for the travel behaviours to have an overall positive impact, leaving the destination in a better condition than how they found it.

This trend is likely to impact the RV, caravan and camping market as travellers increasingly look for options and opportunities to offset their footprint through the use of electric vehicles, solar-powered utilities, carbon reduction kits, and engaging in experiences that negate their carbon impact.

2.2.4. The 'Sharing' Economy

Millennials have embraced online peer-to-peer sharing and eagerly disrupt established industries where innovation is of consumer benefit. The sharing economy continues to make significant gains in the caravan and camping market, where increased bookings (despite COVID-19) reflect the ongoing strength of the sector and also highlights the lack of existing capacity to meet market demand. Opportunities exist to enhance the market offering to specifically target this growing market.

2.3. Barriers Facing the Sector

The following planning, environmental and site management challenges are projected to continue to impact the caravan and camping sector over the next 10-year period.

Planning Issues	▪ Statutory requirements of caravan/holiday park operators, for example, the conditional prerequisites surrounding the supply of toilet and ablution facilities, are much greater than those of non-commercial sites such as camping reserves. ▪ Illegal camping activities present an issue for local government in terms of both public liability and the impact on local businesses. Challenges associated with illegal camping include the potential for liability regarding the risk areas of fire; health and sanitisation; personal security; vehicle incidents arising from the overcrowding of public areas; and the impact on local businesses that illegal camping has in key tourism areas. ▪ A reduction in the red tape may assist in easing the burden on commercial caravan park operators. A reduction in red tape and related compliance costs may assist in making commercial operations more sustainable. ▪ A reduction in caravan/holiday parks nationally is being experienced due to alternative best use of higher value land, particularly in city and coastal areas.
Environmental Concerns & Diminishing Social License	▪ The overcrowding of rest areas creates the issue of publicly available facilities unavailable to visitors who possess a genuine need for them. ▪ While some campers abide by the 'leave no trace' policy, there are still some travellers who create noise, and environmental and visual pollution. In countries such as New Zealand, which has extensive freedom camping, this has created significant social license issues with some communities wanting to ban freedom camping.[14]
Site Management	▪ The management and maintenance of designated non-commercial camping areas can be costly for local governments, national park bodies and ratepayers. Costs include removing waste, adhering to compliance standards, performing regulation patrols, and supplying services (such as electricity, water, and toilet amenities).
Competition	▪ Though the sector is characterised by strong annual growth trends, there is constant growth in competition from other destinations that are keen to grab greater market share. So, the industry and Council are going to need to be constantly looking for ways to value add to encourage constant growth and repeat visitation from the RV sector.

[14] https://www.stuff.co.nz/environment/112397980/community-rails-against-freedom-camping-sites-in-kaikura

3. AUDIT OF EXISTING FACILITIES

3.1. Overview

The following section provides a product audit focused on caravan and camping products throughout the Shire and surrounding areas. The purpose of the audit is twofold: firstly, to ascertain where product gaps may exist in the caravan and camping product mix; and secondly, to complete sentiment analysis on the existing product offered.

Although the audit has narrowed in on Port Albert's product offering, a broader, top-line assessment has been undertaken on products in the Shire and surrounds more generally. This is because visitors do not recognise district or local government boundaries and product gaps may exist more broadly that could potentially be filled in the Port Albert District.

The audit is primarily based on an extensive 'data scraping' exercise that leveraged the following sources: Visit West Gippsland, TripAdvisor, Booking.com, Google Travel and Google Maps.[15]

When reviewing the accommodation audit findings, it is important to note that:

- it excludes unofficial camping areas (such as those listed on peer-to-peer sharing sites such as WikiCamps); and
- where room or site numbers were not available, estimates have been included based on average rooms/sites per property type.

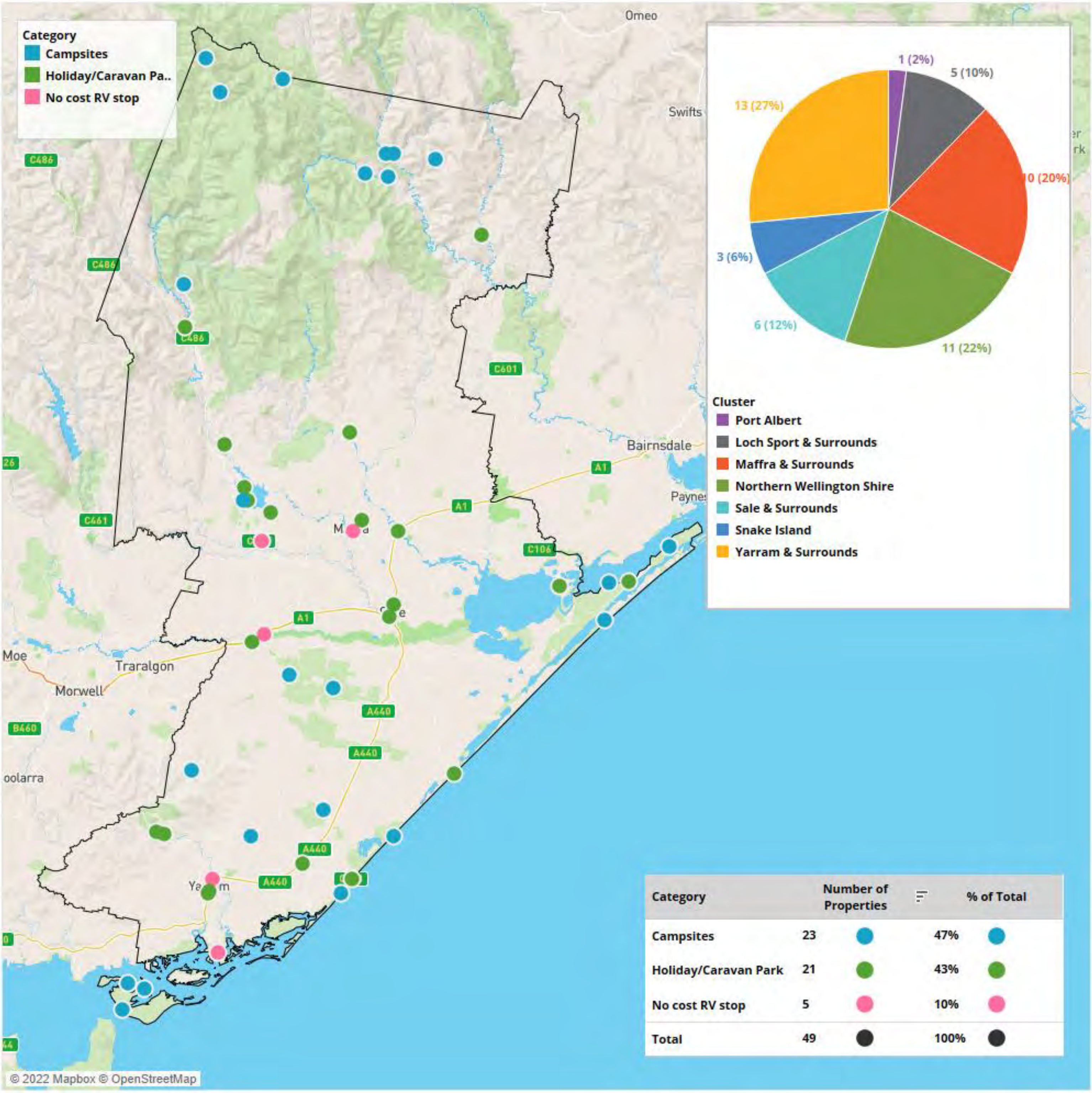
3.2. Spatial Assessment

The Shire offers a range of different caravan and camping options for visitors. These are spread throughout the Shire, rather than being clustered around town centres. Figure 9 provides a spatial audit of caravan and camping facilities that were identified for the Shire and demonstrates the following.

- In total, there are 49 different caravan/camping properties throughout the Shire.
- This is primarily distributed amongst campsites (23) and holiday/caravan parks (21).
- There are five no cost RV stops, each of which is supported by the Council. These are situated in Port Albert, Rosedale, Maffra, Heyfield, and Yarram.
- While the Shire does have several holiday/caravan parks, there is a significant variance in the quality and style of parks offered. Most reflect a more traditional transit caravan park model and/or are more focused on a permanent market rather than a tourist market. This is important to distinguish as what the visitor market wants from holiday/caravan parks is very different to the needs/desires of a permanent market.
- Of the 23 camping sites, 16 are managed by either Parks Victoria or DELWP.
- There is currently only one property in Port Albert which comprises the Council-managed no cost RV Stop. While there previously was a privately owned caravan park in Port Albert (Seabank Caravan Park) this has had to close as its currently not registered as an operational caravan park and has, therefore, been excluded from the audit.
- Yarram and Surrounds has the most properties, comprising 27% of the product identified. This is followed by those falling within the Northern part of the Shire (22%).

[15] It is important to note, therefore, that the audit may not be fully comprehensive, particularly for those operators who are not listed online.

Figure 9: Spatial audit of caravan and camping properties in Wellington Shire



3.3. No Cost RV Stops

As identified in Section 3.2, there are several no-cost RV stops that are supported by the Council. The facilities offered at each site and the length of stay vary slightly. Figure 10 provides a summary of these.

The site in Port Albert is situated on Wharf Street, adjacent to Memorial Park and the jetty area. It offers sites for RVs and caravans – camping is not permitted.

Figure 10: Spatial audit of no cost RV stops

Length of Stay (Hrs)
48

Name	Toilets	Rubbish	Water	Length of Stay (Hrs)
Frenches Park, Maffra	No	Yes	Yes	48
Heyfield RV Site, Heyfield	Yes	Yes	Yes	48
Memorial Park, Port Albert	Yes	Yes	Yes	48
Willow Park, Rosedale	No	Yes	Yes	48
Tarra River, Yarram	No	No	No	48

3.4. Sentiment Assessment

To undertake a top-line assessment of the quality of the area's caravan and camping offering, a Net Promoter Score (NPS) metric has been used. This is a measurement of consumer assessment and loyalty. In a tourism accommodation context, this translates to a visitors' willingness to not only return for another stay but also make a recommendation to their family, friends, and colleagues. NPS scores are reported with a number from -100 to +100, with a score above 0 considered okay, a score above 30 considered good and a score above 50 considered excellent.

The NPS is calculated using a scale (see Figure 11), with: a score between 0-6 being considered unhappy customers who are unlikely to return, and may even discourage others from staying with the provider; a score between 7-8 being passives, meaning they are satisfied with the provider but not happy enough to be considered promoters, and a score between 9-10 are considered promoters who are typically loyal and enthusiastic customers and who are likely to return and strongly promote the provider.

TripAdvisor[16] and Google use a scale of 1-5 for consumer ratings on accommodation products. Converting this to the NPS scale means that a rating of 1-3 is considered "detractors" for the product, a score of 4 are the product's "passives" and a score of 5 is the product's "promoters".[17]

Figure 11: NPS Score Scale

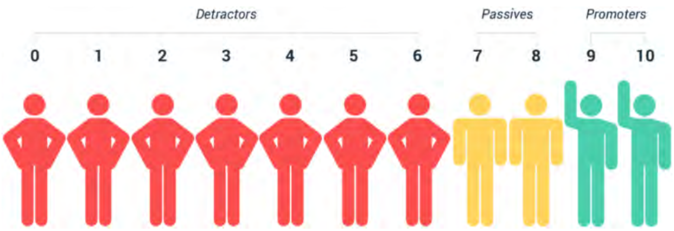
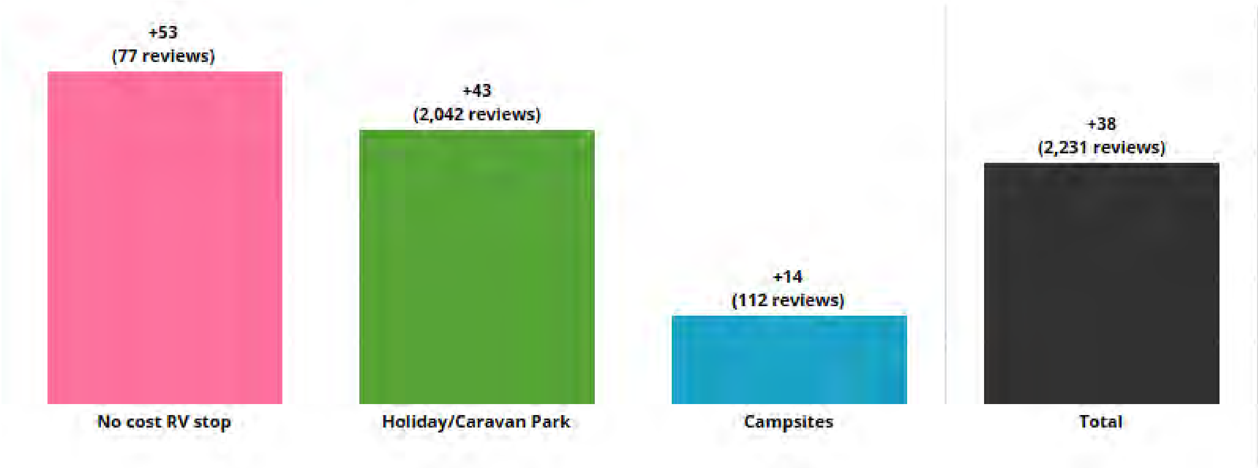


Figure 12: Accommodation NPS Summary



Of the 49 properties identified throughout the Shire, NPS ratings were able to be obtained for 23 properties (47%). This is a robust sample size for calculating NPS scores by category. *Only those properties with more than 5 reviews have been included in the assessment to provide a more robust sample size for individual reviews.* Many of the properties which did not fulfil this criterion were campsites managed by Parks Victoria or DELWP and which do not have a strong online presence.

Figure 12 provides a summary of the NPS results[18] for the Shire's accommodation mix. The Shire-wide findings are as follows.[19]

- The Shire's caravan and camping product receives an overall NPS of +38 based on 2,231 reviews.
- While this is an average-to-good NPS rating reflecting existing facilities, it is brought down by lower scores for campsite products which received a low NPS of +14 (based on 112 reviews).
- The Shire's no cost RV Stops receive a higher NPS of +53 (based on 77 reviews) which reflects consumer satisfaction with the product and amenities provided. This is also likely influenced by the fact that they are free for consumers to use.
- The Shire's holiday/caravan parks also received a good NPS of +43 (based on 2,042 reviews).
- Properties that received particularly strong NPS scores include:
  - Montana on the Macalister Caravan Park & Campground: +89 (based on 112 reviews).
  - Best Friend Holiday Retreat: +80 (based on 168 reviews).
  - Dargo River Inn: +70 (107 reviews).
- Properties that received particularly low NPS scores include:
  - 90 Mile Beach Holiday Retreat: -17 (based on 46 reviews).
  - Rosedale Caravan Park: -9 (based on 57 reviews).
  - Red Bluff Campground: 0 (based on 13 reviews).

[16] Booking.com has not been used to derive a NPS because it does not provide a scale of scores, but rather, only provides an overall score. Therefore, an NPS is unable to be calculated from Booking.com listings.
[17] https://birdeye.com/blog/net-promoter-score-explained/
[18] It is important to recognise that a high NPS reflects that the quality of product on offer matches the price and consumer expectation. The NPS is calculated based on user-generated ratings on both Google and TripAdvisor for individual businesses. It assesses "promoters" and "detractors" (based on ratings from excellent – poor, or, 1-5) and calculates an NPS.
[19] The data scraping for NPS scores was undertaken in April 2022. The number of reviews therefore is reflective of this period.

4. THE PROPOSED MODEL

4.1. A destination holiday park

4.1.1. Destination holiday parks versus traditional caravan parks

The following section offers the rationale for why a destination holiday park has been recommended for Port Albert rather than a traditional transit caravan park or camping ground.

The caravan and camping industry is constantly evolving. Many parks have responded to consumer demand for better standards and facilities by transforming from traditional transit caravan parks (Figure 13) into holiday/destination parks (Figure 14).

Figure 13: Examples of traditional caravan parks[20]

Figure 14: Examples of destination holiday parks[21]

Holiday parks differ from traditional caravan parks as they offer a full holiday experience providing facilities such as swimming pools and aquatic parks, kids clubs, camp kitchens, mini-golf, group entertainment and shops etc. Consequently, these parks are attracting a growing number of families who utilise the park as their holiday destination rather than solely utilising them as a means of accommodation.

One of the primary benefits of destination parks is the scale of accommodation they can provide, from higher-yielding luxury cabins to lower-yielding camping spots.

While there are several parks throughout the Shire and further afield, many of these reflect more traditional caravan/transit styles of parks. The opportunity exists for Port Albert to differentiate itself and appeal to the growing number of caravan and camping travellers who are seeking destination parks.

Of the 21 holiday/caravan parks identified in the Shire, almost all of these (86% or 18 properties) reflect a more traditional caravan park model. Many also have a significant number of permanents who reside at the parks year-round. We are not discounting the importance of these facilities – they fill a gap in the market and provide lower-cost residential housing for some of the Shire's

[20] Wonnangatta Caravan Park, VIC; Batlow Caravan Park, NSW; Bridgewater Public Caravan Park, VIC.
[21] BIG4 Traralgon Park Lane Holiday Park, VIC; BIG4 Adventure Whitsunday Resort, QLD; NRMA Ocean Beach Holiday Park, NSW.

population. However, facilitating stronger market demand for any proposed new facility is likely going to require offering a unique product that is not already saturated in the Shire. Destination holiday parks offer this product.

4.1.2. The recommended model

Port Albert, with its seaside location, also offers a strategic location advantage. Major operators of destination holiday parks strongly desire locations with access to water (beach or river). These are desired because increasingly sea-side land is unavailable due to residential demand and subsequent purchase of many caravan park sites which have been repurposed as seaside apartment developments or resorts.

When developing the new park, the following should be considered:

- capacity for approximately 50+ powered and unpowered sites, 10-20 eco-glamping pods and additional spaces for camping;
- the park should be focused on tourists as opposed to permanent stay caravaners-campers as we often find these two niche markets are very different and far harder to mix;
- the park needs to be family friendly to encourage a greater number of families to stopover and visit the region;
- the park should have ample camping spaces which can be used during major events, such as cycling events, triathlons etc;
- development designed by a highly experienced designer who is considered to be an industry leader in holiday parks is important and someone with strong understanding of environmental technology and the need to create soft construction so facilities can easily be moved quickly off site if required; and
- consideration should be given to the provision of amenities such as a BBQ facilities, camp kitchen, bike hire/loan, daily children's activities.
- With the preferred site having a lot of environmentally sensitive vegetation, potential may also exist for a series of walking trails throughout the surrounding areas to enable cycling as well and with the potential for bush regeneration programs and/or regenerative tourism programs which stimulate the opportunity for "giving back" as part of the site's uniqueness.

Demand for a holiday park is expected to be strong from several visitor markets. Importantly, there are two peak seasons for holiday park users being the peak summer period for the grey nomad market segment, and the school holiday focused period to cater to the family market.

For Port Albert, there is also a distinct fishermen's niche market with many coming to take advantage of the strategic location of Port Albert to head out to offshore fishing grounds at different times of the year. This niche market is very different from the traditional grey nomad market or the family market as it is generally singular activity focussed, and very heavily skewed toward a male-dominated niche sector. This niche sector is also less likely to want the various recreational components of a traditional destination holiday park and therefore is less likely to want to pay for them.

The issue is whether Port Albert could offer two distinctly different camping/caravan park facilities, to cater for these very different niche markets and/or whether one dedicated destination holiday park could attract both of these niche markets but keep them well separated so different products were offered to them.

Our assessment is that Seabank Caravan Park is already well established to cater for the niche fishermen market and may be better suited to focus on this niche as the market is likely to be more interested in this site due to its size and ability to allow for boats to be easily parked alongside caravans and camping facilities. As previously stated, Seabank has sufficient land to cater for the family market and grey nomads and the fishing market but would need to undertake significant redevelopment to make this work.

In the interim at least, we would see the Coates site (dependent on any land sale price) as being the preferred site for an environmentally focused destination holiday park to attract the broad family market and the grey nomad market as well as special interest groups associated with environmental programs and regenerative tourism.

What is clear, is that certain niche visitor markets struggle to be co-located within the same facility, such as trying to put accommodation for a male-dominated niche fishing market, itinerant workers, and permanent stayers, in with family holiday visitors and grey nomads.

4.2. Examples of Best Practice Holiday Parks

Table 4 provides a summary of several existing, higher-quality destination holiday parks. The purpose of this is to offer examples of the types of accommodation and facilities that are typically included in these higher-quality destination holiday parks.

Table 4: Comparative Assessment

Name	Units	Accommodation types	Activities / Attractions
BIG4 Traralgon Park Lane Holiday Park 	▪ 48 cabins ▪ 31 caravan & camping sites	▪ Cabins (superior, family, studio, standard, budget, outdoor spa) ▪ Powered caravan & camping sites ▪ Pet-friendly options ▪ Ensuite sites	▪ 3 level adventure ropes course ▪ 18-hole mini-golf course ▪ Giant jumping cushion ▪ Indoor play centre
Ingenia Holidays Queenscliff Beacon 	▪ ~64 self-contained cabins/villas/ apartments ▪ 37 caravan & camping sites (mix of short- and longer-term)	▪ Studio, two- and three-bedroom villas, apartments, and cabins ▪ Three-bedroom beach house ▪ Powered caravan & camping sites ▪ Ensuite sites	▪ Mud day spa ▪ Yoga and pilates ▪ Indoor heated pool and adventure centre ▪ Go-kart and bike hire ▪ Giant jumping pillow ▪ Kids clubhouse ▪ Tennis and basketball courts ▪ Private function room for hire ▪ Giant chessboard
All Seasons Holiday Park, Mildura 	▪ ~35 self-contained cabins/villas ▪ 37 caravan & camping sites	▪ Standard, deluxe, family, executive and superior cabins ▪ Aqua rise villas ▪ Powered & unpowered sites ▪ Ensuite sites	▪ Go-kart and bike hire ▪ Jumping pillow ▪ Kids clubhouse ▪ Giant chessboard ▪ 5 hole putting green ▪ Pump track ▪ Splash waterpark
Ingenia Holidays Hunter Valley 	▪ 26 self-contained ▪ 41 caravan & camping short-term	▪ Villas (2 bedroom & 3 bedroom) ▪ Standard (2 bedroom & 1 bedroom) ▪ Budget cabin (2 bedroom & 1 bedroom) ▪ Powered caravan/motorhome site	▪ Pool/spa ▪ Onsite café/restaurant ▪ Kids club & kids' playground ▪ Giant chessboard ▪ Giant jumping pillows ▪ BBQ
Ingenia Holidays Mudgee 	▪ 33 self-contained ▪ 42 caravan & camping	▪ Deluxe unit (1 bedroom) ▪ Standard Cabin (1 bedroom & 2 bedroom) ▪ Family studio cabin ▪ Powered caravan & camping sites ▪ Ensuite sites	▪ Games room ▪ Inflatable trampoline ▪ Kids playground ▪ Pool & ▪ Sauna ▪ BBQ
Ingenia Holidays Lake Macquarie 	▪ 21 self-contained ▪ 50 caravan & camping short-term	▪ Waterview cottage (2 bedroom) ▪ Waterfront villa (2 bedroom) ▪ Poolside villa (2 bedroom) ▪ Parkside cabin (2 bedroom) ▪ Cottage (1 bedroom) ▪ Waterfront powered camping & caravan site ▪ Powered camping & caravan site	▪ BBQ ▪ Bike hire ▪ Giant jumping pillows ▪ Boat ramp ▪ Jetty ▪ Kids activities/kid's playground ▪ Pool

Name	Units	Accommodation types	Activities / Attractions
Ingenia Holidays Sydney Hills 	▪ np[22]	▪ Cabins ▪ Ensuite cabins ▪ Ensuite sites ▪ Motorhome sites ▪ Powered/unpowered camping & caravan site	▪ Swimming Pool ▪ Children's Playground ▪ Barbecues ▪ Camp Kitchen ▪ Pet friendly
NRMA Ocean Beach Holiday Park 	▪ np	▪ Villas (3 bedroom & 2 bedroom) ▪ Seabreeze townhouse (2 bedroom) ▪ Playground cabin (2 bedroom) ▪ Cottages (2 bedroom) ▪ Loft (2 bedroom) ▪ Tent (1 bedroom) ▪ Ensuite caravan site ▪ Premium caravan site ▪ Powered & unpowered tent site ▪ Powered caravan site	▪ Basketball/netball ring ▪ Conference facilities ▪ Kiosk and BBQ facilities ▪ Function and games rooms ▪ Giant jumping pillows ▪ Go-karts ▪ Kid's playground ▪ Pool, toddler pool & spa ▪ Recreation lounge ▪ Tennis court ▪ Waterpark
NRMA Sydney Lakeside Holiday Park 	▪ np	▪ Villa (2 bedroom) ▪ Cabin (2 bedroom & 1 bedroom) ▪ Bungalow (2 bedroom) ▪ Bunkhouse (1 bedroom) ▪ Ensuite powered caravan site ▪ Powered caravan site ▪ Powered and unpowered tent site	▪ Conference facilities ▪ Kiosk & BBQ facilities ▪ Function and games rooms ▪ Boat ramp ▪ Kids activities & playground ▪ Lending library ▪ Recreation lounge ▪ TV/video room ▪ Water playground
NRMA Bathurst Panorama Holiday Park 	▪ np	▪ Miner's hut (2 bedroom) ▪ Cottage (2 bedroom) ▪ Cabin (1 bedroom) ▪ Homestead (2 bedroom) ▪ Ensuite caravan site ▪ Powered caravan site ▪ Unpowered tent site	▪ BBQ ▪ Games room ▪ Giant jumping pillows ▪ Lending library ▪ Playground ▪ Pool ▪ Recreation lounge ▪ Toddler playground & pool ▪ TV/video room

[22] Note: 'np' denotes not published

4.3. Major Operators

There are several major destination holiday park operators/marketing chains across Australia who are keen to secure additional locations to establish quality branded destination holiday parks, to keep pace with market demand and sector growth. These are summarised in Table 5.

There are several advantages to having a branded destination holiday park. These include but are not limited to the following.

- Strong marketing budgets.
- Visitor databases for ongoing marketing campaigns.
- Support for community events etc.
- Reinvestment ability (and the ability to introduce new amenities over time).
- Ability to be part of holiday park networks – circuits so a facility can be placed on a drive circuit to encourage both intrastate and interstate travellers.

In addition to those listed above, there are numerous sole operators and family groups who have high-quality destination holiday parks in their portfolios.

There are also smaller sole traders who offer a mix of more basic traditional style caravan and camping parks, rather than the higher quality fully integrated destination holiday parks that the major branded operators are more focused on delivering.

There is clearly a need for both, though opportunities to grow Port Albert's visitor economy are more likely to be better met by major operators (including branded operators as well as those larger-scale sole operators/family groups) with the capital investment capacity, marketing and management structures, and networks to help generate stronger outcomes and consistent quality standards.

Table 5: Major destination holiday park operators and marketing chains in Australia

Operator	Description
Discovery Parks	▪ Operator of parks ▪ Over 60 parks across Australia, located near ski fields, beaches and nature reserves ▪ Head office based in Adelaide
NRMA Parks + Resorts	▪ Operator of parks ▪ 22 parks across Australia ▪ Located in NSW, Queensland, Victoria, South Australia, and Tasmania
Ingenia Holidays	▪ Operator of parks ▪ 21 holiday parks in Australia ▪ Located across coastal and inland NSW and Queensland
BIG4 Australia's Favourite Holiday Parks	▪ Marketing chain of independent parks ▪ Over 180 holiday parks across Australia ▪ Located in every state and territory (except ACT)
Top Parks	▪ Marketing chain of independent parks ▪ Australia's largest group of holiday parks in Australia ▪ Offers three styles of parks – Top Caravan, Holiday, and Resort Parks ▪ Located in every state and territory (except ACT)
Family Parks	▪ Marketing chain of independent parks ▪ Located in every state and territory (except ACT and NT) and New Zealand ▪ 75% of parks are pet friendly

5. SITE ASSESSMENT

5.1. The Sites Assessed

Several sites (six in total, see Figure 15) have been identified that offer the opportunity for a potential caravan park development. These have been identified based on a site visit and with the assistance of the Council. Only sites situated within Port Albert have been included.

Figure 15: The sites assessed

Site attributes and characteristics are summarised in Table 6. Site zoning and overlays, which support this assessment, have been included in Appendix 1.

Some key observations include the following.

- DELWP own both the **cricket reserve site** and the **racecourse reserve site**. Although the **cricket reserve site** rates highly as a potential site for a destination holiday park, because part of the site is susceptible to flood inundation along with other site environmental constraints and cultural overlays, development potential is likely to be heavily constrained. In confidential discussions with the Coates Family who own land adjoining the cricket reserve, the potential may exist to acquire part of their land to create a larger land parcel to cater for a quality destination holiday park facility to be developed and to potentially avoid some challenges with the site.
- While the **Seabank** site covers a large area and may offer the potential to attract several niche markets, it will require major upgrades regardless of which markets it is looking to attract. Our analysis illustrates that to merely continue to attract a fishing market, itinerant workers and offer facilities for permanent stayers is likely to require reinvestment into facilities and infrastructure. If, however, there is a desire to try and attract wider and more diverse visitor markets, the capital development cost is likely to be high. And if there is a desire to repurpose Seabank as a true destination holiday park with associated amenities etc., the capital cost is likely to be significantly high noting that these types of facilities often require development budgets in excess of $20m. A separate confidential assessment is provided for Seabank as part of this project brief.
- **Rutter Park** (which was the previous foreshore caravan and camping site that was closed) and the **RV Stop** have been provided to merely illustrate that neither of these options rates highly for several reasons (i.e., they have been included to illustrate why they have been discounted as options).
- Although the **racecourse reserve** site offers a large land parcel, it has several site constraints and challenges including its overall location, its distance from Port Albert town centre, cultural overlays etc., and therefore does not rate as strongly.
- **The Coates site** offers a far larger privately owned land parcel that a destination holiday park would require. It is currently zoned for farming, though we understand from the landowner that the land is not desirable grazing country and traditionally has offered a site for holding livestock only. The owners are keen to ensure the land is developed with a high conservation/environmental outcome and appreciate that, to achieve this, the price they may put on parts of the land may be lower than what may normally be charged. From this, we understand that desired outcomes could be:
    - Offering a much larger site than the 5-7 ha. usually required for a destination holiday park/ major caravan/camping facility with the option of dispersing the caravan, camping, and cabin sites so visitors get far more privacy than usual, and the area takes on a far stronger environmentally sensitive and sustainable approach to site development etc.; or
    - Offering a much larger site but with the destination holiday park designed with a more traditional layout (i.e. consolidated), but with the potential creation of environmental corridors to protect the landscape, encourage the protection of fauna and flora, to introduce eco-products such as walkways and cycle ways etc. so the facility offers visitors several eco-friendly recreational pursuits as value adders to what a traditional destination holiday park offers.

  The Coates family are keen to offer a legacy project which reflects their desire for part of their available land to be protected for environmental purposes, rather than development. Ideally, an experienced destination holiday park developer and operator can be found to take over the entire site, which may designate part of the site for commercial purposes for a caravan and camping park, and the remaining parts of the site for environmental site protection and restoration of possible bush regeneration corridors etc.

Table 6: Site attributes and characteristics

Site Name	Cricket Reserve	Racecourse Reserve	Seabank	RV Overnight Stop	Rutter Park	The Coates Site
Landowner	DELWP	DELWP	Private	Council	Council	Private
Current Use	Reserve	Reserve	Residential	Free RV parking	Park	Vacant land
Zoning	PPRZ - Public Park and Recreation	PPRZ - Public Park and Recreation	RAZ - Rural Activity	PUZ6 - Public Use-Local Government	PPRZ - Public Park and Recreation	FZ - Farming
Caravan Park permissibility?	Permissible with permit	Permissible with permit	Permissible with permit	Permissible with permit	Permissible	Permissible with permit
Size (sqm)	38,609	432,425	87,285	11,701	8,250	238,144
Adjacent Land Uses	Farming, Residential & Public Conservation & Resource	Farming, Rural Living	Public Conservation and Resource, Farming	Commercial 1, General Residential, Public Park and Recreation	General Residential, Public Use - Local Government	Farming, Rural Living & Public Conservation & Resource
Proximity to town centre	650m	3.2km	4.8km	85m	200m	1.7km
Cost to Secure	Low	Low	Medium	Low	Low	Medium - High
Cost to Develop/ Remediate	High	Very high	Medium	Medium	Medium	High
Strategic Fit with Council Vision	High	Medium	Medium	Low	Low	High
Likely community support	High	Low	Medium	Low	Very low	Medium-high
Vistas	Strong	Weak	Weak	Strong	Strong	Strong
Access	Strong	Weak	Weak	Strong	Strong	Strong
Bushfire Risk	High	High	High	medium	medium	High
Environmental Overlay	Minor	Medium	High	None	None	Major
Flooding Risk	High	Low	Low	High	High	High
Heritage Overlay	No	No	No	Yes	Yes	No
Aboriginal Cultural Significance Overlay	High	High	High	High	High	High
Type of facility able to be accommodated	Destination Park but no cabins and very limited built infra	Destination Park and very limited built infra	Destination Park	Small overnight RV stop (could be paid)	Small overnight RV stop (could be paid)	Destination Park but no cabins and very limited built infra
Site features	Adjacent to coastal walk	Landlocked & access is through residential areas	Beach access, adjacent to coastal walk, existing infrastructure	Existing infrastructure	Existing park infrastructure & parking	Adjacent to coastal walk

5.2. The Preferred Site

To prioritise the sites for the development of an eco-focussed destination holiday park, each of the results in Table 6 has been assigned a score and, from this, an overall site ranking has been determined. This enables an objective assessment of the sites based on a comprehensive criterion.

The results are summarised in Table 7 and demonstrate the preferred site to be the **Coates site** located off the Old Port Foreshore Road, with a total score of **41** (noting that its rating may change pending what the cost of acquiring this site is). This site ranks highest because it offers:

- a large enough footprint to develop an eco-focussed destination holiday park as outlined in Section 4;
- a strategic site location – close enough to Port Albert town centre via a walking-cycling track, the Old Port Walking Track, the beach foreshore, and a number of attractive natural areas;
- adjacent land uses that are complementary/supportive of a quality destination holiday park with a strong eco focus;
- its existing access via road and not through major residential areas;
- its current private ownership which may offer a preferred pathway to secure/develop the site.
- The site is easily accessible off the existing Old Port Foreshore Road

This is followed by the **Cricket Reserve site** located on W Boundary Road with a score of **40** (noting that its rating may change pending what the cost of acquiring this site is).

The **Seabank site** is rated at **38**, and while it offers an existing caravan park with many amenities, much of the site requires refurbishment and/or replacement. As noted previously, if the owner of Seabank was prepared and able to upgrade not only the utility requirements which currently need immediate work (including the installation of a new sewage treatment facility etc.) but also many of the built facilities including cabins etc., its ranking could improve significantly. This would come at a considerable capital cost, however. The owner of Seabank has expressed his desire to upgrade the entire site and make the caravan and camping park desirable for several niche markets including the existing permanent site users, the fishing community, workers coming to participate in various projects proposed for the region, and the more traditional holiday-leisure family and grey nomad caravan park, coming to enjoy the area mostly over school holiday periods. To upgrade facilities to meet the needs of all these various niche markets will take significant refurbishment and redevelopment capital.

Table 7: Site ranking

Site Name	Cricket Reserve	Racecourse Reserve	Seabank	RV Overnight Stop	Rutter Park	Coates Site
Land Owner	3	3	3	3	3	3
Current Use	3	3	3	3	1	3
Caravan park permissibility?	2	3	2	2	3	2
Size (sqm)	2	3	3	0	0	3
Adjacent Land Uses	3	3	3	3	2	3
Proximity to town centre	3	1	1	3	3	3
Cost to Secure	3	3	2	3	3	3
Cost to Develop/Remediate	1	1	2	2	2	1
Strategic Fit with Council Vision	3	2	2	1	0	3
Likely community support	3	1	2	0	0	3
Vistas	3	1	1	3	3	3
Access	3	1	1	3	3	3
Bushfire Risk	1	1	1	1	1	1
Environmental Overlay	1	1	1	3	3	1
Flooding Risk	1	2	3	1	1	1
Heritage Overlay	2	2	3	1	1	2
Aboriginal Cultural Significance Overlay	1	1	1	1	1	1
Type of facility able to be accommodated	1	1	2	1	1	1
Site features	1	0	3	1	1	1
Score	40	33	39	35	32	41

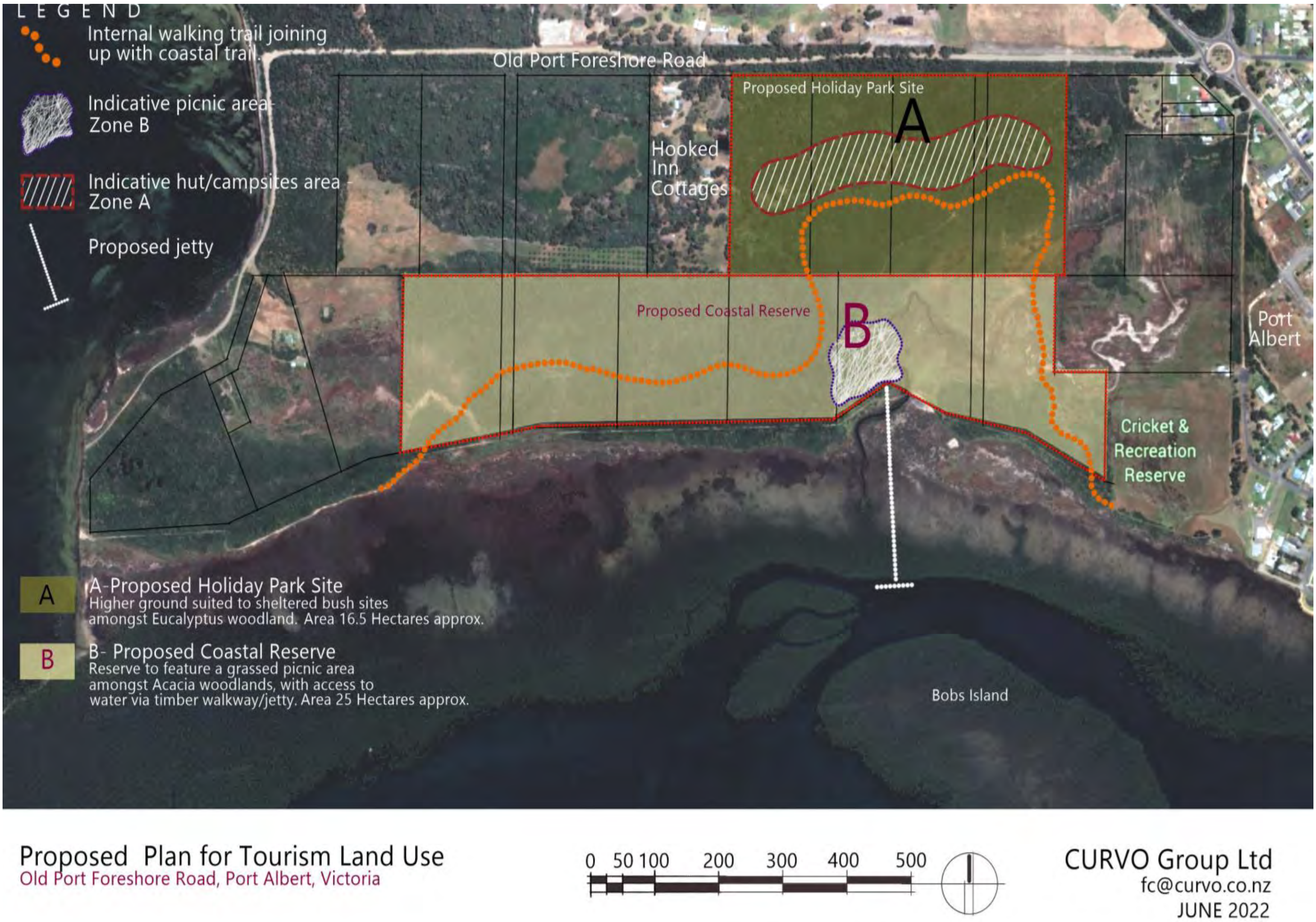
5.3. Preferred Site Initial and Indicative Concept Design

The following concept design plan has been offered for the Coates site to illustrate the potential for locating a destination holiday park set further back from the coast and on higher land to try and avoid the flood and sea rise impacts noted by CMA. This designated area is 16.5 ha. and offers a much larger site for a holiday park but which may also offer greater flexibility for spreading caravan and camping sites on areas which attempt to avoid conflict with bush fire overlays and cultural heritage where possible.

The proposed area designated for coastal reserve is a larger 25ha. area which is proposed for walkways and grassed picnic areas but no hard development.

It is important to note that this is just an initial concept design to help illustrate how the preferred site might be able to be developed (subject to statutory approvals), to help address some of the environmental and cultural site constraints which would need to be mitigated.

Figure 16: Preferred Site Concept Design



6. FINANCIAL APPRAISAL

The following financial appraisal is focused on the preferred site[23] (the Coates site) and the development of a quality destination holiday park on this site noting the need to offer a number of solutions to avoid heavier infrastructure and building sites which would likely be objected to by CMA and possibly other government agencies.

6.1. CAPEX

Table 8 summarises the various capital cost items involved, which may total **$11.6 million**, possibly staged over two-three years. This excludes any land purchase cost. The capital cost estimate is based on a destination holiday park development providing:

- 20 standard-sized eco-glamping pods and a further 5 larger family pods.
- 50 powered sites for caravans and RVs.
- 25 unpowered sites for campers etc.
- Dedicated spaces for 30 car spaces separate to spaces for those towing caravans etc.
- Vegetated buffer zones to help screen areas and allow for landscaping.
- Camp kitchen, shower, and toilet block
- Provision for utility supply (potable water, electricity, gas, waste management, sewer, Wi-Fi, and telecommunications).
- Provision of a contingency for cost and design escalation, consultant (design etc.) and legal fees and government compliance charges.

Of the $11.6m capital cost, $9.8m comprises construction and development costs and $1.8m is project fees and contingencies. The numbers of powered and unpowered sites and eco pods should be used as a guide only and are purely indicative.

Table 8: Estimated Capital Cost

Item	Size / Qty.	Unit	Rate per sqm	Total	Subtotal
eco glamping pods					**$3,924,000**
Star Rating	3-4 star				
No. pods	20				
Size of cabins	25	sqm	$3,800	$95,000	$1,900,000
No. larger family pods	5				
Size of larger pods	30	sqm	$3,800	$114,000	$570,000
Open space	700	sqm	$220	$154,000	$154,000
Construction Cost					
Fitout Cost	650	sqm	$2,000	$1,300,000	$1,300,000
Powered and unpowered sites					**$687,500**
No. powered sites	50				
Size of sites	22.5	sqm	$500	$11,250	$562,500
No. unpowered sites	25				
Size of sites	20	sqm	$250	$5,000	$125,000
Car park					**$62,500**
Number of car spaces	50				
Car space area	25	sqm			
Carpark construction	1,250	sqm	$50	$62,500	
Supporting infrastructure/misc.					**$500,000**
M&E Services	-	-	-	$200,000	
Incoming Hv/Lv Power Supply, Water Suppl	1	-	-	$300,000	
Contingency & fees					**$1,771,176**
Contingency	10%				$978,550
Consultancy Charges (Financial, Legal, Planning)	8%				$733,913
Government Compliance Charges & Approvals	0.6%				$58,713
Total development and fitout costs					**$9,785,500**
Total fees and contingencies					**$1,771,176**
Total CAPEX					**$11,556,676**

[23] While the preferred site is the Coates site, it is noted that it may be constrained by flood inundation etc. and other constraints imposed by CMA & other govt. agencies.

6.2. Demand

Figure 17 provides a summary of estimated bookings for the destination holiday park, broken down according to the type of accommodation used. It demonstrates that overall demand is anticipated to grow quite strongly as interest in the new facility is strong, and then gradually plateauing.

Bookings are anticipated to be strongest for the eco glamping pods as they offer attractive all year-round demand and will also offer a new fresh alternative to more traditional motels which are dominant in the region. These would be followed by powered sites because of the number of sites (50 in total, compared with 25 unpowered) and because these are generally the most sought after (compared with unpowered sites) as users want to be able to run all forms of electrical appliances etc.

The demand forecasts are based on occupancy levels achieved at similar, quality destination holiday parks around Australia.

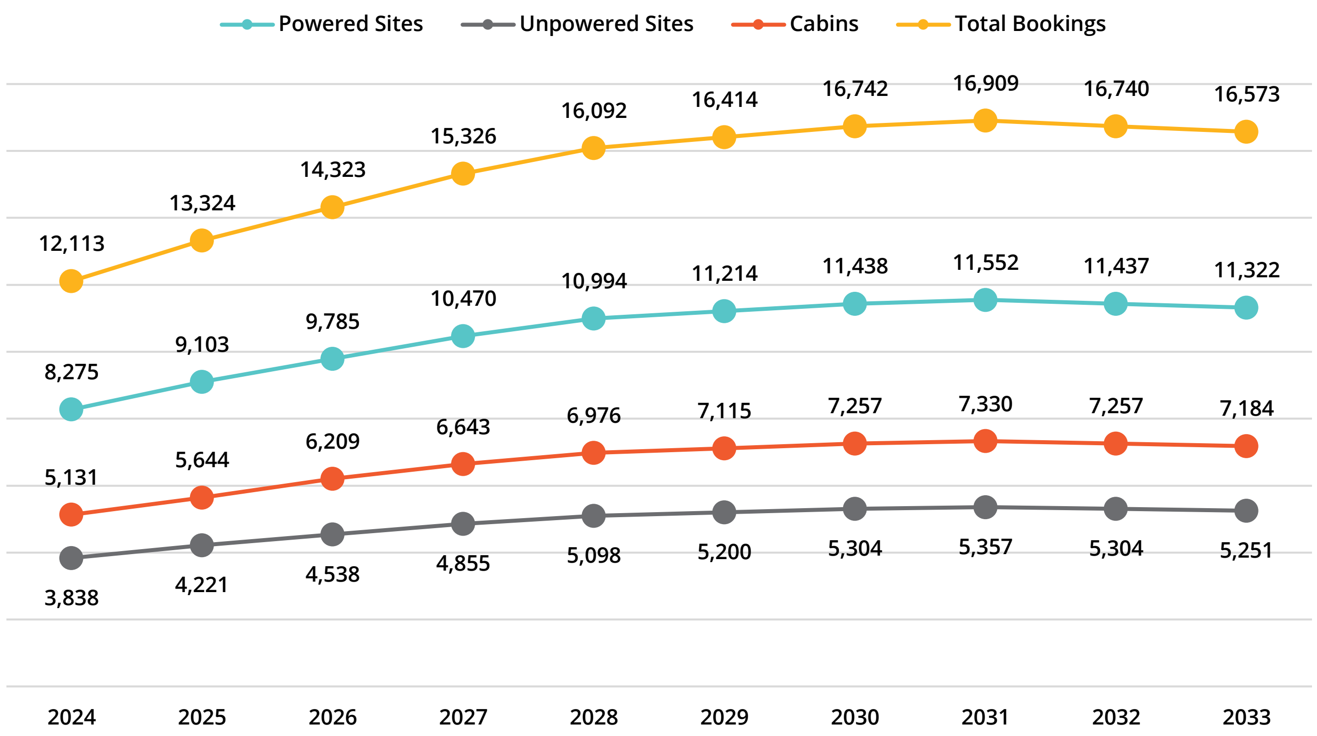
Because of local weather characteristics and a fairly wet and cool winter period, we have assumed that site occupancy rates will reflect:

- For powered sites, 18% occupancy over the low winter season, 40% over the shoulder season and 75% over the peak season
- For unpowered sites, 10% occupancy over the low season, 40% over the shoulder season and 75% over the peak season
- For the eco glamping pods, 38% occupancy over the low season, 55% over the shoulder season and 75% over the peak season

The higher achieved occupancy level for the glamping pods reflects that this is a product which can replace older and more traditional style motels and hotel rooms which are prevalent in the region, and which also provide a product for a far wider market including holiday – leisure visitors, those coming to the region on business and potentially itinerant workers.

In addition, if the destination holiday park was operated by one of the major corporate brands, they would come with a significant member-client data base who they market to, which helps support stronger market demand and associated occupancy levels. Potential regional events and festivals held in shoulder and low season periods, may also boost visitation and associated occupancy during these low and shoulder seasons.

Figure 17: Demand forecasts - bookings



6.3. Revenue Streams

Table 9 provides a top line estimate of potential revenue streams which reflects the following.

- A current standard charge for powered sites in many locations of $45 per night.
- A much lower charge for non-powered sites of $20 per night.
- An average charge of $105 per glamping pod (accounting for $100 for standard pods and $110 for larger family-sized pods).
- An estimated 15% of visitors would rent bike hire and water park use for non-staying guests of $20 on average.

Over time, additional revenue streams are likely to be developed and potential may exist to expand the use of the walking and cycling trails to offer services to more day visitors not staying within the facility.

6.4. Expenditure Items

Expenditure items reflect those for a quality branded destination holiday park (see Table 10). These illustrate the following.

- Staffing of an estimated 6 full-time equivalent personnel which may include several casual/part-time staff to cover site maintenance and management, café and retail store services, general cleaning etc.
- A realistic budget for marketing and promotions.
- A realistic budget for site maintenance and cleaning

  Utility charges reflecting the need for quality and well-maintained sewerage treatment facilities, waste management generally, potable water supply, gas, electricity, Wi-Fi connectivity and telecommunications etc.

Table 9: Revenue streams for the preferred model

Revenue		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Direct Revenue	p/site 2024										
50 x powered RV/caravan sites	$45	$372,375	$409,613	$462,350	$471,157	$568,922	$609,315	$591,906	$597,825	$591,847	$585,929
25 x unpowered sites	$20	$76,750	$84,425	$95,295	$97,110	$101,965	$109,205	$106,085	$107,146	$106,074	$105,013
25 x glamping pods	$105	$538,781	$592,659	$674,743	$697,560	$842,304	$859,150	$876,333	$885,096	$876,245	$867,483
Direct Revenue Subtotal		**$987,906**	**$1,086,697**	**$1,232,388**	**$1,265,827**	**$1,513,191**	**$1,577,670**	**$1,574,324**	**$1,590,067**	**$1,574,166**	**$1,558,425**
Addiitonal Revenue											
Estimated spend on bike hire, water park use (15% visitors)	$15	$85,773	$94,350	$102,061	$109,206	$114,666	$116,959	$119,298	$120,491	$119,286	$118,094
Additional Revenue Subtotal		**$85,773**	**$94,350**	**$102,061**	**$109,206**	**$114,666**	**$116,959**	**$119,298**	**$120,491**	**$119,286**	**$118,094**
Total Revenue		**$1,073,679**	**$1,181,047**	**$1,334,449**	**$1,375,032**	**$1,627,857**	**$1,694,629**	**$1,693,622**	**$1,710,559**	**$1,693,453**	**$1,676,518**

Table 10: Expenditure items for the preferred model

Expenditure		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Staff salaries (6 FTE staff)		$415,000	$424,130	$433,461	$442,997	$452,743	$462,703	$472,883	$483,286	$493,918	$504,785
Staff on costs (holiday, sick leave, superannuation)	25%	$103,750	$106,033	$108,365	$110,749	$113,186	$115,676	$118,221	$120,822	$123,480	$126,196
Marketing and promotions	5%	$53,684	$59,052	$66,722	$68,752	$81,393	$84,731	$84,681	$85,528	$84,673	$83,826
Cleaning and maintenance	7.5%	$80,526	$88,579	$100,084	$103,127	$122,089	$127,097	$127,022	$128,292	$127,009	$125,739
Utility charges (gas, elec, water, sewer charges)	9%	$96,631	$106,294	$120,100	$123,753	$146,507	$152,517	$152,426	$153,950	$152,411	$150,887
Council levies and rates		$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000
IT support and accounting services		$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000
Total Expenditure		**$785,591**	**$820,088**	**$864,733**	**$885,378**	**$951,918**	**$978,724**	**$991,232**	**$1,007,878**	**$1,017,490**	**$1,027,432**

6.5. Cost Benefit Assessment

Table 11 offers a cost benefit assessment for an eco-focussed destination holiday park, as per the model described in Section 4. The key findings from the cost benefit modelling reflect the following:

- A required yield of 5% has been set though we note that the estimated return on capital over the 10-year cash flow period modelled, is between 6-7%. It needs to be noted that this is based on a capital development cost of $11.6m which may be able to be reduced if contingencies costs are lower than expected and/or operating costs can be more tightly managed. What we have offered are therefore deliberately higher cost estimates to reflect higher operating and development costs.
- The discount rate reflects the likely cost of capital which is expected to rise to between 4-6% over the next 2-3 years
- Inflation has been set at 3% as an annual average for the next 10 years though we note that the CPI in 2022 could be closer to 5.5% but it is questionable if this high level of inflation would continue post-2024
- Importantly, the cash flow modelling illustrates a positive annual cash flow position should be possible each year with estimated revenue exceeding estimated operating costs. This results in an annual EBITDA (earnings before interest, tax, depreciation, and amortisation averaging from $288k to $716k per annum over the 10 years.
- A positive internal rate of return of 5% is generated and a positive net present value of $0.74m reflects the positive financial and economic returns able to be generated. If the capital development cost was able to be reduced by say 10% to $10.4m, the IRR increases to 7% and the NPV significantly increases to $1.85m. and the return on capital increases to 5.5%.
- A payback period has not been provided as this will be dependent on any debt capital required and the tax implications, including any offsets possible dependent on the investors tax status. In addition, at this preliminary stage, we have assumed that a site sale arrangement is preferred, though a long-term lease arrangement for possibly the coastal reserve part of the site may be an option as it would not be revenue generating.
- Importantly, the new facilities which a destination holiday park could offer would position it as filling a higher quality product gap (for both glamping pods and caravan park facilities) than other caravan and camping facilities on offer in the region and will also offer a refreshed new alternative to much of the older and more traditional style motel and hotel stock which exists.

Table 11: Cost benefit assessment for the preferred model – indicative top line only

Cost Benefit Assessment for Potential Port Albert Caravan and Camping Park

Assumptions	
Required Yield	5%
Discount rate	5%
Inflation	3.0%

Demand		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Site Bookings											
Powered caravan sites (50)	18,250	8,275	9,103	9,785	10,470	10,994	11,214	11,438	11,552	11,437	11,322
Unpowered caravan sites (25)	9,125	3,838	4,221	4,538	4,855	5,098	5,200	5,304	5,357	5,304	5,251
glamping pod with ensuite (25)	9,125	5,131	5,644	6,209	6,643	6,976	7,115	7,257	7,330	7,257	7,184
Total number of bookings	**27,375**	**12,113**	**13,324**	**14,323**	**15,326**	**16,092**	**16,414**	**16,742**	**16,909**	**16,740**	**16,573**
Visitors											
RV/caravan site visitors (powered & unpowered)	2.3	27,859	30,645	32,943	35,249	37,011	37,752	38,507	38,892	38,503	38,118
glamping pod visitors	2.0	10,263	11,289	12,418	13,287	13,951	14,230	14,515	14,660	14,513	14,368
Total Estimated Site Visitors		**38,121**	**41,933**	**45,361**	**48,536**	**50,963**	**51,982**	**53,022**	**53,552**	**53,016**	**52,486**

Revenue		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Direct Revenue	p/site 2024										
50 x powered RV/caravan sites	$45	$372,375	$409,613	$462,350	$471,157	$568,922	$609,315	$591,906	$597,825	$591,847	$585,929
25 x unpowered sites	$20	$76,750	$84,425	$95,295	$97,110	$101,965	$109,205	$106,085	$107,146	$106,074	$105,013
25 x glamping pods	$105	$538,781	$592,659	$674,743	$697,560	$842,304	$859,150	$876,333	$885,096	$876,245	$867,483
Direct Revenue Subtotal		**$987,906**	**$1,086,697**	**$1,232,388**	**$1,265,827**	**$1,513,191**	**$1,577,670**	**$1,574,324**	**$1,590,067**	**$1,574,166**	**$1,558,425**
Addiitonal Revenue											
Estimated spend on bike hire, water park use (15% visitors)	$15	$85,773	$94,350	$102,061	$109,206	$114,666	$116,959	$119,298	$120,491	$119,286	$118,094
Additional Revenue Subtotal		**$85,773**	**$94,350**	**$102,061**	**$109,206**	**$114,666**	**$116,959**	**$119,298**	**$120,491**	**$119,286**	**$118,094**
Total Revenue		**$1,073,679**	**$1,181,047**	**$1,334,449**	**$1,375,032**	**$1,627,857**	**$1,694,629**	**$1,693,622**	**$1,710,559**	**$1,693,453**	**$1,676,518**

Expenditure		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Staff salaries (6 FTE staff)		$415,000	$424,130	$433,461	$442,997	$452,743	$462,703	$472,883	$483,286	$493,918	$504,785
Staff on costs (holiday, sick leave, superannuation)	25%	$103,750	$106,033	$108,365	$110,749	$113,186	$115,676	$118,221	$120,822	$123,480	$126,196
Marketing and promotions	5%	$53,684	$59,052	$66,722	$68,752	$81,393	$84,731	$84,681	$85,528	$84,673	$83,826
Cleaning and maintenance	7.5%	$80,526	$88,579	$100,084	$103,127	$122,089	$127,097	$127,022	$128,292	$127,009	$125,739
Utility charges (gas, elec, water, sewer charges)	9%	$96,631	$106,294	$120,100	$123,753	$146,507	$152,517	$152,426	$153,950	$152,411	$150,887
Council levies and rates		$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000
IT support and accounting services		$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000
Total Expenditure		**$785,591**	**$820,088**	**$864,733**	**$885,378**	**$951,918**	**$978,724**	**$991,232**	**$1,007,878**	**$1,017,490**	**$1,027,432**

EBITDA		**$288,088**	**$360,959**	**$469,716**	**$489,654**	**$675,939**	**$715,905**	**$702,390**	**$702,681**	**$675,962**	**$649,086**

Capital Costs											
Total development and fitout costs	$9,785,500										
Total fees and contingencies	$1,771,176										
Upgrades/refresh year 5 and year 10						-$300,000					-$300,000
Total Establishment Costs	**$11,556,676**										
Centre Value											**$12,981,722**
Cash Flow	**-$11.6m**	**$288,088**	**$360,959**	**$469,716**	**$489,654**	**$375,939**	**$715,905**	**$702,390**	**$702,681**	**$675,962**	**$13,330,808**
IRR	**5%**										
NPV	**$739k**										

6.6. Free facilities

We understand that, currently, there are five free sites across the Shire where travellers can stay for limited periods only (limit of 48 hours). Council tourism staff consider that these free facilities are particularly important to attract an overnight caravan and RV visitor market who come and stay within the region for free, but who support local retail and hospitality providers through the purchase of fuel, groceries, and other supplies.

There is reliance on an assertion that the visitor spend in the region from those staying in free facilities, outweighs any costs associated with taking care of free caravan and camping sites. This assertion is based on generic research (not from a regional study) which indicated that likely spend would outweigh likely costs.

Every region and every location are different. We would suggest that Council undertake a small economic research exercise to verify what the spend of free campers and caravaners actually is, and at the same time, identify the true cost of providing facilities for them.

In many regional locations, the likely costs include the following.

- The cost of setting aside land for this purpose which may actually have higher or better uses available so there could be an opportunity cost being lost.
- The cost of maintaining the sites tends to mostly fall to a Council so there is the cost of having staff mow sites, clean facilities, etc.
- There are sometimes security and related costs that can be associated with anti-social behaviour.
- There are overhead costs associated with the supply of goods and services needed to maintain these freedom camping sites which may include landscaping, vegetation maintenance, etc.
- There are often costs associated with putting in signage, waste facilities, dumpsites, picnic tables etc.
- There are associated site management costs.
- There are often online/web-based booking and profiling costs to advise caravaners etc that there are facilities and rules to apply.
- Where there are policies for allowing visitors to only stay a maximum number of nights, there are often enforcement costs involving Council staff.

From a caravan and/or camping user perspective, the argument often put forward is that these visitors spend on fuel, groceries etc. We suggest that for different destination locations, the actual level of spending differs quite markedly. Some remote locations find visitor spending to be far higher while more accessible regions (with various places to purchase goods etc. within say a 1-hour drive radius, such as Wellington Shire), may find actual spending to be lower. Hence, we would suggest that a small economic impact study be undertaken to better understand if free campers and caravaners actually are spending well in the region.

Points to note include:

- Fuel purchased in the region is often via a multi-national fuel provider so spending on fuel specifically may have limited local benefit.
- Caravaners and campers tend to purchase grocery and related items at the lowest possible price so will look for savings within a broad radius where different major shopping centres-super markets may exist.
- Those requiring vehicle repairs etc tend to get their vehicles serviced at home before they travel so in a less remote location (such as Wellington Shire) the chance of repair work being undertaken is expected to be negligible.
- There are relatively few restaurants and cafes and bars for these free campers-caravaners to use so it is questionable how much business they generate for these establishments.
- Studies of freedom camping and caravan sites and spending have often been from very remote regional locations in more outback destinations where caravaners have a far greater compulsion to fill up with supplies just in case they can't access more supplies in other locations, or where the next town is quite a distance away, or in case they get stuck enroute. This is not the case for easily accessible regions like Gippsland, so this argument doesn't apply.

In addition to the above, there is also a philosophical argument that if something is for free, it may not be seen to be good and may not be fully appreciated by visitor markets. Even if the camping and caravan sites required a minimum charge ($5 or $10 per site per night) this would reflect that there was a value and the market appreciated it.

Finally, and regarding the Council's desire to attract private sector investment into a quality caravan and camping parks to support stronger economic benefit to the regional visitor economy, offering several free caravan and camping facilities puts the Council in direct competition with a private provider of services. Though the services able to be offered may vary considerably, offering free camping and caravan park facilities does risk the Council putting out a message that caravaners can choose between free facilities subsidised by Council or paid facilities provided by private operators. Competitive neutrality is a sensitive issue which Council may wish to seek a legal opinion on, should a private caravan and camping park provider decide to complain about.

Although we fully appreciate the desire of Council to try and attract as many overnight caravaners and campers as possible and to accommodate them in a range of facilities (free and charge for), we would merely suggest that Council verify through its own economic study, if the benefits allegedly being accrued through the spend in the region from these free caravaners and campers, actually outweighs the costs of providing the free services to them, as they are at a cost to Council and the ratepayers.

7. APPENDICES

Appendix 1 Site Overlays

+ The Cricket Reserve

Figure 18: Cricket reserve site zoning

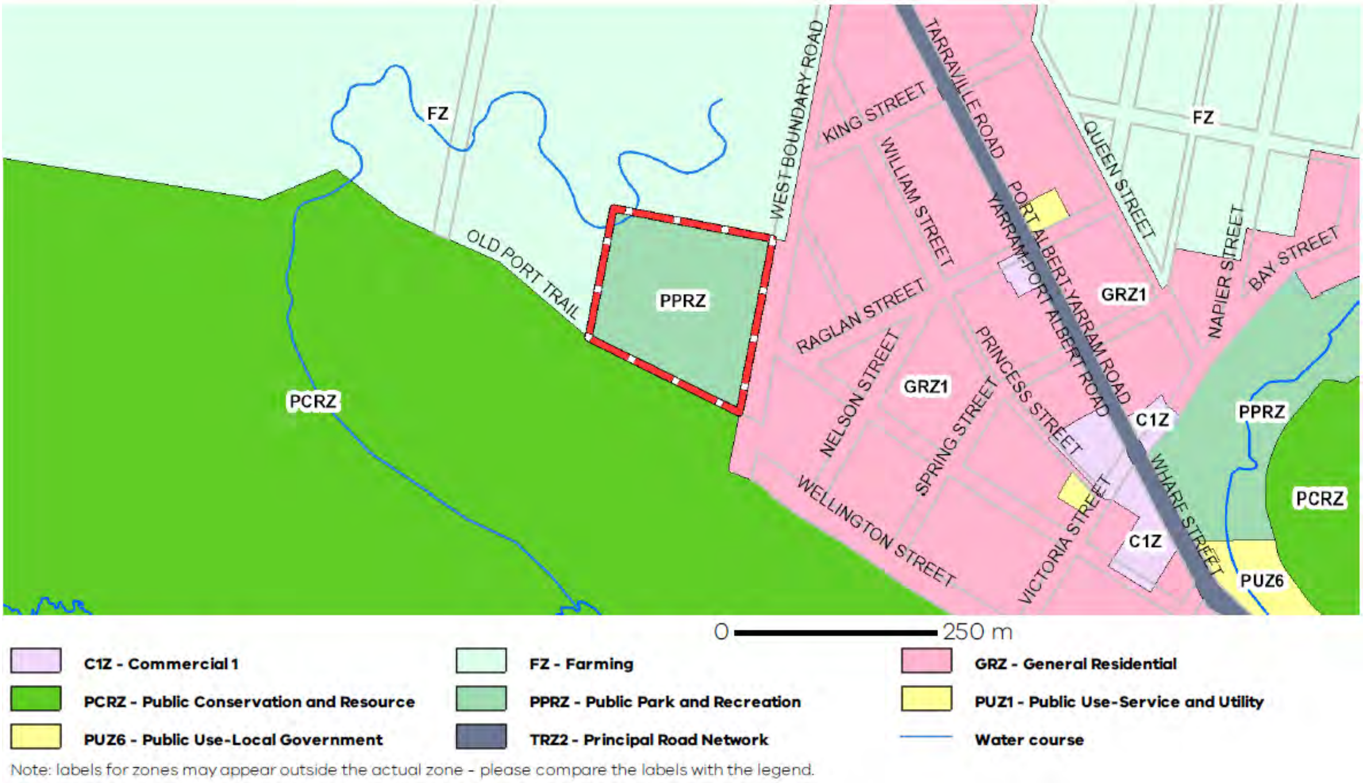


Figure 19: Cricket reserve bushfire management overlay

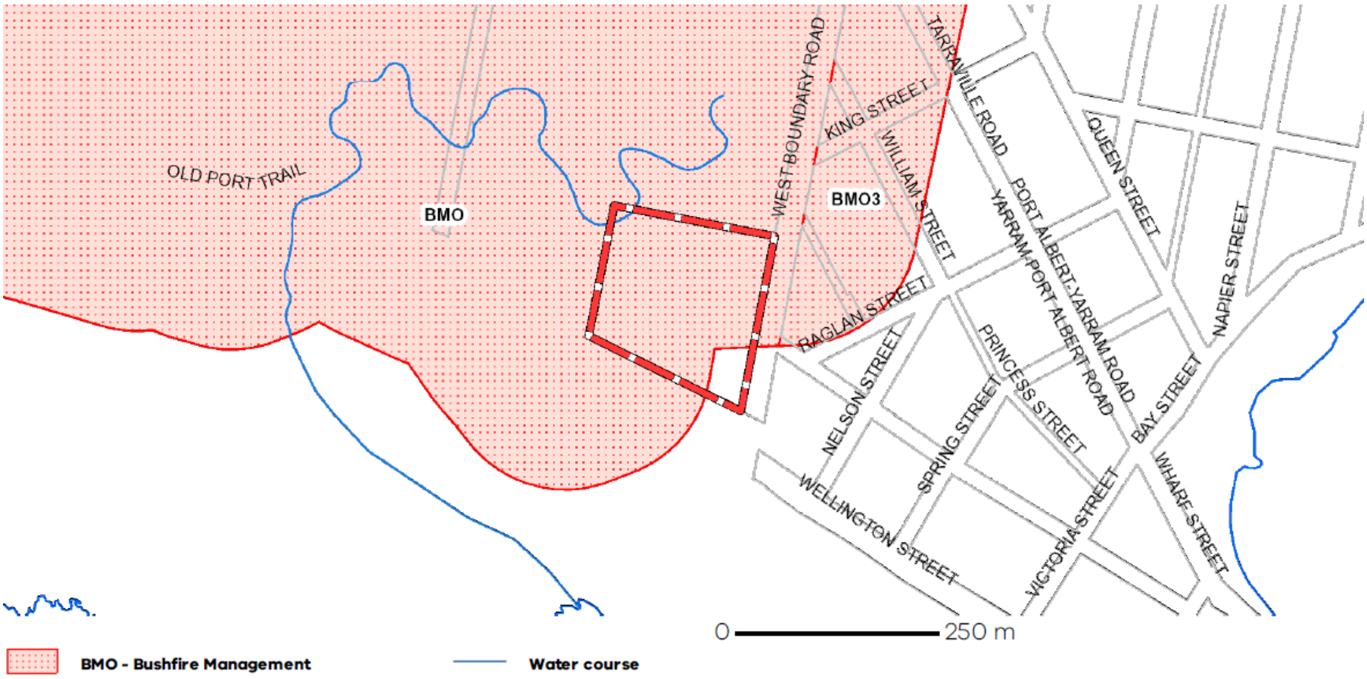


Figure 20: Cricket reserve environmental significance overlay

Figure 21: Cricket reserve land subject to inundation overlay

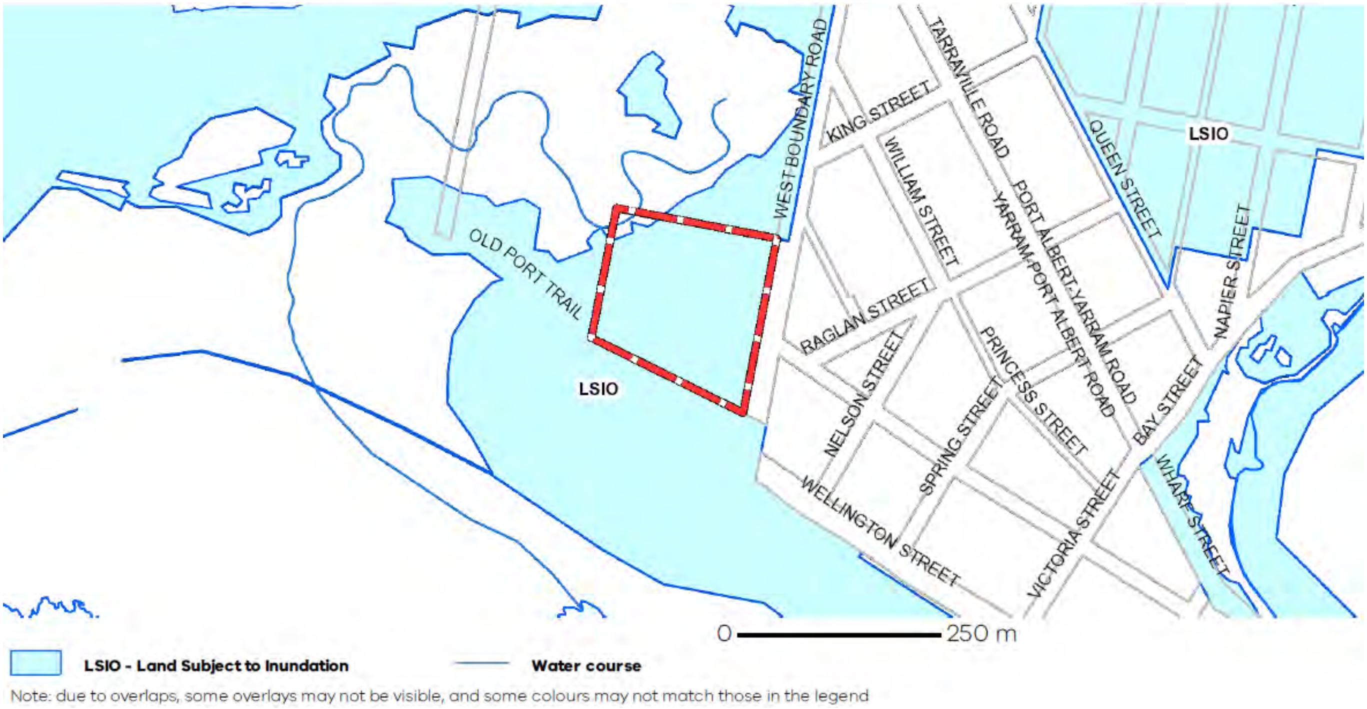


Figure 22: Cricket reserve heritage overlay

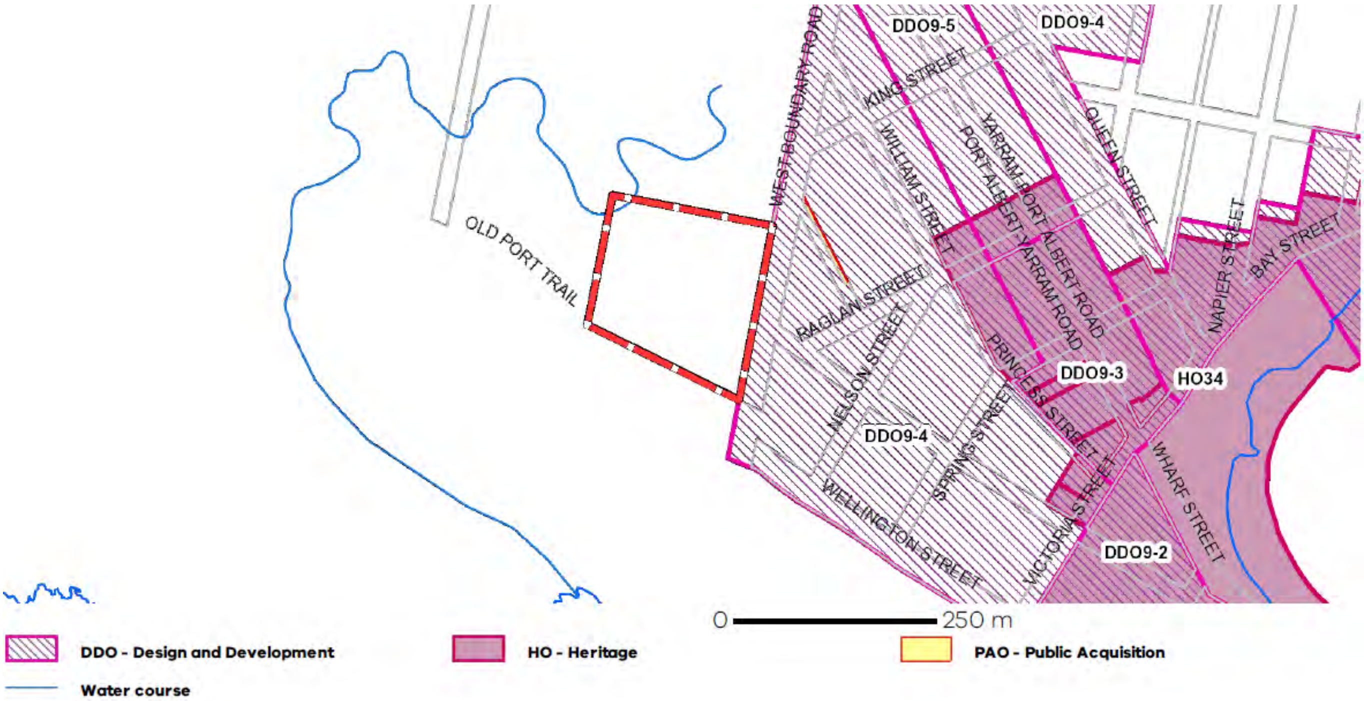


Figure 23: Cricket reserve Aboriginal cultural heritage overlay

+ Racecourse Reserve

Figure 24: Racecourse reserve site zoning

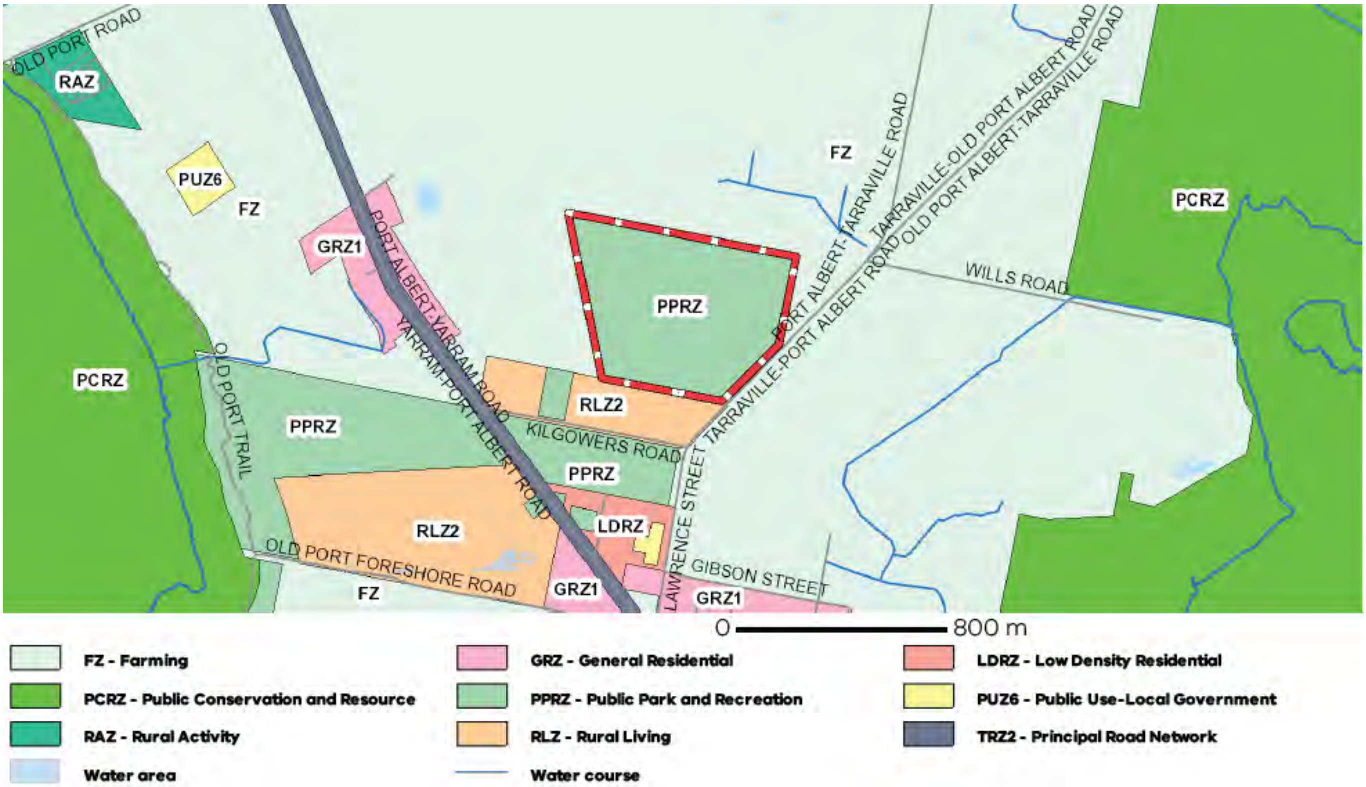


Figure 25: Racecourse reserve bushfire management overlay

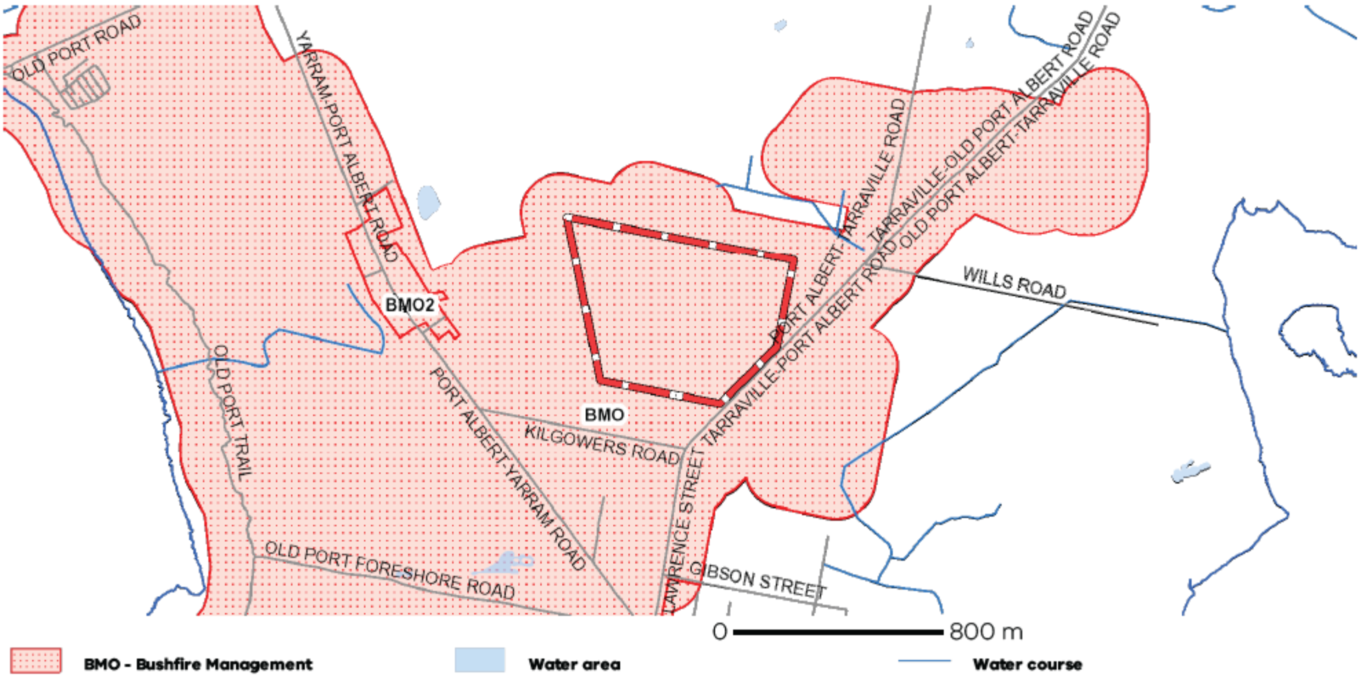


Figure 26: Racecourse reserve environmental significance overlay

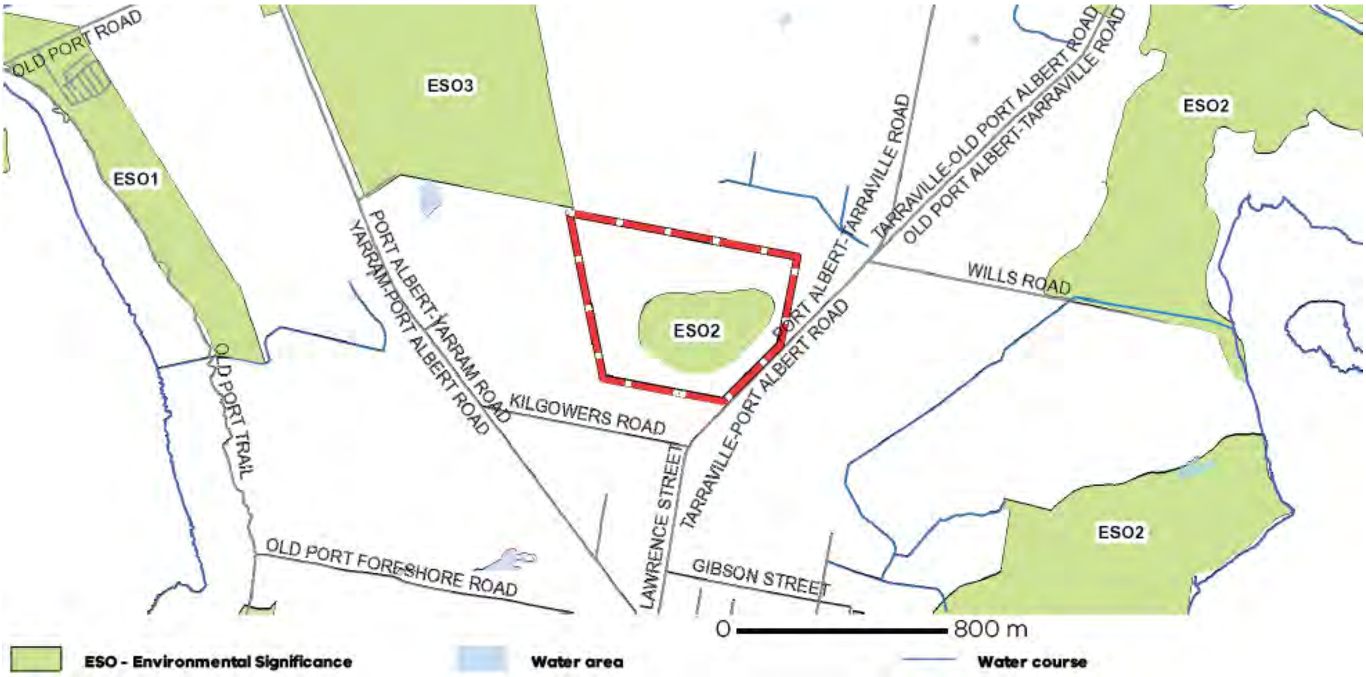


Figure 27: Racecourse reserve land subject to inundation & heritage overlay

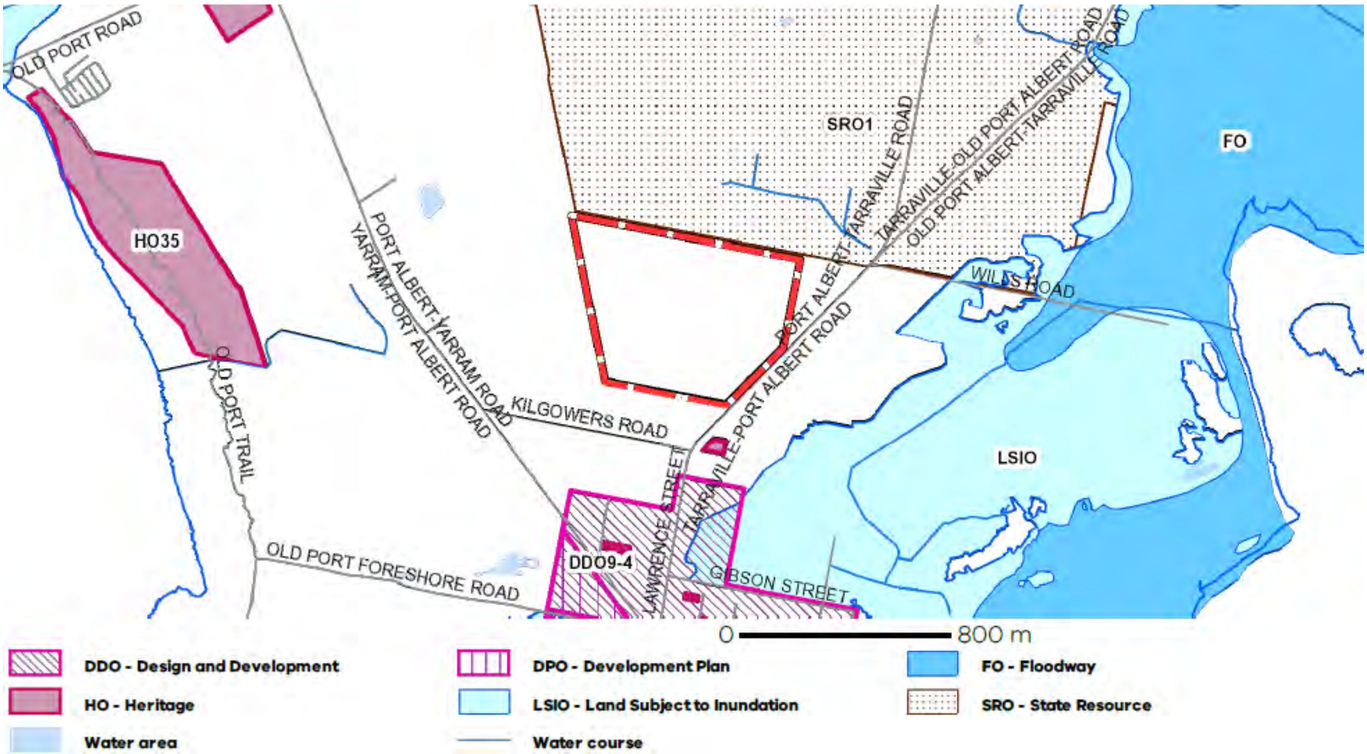


Figure 28: Racecourse reserve Aboriginal cultural heritage overlay

+ Seabank

Figure 29: Seabank site zoning

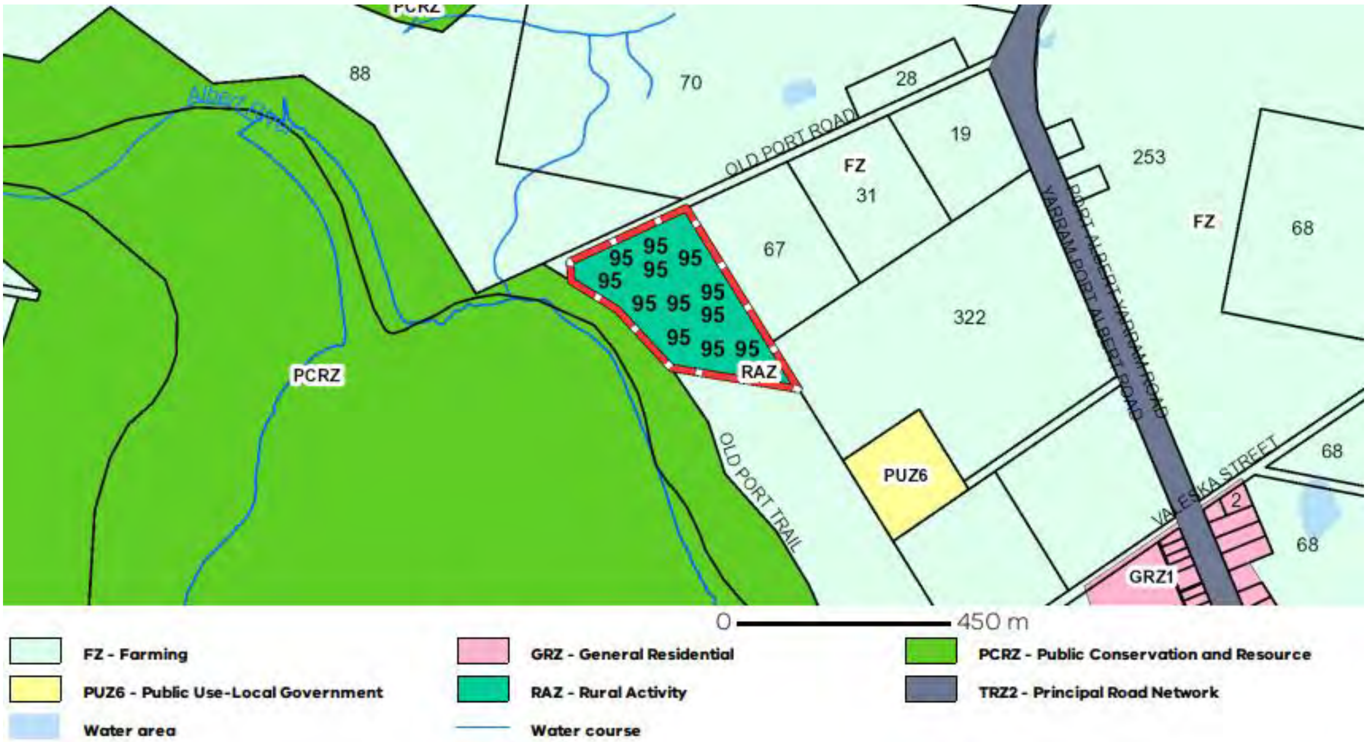


Figure 30: Seabank bushfire management overlay

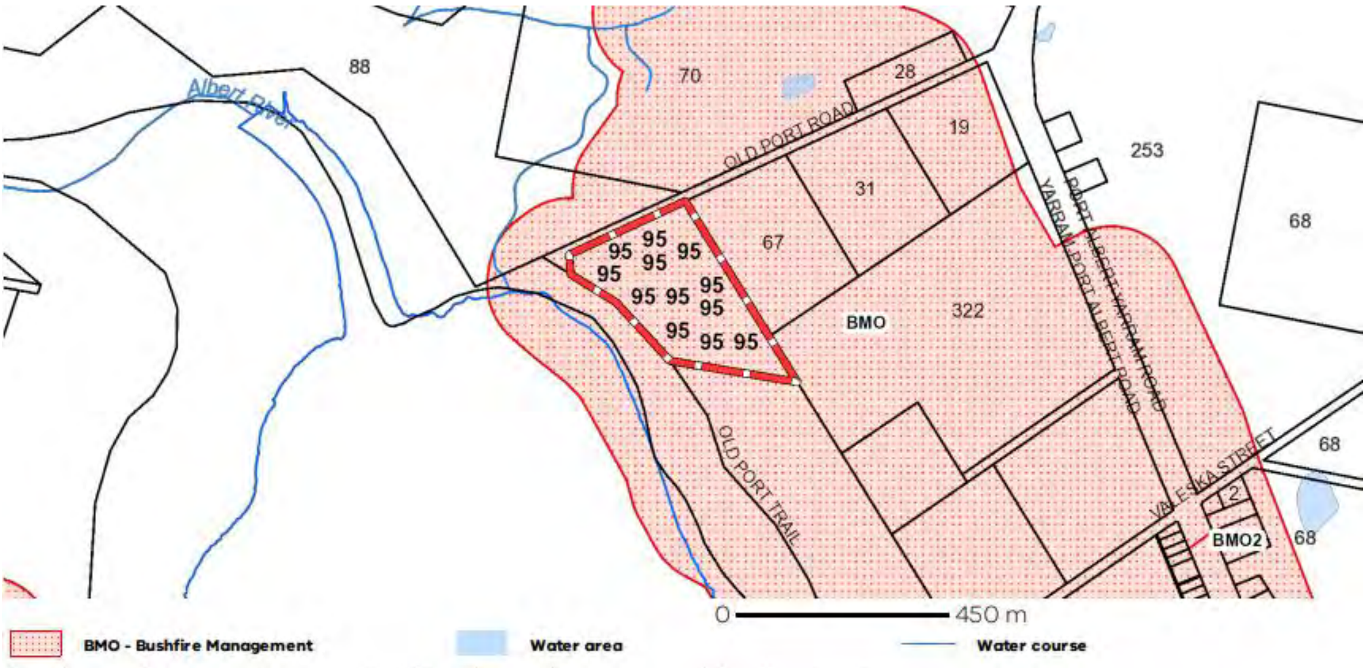


Figure 31: Seabank environmental significance overlay

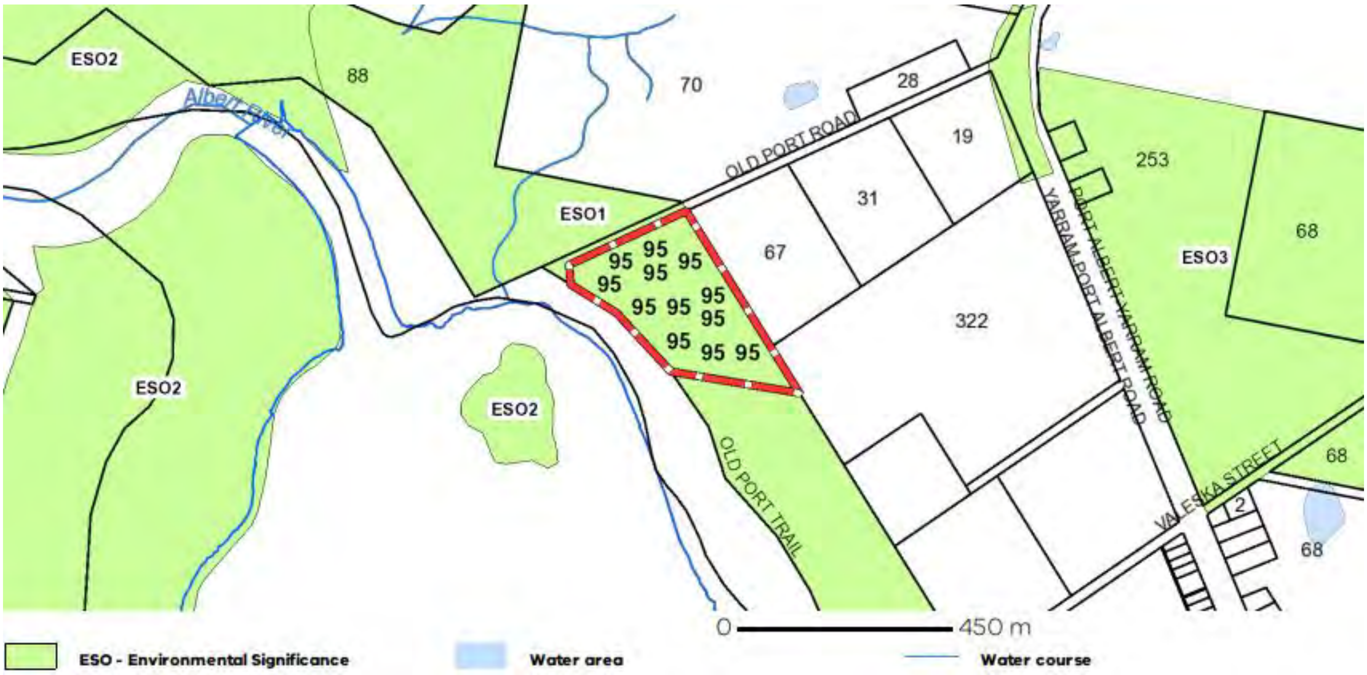


Figure 32: Seabank land subject to inundation & heritage overlay

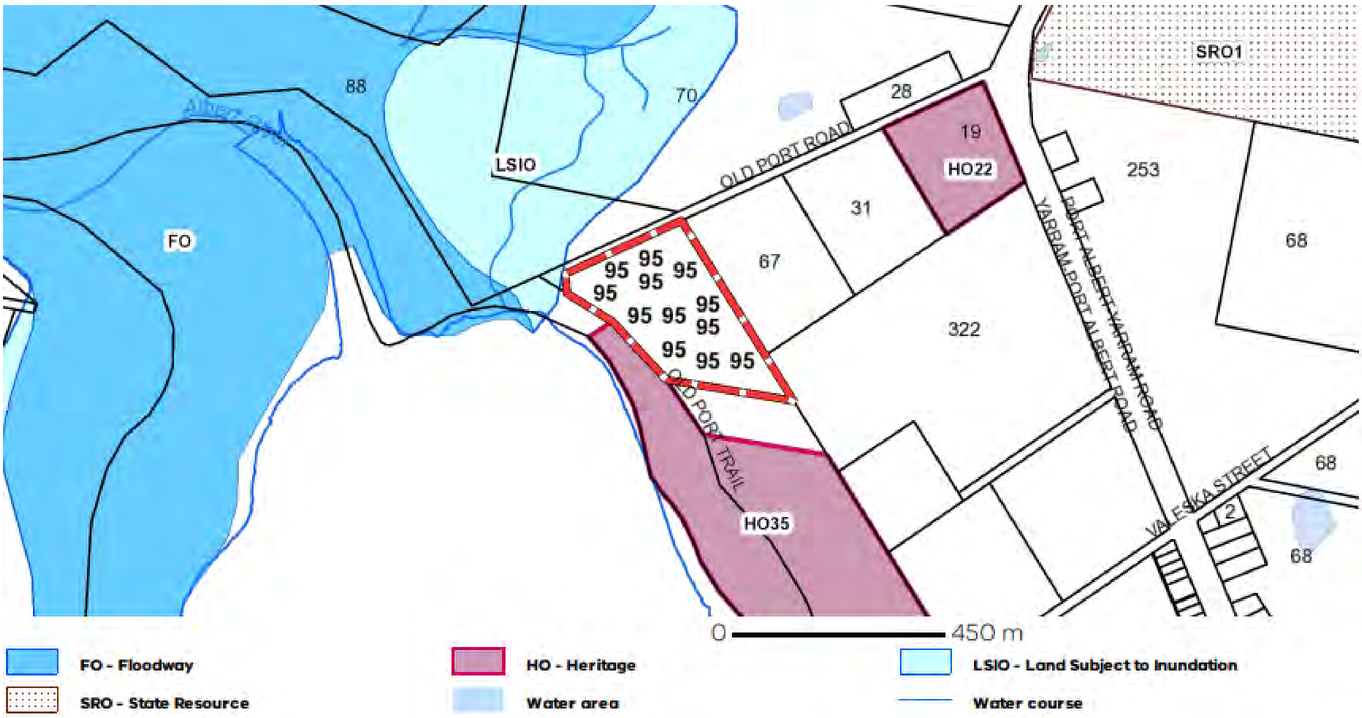
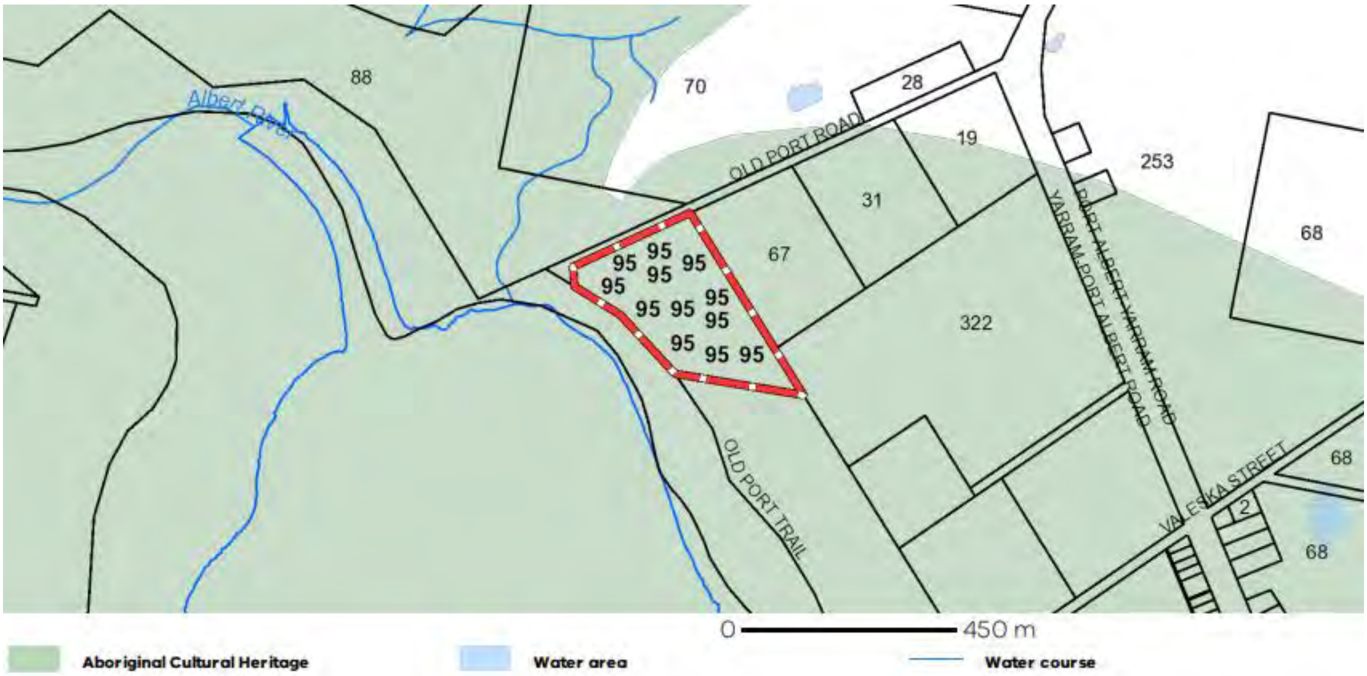


Figure 33: Seabank Aboriginal cultural heritage overlay



+ RV Overnight Stop & Rutters Park

These are combined because they are the one property on Vicmap.

Figure 34: RV overnight stop site zoning

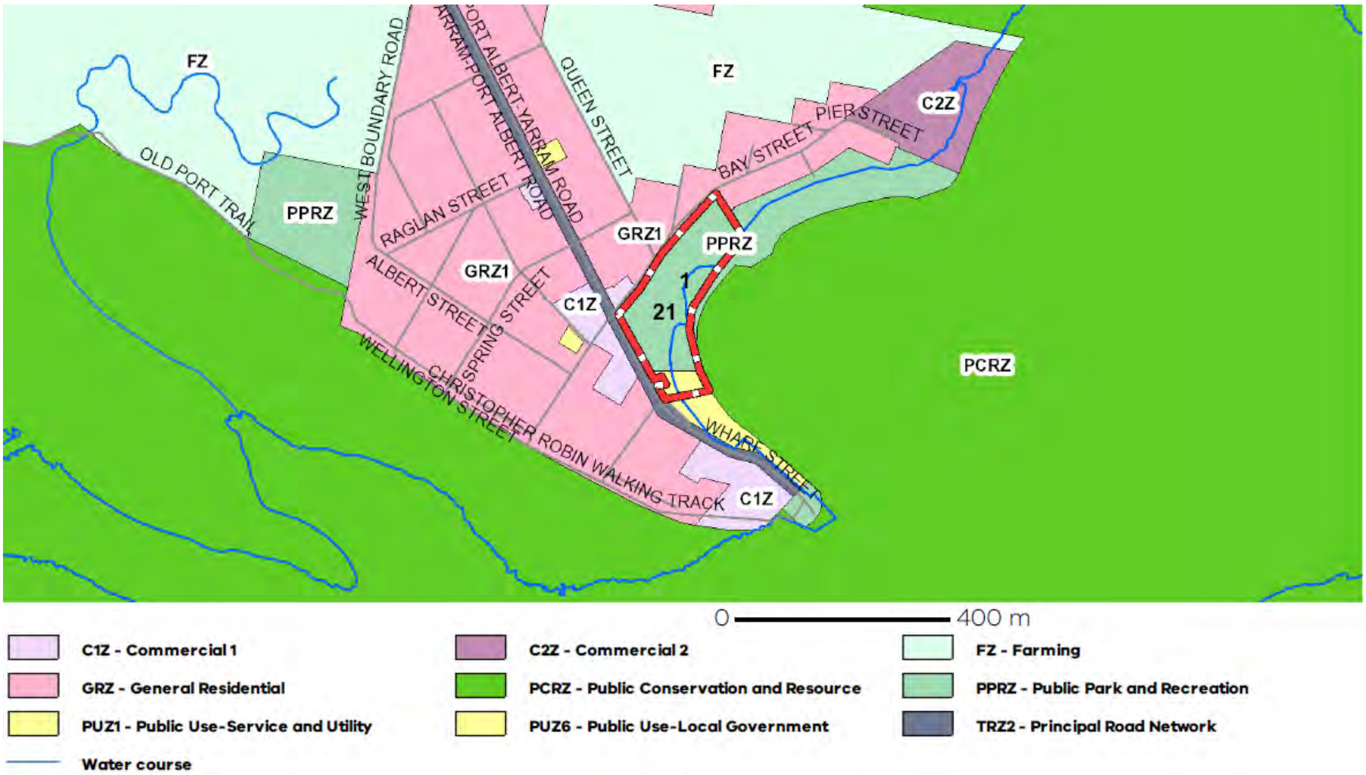


Figure 35: RV overnight stop environmental significance & bushfire overlay

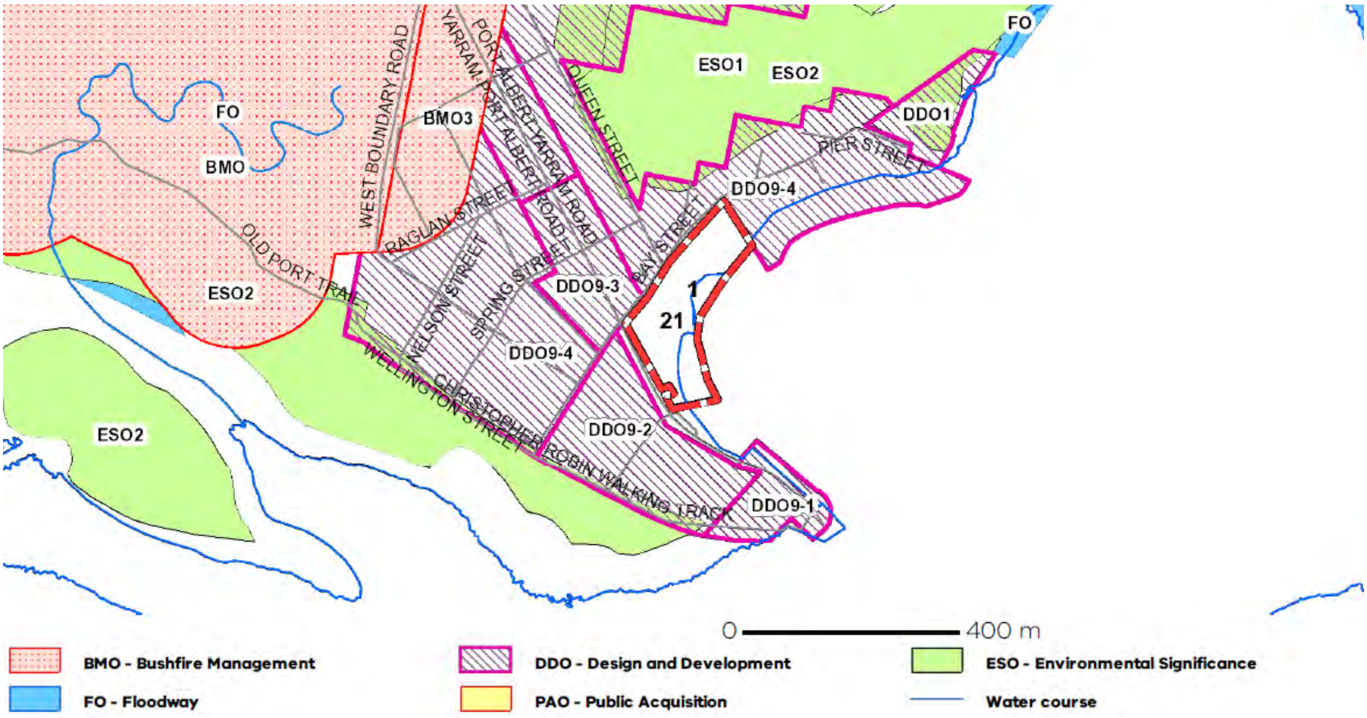


Figure 36: RV overnight stop land subject to inundation overlay

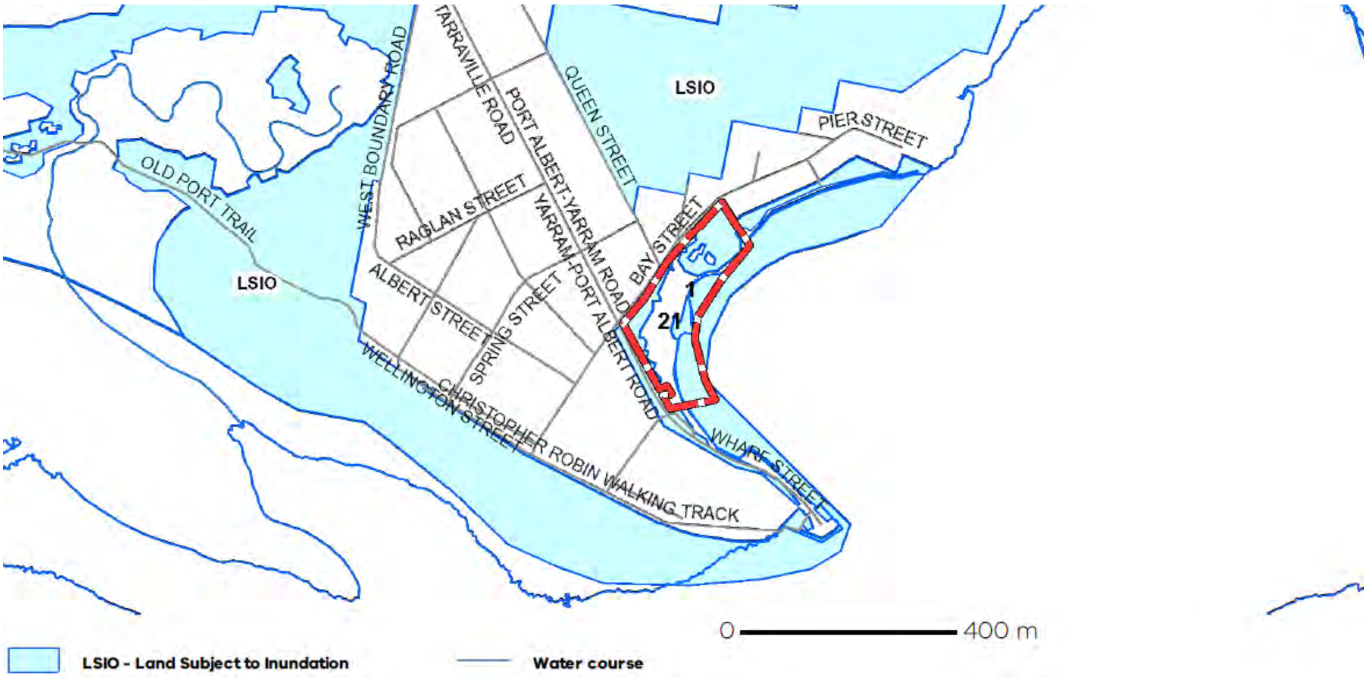


Figure 37: RV overnight stop heritage overlay

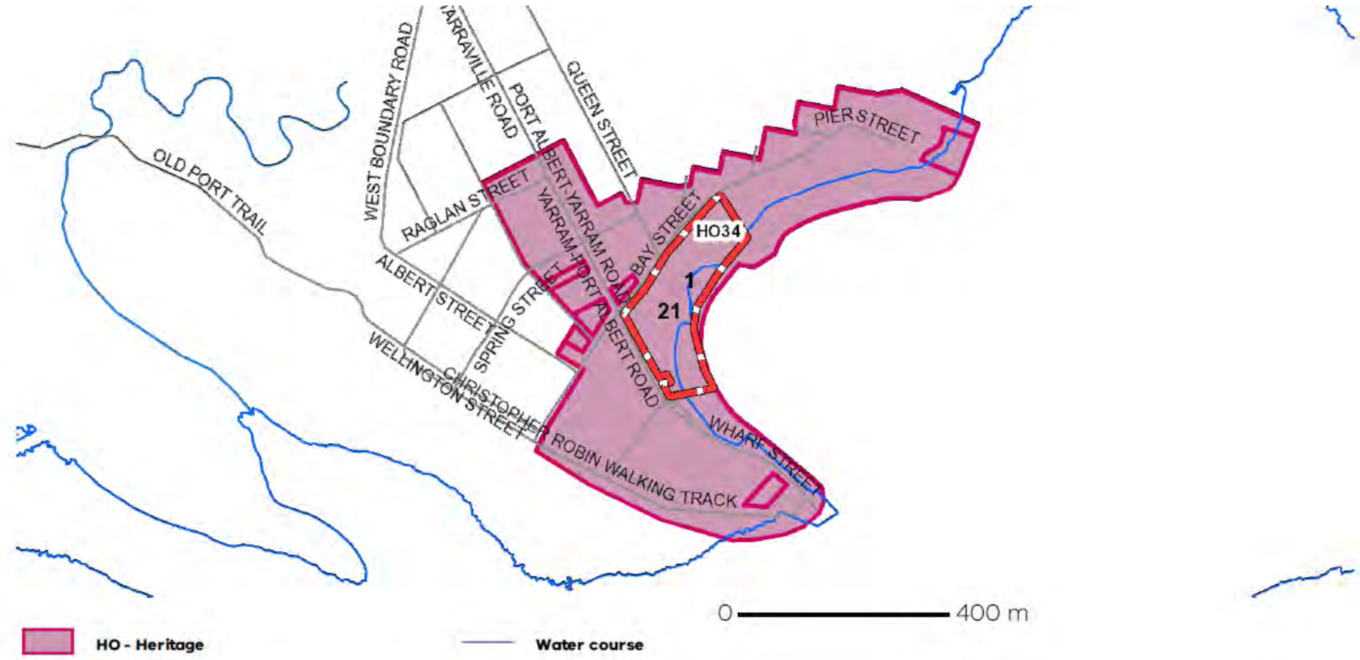
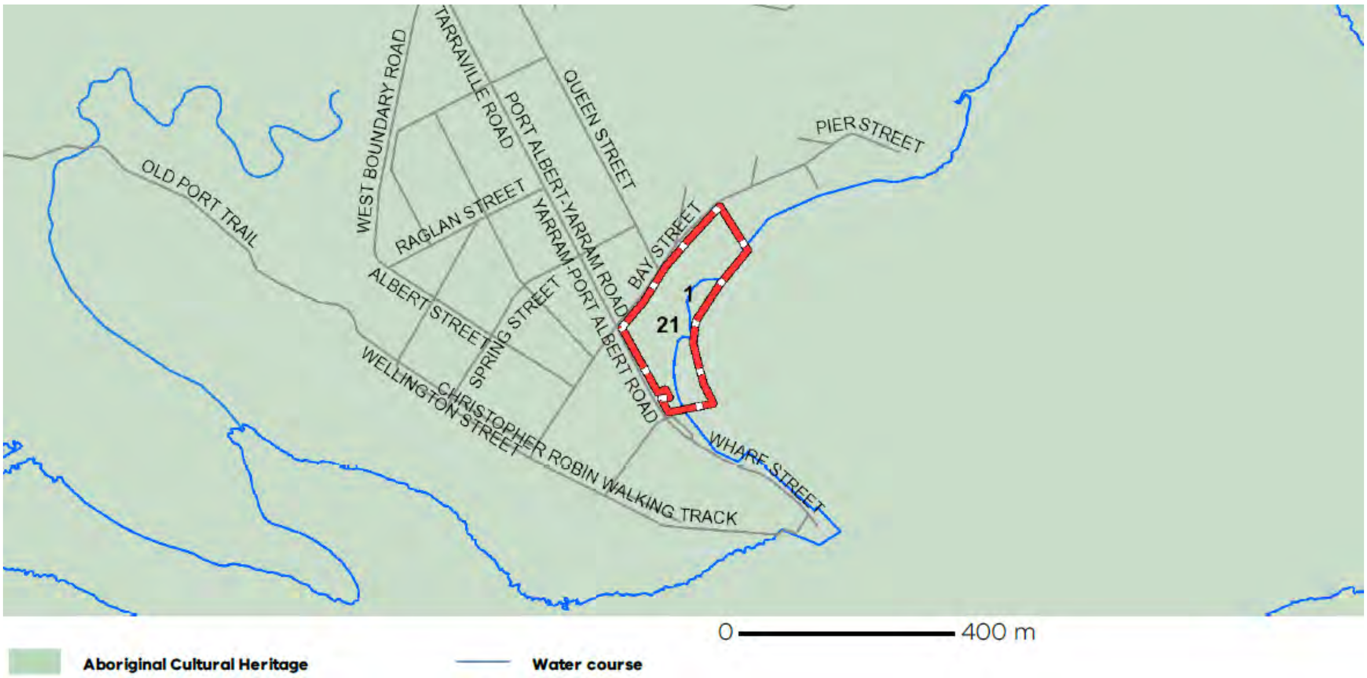


Figure 38: RV overnight stop Aboriginal cultural heritage overlay



The Coates Site

Figure 39: The Coates site zoning

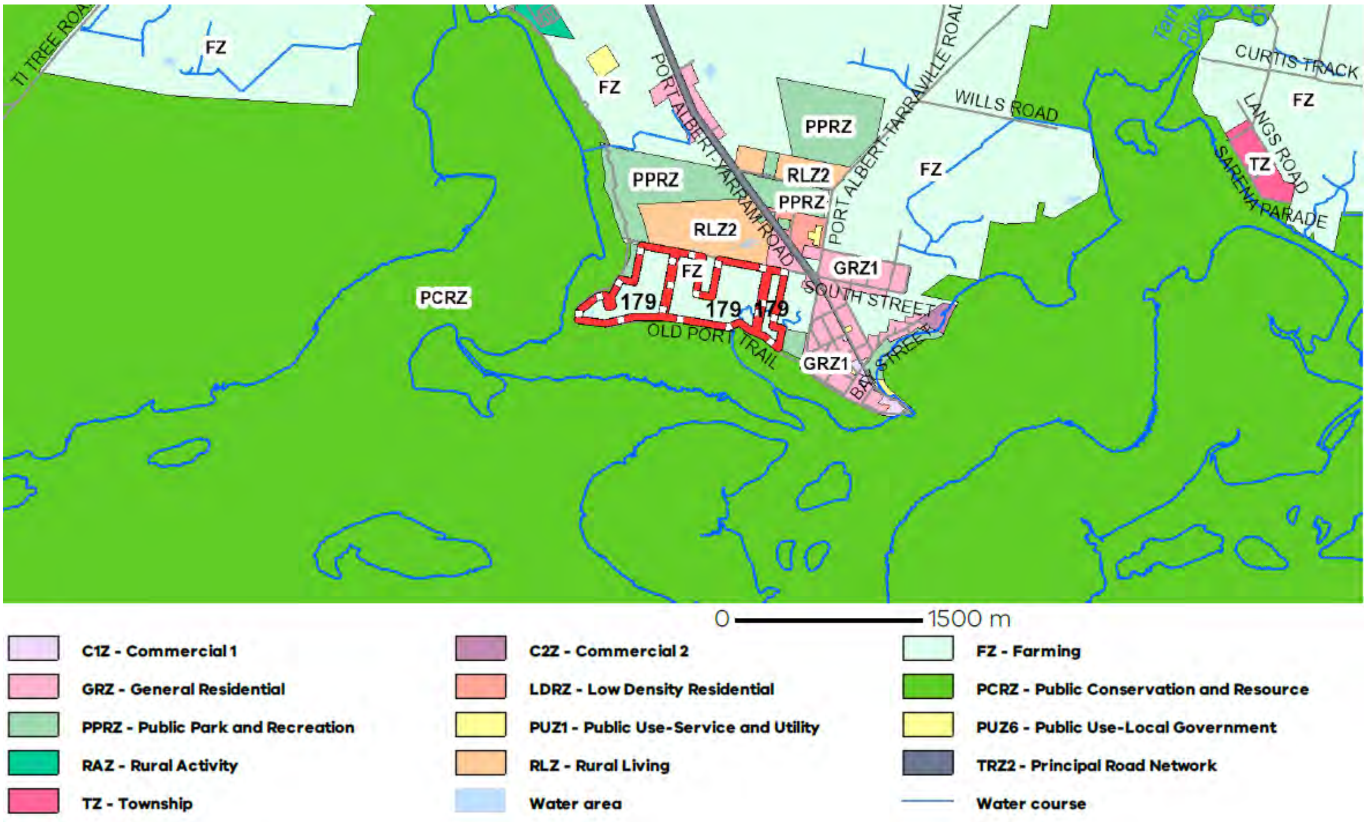


Figure 40: The Coates site bushfire management overlay

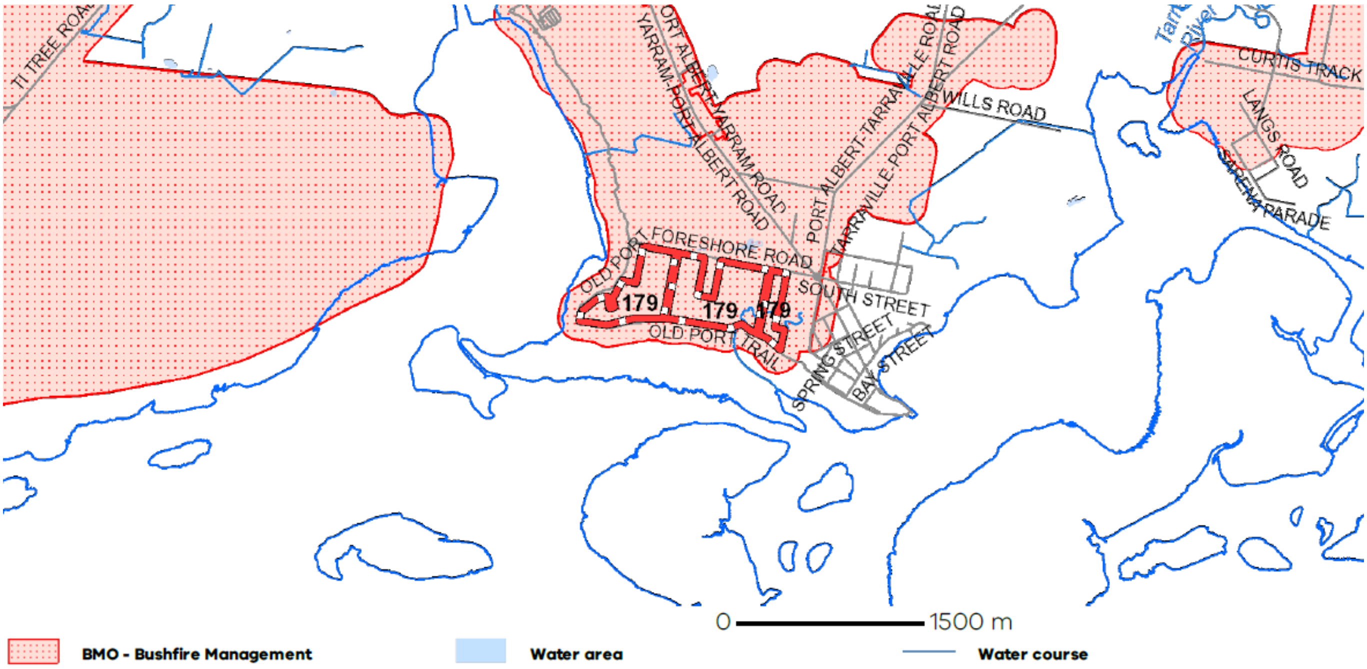


Figure 41: The Coates site environmental significance overlay

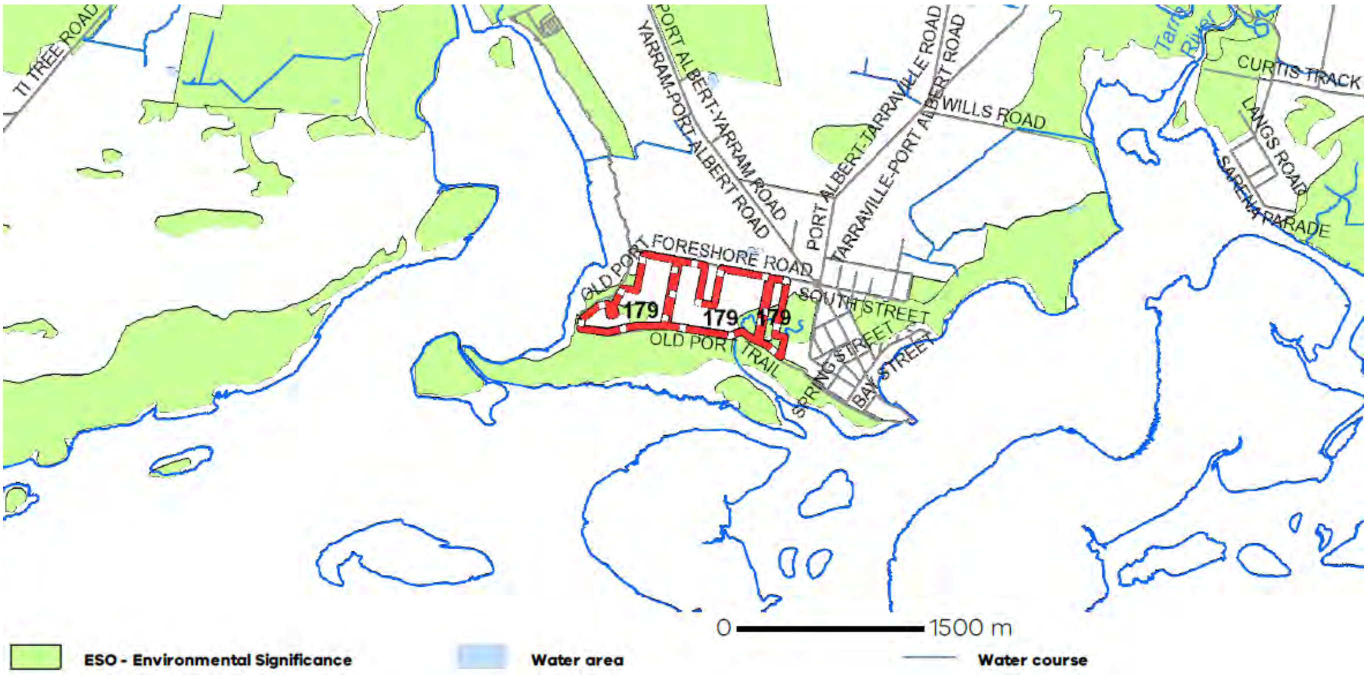
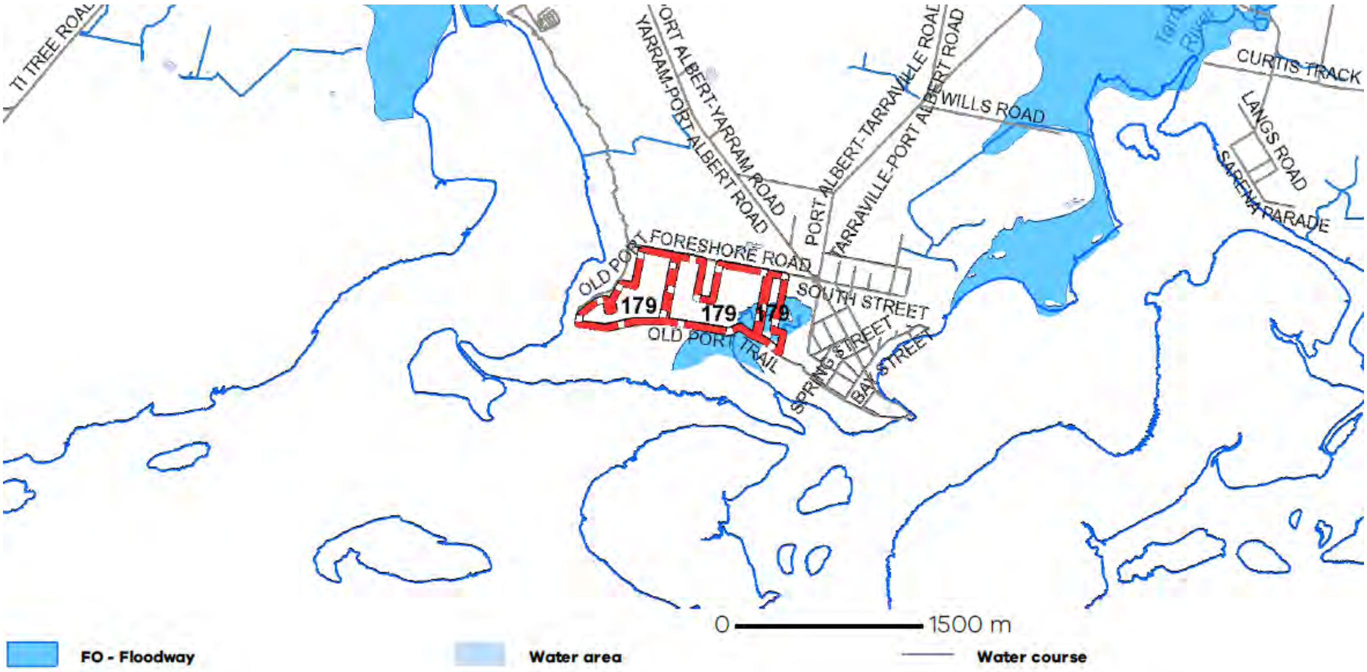


Figure 42: The Coates site land subject to inundation overlay



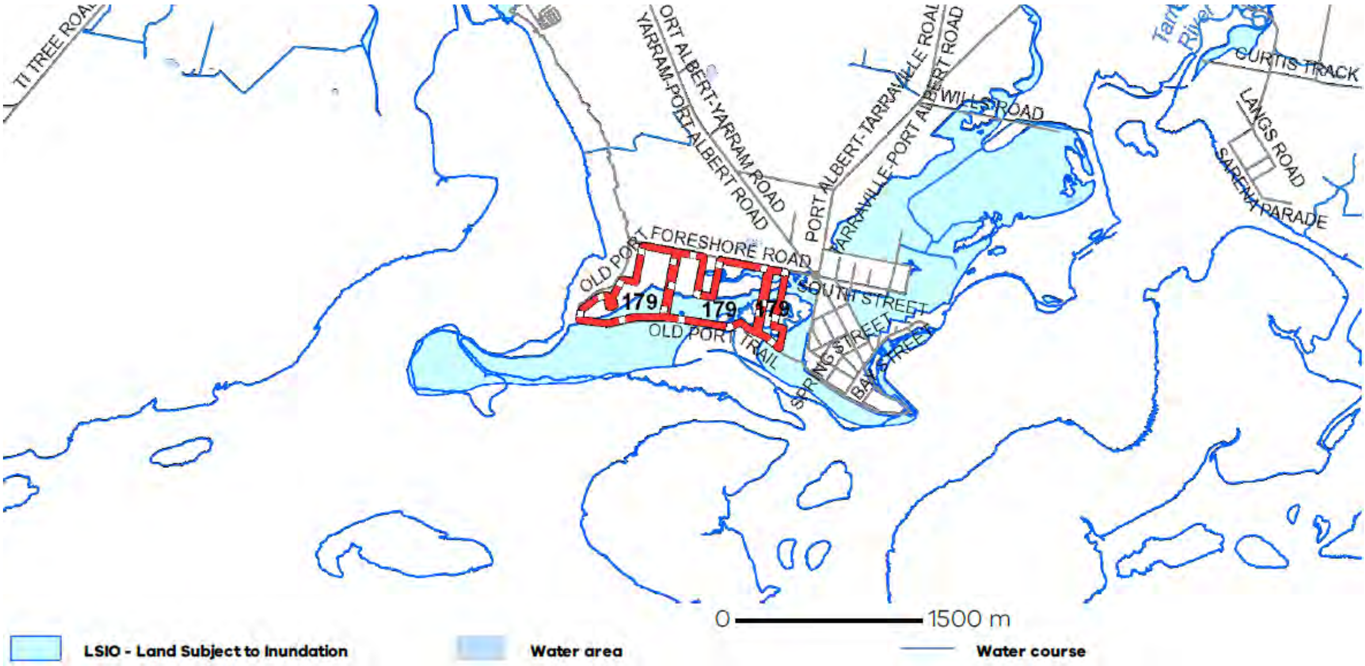


Figure 43: The Coates site heritage overlay

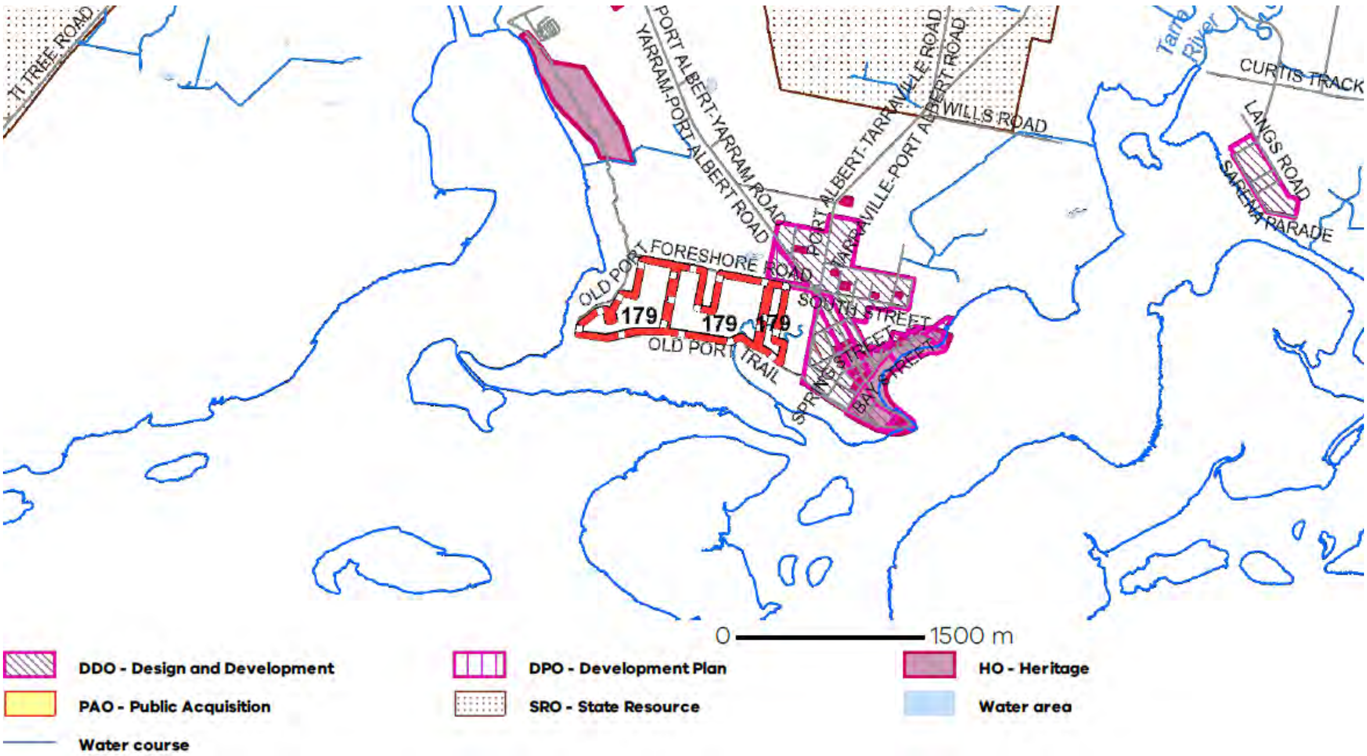


Figure 44: The Coates site Aboriginal cultural heritage overlay