



## **CARAVAN PARK MANAGEMENT PLANS**

**CRESCENT HEAD CARAVAN PARK  
HAT HEAD CARAVAN PARK  
STUARTS POINT CARAVAN PARK  
GRASSY HEAD CARAVAN PARK**

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## EXECUTIVE SUMMARY

Kempsey Shire Council adopted Management Plans for its four caravan parks in 1998. The parks: Crescent Head, Hat Head, Stuarts Point and Grassy Head Holiday Parks, at the time were thought to be unprofitable. However, all the caravan parks occupy superb coastal locations and attract strong visitation, particularly in the peak periods.

The problems facing Council at the time were significant:

1. The caravan parks did not comply with the regulatory standards of the Local Government Act for the operation of such tourist facilities;
2. The management of the caravan parks individually and collectively was very poor;
3. The caravan parks were generally poorly presented and maintained. This was also true of the surrounding Crown lands used for day visitation;
4. The stock of available on-site accommodation was limited and occupancy levels reflected a marked seasonality;
5. The tariff levels were inappropriate given the locations and pricing policies in the industry; and
6. Some sectors of the community believed that they had prior rights to the occupation and use of sites in the caravan parks to the detriment of the general community. This attitude was

hampering the implementation of an orderly improvement programme.

Council to its credit addressed these and other challenges and has achieved the following outcomes since the 1998 Management Plans were adopted:

- The management approach to the operation of the caravan parks has been completely overhauled;
- The stock of on-site accommodation has been increased;
- Tariff levels are now closer to (but below) industry standards;
- Revenue has increased substantially because of better accommodation, more realistic tariffs, and the adoption of a more rigorous approach to audit; and
- A start has been made to bring the caravan parks into conformity with the requirements of the Local Government Act.

Since 1998 there have been a number of important changes in the context in which the caravan parks operate. Domestic tourism has strengthened, in part assisted by an increased awareness of the risks international travellers face from terrorism (Bali bombing) and health (SARS). The economy has enjoyed a period of sustained expansion with low inflation and interest rates. The caravan park industry has improved its product substantially over the period by significant investment

in a wide range of improvements: site types, facilities such as swimming pools and camp kitchens, landscaping and innovative approaches to management and promotion. In the last few years the impact of drought conditions has been apparent.

The current review is timely in the light of the above changes and the need to address a number of outstanding matters from the 1998 Management Plans. Many of the design suggestions for improving the operation of the caravan parks have not been implemented; landscaping and signage are generally substandard and essential management tools such as boom gates have not been introduced to manage day visitation and the movement of vehicles.

In summary, the following measures are proposed as amendments to the Management Plans

1. Introduce further on-site accommodation in all the caravan parks within cabin precincts capable of siting additional cabins in future years;
  2. Introduce boom gates at Crescent Head, Hat Head and Grassy Head Caravan Parks as a high priority initiative. This will require a redesign of sections of these parks and the adjoining day visitation areas and suggestions are provided as to how this might be achieved;
  3. Invest substantially in the landscaping of the caravan parks, particularly when siting new cabins;
  4. Measures to address the needs of the surrounding day visitation areas and minimise its impact on the activities of visitors to the caravan parks are proposed;
  5. Review the current pricing particularly in relation to on-site cabin accommodation;
  6. Reassess the desirability of holiday vans in the light of the Department of Land's policy on the tenure of such accommodation on Crown Reserves; and
  7. Reorganise the way Council responds internally to management imperatives of the operation of the caravan parks.
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## INTRODUCTION

### 1.1 Background

Kempsey Shire Council is responsible for the management of four caravan parks at Crescent Head, Hat Head, Stuarts Point and Grassy Head. These caravan parks are located on reserved Crown land under Council's care control and management and provide a range of tourist accommodation. Day visitation areas are located beside, around and in some cases in these caravan parks. Accordingly, the challenge for Council is to have a management system in place that effectively deals with both the business of running caravan parks and the open space system of which they are an integral part.

In 1997 Integrated Site Design was commissioned by Kempsey Shire Council to prepare management plans to guide the future management and redevelopment of the four caravan parks under its control. At the time, Council's caravan parks were seen as a liability rather than an asset.

The purpose of the management plans was to provide Council with design and management solutions to improve the commercial viability of the parks, to ensure regulatory compliance and to increase visitor satisfaction. Subsequently, Council replaced the individual park management contracts with a single contract. In the intervening period only some of the recommendations of the management plans have been implemented. In any event, design issues, with the exception of Crescent Head, are to be re-examined after the management plans have been completed.

The previous plans are now dated for a number of reasons, some of which include:

- The caravan park industry has moved on. Private and local government managers of caravan parks have introduced a wide range of new and improved facilities (eg camp kitchens, en suite units, swimming pools etc) and have especially improved the on-site accommodation;
- New forms of management have been introduced with varying degrees of success and new technological considerations allow alternative management options to be considered;
- The costs of development and management have changed substantially;
- The awareness of the importance of environmental issues has increased (for example, the importance of parks being drought proofed); and
- The value of domestic tourism versus international tourism has increased.

In formulating management plans for each caravan park, we are conscious of the need to build on Kempsey Shire Council's experience in managing these parks over the last five years. The policies and views of the Department of Lands are also important as the caravan parks are on Crown Land. The policies of the PlanningNSW and the Coastal Council will also be significant given the

importance of environmental issues and management of the coastal zone generally. The recently released State Environmental Policy No 71 – Coastal Protection establishes a planning framework that recognises the development and redevelopment of caravan parks in the coastal zone as State significant development.

The plans must be commercially viable, ecologically sustainable and enhance the visual amenity of the region. Given the locations of the caravan parks and their environmental qualities this project represents an important opportunity to provide a management framework to ensure ecologically sustainable tourist and day visitation facilities.

## 1.2 The Brief

The “Needs Statement” for this study requires the preparation of management plans for the Crescent Head, Hat Head, Stuarts Point and Grassy Head Caravan Parks to provide innovative management solutions applicable to each caravan park in its immediate setting. Kempsey Shire Council is seeking advice through the management plans on how to address the larger management issues in order to achieve the following outcomes:

- Efficient and responsive management that can deal with routine and unforeseen events;
- Best Practice in all areas of the operation and management of the caravan parks;

- A reduction of operational and management costs;
- Appropriate financial returns to Council from investment in the caravan parks;
- Meeting the expectation of visitors to the caravan parks whether visiting for a day or overnight;
- Improving environmental outcomes;
- Ensuring regulatory compliance (in terms of the Caravan Park Regulations and other relevant Acts);
- Improved marketing of the caravan parks to attract a wider range of visitors;

The project brief required the following activities to be carried out and the following outputs to be produced:

- Prepare management plans for Council’s existing caravan parks at Crescent Head, Hat Head, Stuarts Point and Grassy Head in accordance with this “Needs Statement”.
- Carry out all requisite investigations work, research, liaison, concept design work, costing, documentation and any other requisite/associated activities to ensure that the plans are consistent with the content and quality of other such current management plans prepared within the industry for similar clients to Council, that the plans meet State Government and Council’s expectations and that the

plans can be easily moved to the stages of business planning and schematic design. (The schematic design for Crescent Head Holiday Park has already been prepared by Council).

- Prepare and submit a separate management plan document for each of the parks whilst recognising management regime, operational or other matters which are common to one or all of the parks.

### 1.3 Kempsey Shire Council's Vision

Kempsey Shire Council's Corporate Strategic Plan was prepared to meet the evolving needs and aspirations of Council and its community. Council has defined a series of goals, one of which is particularly relevant to the on-going operation of the caravan parks. The other goals are also relevant but this particular goal focuses on the importance of sustainable development:

***Goal 1: TO PROMOTE SUSTAINABLE ECONOMIC DEVELOPMENT IN THE SHIRE***

*Economic development, that sustains itself over the long term, generates local wealth and provides employment opportunities for people living in the Shire. This development leads to a skilled creative and engaged workforce making the Shire a desirable location to work. Such development also ensures that the established businesses also prosper and grow along with new development. Economic activity also brings with it increased opportunities for education and training developing the skills of local citizens.<sup>1</sup>*

<sup>1</sup> Kempsey Shire Council Corporate Strategic Plan, 2001.

### Strategies

- *To promote and work with the tourism industry to develop and improve tourism services*

The above Goal and associated strategy clearly recognises the benefits of tourism to the local economy. One of the most important ways Council can work with the Tourist Industry is to ensure that its caravan parks are presented and managed to the highest possible standard consistent with their star rating.

The vision for the operation and management of the caravan parks is discussed further in Section 4.1.

### 1.4 Supply of tourist accommodation in caravan parks in Kempsey Shire

The importance of Council's caravan parks as tourist assets can be seen in terms of the number of sites they provide for tourist accommodation.

It is possible to divide the caravan parks in Kempsey LGA into two classes: caravan parks with tourist accommodation and a limited number of long-term sites for residential living; and caravan parks that provide a significant number of short-term and camp sites for tourist use. Table 1 shows a grouping of the fifteen caravan parks with a licence approval to operate under the Local Government Act as a caravan park or camping ground. What is of particular interest is that of the total number of sites (1,551) nearly 85% are for tourist use. Secondly, of the 1,315 tourist sites (short-term plus camp sites)

approximately 52% are to be found in  
Kempsey Shire Council's Caravan Parks.

**Table 1 Accommodation in Kempsey Shire Caravan Parks**

<b>Establishment</b>	<b>Long Term Sites</b>	<b>Tourist Sites</b>	<b>Total</b>
<b>Tourist Parks</b>			
*Crescent Head Caravan Park	9	244	253
Delicate Nobby Camping Ground & Caravan Park	15	36	50
*Grassy Head Caravan Park	3	82	85
*Hat Head Caravan Park	15	235	250
South West Rocks Tourist Park	0	80	80
Lagoon View Caravan Park	20	118	138
Macleay Valley Holiday Centre	36	93	129
Racecourse & Delicate PCG	0	75	75
Seventh Day Adventist Convention Centre	0	108	108
*Stuarts Point Caravan Park	10	116	126
<b>Sub Total</b>	<b>108</b>	<b>1,186</b>	<b>1,294</b>
Percentage	8.3%	91.7%	100.0%
<b>Residential Parks</b>			
Central Caravan Park	27	14	41
South Side Caravan Park	22	28	50
Sundowner Caravan Park	18	18	36
Tall Timbers Caravan Park	36	44	80
Willowbrook Caravan Park	25	25	50
<b>Sub Total</b>	<b>128</b>	<b>129</b>	<b>257</b>
Percentage	50.0%	50.0%	100.0%
<b>TOTAL ALL PARKS</b>	<b>236</b>	<b>1,315</b>	<b>1,551</b>
<b>Percentage</b>	<b>15.2%</b>	<b>84.7%</b>	<b>100.0%</b>

\* Caravan parks operated by Kempsey Shire Council.

### 1.5 The Nature and Purpose of the Management Plans

In keeping with the Brief for this project and industry practice in preparing management plans for caravan parks, the study recognises the following elements:

#### **Park Management:**

The day-to-day operation of each caravan park has to be efficiently managed to

ensure Council's multiple objectives are achieved (amenities and cabins to be properly cleaned and maintained, clients happy, risks minimised, revenue targets achieved etc).

In the case of Kempsey Shire Council's caravan parks the management of the surrounding day visitation areas is also critical.

### **Business Management:**

The business performance of each caravan park and the parks collectively has to be managed. This includes ensuring that the Park Management meets Council's objectives and that all contractual, reporting and regulatory requirements are satisfied. In addition, activities involving marketing and promotion and development have to be planned and implemented in a co-ordinated fashion.

### **Project Management**

In the next five years, further investment in each caravan park will be required to ensure that standards are maintained and that any new facilities are provided to specification, on time and within budget. New technology will have to be introduced if management is to be efficient. The days of the ad hoc additions of a few relocatable dwellings has past. In addition, many of the structural improvements required in the caravan parks will need development consent and a high degree of professionalism will be required in the preparation of development applications because the Minister for Planning may now be the consent authority for caravan parks in the coastal zone

There is no single "best" way to combine the above management functions. Private and public operators of caravan parks have successfully implemented a variety of management models. The purpose of the plans is to identify the issues and opportunities in the light of Council's experience over the last five years.

## **1.6 Structure of Report**

The structure of this report follows a consideration of the following issues:

1. The proposals contained in the 1998 Management Plans;
2. An assessment of what has been achieved since the plans were adopted and the improvements that are now needed – both in terms of management and further development;
3. An examination of the current context, particularly the legislation and policy framework in which caravan parks operate; and
4. Consideration of changes to management responsibilities in the light of current approaches;

Having presented the proposed management plans, this report concludes with a series of recommendation for Council's consideration.

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## **2. THE 1998 CARAVAN PARK MANAGEMENT PLANS**

### **2.1 Introduction**

This section of the report looks at two issues: firstly, the context and the nature of the proposals of the management plans prepared for the caravan parks in 1998; secondly, the actual results of management decisions in the intervening period are examined. This analysis provides the basis for identifying the strengths and weaknesses of the previous plans that need to be addressed in preparing management plans to guide further development and on-going management of these important community assets in the next five to ten years.

### **2.2 The 1998 Management Plans and Achievements.**

The Management Plans prepared in 1998 documented the ways in which the caravan parks could be physically improved. The improvements came partly through the redesign and redevelopment of particular areas of the parks, but primarily through improvements to the caravan parks' infrastructure: services and amenities, landscaping, accommodation design and siting, and moving to achieve regulatory compliance etc. For each caravan park the context was seen as important and as a consequence recommendations were made in relation to improvements to the adjoining day use areas.

A five year programme of improvements for each caravan park was outlined and costed and an implementation path

described. At the time the estimated expenditure for the implementation of the programme for the four parks was \$2.5 million.

A companion report to the Management Plans for the Shore Holiday Parks was a Business Plan which examined the financial performance of the caravan parks. The Plan established that the parks were profitable and capable of achieving increased turnover and profits. The underlying assumption of the Business Plan was that the "product" (sites, amenities, landscaping, accommodation, management etc) would be substantially improved. In summary, the Business Plan provided a basis for redeveloping the caravan parks and improving the overall management and promotion of the caravan parks.

#### **2.2.1 Managerial and Financial Situation**

In 1997/98 the four caravan parks were managed under separate management contracts. In essence the managers were merely caretakers of Council's assets and the structure of the controls did not encourage professionalism.

There was no incentive for the managers to actively seek to improve the parks and the contracts were not structured to achieve such a result. Council's audit of the financial operations of the parks was minimal resulting in a loss of revenue. It was recommended that in future Council should only deal contractually with registered companies.

The overall situation can be summarised in the following terms:

1. The caravan parks did not comply with the regulatory standards of the Local Government Act for the operation of such tourist facilities;
2. The management of the caravan parks individually and collectively was very poor;
3. The caravan parks were generally poorly presented and maintained. This was also true of the surrounding Crown lands used for day visitation;
4. The stock of available on-site accommodation was limited and occupancy levels reflected a marked seasonality;
5. The tariff levels were inappropriate given the locations and pricing policies of in the industry; and
6. Some sectors of the community believed that they had prior rights to the occupation and use of sites in the caravan parks to the detriment of the general community. This attitude was hampering the implementation of an orderly improvement programme.

Following the introduction of the Management Plans, Council has addressed some of the negative issues listed above through the following initiatives:

- The approach to management and accounting has been totally revised

– this issue is discussed further in Section 4 of this report.

- Tariffs were reviewed and increased;
- New on-site units of accommodation were installed in three of the four caravan parks;
- A start was made on regulatory issues;
- Community perception of the question of “site” ownership was addressed head on; and
- Some maintenance issues have been addressed and the standard of internal investigation and reporting has been improved.

The income and expenditure for the four parks in 1996/97 is shown in Table 2.1. The expenditure of \$169,616 on maintenance (ie an average of \$40,000 per park) covered existing buildings such as amenity blocks, sewer and water, internal roads, fences and grounds and on-site accommodation. The gross operating result of \$369,112 is only a crude summary of the financial situation. Council had to repay \$168,452 on previous loans, leaving an amount of \$200,660 to contribute as internal financing of the capital works programme for the year, which amounted to \$316,194. That is, Council was required to borrow a further \$140,555 to complete is improvement programme. One of the management measures was for Council to take advantage of lower interest rates to restructure its borrowing costs.

**Table 2.1 Income and Expenditure in 1996/97**

<b>Revenue</b>	<b>Income</b>	<b>Percent</b>
Camping fees	\$973,479	71.4%
Other Fees	\$18,558	1.4%
On-site Accommodation	\$349,382	25.6%
Lease Rents	\$14,560	1.1%
Contributions	\$7,000	0.5%
<b>Total Income</b>	<b>\$1,362,979</b>	<b>100.0%</b>
<b>Expenditure</b>		
Administration Management Fees	\$175,200	17.6%
Cleaning etc	\$156,194	15.7%
Consumables	\$57,153	5.8%
Fuel	\$22,516	2.3%
Electricity	\$36,662	3.7%
Sewerage & Garbage	\$78,924	7.9%
Water	\$76,818	7.7%
Maintenance	\$37,450	3.8%
Promotion	\$169,616	17.1%
Miscellaneous	\$32,986	3.3%
PRMF Levy	\$63,664	6.4%
Beach Management	\$71,659	7.2%
	\$15,025	1.5%
<b>Total</b>	<b>\$993,867</b>	<b>100.0%</b>
<b>Gross Result</b>	<b>\$369,112</b>	

Table 2.2 shows the financial impact of changes to the management of the caravan parks. The contractual arrangements have now changed so that Council now receives a percentage of the Gross Revenue from which it meets various costs specified under the contract.

In order to have comparable figures, interest on loans (\$43,141), loan repayments, and depreciation (\$77,042) have not been included as expenditure in Table 2.2. However, it is apparent that Gross Operating Result has increased over the period by \$242,000 per annum from approximately \$370,000 to approximately

\$612,000. Based on the current income sharing arrangement in the contract, the Gross Revenue generated by the four caravan parks has increased by 39.7% from \$1.36m in 1996/97 to approximately \$1.9m per annum. There is no reason why this figure cannot be increased substantially through further development and promotion of the product.

**Table 2.2 Income and Expenditure in 2002/03\***

<b>Revenue</b>	<b>Income</b>	<b>Percent</b>
Contract Payment	\$967,680	97.4%
Contributions	\$7,680	0.8%
Lease Rents	\$15,600	1.6%
<b>Total Income</b>	<b>\$990,880</b>	<b>100.0%</b>
<b>Expenditure</b>		
Management Services	\$77,270	20.4%
Service Charges	\$106,000	28.0%
Asset Management	\$69,500	18.4%
Sundry Operating	\$125,450	33.2%
<b>Total</b>	<b>\$993,867</b>	<b>100.0%</b>
<b>Gross Result</b>	<b>\$612,740</b>	

\* Note: Draft Estimate Figures.

## 2.2.2 The Caravan Parks as a System

As part of the overall study, a SWOT analysis of the caravan parks individually and collectively was undertaken in 1997. The results of the analysis for the 4 Shore Parks as an enterprise are reproduced because they form the base-line for the current study:

### Strengths

- *the park locations are exceptional in terms of the adjoining natural areas and features*
- *natural features and the diversity of attractions that the Kempsey Shire*

- and Macleay Valley are able to offer*
- all the parks are located on a sign posted tourist drive*
- traditional atmosphere of the “caravan park experience” in all the caravan parks*
- degree of existing loyalty to the parks as expressed by repeat visitation*
- the parks are experiencing growth in total income*
- the parks are inexpensive tourist destination - the area is considered to be more affordable than say Port Macquarie or Coffs Harbour*
- the area is perceived to be low- key and therefore a place where people can get away from the pressures of the city*
- the 4 Shore Parks management framework has access to the resources and expertise of Council*
- the 4 Shore Parks occupy the best sites in the Region*
- the visitors to the parks generate income for the local community*
- the profitable operation of the parks ensures that the Council is able to continue to provide and maintain quality day use facilities at each of the park locations*
- Council has already developed an appropriate corporate image for the parks*

All the above strengths are as evident in 2003 as they were in 1997/98. An additional strength that could be added to the above list is that Council’s strategic framework is now clearly documented and supported by the Community.

#### **Weaknesses**

- the parks are off the main road and therefore have limited exposure to passing trade*
- Parks are not supported by any statewide sign posting.*

- seasonality of visitation to the Shire*
- the area is regarded as a low budget holiday destination*
- expenditure on promotion is too low*
- although the parks generate a significant component Council’s annual revenue the system does not have a single person or entity that is responsible for the business performance and profitability*
- a common management approach is not apparent and as a consequence visitors cannot be confident that service delivery will be the same in each of the parks*
- the emphasis in park management is more related to maintenance of existing facilities than provision of visitor services to valuable clients*
- the rate structures are inflexible*
- the decision making process is fragmented*
- responsibilities are not dealt with at the appropriate levels within Council’s existing management structure*
- everyone is able to have input to the management of the parks and all opinions appear to be given equal weight*
- the parks are carrying relatively high loan commitments*
- accounting for the parks does not clearly identify where all the money goes(eg how much does it cost to look after the day use areas)*
- the decision making process can be slow and unable to react quickly to market trends and opportunities*
- sections of the community and Council regard the parks as a drain on Council resources*
- sections of the community and Council expect that the parks must provide low cost holiday opportunities regardless of profit outcomes*
- the corporate image has yet to be put in place at the parks and the*

- quality of what is on the ground may not match the quality of the image*
- information systems do not appear to be providing regular accurate information with respect to clients, trends, levels of return business, performance comparisons, etc as a tool for dynamic management decision making*

The list of weakness was rather long and most of them are still evident to a greater or lesser degree. What has changed for the better is that there is now a common approach to management. Problems such as seasonality remain as a weakness which must be addressed in the current programme. At the same time this factor presents an opportunity.

#### **Opportunities**

- travel time from Sydney and Newcastle is decreasing*
- increase competition and co-operation between the parks to improve performance and quality of service*
- continue to build and improve on current marketing and promotional strategies*
- to strengthen the 4 Shore Parks image*
- to market the strengths of Kempsey through the caravan parks*
- consider alternative management arrangements for the individual parks and for Council's internal lines of reporting and responsibility*
- establish achievable goals and work consistently to achieve them*
- access to low interest loans from the Public Reserves Management Fund that do not have an impact on Councils global borrowing limits*
- creation of a linked booking system*
- improve off seasonal occupancy*

- there is scope for the introduction of additional quality cabin accommodation*
- the current management contracts have expired and Council has the opportunity to consider all options and make a fresh start*

Opportunities for improvement to the caravan parks as a whole also remain. For example, there is still an opportunity to introduce additional units of accommodation in all the caravan parks. In addition, the current management contract will end next year and there is now an opportunity to reassess the nature of future management arrangements. This issue is examined further in Section 4 of the report.

#### **Threats**

- Continuation of the current management arrangements*
- Native title claims*
- the parks still do not comply with the Regulations - this has implications with respect to the quality of guest experiences, presentation of the parks and risk management*
- while capital works expenditure has been increasing it has not addressed the key issues*
- pressure from community groups to bring about a contraction in the operational areas*
- pressure from the Department of Land and Water Conservation to close the Oceanside section of Crescent Head*

Most of the above threats have been reduced or neutralized. For example, Council is unlikely to return to the management arrangements that were in place pre 1998. A potential new threat to Council's management and development

of the caravan park, however, follows from the transfer of responsibility for planning in the coastal zone from Council to the State Government, and the Minister for Planning following the introduction of SEPP 71.

In order to improve the caravan parks, the management plans proposed a five year improvement programme totalling \$2.496 million. For all the caravan parks it was emphasised that the unique character of each caravan park must be recognised and retained. Nevertheless, there were some consistent issues that had to be addressed:

- Regulatory compliance;
- The need for sign posting;
- The importance of good landscaping;
- The importance of Risk Management to reduce Council's liability;
- The importance of Marketing to promote each of the caravan parks;
- Maintenance of a Unique Sense of Place; and
- The need to place firm controls on the movement of vehicles.

A statement detailing the issues of concern under each of the above headings appeared on each of the accompanying Masterplans. Of the seven dot points above, only the issues of regulatory compliance and risk management have been addressed to any great degree. By default the unique sense of place has been retained, but not enhanced in any discernable way. Landscaping and controls over the movement of vehicles have not received the attention that these issues deserve and the current Management Plans will need to consider these issues further.

### 2.2.3 Crescent Head

Crescent Head is the premier tourist destination in Kempsey Shire, a location famous for the quality of the beach and its surf. The caravan park takes centre stage but it has one major design flaw: the entry to the caravan park is also the entry to a day visitation area that includes a Surf Club, a boat launching ramp, day use facilities and a large parking area. The surrounding land uses are public day use areas, golf course and community facilities.

In 1997/98 the Crescent Head Caravan Park had a total of 277 sites with an NRMA rating of 2½ stars. In summary the park contained:

- 9 long term sites
- 200 vacant short-term sites
- 16 short-term sites with Park Cabins
- 32 Holiday vans on short term sites
- 20 camp sites

At the time it was evident that the caravan park was not performing as it could or should and the following conclusions on the strengths and weaknesses of the caravan park were reached:

#### Strengths

- *location - proximity to beach, inlet , shops and services*
- *a known destination with an established clientele*
- *existing cabin accommodation*
- *park offers a variety of site types(both unpowered and powered)*
- *the only caravan park at Crescent Head*
- *recognised as one of the State's best surf beaches*

### **Weaknesses**

- *access to the beach, surf club and day use areas is through the park*
- *there are some aspects of the park development that do not comply with the provisions of the regulations(in particular site sizes and site delineation in the Oceanside section)*
- *interface between the park and adjoining uses*
- *access parking and check in arrangements for clients arriving at the park are confused and inadequate*
- *sign posting is generally inadequate*
- *landscaping and screening at key locations within the park is inadequate*
- *security for guests and management*
- *shop/office functions and access to the same*
- *overall presentation of the park*
- *siting and landscaping of original cabins is regimented and does not comply with regulations(decks too close to road).*
- *the park development has no consistency of approach or character*
- *absence of clear cut park rules*

### **Opportunities**

- *park layout could be improved*
- *there is the financial capacity for additional self-contained accommodation*
- *increase off season occupancy*
- *upgrade the presentation and image of the park*
- *achieve operational efficiencies*

### **Threats**

- *current relationships with some users and local community groups*
- *conflicting priorities - management of the park and day-use functions*
- *the most senior levels of Council are involved in the low level details of day to day management decision making*
- *planning priorities of the Department of Land and Water Conservation*

A fresh SWOT analysis of the Crescent Head Caravan Park would show little change on the previous analysis. While the Park Rules are now clearer and Council's involvement in day to day management minutiae has diminished, new threats have emerged and one of these is the condition of the day visitation area. Council cannot expect to present a high quality park if the context is poor.

The main design issues identified in the previous planning exercise that needed to be addressed were described as:

*...resolving conflicts between the day visitation area and the caravan park, the location of the office and the entry to the caravan park. All the sites could be used for cabin accommodation although sites in good proximity to views of the water are to be preferred.*

*There are numerous compliance issues which need to be addressed and this will inevitably result in a reduction in the total number of sites.<sup>2</sup>*

The Crescent Head Management Plan proposals for the caravan park were illustrated in the following Masterplan. Subsequently, Council modified the plan to achieve a range of the issues, particularly in relation to compliance matters as illustrated in the more recent plan of the caravan park. The revised plan seeks to improve regulatory compliance and address landscaping shortcomings, but more is required.

<sup>2</sup> Kempsey 4 Shore Holiday Parks Business Plan, 1998, p 16.

## 2.2.4 Hat Head

The Hat Caravan Park adjoins the Village of Hat Head with the entire area surrounded by the Hat Head National Park, the Pacific Ocean and a tidal creek. The main emphasis of this park is the superb opportunities provided for camping close to a surf beach and tidal creek. One major management difficult was (and still is) the existence of an access road through the caravan park to a boat launching ramp.

In 1997/98 the Hat Head Caravan Park had a total of 304 sites with an NRMA rating of 3 stars. In summary the park contained:

- 4 long term sites
- 102 vacant short-term sites
- 3 Park Cabins on short term sites
- 46 Holiday vans on short term sites
- 149 camp sites

The following strengths and weaknesses of the caravan park were identified in the SWOT analysis:

### Strengths

- *general presentation of park*
- *location - proximity to beach and club*
- *spacious nature of sites and the variety of site locations that can be offered within the park - there are both formal and informal areas within the park*
- *existing managers have a long-standing and intimate knowledge of the park and its clients*

### Weaknesses

- *day use and beach access is through the park*
- *proximity to the club*

- *there is inadequate delineation and separation between day use areas and the caravan park*

### Opportunities

- *increase the number and style of self contained accommodation units*
- *increase off season occupancy levels*
- *improve relationship between park accommodation and adjoining day visitation areas*

### Threats

- *pressure to introduce long-term sites - an action that has the potential to alter the character of the park*
- *security*
- *conflict with village community on water quality and the timing and provision of reticulated sewerage.*

The main management issues were described in the following terms:

*There needs to be a comprehensive consideration of the "northern" precinct of the park to develop separate access for day-use and to rationalise the layout of sites.*

*The entry to the park could provide a better sense of arrival and it would be beneficial to separate the office and reception area from the kiosk. At the same time consideration could be given to the construction of new accommodation for the manager.*

*There is a long held view in some sections of the community that the park should provide additional long-term sites. However, there are limitations with respect to the existing wastewater management system and the EPA licence. The Department of Land and Water Conservation would have difficulty in justifying an earlier decision to allow long term sites under the Coastal Policy 1997.*

*The Park would probably benefit from the installation of additional cabin accommodation as well as better servicing of tourist sites along the Korogora Creek frontage<sup>3</sup>.*

The Hat Head Management Plan proposals for the caravan park were illustrated in the following Masterplan

While a number of changes are evident (provision of reticulated sewerage to the village and the caravan park) not much has changed. There is still conflict between day visitor and park users in the peak period because of a lack of control on the movement of vehicles. The standard of the amenities are poor and consideration of replacement is required. The opportunities are also evident – more on site accommodation, for example, and greater attention to landscaping. New types of facilities such as ensuite units may also be desirable additions. One curious feature of Hat Head, including the caravan park, is the prevalence of tree stumps that have not been removed. These stumps pose a number of risks to the public, are unsightly, and add to maintenance costs.

### **2.2.5 Stuarts Point**

Stuarts Point Caravan Park is waiting to be discovered. The caravan park is located on flat land adjoining the tidal estuary with a pedestrian bridge providing direct access to the surf beach. Overall the park is well maintained and presented. Unlike the other caravan parks this caravan park has boom gates installed to

control vehicles which has minimised the conflict with the adjoining day use area.

The Park has a cabin precinct with good views of the estuary. Although the majority of the Park's infrastructure is of relatively recent construction the oldest amenity block now needs to be replaced. Access to the Park from the village is flanked by a range of community facilities including a community hall, tennis courts and picnic areas.

In 1997/98 the caravan park contained 138 sites comprising:

- 12 long term sites
- 65 vacant short-term sites
- 6 short-term sites with park cabins
- 35 short term sites with holiday vans
- 20 camp sites

The SWOT analysis revealed the following:

#### **Strengths**

- *location - quiet, separated from the village by topography*
- *the majority of park's infrastructure is of relatively recent construction and in sound condition*
- *boom gate controls access*

#### **Weaknesses**

- *low off season occupancy*
- *does not possess a distinctive character that is emphasised in the way in which the park is developed*
- *security of Marine Parade boundary an issue*

#### **Opportunities**

- *consolidation of areas occupied by holiday vans and long term sites.*
- *increase off season occupancy*

<sup>3</sup> Kempsey 4 Shore Holiday Parks Business Plan, 1998, p 16.

- *establish a more distinctive character for the park*
- *introduction of value added facilities (eg camp kitchen)*

#### **Threats**

- *lack of adequate funding*

In the Management Plan for Stuarts Point it was concluded that:

*The Park does not require substantial capital expenditure, however, the development of a new office and reception area would vastly improve the Park's presentation.*

*The Park entry could also be upgraded with landscaping and sign posting to make the existence of the park more readily recognised. The camp kitchen has proved to be a useful addition.*

*There could also be benefits in a consolidation of the area occupied by long term residents and holiday vans to the south western part of the Park and in improving security on the western boundary of the Park.<sup>4</sup>*

A current SWOT analysis would identify some new threats such as foreshore bank erosion and the need to improve car parking, cabin sitings, landscaping and amenities so that a greater capital works programme is now required.

One issue that has limited improvements to this caravan park has been Council's policy of prohibiting the installation of relocatable homes on caravan parks that are subject to flooding. This issue is further considered in section 3<sup>5</sup>.

<sup>4</sup> Kempsey 4 Shore Holiday Parks Business Plan, 1998, p 18.

<sup>5</sup> See page 28 and the discussion on the installation of moveable dwellings.

#### **2.2.6 Grassy Head**

Grassy Head Caravan Park is a small park with a significant level of remnant natural vegetation. The layout of the park is haphazard and the road and access system is not well developed. The caravan park has a secluded character with an attractive combination of wooded and open areas. Aspects of the infrastructure are outdated and require removal or replacement.

On site accommodation is limited and again there is no separation between the caravan park and the day use area. The amenities present on-going management problems.

In 1997/98 the Grassy Head Caravan Park provided 100 sites comprising:

- 1 long term sites
- 35 vacant short-term sites
- 2 short-term sites with park cabins
- 32 short term sites with holiday vans
- 30 camp sites

The SWOT analysis revealed the following:

#### **Strengths**

- *informal low key character*
- *location*

#### **Weaknesses**

- *quality and condition of some aspects of the park's infrastructure (particularly old amenities blocks)*
- *compliance with regulations is incomplete*
- *profitability*
- *off season occupancy rates*
- *two self contained cabins is insufficient to allow flexibility in booking procedures*

- *entry configuration and resolution of siting and landscaping of new cabins. The park has 5 physical entries!*
- *internal road layout*
- *conflicts between management of day use areas and the caravan park management presence addresses the day use area rather than the caravan park*

### **Opportunities**

- *develop the park as a niche market property*
- *better separation between day use area and accommodation areas*
- *better internal layout*
- *small increase in cabin accommodation in a cabin precinct that takes advantage of the park's secluded character.*

### **Threats**

- *price sensitivity to increases in tariffs*
- *failure to address compliance issues*
- *rustic character of the park encourages "rustic" management and use*
- *perception that park is a loss maker limits resolve to improve performance.*

An updated SWOT analysis would not change the above factors but would recognise a new threat: the NPWS is seeking control of the surrounding Crown land. Given the level of expenditure required to address the problems at Grassy Head it is questionable whether Council's continued control of this caravan park is worthwhile unless the day visitation and boundary definition issues are addressed as a matter of urgency. The creation of an in holding within a National Park will create long term problems for Council.

The current Management Plan recognised the importance of controlling day visitation as well as on-going compliance issues:

*A major problem for the management of the caravan park is the orientation of the office relative to the day visitation area. Multiple access at the entry of the Park also creates problems.*

*The result is that the focus is more towards managing day-use requirements than meeting the needs of park guests. The new cabins also suffer from exposure to the busy day-use area and would be better sited within the Park to take advantage of its unique character.*

*There are also issues with respect to regulatory compliance. A number of sites do not have access to Park roads and there are holiday vans that do not comply with separation requirements.<sup>6</sup>*

### **2.3 Conclusions**

Prior to the adoption of the Management Plans for Council's four caravan parks in 1997, financial returns were poor and the parks were poorly presented and managed.

Council to its credit has addressed a number of major challenges and has achieved the following outcomes since the 1998 Management Plans were adopted:

- The management approach to the operation of the caravan parks has been completely overhauled;
- The stock of on-site accommodation has been increased;

<sup>6</sup> Kempsey 4 Shore Holiday Parks Business Plan, 1998, p 19.

- Tariff levels are now closer to (but below) industry standards;
- Revenue has increased substantially because of better accommodation, more realistic tariffs, and the adoption of a more rigorous approach to audit; and
- A start has been made to bring the caravan parks into conformity with the requirements of the Local Government Act.

However, a review of the previous SWOT analysis of the individual parks suggests that not enough change has taken place over the period. In particular, day visitation areas are neglected and there is still no control over the movement of vehicles.

Council also needs to review its current policy with respect to the installation of cabins in flood prone lands.

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### 3. THE CURRENT CONTEXT

#### 3.1 Introduction

In the previous section of this report the key elements of the Management Plans prepared in 1998 and the successes/shortcomings in implementing them were discussed. This analysis provided a number of key conclusions about the performance and condition of the caravan parks that need to be addressed in the current planning exercise. However, before moving to proposed initiatives, it is important to recognise that in a number of important respects the context has changed: the world we live in is now different to what it was then, and it will continue to change over the next five to ten years.

In this section of the report, the current legislative and policy framework for caravan parks is outlined; some trends in the caravan park industry are identified along with a number of new approaches to caravan park management.

#### 3.2 The Legislative and Policy Framework

This section examines the following legislation, statutory plans and government policies for implications for the development/redevelopment of caravan parks

##### 3.2.1 Legislation

There are numerous acts of the New South Wales Parliament that potentially impact on the development and operation of caravan parks. The two main acts considered here are the Crown Lands Act 1989 and the Environmental Planning and

Assessment Act 1979. Legislation on residential tenancy and occupational health and safety are also important.

- **The Crown Lands Act 1989**

The *Crown Lands Act 1989* (CL Act) is relevant to this application because the proposed redevelopment site is on reserved Crown land.

Caravan parks under Ballina Shire Council's control on reserved Crown land are subject to the general land management objectives and provisions of the Crown Lands Act 1989 (CL Act), particularly the reserve management provisions of Part V of the CL Act. The land management provisions relating to the protection of public land in Division 5 of Part 7 of the CL Act also apply.

The objectives and principles of Crown land management are listed in sections 10 and 11 respectively of the CL Act, 1979. The principles of Crown land management are that:

- *Environmental protection principles be observed in relation to the management and administration of Crown land;*
- *The natural resources of Crown land (including water, soil, flora, fauna and scenic quality) be conserved wherever possible;*
- *Public use and enjoyment of appropriate Crown land be encouraged;*

- *Where appropriate, multiple use of Crown land be encouraged;*
- *Where appropriate, Crown land should be used and managed in such a way that both the land and its resources are sustained in perpetuity;*
- *Crown land be occupied, used, sold, leased, licenced or otherwise dealt with in the best interests of the State consistent with the above principles.*

The Department of Land and Water Conservation has prepared a number of policies to guide the use and development of Crown land in accordance with the above principles.

The creation of a reserve involves establishing a public purpose to control the use of the reserve. The proposed use, development and management practices of a reserve must conform to the public purpose of the reserve. The public purpose established for the Crown reserves in which the Caravan Parks are situated is for “public recreation” or “resting place”.

The CL Act 1989 and existing policy for the management of Crown land encourage the appropriate commercial use of reserved Crown land. Commercial activity can meet the needs of public users of a reserve and also generate the financial means required to manage and improve the Crown Reserve System generally. It should be noted that it is a specific requirement of the Act that the proceeds of reserved Crown land be spent on the management of reserved Crown land. The revenue generated from the caravan

parks will be a major source of the funds required in the on-going management of the surrounding open space systems.

- **The Environmental Planning and Assessment Act 1979**

The *Environmental Planning and Assessment Act 1979* (EP&A Act) provides the statutory basis for the development consent process in New South Wales. S79C of the EP&A Act outlines the factors that Council must consider when assessing a DA. These include:

- any environmental planning instrument;
- any draft environmental planning instrument that has been placed on public exhibition and details of which have been notified to the consent authority.
- any development control plan;
- the regulations;
- the likely impacts of the development, including environmental impacts on both the natural and built environment, and social and economic impacts on the locality;
- The suitability of the site for the development;
- any submissions made in accordance with the Act or the Regulations; and
- the public interest.

- **The Residential Parks Act 1998**

The Residential Parks Act was introduced to protect the interests of residents in caravan parks. The Act requires the caravan park manager to enter into a residential tenancy agreement with all permanent residents (ie a person whose principal place of residence is a dwelling on a site within a caravan park). The Act stipulates the main elements of the tenancy agreement and regulates the rights and obligations of both parties, particularly in relation to determination of site rental etc.

This is not a major issue given the relatively few permanent residents in Council's caravan parks and the established nature of residential tenancy legislation. The current relationship between Council and residents will need to continue to be managed according to the requirements of the Act.

- **The Holiday Park (Long Term Casual Occupants) Act 2002**

The Holiday Parks (Long-term Casual Occupation) Act 2002 and the associated Regulations set out the rights and obligations of long-term occupants of moveable dwellings in holiday parks (ie caravan parks and manufactured estates) in New South Wales. In essence, the Act provides for occupation agreement, which runs for at least 12 months, between the manager of a caravan park and the owner of a moveable dwelling for the use of a site.

Some of the principal issues addressed by the Act include:

- Information that a park owner must provide prospective occupants;
- The form and content of agreements;
- What happens at the end of an agreement;
- Occupation fees and charges;
- The formation and amendment of Park Rules;
- Dispute resolution mechanisms and the role of the Consumer, Trader and Tenancy Tribunal constituted by the Consumer, Trade and Tenancy Tribunal Act 2001.
- The fate of abandoned goods (ie moveable dwelling) and sites.

Given the number of holiday van owners in the Kempsey Shire Council's caravan parks this Act has implications for their redevelopment and on-going management. The Department of Lands has introduced an Information Sheet on the creation of occupation agreements which provides guidance on the principles to be followed.

The State Government Policy for agreements for sites on reserved Crown land must be limited to no more than 12 months.

### 3.2.2 Statutory Plans

The following statutory planning instruments contain provisions relevant to obtaining development consent for changes to the caravan park.

- **Kempsey Shire LEP**

Kempsey Shire LEP is the local planning instrument. In all locations caravan parks are permissible with consent. However, as SEPP 71 effectively now makes the Minister the consent authority for the development of many caravan parks in the coastal zone with the exception of minor alterations and additions, potentially the LEP is now of minor importance.

- **North Coast REP**

The North Coast Regional Environmental Plan (NCREP) incorporates a number of provisions that relate to the type and location of the proposed development.

The plan's general aims include encouraging protection of the natural environment, productive developments and optimum economic and social benefit to the local community and visitors to the region. NCREP requires that particular consideration be given to the impacts of proposed development adjacent to natural environments, agricultural land, waterways and land that may be affected by flooding or coastal processes. Specific provisions deal with tourism related developments to encourage tourism activities and facilities that will complement existing natural and man-made features, be of positive benefit to the region's economy and not degrade environmental and agricultural features of the region.

A broad range of planning policies are contained in the North Coast Regional Environmental Plan 1988 (NCREP).

While these essentially establish key considerations in the preparation of local plans, they also provide general principles for land use planning and the assessment of development applications.

In relation to Coastal Development NCREP contains the following objectives:

- (a) to enhance the visual quality of the coastal environment,*
- (b) to provide for the appropriate recreation use of beaches,*
- (c) to protect the water quality of the coastal environment,*
- (d) to minimise risks to people and property resulting from coastal processes,*
- (e) to minimise changes to coastal processes resulting from development; and*
- (f) to encourage retention of natural area and regeneration of those natural area which are already degraded.*

Caravan parks are included in the Plan's definition of small scale or low key tourism developments. The Plan stresses the need to ensure that tourism activity complements the natural and man-made features of the region and provides positive benefits to the regional economy (clause 67) and that adequate arrangements have been made for reticulated water and sewerage services. Land is not to be zoned for tourism development unless it is free from environmental hazards or engineering or design solutions have been put in place to allay concerns (clause 69).

In relation to the development of coastal land Councils are to take into account the

NSW Coastal Policy 1997, the NSW Coastline Management Manual 1990 and the North Coast: Design Guidelines. The plan is particularly concerned to prevent over shadowing of beaches and to ensure that disturbed foreshore lands are rehabilitated and to require a condition of development consent that access across foredune areas be confined to specified points.

- **State Environmental Planning Policy No. 21 – Caravan Parks**

In 1986 Ordinance 71 "Caravan Parks and Movable Dwellings" was introduced into the 1919 Local Government Act. With the introduction of the Ordinance came the possibility for both short-term and long-term accommodation by way of movable dwellings in caravan parks thereby bringing brought about a wide definition for caravan parks. State Environmental Planning Policy No. 21 – Caravan Parks (SEPP 21) was prepared in order to ensure that this wider meaning applied to all relevant planning instruments whether existing or proposed. In essence the SEPP stated that where caravan parks are a permissible land use they will take on the meaning contained in Ordinance 71 and accord with all aspects of the Ordinance - whether enabling or restrictive.

This SEPP was subsequently repealed and replaced with a new Policy. It took effect on 24 April, 1992 and is still referred to as SEPP No. 21. With several other more recent amendments, the new Policy retains the provisions of the old Policy with regard to planning instruments and the wider meaning for caravan parks (noted above).

In addition, the new Policy deals with a number of issues including changes that have occurred since the introduction of Ordinance 71 and reflected in the current Regulations. In particular the Policy makes development consent mandatory for all new caravan park proposals regardless of local instruments. Council's are also required to have regard to the impact of new long and/or short-term dwelling sites on residential and tourism land uses and operations in their local area.

A key element of the Policy is found in Clause 4A. The clause removes the effect of any other environmental planning instrument and the need for a development application with respect to the installation of movable dwellings on land approved for use as a caravan park. Among other things, without this clause, every time a caravan, tent or campervan (movable dwellings) checked into a caravan park for the evening or for a few days, a development application would be required. This arrangement would clearly be unworkable.

- **State Environmental Planning Policy No 71 – Coastal Protection**

State Environmental Planning Policy No 71 – Coastal Protection (SEPP 71) was introduced in October 2002 as part of the NSW Government's Coastal Protection Package. SEPP 71 applies to the coastal zone of the State as defined in the *Coastal Protection Act 1979*. The Policy gives statutory force to some of the elements of the NSW Coastal Policy 1997 and makes the Minister the consent authority for certain developments. The Policy also defines a category of *sensitive coastal*

locations<sup>7</sup>. Finally, the Policy identifies master plan requirements for certain developments in the coastal zone.

The objectives of SEPP 71 are:

- (a) *to protect and manage the natural, cultural, recreational and economic attributes of the New South Wales Coast, and*
- (b) *to protect and improve existing public access to and along coastal foreshores to the extent that this is compatible with the natural attributes of the coastal foreshore, and*
- (c) *to ensure that new opportunities for public access to and along coastal foreshores are identified and realised to the extent that this is compatible with the natural attributes of the coastal foreshore, and*
- (d) *to protect and preserve Aboriginal cultural heritage and Aboriginal places, values, customs, beliefs and traditional knowledge, and*
- (e) *to ensure that the visual amenity of the coast is protected, and*
- (f) *to protect and preserve beach environments and beach amenity, and*
- (g) *to protect and preserve native coastal vegetation, and*
- (h) *to protect and preserve the marine environments of New South Wales, and*
- (i) *to protect and preserve rock platforms, and*
- (j) *to manage the coastal zone in accordance with the principles of ecologically sustainable development (within the meaning of section 6(2) of the Protection of the Environment Administration Act 1991), and*
- (k) *to ensure that the type, bulk, scale and size of development is*

*appropriate for the location and protects and improves the natural scenic qualities of the surrounding area, and*

- (l) *to encourage a strategic approach to coastal management.*

Clause 8 of the Policy establishes an extensive list of the matters that a consent authority must take into consideration in assessing developments in the coastal zone. These matters are:

- the aims of the Policy
- retention and improvement of existing public access to and along the coastal foreshore for pedestrians or persons with a disability where possible,
- opportunities to improve new public access to and along the coastal foreshore for pedestrians or persons with a disability,
- the suitability of the development given its type, location and design and its relationship to the surrounding area,
- any detrimental impact that the development may have on the amenity of the coastal foreshore, including any significant overshadowing of the coastal foreshore and loss of views from a public place to the coastal foreshore,
- The scenic qualities of the New South Wales coast, and means to protect and improve these qualities,
- measures to conserve animals (within the meaning of the Threatened Species Conservation Act 1995) and plants (within the meaning of that Act), and their habitats,

<sup>7</sup> The definition of a *sensitive coastal location* is complex but it includes land within 100m above mean high water mark of the sea, a bay or an estuary or 100m of the water's edge of a coastal lake or wetland.

- measures to conserve fish (within the meaning of Part 7A of the Fisheries Management Act 1994) and marine vegetation (within the meaning of that Part), and their habitats,
- existing wildlife corridors and the impacts of development on these corridors,
- the likely impact of coastal processes and coastal hazards on the development and any likely impacts of development on coastal processes and coastal hazards,
- measures to reduce the potential conflict between land-based and water-based coastal activities,
- measures to protect cultural places, values, customs, beliefs, and traditional knowledge of Aboriginals,
- impacts on the water quality of coastal water bodies,
- the conservation and preservation of items of heritage, archaeological or historic significance,
- only in cases in which a council prepares a draft local environmental plan that applies to land to which this Policy applies, the means to encourage compact towns and cities,
- only in cases in which a development application in relation to proposed development is determined:
- the cumulative impacts of the proposed development on the environment, and
- measures to ensure efficient water and energy usage.

Following recent amendments to SEPP 71 Council is no longer the consent authority for development application involving

caravan parks unless State planning interests are created by a planning instrument.

### 3.2.3 Policies and Guidelines

The following policies are all applicable and in some cases are specifically referred to in statutory planning instruments.

- **NSW Coastal Policy 1977**

The Government released the NSW Coastal Policy 1997 to replace the 1990 Coastal Policy. The stated purpose of the Policy is:

*The main challenge for the Government and the community in the coastal zone is to provide for population growth and economic development without putting the natural, cultural and heritage values of the coastal environment at risk. In recognition of this challenge, the Coastal Policy incorporates the principles of ecologically sustainable development (ESD) into coastal planning. ESD aims to ensure that development occurs in such a way that the ecological processes on which life depends are maintained<sup>8</sup>.*

The Coastal Policy 1997 introduces three main changes:

A revised definition of the coastal zone. The new definition of the coastal zone takes in areas within one kilometre of the ocean, as well as an area of one kilometre around coastal lakes, lagoons, islands, estuaries and rivers. The previous policy

<sup>8</sup> Coastal Policy, A sustainable future of the NSW Coast - Fact Sheet, 1997

only applied to areas within one kilometre of the ocean.

Strengthened Environmental Framework. The Policy is described as an integrative policy based on the principles of ecologically sustainable development (ESD) and

- Conservation of biological diversity and ecological integrity
- Intergenerational Equity
- Improved valuation, pricing and incentive mechanisms
- The precautionary principle.

A policy hierarchy of goals, objectives and strategic actions. The policy framework has the same mix of initiatives but with some change of emphasis. There is a greater emphasis on improving water quality and maintaining public access.

It should be noted that the NSW Coastal Policy 1997 has no impact on the existing use rights of residential (or other) developments<sup>9</sup>.

- **North Coast Reserve Strategy**

The Department of Land and Water Conservation in March 1994 released the North Coast Crown Reserves Management Strategy. The Strategy was designed around a series of key issues and it seeks to raise the profile of Crown reserves and to improve their management.

While the Strategy addresses management issues at a regional level many of the issues raised are particularly pertinent to

<sup>9</sup> NSW Coastal Policy, 1997, p. 23.

Council's approach to the management and operation of its caravan parks:

*There is a need to examine existing fund raising processes on Reserves, and relate these to an overriding land management vision. This necessitates maximising the viability of commercial undertakings on Crown Reserves within the bounds of ecological sustainability, to generate funds for on-going management of lands within the Reserve System. Business on Reserves needs to be ethical, providing appropriate products and services, and meeting accepted community standards.<sup>10</sup>*

The Strategy also recognises the importance of re-investing funds raised from reserves into the same reserve and/or adjoining reserve. In this regard, expenditure of funds generated by caravan parks on surrounding Crown land is seen as justified where the community and users of caravan parks enjoy the use of these lands. The Strategy also recognises the importance of a commercial approach to the operation of the caravan parks.

- **Crown Lands Caravan Park Policy**

The former Department of Lands in April 1990 issued the Crown Lands Caravan Parks Policy. The primary impetus for the creation of the Policy was to address issues of long-term residency, the number of holiday (storage) vans and to improve the appearance and management of caravan parks. The Policy establishes

<sup>10</sup> North Coast Crown Reserve Management Strategy, P 16.

policies, objectives and strategies that are relevant to the future management and development of all of Kempsey Shire Council's caravan parks.

The objectives of the Crown Lands Caravan Parks Policy are:

- (i) to develop a caravan park and camping ground system on Crown land which meets the needs of the community and provides a range of facilities for short-term use, long term use and camping*
- (ii) to manage caravan parks on Crown land in an environmentally acceptable manner, to provide for the protection of important scenic, natural and cultural resources consistent with the objects and principles of the Crown Lands Act, 1989.*
- (iii) to ensure that caravan parks and camping grounds on Crown land are managed in a way that provides appropriately for the recreational and social needs of the community.*
- (iv) to encourage the entrepreneurial management of caravan parks on Crown lands in order to provide the community with an appropriate standard of facility and the government with an optimum financial return for the land it provides.*

It is clear, particularly from objective (iv) above, that the intent of the Crown Land Caravan Parks Policy is that councils will adopt a commercial orientation in their management of Crown caravan parks. However, this objective is one of a set of objectives; each with equal weight, so that matters of environmental and community

need must also be addressed alongside financial considerations.

In the Policy a distinction is drawn between **tourist parks** and **general parks**.

Tourist parks are caravan parks that cater primarily for tourists. As a general guide a proportion of up to 30% of long and short-term sites (ie total sites less camp sites) might be available for long-term residency having regard to the particular requirements of individual parks. Where a caravan park is located within a reserve for public recreation long-term residential use will be inconsistent with that purpose. Where long-term sites are not in conflict with other management priorities for a reserve consideration may need to be given to changing the purpose of the reserve to remove the inconsistency. An upper limit in the Policy is that no more than 50% of short term and long-term sites may be used to accommodate a mix of long-term residents and holiday vans.

General Parks are those caravan parks that depend for their viability on being able to meet a demand for both short term and long term sites. Given the special character of general parks, most of which are located in in-land areas, the proportion of long term to short term sites is determined by local conditions of demand.

The current classification of each of the caravan parks under the Policy is for a "Tourist Park". The caravan parks contain only a few long-term residents on long-term sites and this feature will not be changed by the current proposals. However, the question of the number and

location of holiday (storage) vans should be carefully considered.

- **Tourism Development Near Natural Areas: Guidelines for the North Coast**

This document expands upon the basic concepts put forward in the North Coast Regional Environmental Plan and presents guidelines for developing tourism projects near natural areas. The aim of the guidelines is to encourage the development of viable yet environmentally sensitive tourism developments.

Specifically it aims to:

- Promote developments that enhance rather than erodes the values of the adjacent natural areas
- Encourage a broader awareness and understanding of the natural areas of the North Coast
- Identify the potential markets for tourism developments adjacent to major natural areas and the type of facilities suited to those areas
- Assist potential developers and landowners in developing appropriate tourism projects, taking into account location, scale, site, design, operations and feasibility
- Provide guidance for local councils to assess applications for tourism developments of this type
- Set out a feasibility assessment procedure to be followed in developing a proposal.

### 3.2.4 Approvals

- **The Local Government (Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 1995.**

The Caravan Park and Camping Industry in New South Wales has experienced significant change in the last decade. This change was both demanded and facilitated by the introduction of Ordinance 71. In part the Ordinance was designed to address existing anomalies within the industry, particularly those related to permanent residential living within caravan parks. Under the Ordinance each caravan park required an annual licence which was issued subject to the park's compliance with essential requirements. The Ordinance also provided the framework and parameters within which park managers and operators could develop more innovative approaches to the provision of tourist and residential accommodation in caravan parks.

On the first of July 1993 the new Local Government Act was introduced which in turn saw the subsequent introduction of the Local Government (Caravan Parks and Camping Grounds) Regulation 1993 which essentially embodied the provisions of Ordinance 71. The Regulation was substantially overhauled in 1995 and has been amended several times since, the most recent being in March 1998.

The requirements of the Ordinance and now the Regulation have provided the design standards for the development, layout, and operation of caravan parks throughout the State. The Regulations also function as the basis for the issuing of

an approval to operate a caravan park, by local councils, under s68 of the Local Government Act.

Specific planning and design controls for most aspects of this proposal are contained in these Regulations and the proposal will(1) comply in every respect.

- **Local Government Approval to Operate a Caravan Park**

Section 68 of the LG Act requires the operator of a caravan park to seek an approval from Council to operate a caravan park.

As mentioned above, the approval process requires that the design of the parks continues to meet the standards of the regulations. This allows the State Government to change compliance requirements as required. The improvements to the Caravan Parks proposed comply with the current requirements and standards of the Local Government (Caravan, Camping Grounds and Moveable Dwelling) Regulations 1995.

- **Local Government Approval to install a Moveable Dwelling**

Clause 11 of the Local Government Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 1995 provides that the prior approval of a council is not required for the installation of a relocatable home or an associated structure on a dwelling site within a caravan park so long as it is designed and constructed in accordance with the requirements of the regulations. This

exemption is modified by clause 11A which deals with the installation on flood-labile land.

Clause 11A provides as follows:

*(1) in deciding whether or not to approve the installation of a relocatable home, rigid annex or associated structure on flood-labile land in a caravan park or camping ground, the council must have regard to the principles contained in the Floodplain Development Manual.*

The above clause in the Regulations makes it clear that council may approve the installation of a relocatable home (ie cabin) on flood-labile land if it has regard to the principles in the NSW Floodplain Development Manual.

The NSW Floodplain Development Manual, re-released in 2001, is a policy document and does not have the force of law provided by the Regulations to the Local Government Act. Among other things the Manual establishes development considerations for the assessment of proposals on flood liable land. It also sets out different categories of land affected by flooding together with recommended approaches to differing flood scenarios. The Manual also acknowledges that there are often a range of competing issues with respect to the usage of flood liable land and attempts to strike a balance in this regard.

Council's current policy on development on areas subject to flooding (C23.6) is at variance with the intent of both the NSW

Floodplain Development Manual and the Regulations to the Local Government Act:

*In respect to existing caravan parks, Council will need to be satisfied in respect of the following:*

- *A suitable contingency plan exists to evacuate people and store caravans in time of flood.*
- *The caravans located on the site are maintained in a mobile condition, annexes and associated structures are not to be of a rigid construction.*
- *Relocatable homes, Cabins and the like are not permitted on caravan parks on areas that are subject to flooding. In any other areas the floor level is to be at or above the flood planning level and meet other relevant provisions of this policy.*

It should be noted that such a restrictive policy on prohibiting the installation of cabins in caravan parks that are on land subject to flooding is not followed elsewhere in New South Wales.

It is recommended that Council review and amend its current policy with respect to the installation of relocatable homes and associated structures in caravan parks.

### **3.3 Trends in the Caravan Park Industry**

Caravan parks and camping grounds, however defined, are the mainstay of the tourist industry in New South Wales. Visitation to Caravan Parks and Camping

Grounds represents approximately 50% of the total visitor nights in commercial tourist establishments. The industry also makes a significant contribution in terms of income and employment generated. While information on revenue and costs in the industry is limited, over the last two decades caravan parks in New South Wales have been very profitable.

The ability of the Caravan Park and Camping Industry to thrive over the last two decades can be traced to a number of key factors including:

- Location;
- Stable regulatory environment;
- Dynamic nature of this form of tourist accommodation;
- Willingness of the industry to invest in improving the product;
- Value for money and
- Continuing propensity of Australians to spend a significant proportion of leisure time/discretionary budget on domestic tourism.

The implications of each of the above factors for the future development of the caravan parks are as follows:

#### **3.3.1 Location**

Most caravan parks in New South Wales are located close to, if not adjoining, a water body: be it the sea, a lake or a river. Often caravan parks are situated in regional or local corridors of public or private open space. Opportunities for new caravan parks are limited because of a general community sentiment against new development in open space systems, particularly where ecological or environmental values would be adversely affected. Consequently, because existing

caravan parks occupy prime sites, other forms of tourist development struggle to match their environmental attribute and facilities. Motels, for example, are frequently located in purely urban locations or on major transport routes. Such locations are highly accessible and attractive to business travellers but less attractive to recreational travellers. Similarly, serviced apartments and units provide essentially an insular urban experience compared to the non-urban, communal experience of the caravan park

Caravan parks can be described as villages without fences. In the peak holiday season Crescent Head Caravan Park provides accommodation for approximately 1,000 visitors. The park operates as a small village. Similarly, the Hat Head Caravan Park provides accommodation for a similar number of visitors. One of the major reasons for choosing to stay at a caravan park is the opportunity to interact with other campers and holidaymakers in a village setting.

Unlike the dwellings visitors come from in urban settings, sites in caravan parks are small, poorly defined and unfenced. Visitors share their amenities with strangers in a way they would not normally do. Cooking is often communal along with the use of recreation and community facilities.

The challenge is to introduce improvements to the caravan parks that will meet visitor expectations without destroying the essential features of this lively form of accommodation.

### 3.3.2 Regulatory Environment

Since 1986, with the introduction of Ordinance 71 “Caravan Parks and Moveable Dwellings” to the Local Government Act 1919 and State Environmental Planning Policy No. 21 in 1992, the Caravan Park and Camping Industry in New South Wales has enjoyed a stable regulatory framework. The salient features of this framework, so far as the caravan park industry is concerned, are:

- Legalisation of residential living in caravan parks;
- Specification of base standards for the layout of caravan parks– site sizes, ablution facilities, parking provisions, access, open space etc;
- Uniform safety standards equivalent to the Building Code of Australia;
- Specification of a flexible, self-contained code for the construction and installation of moveable dwellings<sup>11</sup>;

While the basic framework has been reviewed since 1986, the basic elements of framework have remained<sup>12</sup>. This has allowed the industry to invest and upgrade the facilities and the accommodation provided with certainty and confidence.

<sup>11</sup> A moveable dwelling is not a “building” under the Environmental Planning and Assessment Act 1979. The definition of a moveable dwelling includes a tent, a caravan and a manufactured home. Significantly, development consent is not required for the installation of a complying moveable dwelling on a lawful site in a caravan park.

<sup>12</sup> In 1995 Ordinance 71 was replaced by the Local Government (Caravan Park, Camping Grounds and Moveable Dwellings) Regulation 1995.

### 3.3.3 Dynamic nature of caravan parks.

Caravan parks and camping grounds, compared to other forms of tourist accommodation such as resorts, motels, serviced apartments etc, are dynamic and change can be introduced incrementally. Tourism generally has benefited from changes in technology and caravan park operators have not been slow to adopt new practices in terms of communication systems, reservation systems, and the use of recreational products, facilities and services etc. Where caravan parks have been more dynamic than other forms of tourist accommodation has been in changing the underlying fabric of the built environment and in the mix of accommodation and facilities provided.

The low density and relatively large areas of caravan parks gives owners and operators scope to change the character and the quality of the product offered. Significantly, many of the changes can be undertaken without the necessity to obtain further consents. The particularly changes that can, and have been, made to caravan parks include:

- Better and more extensive landscaping;
- New and more functional and attractive forms of accommodation
- New and improved range of recreation facilities. While most tourist establishments of any size can offer swimming pools, games rooms and tennis courts, caravan parks can go further and provide a greater range of community facilities – BBQs, camp kitchens, community buildings

### 3.3.4 Investment Potential

In the middle of the 1980s caravan park operators were faced with a choice: either upgrade to meet the requirements of Ordinance 71, primarily for safety reasons, or use the land for some other purpose. However, the industry has been willing to invest in upgrading caravan parks not merely to achieve regulatory compliance but because there was a sound economic basis to do so. The result has been increased profits for the owner and value for money for the visitor. One feature of the investment that has been undertaken has been its incremental nature – parks can be improved gradually and mistakes rectified on a progressive basis without the need for massive injections of capital.

The main areas of investment have been:

New internal layouts. In the past the layout of most parks has been strictly regimented. Layouts have been changed to allow more imaginative environments, to improve amenity and cater for new forms of accommodation.

Installation of a wide range of moveable dwellings. There is now a vast range of cabins (moveable dwellings) on the market, although traditional Australian urban forms have been followed. The result has been two storey units, attached units, and dormitory units. Unfortunately, the siting of cabins has not been as sophisticated as it could be and real opportunities for lifting the image of caravan parks has been largely lost.

Recreational Vehicles, Motorhomes and Campervans and Caravans. After a lengthy period in the doldrums sales of these products have been experiencing consistent, rapid growth. Together these

areas have grown at a rate of 14% per annum for each of the past 5 years. The Campervan and Motorhome Club of Australia is one of the country's fastest growing associations with a membership that tends to be reasonably affluent, very mobile and able to travel throughout the year. A well equipped motorhome will cost in the order of \$250,000 to \$350,000 while a modern caravan and four wheel drive vehicle will represent an investment of at least \$100,000.

The Provision of new site forms. Provision has been made for a wide range of new site types such as powered sites with en-suite facilities and drive-through sites. At the same time site sizes have tended to vary in shape and increase in size to accommodate large motorhomes.

Provision of new and improved facilities. Caravan Parks have replicated many of the features of resorts: particularly in terms of swimming pools and recreational facilities such as tennis courts etc. Facilities such as camp kitchens and community buildings in keeping with the communal nature of the caravan park have also been installed.

Improved landscaping. Attention to the visual qualities of parks, for example in terms of creating a sense of arrival, has lead to substantial improvements in landscaping on entrances and sites. In many cases, careful design has resulted in a range of environmental benefits – lower water consumption and better heat control.

Use of technology. The computer has left its mark on the operation of caravan parks in terms of computerised booking systems, and security, lighting and watering systems.

Environmental management. The environmental impacts of recreation and tourism are now better understood and appreciated. Potential impacts on

adjoining waterways and habitat are now of greater concern and large amounts are now spent on upgrading sewerage systems and stormwater control.

New Forms of Park Management. In the past caravan parks could be run as a family operation. The complexity of a moderately sized caravan park requires a range and depth of management skills equivalent to those required to operate a 200 room hotel. Consequently, the industry is now exploring a range of alternative approaches to management and being prepared pay for the management skills they require.

Increased Awareness of Risk Management. Caravan parks can be relatively dangerous environments given the presence of a large number of people in a holiday mode. The use of vehicles, equipment and facilities pose a variety of risks. Caravan park operators are increasingly conscious of the potential public liability issues and are systematically addressing this issue.

New Forms of Financing. Investment in the caravan park industry has been aided by the low interest rate regime that has prevailed for most of the past decade. New forms of financing have been introduced to minimise the impact of taxation. Many of these approaches and strategies have little relevance to public sector operators.

Some trends that have occurred outside of the investment decision of the operator relate to the nature of recreational behaviour of Australians and travellers generally. Some factors are:

- A desire to enjoy more breaks per year but of shorter duration. The time when families spent 4 weeks a year on an annual holiday is disappearing.

The trend is now to take breaks in different location throughout the year.

- Improved road transport on a national level. This factor has led to the resurgence of the caravan and other forms of registered holiday recreational vehicles and improved the accessibility has opened up new markets.
- Lower airfares. It is now possible to travel internationally and interstate, again opening up new markets.
- Emergence of new consumer markets. It is now possible to identify a wide range of niche markets. The needs and interests of say groups of teenagers, from elderly couples are different from younger couples and young families; and the nature of the business/conference markets is also fragmenting.
- A willingness to spend more money to achieve a “quality” recreational experience.

The above factors need to be assessed in determining the nature of the product that is to be offered and tariffs to be charged.

### **3.4 Conclusions**

Caravan parks operate in a unique and complex regulatory framework. The planning controls are flexible and designed to allow parks to grow and change. However, Council is no longer the consent authority for development applications on the caravan parks.

Current planning controls require careful consideration be given to assessing issues and impacts on the environment in the broadest sense – physical, social and

economic. The subsequent sections of this report build on the objectives, standards and planning requirements summarised above.

Over the last decade the caravan park sector of the tourist industry has been highly dynamic. As discussed in the section 4 of this report the Caravan Parks still have a large number of weaknesses and has enjoyed few improvements. The caravan parks have the potential to make a major contribution to the region given their location and economic performance.

In order for the caravan parks to be properly developed in accordance with the provisions of the local Government (Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 1995 the current policy on the installation of relocatable homes and associated structures will need to be revised.

## **4. MANAGEMENT ISSUES**

### **4.1 Introduction**

Individually and collectively the caravan parks operated by Kempsey Shire Council represent important community assets which provide tourist accommodation for visitors to the region and income to Council. It is assumed in this report that Council wishes to approach the management of its assets in a commercial manner.

A strategic framework is required to manage the caravan parks effectively. The Mission Statement in the 1998 Management Plans and the associated principles has been reviewed. It is believed that this framework is still appropriate for the future management of the caravan parks and should be endorsed as the basis of the revised Management Plans.

Council caravan parks on Crown land generate revenue that can be used to support broader initiatives in the management of the Crown reserve system for which Council is responsible in partnership with the State Government. In both cases Council has a real financial interest in the commercial operation of these assets.

This report seeks to assist Council to adopt a management option that will allow the caravan parks to operate commercially and to achieve the Shire's overall strategic direction. The report outlines the key management tasks and accountabilities involved in running a caravan park system and the range of management options that

have been implemented by other Councils in NSW and the private sector. A management approach which recognises the need to keep the business running while undertaking a substantial redevelopment programme is recommended.

The information contained in this report is based on our knowledge of the caravan park industry and the approach taken by Councils throughout NSW in the management of community assets, discussions with Councils staff and studies of the caravan parks in question.

### **4.2 The Management Tasks**

In managing its caravan parks, Council requires a management framework that provides appropriate controls to ensure that:

- these community assets are used in accordance with organisational goals and procedures;
- it provides accurate information on the performance of the caravan park(s);
- financial and human resources are used efficiently;
- environmental impacts are minimised,
- probity is achieved in the operation of caravan parks,
- staff comply with established policies and procedures, and

- the assets of Council are safeguarded.

#### 4.3 Current Management Approach

Council previously managed each of the four caravan parks under a short-term management agreement. This contract had been let by tender for a term of three to five years. The successful contractor, best described as a “caretaker”, was required to remit all income to Council and in return for management services received on site accommodation and monthly payments based on a percentage of operating revenue to cover the contractor’s costs of:

- salaries and wages involved in:
  - letting sites and accommodation,
  - cleaning amenities, accommodation and facilities,
  - ground maintenance
  - minor building maintenance, and
  - maintaining the residence;
- the supply of certain tools and equipment.

The contractor was required to manage the caravan park seven days a week during the period of the contract, to maintain a minimum level of public liability insurance, and to maintain the trust’s plant and equipment.

From the revenue it received, Council met all other operating costs of the caravan park including the following:

- Administration
- Electricity

- Gas
- Interest charges and loan repayments
- Landscaping
- Levy to the Public Reserve Management Fund
- Asset maintenance
- Marketing and promotion
- Telephone and communication
- Waste disposal
- Water and sewerage

Decisions on improvement or changes to the caravan park resided solely with Council. Internally, Councils involved in such arrangements tend to see issues in terms of contract administration rather than business management. Improvements to the caravan parks tend to be seen as an element of Council’s annual works programme and not driven by commercial imperatives.

The main advantages to Councils that employ this arrangement are that it is simple to create and administer; it provides an initial buffer between Council and users of the caravan park; and gives Council direct control over expenditure. Policy settings (eg for fees and charges) are simple to make but tend to only be reviewed on an annual basis.

The disadvantages of adopting a “caretaker” management option include:

1. Other things being equal the tender process used to award the management contract is weighted towards contractors who can manage the caravan park on the minimum effort and remuneration;

2. The contractor is poorly placed and has little time to keep up to date with the latest technology or approaches to park management;
3. The contractor will find it simpler to appropriate income from Council than to boost turnover if the remuneration agreed to at the outset is too low;
4. Council only has indirect control over the quality of the park's operations as measured by the cleanliness of amenities, the level of service given to customers. The contracts, for example, only specify the service to be performed and its frequency rather than the minimum acceptable level of service;
5. It is difficult for the contractor and the Council to address maintenance and improvement requirements in a timely manner. Similarly, for a variety of reasons, it is difficult for Council to respond to changing market circumstances, primarily because Council has no control of the booking of sites and is slow to vary tariffs.
6. Long-term contractors can ultimately be viewed legally as employees of Council and not self employed (ie they may accrue rights to superannuation and other benefits).
7. Under current NSW law, in some circumstances the contractor acts for

Council without direct accountability<sup>13</sup>.

The current management approach has moved sharply away from this model. Under the current contractual arrangements, recently renewed for a further two years, a single manager has operational control of the four caravan parks. Income is collected by the Park Manager who pays a fixed percentage of the revenue to Council. While this removes the day to day management away from Council there is still the "public" issues that Council has to address. Council is still involved in setting tariffs, maintenance and redevelopment. While this is a far better arrangement there is still an element of "caretaker" in the role.

#### **4.4 Management Responsibilities**

The management tasks involved in operating one or a number of caravan parks to achieve the outcomes listed in Section 4.2 above can be divided into three main groups covering the functions and responsibilities of business management, park management and park development. Each of these management tasks need to be carefully considered to ensure that the tasks are undertaken in a co-ordinated manner. In some cases tasks may be shared between the management groups although the focus will be different. For example, maintenance of the core asset is both a business management and a park management

<sup>13</sup> For example, unless Council directs otherwise, by default the contractor can be the Park Manager under the Holiday Parks (long-term Casual Occupation) Act 2002. This may result in park rules and tenancies being created by the contractor rather than Council.

responsibility. The responsibilities in each group are summarised in the following sections.

#### **4.4.1. Business Management Responsibilities**

The following management responsibilities must be addressed if the caravan parks are to be operated on a commercial basis:

##### **Policy and Strategic Planning**

- Formulation and review of Council's objectives and strategic approach to the achievement of its objectives.

##### **Information system design and maintenance**

- The operation of the caravan park will only be efficient if a proper management information system that covers all aspects of the caravan parks operation is installed and maintained.

##### **Business Planning, Budget Control and Audit**

- Pricing policy
- Budget formulation and control on a monthly and annual basis.
- Development and Implementation of an audit programme.

##### **Maintenance and Asset Management**

- Development of an asset register
- Development and implementation of an annual maintenance programme and budget.

##### **Marketing and Promotion**

- Identification of market opportunities
- Preparation of an annual marketing and promotion strategy
- Preparation of an annual marketing and promotion budget
- Implementation of the marketing and promotion strategy.

##### **Human Resource Management**

- Preparation of a resource management strategy which ensures that the appropriate qualifications and skills are available.
- Preparation and implementation of training programmes.

##### **Performance Review**

- At least every month there should be a review of the operation of the caravan park against budget and other management objectives (eg these may relate to the nature and number of certain types of complaints or incidents).

##### **Reporting to Council**

- Council should be advised at least quarterly of the performance of the caravan park so that if required corrective measures are in place.

#### **4.4.2 Caravan Park Management Responsibilities**

The difficulty of achieving efficient day to day operation of a caravan park should not be underestimated. As indicated below there is a wide range of responsibilities that need to be performed, not least of which is ensuring that both sets of clients (Council and its senior management on the one hand and clients on the other) are satisfied.

##### **Customer interface**

- Handling of all bookings and enquiries on a day to day basis.

##### **Marketing Support**

- Assists in the implementation of the marketing and promotion strategy.

##### **Data input to information system**

- Ensuring that the computerised booking system operates as designed and records all transactions accurately.

#### **Cleaning of amenities, on-site accommodation**

- Amenity blocks, accommodation, BBQs and other facilities to be cleaned to a nominated performance standard.

#### **Ground and Building Maintenance**

- Minor building maintenance
- Maintenance of grounds and landscaping
- Waste management
- Environmental controls

#### **Regulatory Compliance**

- Compliance with the requirements of the Regulations to the Local Government Act, and where appropriate the Crown lands Act.

#### **Security, Safety and Risk Management**

- Adherence to the caravan park rules by guests
- Security of guests, their property and the caravan park assets
- Liaison with emergency organisations and personnel
- Minimisation of Council's potential public liability to employees and guests.
- Recording of all incidents where safety and security may or has been compromised.

#### **Reports to Business Management**

- Weekly reports on park operations (visitation, income etc) and maintenance/ management issues.

### **4.4.3 Park Development Responsibilities**

The park development responsibilities involve tasks generally associated with project management. In the next three to five years Council will need to invest considerable sums in improving the caravan parks if they are to be commercially viable tourist assets. The matters that have to be undertaken in

redeveloping the caravan parks will revolve around the following elements:

#### **Specification of development programme**

- Given the specification of an overall vision and objectives for the caravan park, the formulation of a specific development programme with timelines and budgets.

#### **Specification and design of park**

- Individual elements of the caravan park (eg entrance improvements, design of BBQs etc) will need to be designed to a brief.

#### **Approval requirements**

- Where appropriate, documentation of applications for development consent and building construction will need to be prepared and the consents obtained.

#### **Tender procedures**

- Preparation of tender documentation where works are to be let by tender.

#### **Supervision of construction activity**

- Subject to the tender requirements constructions works will need to be supervised and obtain appropriate certificates on completion.

#### **Budget and Project control.**

- Responsibility to ensure all development works to be completed on time and within Budget.

#### **Reports to Council**

- Preparation of progress reports on the development programme

### **4.5 The Management Options**

The above business, park and development responsibilities can be combined in many different ways to produce a variety of management options. While government and private sector organisations may have the same business goals they can never operate in a totally

similar manner. Local government has far wider accountabilities than the private sector and for this reason alone its management approach will always be more conservative. Nevertheless, this does not mean that the public sector cannot provide as good or better tourist facilities to those operated by the private sector or use many of its methods.

The potential management options can be characterised as increasing levels of Council involvement in the day to day operation of the caravan parks. With greater involvement there is greater control and opportunities to increase total revenue, the share of revenue retained and visitor satisfaction.

#### **4.5.1 Lease of the enterprise**

At one end of the spectrum of management options, Council can minimise its involvement in day to day activities in the operation of a caravan park via the creation of a lease<sup>14</sup>. Under this management option the lessee would be required to pay a market rent and assume full responsibility for all operational decisions. The lease creates an interest in the land and, subject to its term and conditions, could allow the lessee to prepare and implement an improvement programme. Carefully structured, a commercially based lease

<sup>14</sup> Land under Council's control classified as "Community Land" under the land management provision of the Local Government Act can only be leased for up to 21 years if a lease is authorised by an adopted plan of management. Crown land under Council control can be leased with the Minister's consent for any term without the requirement for a plan of management under the provisions of Part 5 of the Crown Lands Act.

could allow Council to direct its resources and energies to other priorities. However, the financial returns to Council are minimised under this management option. A further consideration may be a concern that a private interest is gaining a profit from the development and use of public land.

This management model has been used by Councils with either limited experience or interest in property management or by government agencies with large property holdings. It has the advantage that it sidesteps many problematic audit and probity issues. To be used effectively this management model requires vigilant lease administration.

#### **4.5.2 Assignment of Management Rights**

Management rights can be created in a variety of ways and assigned by contract. One example is for a company, in exchange for an agreed management fee of approximately 5 – 8% of revenue, to assume responsibility for all management decisions in the day to day operation of a caravan park. The staff required to operate the park are engaged on a contract basis and some services may also be contracted out. Council pays all expenses within an agreed budget and may receive a minimum predetermined annual revenue. An alternative variation is for Council to receive a guarantee of a minimum income with provision for a percentage of turnover above an agreed level. In this arrangement the contractor assumes responsibility for all outgoings and the risks involved.

The advantage of this management model is that the holder has the incentive to operate efficiently and to increase park turnover and hence the potential returns to Council. Council can choose, if it wishes, to set tariffs but this is better left to the contractor. From Council's perspective such arrangements are relatively short-term and can be terminated if financial or other difficulties arise without the problems inherent in terminating a lease. One of the main difficulties that have to be faced relates to the implementation of an effective audit programme to ensure that all incomes are accounted for. A further consideration is the willingness of Council to improve the underlying asset. There is always the temptation for a Council to asset strip in the short-term.

#### **4.5.3 Contract Management**

Management by contract has been the most widely used management option by Councils in New South Wales in the operation of individual caravan parks. This option has the potential to generate a good income for the council and allow an increased level of involvement in some areas of the caravan park's operation. However, in the long-term, standards and conditions within the caravan park will decline because both parties tend to be in a "caretaker mode". In order to be effective Council must allocate resources for a full or part time caravan park business manager to ensure that the park(s) are managed, maintained and developed in a commercial manner.

#### **4.5.4 Direct Management**

Council can assume total control of its caravan parks through a direct

management approach. All decisions and responsibility for the day to day operations can be brought under Council's control. Under this management model, while some of the staff may be employees of council, many of the key services and functions can be undertaken by contract. For example, some administrative functions such as the park office administration, cleaning of amenities and accommodation, ground maintenance and landscaping, and some aspects of security and even audit can all be managed by contract.

The advantages of this management option for Council are that it has the potential to maximise turnover and retained revenue.

In order for this management model to be effective council must allocate the resources to employ a full time or part time manager responsible for business management and with oversight of park management. Day to day responsibility for park development can be undertaken either through the employment of a short-term contract project manager (either an individual or a company) as required to achieve Council's re-development programme or by the use of in-house specialists.

#### **4.6 Conclusion**

Of the available management models, the current arrangement which involves aspects of the assignment of management rights via a contract is preferable to either management contracts for individual parks or a lease or one or more of the parks. During the term of the current contract Council should consider ways to improve

the flexibility of the current contract. However, over the next two years a dedicated caravan park business manager within Council is needed to drive the improvement programme with the responsibilities described in section 4.4.1 and 4.4.3 of this report.

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## 5. PROPOSED MANAGEMENT PLANS

### 5.1 Introduction

The following proposals have two components. The first component relates to Council's policy approach to setting prices which has implications for how it finances the operations of the four caravan parks. The second component looks at each caravan park separately and proposes a range of initiatives to improve the parks over the next five years.

### 5.2 Pricing Policy

The prices Council charges for tourist accommodation at the caravan parks are critical to the success of the business. If the prices are too low visitors are effectively subsidised and there is insufficient revenue and profit available to justify additional investment. If prices are too high demand suffers, complaints increase and again the amount of income available for re-investment is reduced.

At the present time, a number of factors are evident:

1. the condition of the caravan parks may not warrant higher prices;
2. in peak times the caravan parks are booked out – this suggests that Council could charge what the market will bear; and
3. Off-season occupancy is low – this suggests that increasing prices

during this period may make matters worse.

The fees and charges for 2003/2004 are contained in Appendix C. A review of these charges suggests the following:

- Prices for short-term sites at around \$17 for the Discount Season to \$25.50 in the Peak Season need to be reassessed. In general, the caravan park industry aims to *average* a minimum tariff of \$24 per day across the year. This figure is the minimum required to be profitable. The current rates will struggle to achieve such an outcome.
- Prices for cabins need to be reviewed, particularly if the improvements proposed in the Management Plans are adopted. For example, at Crescent Head the weekly tariff in the Peak Season for a cabin in the Oceanside is \$875. Industry would expect cabins in these sites to return at least \$1,000 to \$1,200 per week for this period. Given the costs of cleaning and maintenance, a one night price in the Discount Period of \$55 is required to break even.
- Prices need to be more flexible – there needs to be a mechanism to provide discounts in defined circumstances to manage yields. For example, a two night let could be reduced for the second night when demand is reduced as there is still only a one-off cleaning cost.

### 5.3 Summary of Improvements Proposed

A range of new facilities and areas for improvement for each caravan park has been identified and the results are summarised in the following tables. The lists are based on a consideration of the results achieved in the last five years (see Section 2.4), site inspections, discussions with Council staff and the contract manager, and a review of Council's files.

The cost in the following tables are a realistic indication of the likely cost of providing individual items such as entrance works, barbeques and camp kitchen etc. The costs are based on our experience of the actual costs to build or install such facilities in caravan parks elsewhere. Given that a design brief has not been established for individual items, it is suggested that a confidence interval of  $\pm 20\%$  should be adopted at this stage. Again it is possible to spend more on landscaping; signage etc and increases in these items will be subject to budgetary constraints.

It should be stressed that the number of additional cabins proposed are the **minium** required to improve the parks as envisaged. If the opportunity provides additional cabins should be considered within the indicated cabin precincts.

At this stage a number of desirable improvements such as swimming pools are not seen as a high priority and hence not considered in any improvement programme. Some new forms of sites such as en-suite sites would also be desirable and if additional funds can be provided provision should be made for

these facilities. Drive through sites are not seen as a priority given the isolated location of the parks.

#### 5.3.1 Crescent Head Caravan Park

The Masterplan contains the following proposals as illustrated in the attached Masterplan.

1. To complement the introduction of boom gates and the lay by, it is proposed that a new park office be installed adjacent to the lay by. An illuminated signposting should be installed adjacent to the lay by. This will require the relocation of two cabins and the loss of the associated sites. The cabins should be relocated as indicated to East Oceanside.
2. A new cabin precinct should be created at East Oceanside for five cabins. These cabins should be heavily landscaped to make them as attractive as possible and they should have their own small covered BBQ unit.
3. Two sites should be removed from East Oceanside opposite the amenity block and the area landscaped with a small covered BBQ.
4. Remove four sites from West Lakeside to improve landscaping and to allow the introduction of BBQs.
5. Investigate the introduction of drive through sites on Oceanside.
6. The day visitation areas require extensive landscaping with

improvements to boundaries, pathways, shelters, disabled access, BBQs, childrens' play area shade structures, and seating. In the children's play area a soft fall surface should be installed. As a matter of policy council should remove all wood fire BBQs.

**Table 5.1 Crescent Head Improvements**

<b>Improvement</b>	<b>Cost</b>
Improve Service in Park	\$8,000
Install a further 5 cabins at \$70,000 per unit.	\$350,000
Relocate two cabins from East Lakeside to East Oceanside	\$6,000
Remove two sites from East Oceanside and four in West Lakeside	\$12,000
Install Park office and lay-by near entrance in East Lakeside	\$50,000
Install covered BBQs at \$15,000 per unit	\$30,000
Landscaping of cabins and fencing	\$80,000
Internal road improvement	\$20,000
Introduce quality signage throughout the caravan park	\$25,000
Landscaping grass areas and general plantings associated with car parking areas	\$40,000
Upgrade pedestrian pathways at \$40/LM	\$12,000
Remove existing timber BBQs and replace with electric units – up to five throughout the park	\$25,000
Install park furniture – seats, bins etc	\$60,000
<b>Total</b>	<b>\$718,000</b>

### 5.3.2 Hat Head Caravan Park

The following are the major improvements proposed for the Hat Head Caravan Park as illustrated in the attached Masterplan for the caravan park. The main change proposed is the introduction of controls on the movement of vehicles through the reserve. This can be achieved by the following means:

1. A pair of boom gates to be installed to control access into the northern and southern precincts respectively. One boom gate is on the existing access road to the northern precinct opposite the manager's residence and the office/kiosk. The second boom gate to be located in the main entrance to the southern precinct adjacent to the manager's residence.
2. The access points on the route to the boat ramp are to be closed and fenced. This will require a redesign of sites. The road within the northern precinct in particular will need to be defined and sealed.
3. A new park office to be installed adjacent to a lay by in the northern precinct.
4. Installation of a additional cabins to be sited in the eastern section of the park.
5. Expenditure on the amenities blocks is required and consideration should be given to replacing the northern amenities block on a new site.
6. Construction of a new day visitor amenities block closer to the boatramp.

It should be appreciated that boom gates can be left open in off peak periods if required. Their importance lies in limiting the number of vehicles that can be brought into the accommodation precinct.

**Table 5.2 Hat Head Improvements**

<b>Improvement</b>	<b>Cost</b>
Install boom gates at \$25,000 per unit	\$50,000
Install a further 4 cabins at \$70,000 per unit.	\$280,000
Services to cabin area	\$20,000
Play area	\$40,000
Amenities refurbishments	\$30,000
General improvement to services – sullage, lighting, electricity etc	\$30,000
Install Park office	\$30,000
Install covered BBQ	\$30,000
Internal road improvements	\$68,000
Introduce quality signage throughout the caravan park	\$30,000
Landscaping	\$60,000
Park Furniture	\$8,000
Replace existing timber BBQs with electric units	\$20,000
New Park Amenity	\$80,000
Fencing	\$20,000
<b>Total</b>	<b>\$796,000</b>

### 5.3.3 Stuarts Point Caravan Park

The following are the major improvements proposed for the Stuarts Point Caravan Park as illustrated in the attached Masterplan for the caravan park

The improvements proposed for the caravan park and the adjoining day visitation area are relatively modest.

1. Replace the northern amenities block as a matter of priority. Provisions should be made in this facility for separate day use as at present but with appropriate security controls.
2. Re-site two cabins in the cabin precinct and install two additional cabins with enhanced landscaping.
3. Remove and replace all wood fire BBQs with electric or gas stainless steel units.
4. Improve services including the lighting opposite the park office to improve the illumination of the visitor's car parking.

**Table 5.3 Stuart Point Improvements**

<b>Improvement</b>	<b>Cost</b>
Move two cabins	\$12,000
Install new decks on 6 cabins	\$8,000
Install a further 2 cabins at \$60,000 per unit.	\$120,000
Amenity block replacement	\$170,000
General improvement to park services	\$36,000
Landscaping	\$33,000
Remove existing timber BBQs and replace with electric units	\$10,000
New amenity block for day visitation area	\$60,000
Install BBQ	\$15,000
<b>Total</b>	<b>\$464,000</b>

### 5.3.4 Grassy Head Caravan Park

The main improvement is the formal separation of the day visitation area from the caravan park. This will require the following measures as illustrated in the attached management plan:

1. Define the boundary of the caravan park by appropriate fencing.
2. Install a lay by and boom gate opposite the manager's residence.
3. Change the direction of vehicles to create a one-way loop for day visitors so that only visitors to the caravan park can enter directly from the main access road.
4. Replace the old beach amenity block and provide a new facility
5. Upgrade the southern walking track to the beach.
6. Rationalise sites in the main area adjacent to the entrance to eliminate direct access to sites from the entry road other than for the existing cabins.

The introduction of boom gates will prevent the general public from parking on tent sites on the southern end of the park. The access road to other crown lands to the in poor condition and there is only limited parking available. Closure of the road, particularly in peak periods, is warranted.

**Table 5.4 Grassy Head Improvements**

<b>Improvement</b>	<b>Cost</b>
Install boom gates at \$25,000 per unit	\$25,000
Demolish small amenity block and replace with en-suite unit	\$40,000
Install Camp Kitchen	\$30,000
Amenities refurbishments	\$50,000
General improvement to services – sullage, lighting, electricity etc	\$33,000
Install covered BBQ in cabin precinct	\$15,000
Internal road improvements	\$20,000
Introduce quality signage	\$17,000
Landscaping	\$25,000
Remove existing timber BBQs and replace with electric units	\$15,000
Fencing	\$5,000
<b>Total</b>	<b>\$275,000</b>

### 5.4 Prioritising Improvements

In order to place the lists into a sensible improvement programme, a number of factors need to be carefully considered. In this report the identified improvements have been assessed against their potential contribution based on the following factors (not in rank order):

- Cost;
- Potential to generate income;
- Potential to improve visitor amenity;
- Potential to improve the day-to-day management of the park;
- Safety, security and regulatory compliance;
- Potential to achieve environmental objectives; and

- Contribution to the amenity of the residential areas of Crescent Head, Hat Head and Stuart Point.

The above considerations are not mutually exclusive. It is possible for an improvement to contribute to the operation of the park in a number of ways. Some improvements have been identified as fundamental improvements that need to be addressed given the importance of the safety of patrons and the need to minimise Council's potential liabilities.

A further factor that has been considered in formulating the programme is that of timing. Some improvements may be highly desirable but their introduction may be dependent on the completion of other programme items. Given budgetary constraints and operational considerations, the programme of necessity will take a number of years to complete. The overall timing of works will depend on the mix of improvements finally adopted for each caravan park.

Finally, the capital programme has to be accompanied by operational changes. For example, cleaning and maintenance regimes will need to be changed given the need for higher standards and the new forms of accommodation that will have to be serviced. Changes to park rules and protocols for residents and holiday van owners will also be essential.

Table 5.5 lists identified improvements assessed against the above factors and a conclusion on their respective priority for inclusion in the respective programmes shown in Appendix B. A discussion of

each of the items in the programme is as follows:

### **New Accommodation**

The current cabins are well patronised but the basic units lack appeal and are in poor condition. Future maintenance costs will be heavy. The best decision is to replace the basic cabins for new, better-designed and equipped units. The cabins are generally poorly sited, especially at Crescent Head and Grassy Head Caravan Parks. Where existing units are to be resited they should be improved through the addition of larger decks.

It is proposed that two standards of new cabins be acquired – a group of better cabins in the range of \$70,000 each at Crescent Head and Hat Head Caravan Parks and more basic cabins for \$60,000 at Stuarts Point.

An opportunity should be taken to ensure that specifically designed accommodation is available for disabled individuals and groups.

### **Barbecues**

Facilities for outdoor cooking are a special feature of caravan parks and provide a valuable opportunity for social interaction among campers. These facilities are well utilised by occupants of tents, caravans and cabins

These covered units come in a variety of shapes and sizes but should contain stainless steel facilities to minimise maintenance.

### **Facilities for Children**

The existing facilities are generally very basic and contain a range of unsafe features. Improvements are required to the existing facilities, new features need to be added and shaded areas need to be provided.

### **Road layout and Site Works**

There is a need to improve the roads in all the parks and in places to increase pavement widths.

### **Entrance Works**

A new location for offices are required at Crescent Head and Hat Head caravan parks. Irrespective of the location of the office, boom gates will be required to control the movement of vehicles at these parks and at Grassy Head.

### **Landscaping and signage**

Improvement to the presentation of the caravan parks are essential. Landscaping and signage can make a substantial contribution to achieving this objective. The removal of exotic vegetation in the park will also achieve environmental objectives.

Cabins located close to the entrance would be screened from passing traffic by low fencing and landscaping.

### **Fencing, lighting and internal pedestrian pathways.**

Fences that are appropriately designed and located can limit the movement of vehicles and the direction of pedestrian flows. The benefits are increased safety and security for park patrons. Proper pedestrian pathways are an amenity and safety issue.

### **Environmental Initiatives**

Environmental initiatives cover vegetation management, water quality controls and energy efficiency. There are opportunities for improved storage and recycling of wastes, including green waste. In many cases environmental objectives are achieved through design features of the roads, cabins and buildings generally.

## **5.5 Conclusion**

An improvement programme for the Kempsey Shire Council's Caravan Parks has been developed that has been costed at approximately \$2.66 million. It is envisaged that this programme would be implemented over a period of five (5) years. There are choices to be made in relation to the standard and scope of the facilities to be provided. It is possible to increase or reduce the programme in accordance with budgetary constraints.

The layouts illustrate how the programme should be implemented for each of the caravan parks.

**Table 5.5 Suggested Improvements**

<b>Nature of Improvements</b>	<b>Potential for Income</b>	<b>Visitor Amenity</b>	<b>Operational Effectiveness</b>	<b>Regulatory Compliance</b>	<b>Environmental</b>	<b>Local Amenity</b>
Boom gates and lay bys	Medium	High	High	Medium	Medium	High
Landscaping	Low	High	Medium	Low	High	High
Improvements to signage	Low	High	Medium	Low	Low	Low
Improvements to park lighting	Low	High	Medium	Low	Low	Medium
Improvements to amenities	Low	High	Medium	Low	Low	Low
Refurbish & relocate existing cabins	High	High	Medium	Low	Low	Low
Road & site works	Low	High	Medium	High	Low	Low
Installation of cabins	High	High	Medium	Low	Low	Low
Relocated park offices	Medium	Medium	High	High	Low	High
Environmental Initiatives	Low	Medium	Medium	Low	High	Medium
New en-suite sites	Medium	High	Medium	Low	Low	Low
BBQs new and replacement of wood fired units	Low	High	Medium	Low	Low	Low
Children's' Playground Improvements	Low	High	Medium	Medium	High	Low
Fencing	Low	Medium	High	Medium	High	High

## **6. RECOMMENDATIONS**

It is recommended that Kempsey Shire Council revise the existing Caravan Park Management Plans by adopting the following recommendations:

### **1. Role of the Caravan Parks**

That Council recognises that the four Caravan Parks at Crescent Head, Hat Head, Stuarts Point and Grassy Head are community assets that can provide three broad benefits:

1. A unique tourist experience for visitors to the Kempsey Area;
2. Economic benefits to the local and regional economy in terms of income and employment impacts; and
3. Funding to protect and enhance the values of the open-space system of Crown land for which Council is also responsible.

### **2. Mission Statement**

Council reaffirms the existing Mission Statement for the 4 Shore Holiday Parks as the basis of the Management Plans.

### **3. Business Focus**

That over the next five years Council operates the caravan parks on a commercial basis seeking to optimise financial returns from their operation through its policies on pricing, product development, contract management and promotion.

### **4. Policy Framework**

That Council review its current policy on development on flood prone lands in the light of the provisions of the Local Government (Caravan Park, Camping Grounds and Moveable Dwellings) Regulation 1995 in relation to the installation of relocatable homes and associated in a caravan park on flood-labile land.

### **5. Management Priorities**

That Council improve the management of the four Caravan Parks by:

- a) Making the operation and performance of the Caravan Parks and the surrounding day use areas a direct accountability of the General Manager of Council;
- b) Prior to the end of the current management contact Council to seek expressions of interest from suitably experienced companies for the management of Council's four Caravan Parks;
- c) The terms of the management contract to reflect Council's Mission Statement for the 4 Shore Holiday Parks and the need to obtain a commercial return for the parties concerned;
- d) Appointing a full-time, dedicated Caravan Parks Business Manager, responsible to the General Manager through the appropriate Divisional Manager, with appropriate delegated authority to drive the development and promotion of the caravan parks

and the surrounding day visitation areas;

- e) The cost of the Caravan Parks Business Manager to be funded from the recurrent budget of the Caravan Parks;
- f) The Caravan Parks Business Manager to ensure that the Caravan Parks' Contract Manager operates the Caravan Parks on a commercial basis in accordance with the terms of the management contract;
- g) The Caravan Parks Business Manager to developing links with the managers of caravan parks in the north coast region, particularly with other local councils such as Coffs Harbour;
- h) The Caravan Parks Business Manager initiating an annual audit and risk management programme of the Caravan Parks in consultation with Council's Audit Manager, the contract Manager and appropriate staff of the Department of Lands to ensure the accountability and safety of all areas of the Caravan Parks' operations.

## **6. Development Programme**

That Council

- (a) adopt the revised Management Plans to guide the development and management of the Crescent Head, Hat Head, Stuarts Point and Grassy Head Caravan Parks over the next 5 years; and
- (b) implement the proposed development programme contained in the amended Management Plans

which will cost approximately \$2.66 million.

## **7. Financial**

That Council

- (a) fund the proposed improvement programme over the next five years through the increased revenue available from increased tariffs, and a combination of loans and grants through applications from the Public Reserve Management Fund or other sources available to government.
- (b) Prepare Business Plans for each caravan parks based on the proposals in the revised Management Plans taking into account the need to:
  - review the tariffs charged for visitation to the Caravan Parks in the light of the comments made in the supporting documentation..
  - develop and implement a sustained marketing and promotion programme to address off-season occupancy. Markets to target include short-stays from regional and South-east Queensland markets.

## APPENDIX A MISSION STATEMENT AND OBJECTIVES

It is proposed that Council reaffirm the current Mission Statement for the 4 Shore Holiday Parks as the continuing basis of the management of its caravan parks over the next five years. The Mission Statement and Objectives are:

### 1. Business Mission

*To establish the 4 Shore Holiday Parks as an efficient and profitable business enterprise that offers quality experiences that are unique to the Macleay Valley and that provides a choice in tourist accommodation that responds to market place demands and enhances the environments in which each of the parks is located.*

### 2. Objectives for the 4 Shore Holiday Parks

The objectives of the Management Plans ensure that the following factors are addressed:

- efficient management;
- increased generation of revenue and profits;
- improved marketing of the caravan parks;
- compliance with all statutory requirements;
- recognition of the worth of the caravan parks by the community; and
- introduction of a management regime which minimise Council's public liability

The specific objectives of the Management Plans are:

### Business Operations

- To formulate & initiate management options that are commercially based & profit oriented & that will guarantee appropriate service delivery.
- To install audit & review systems to ensure accurate & contemporary reporting to Council;
- To ensure that the Holiday Parks are in compliance with the regulations;
- To adopt "best practice" in the operation of all Holiday Parks to ensure public liability & occupational health risks are minimised; &
- To review & monitor business performance with a view to achieving consistent improvements in commercial outcomes.

### Financial Management

- To provide facilities & services for customers in a manner that will optimise financial returns to Council & the community.
- To present financial reports to Council on the Holiday Parks that facilitates an analysis of all aspects of the business.

- To keep under review financing arrangements to ensure that funds will be available for ongoing capital works & maintenance.

### **Customer Services Management**

- To fulfill the requirements of customers for additional &/or an improved range of accommodation options.
- To establish a customer information base so that all levels of Holiday Park Management can provide appropriate servicing of customers.
- To focus Holiday Park Management on the requirements of Holiday Park customers rather than day visitors.
- To consider customer needs with a view to anticipating & responding to shifts in market demand & to introduce strategies to identify & capitalise on new market options.
- To develop & maintain a customer service orientated attitude at all levels of management.
- To ensure that customers obtain value for money in terms of service & facilities.
- To develop initiatives to obtain consistent customer feedback so that management's approach can be responsive & constantly improving.

### **Natural Resource Management**

- To conserve & enhance park environments with careful site planning & detail design.
- To provide beach access which allows visitors to appreciate these natural assets without compromising the environment of the Holiday Parks.
- To formulate planning, design & development strategies that are economically & ecologically sustainable & that minimise impacts on sensitive environments.
- Promotion & Marketing
- To increase visitation through the development of specifically targeted promotional programmes & by effective service delivery.
- To enhance communication between Holiday Park Management & Kempsey Shire Council.
- To strengthen the image that the Holiday Parks project to customers & to ensure consistency in approach & presentation across parks.
- To formulate promotional strategies to improve off-season visitation through special deals, packaging & links with other tourist providers.

## APPENDIX B IMPROVEMENT PROGRAMME

### CARAVAN PARKS - 5 YEAR IMPROVEMENT PROGRAMME

#### IMPROVEMENT PROPOSED

<b>Crescent Head Holiday Park</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Total</b>
Installation of BBQ's(2)	15000		15000			30000
Road Improvements		5000	15000			20000
Signage	10000			15000		25000
Replacement of wood fired BBQ's	5000	5000	5000	5000	5000	25000
Park Furniture	15000		45000			60000
Removal of Sites		12000				12000
Pedestrian Pathways			12000			12000
Installation of Layby	20000					20000
Installation of new Office					30000	30000
Relocation of Cabins					6000	6000
Improvement to Services				8000		8000
Landscaping Cabins		30000	10000	20000	20000	80000
Landscaping Day Visitor Area		10000	10000	10000	10000	40000
	65000	62000	112000	58000	71000	368000
Installation of Cabins (5)	350000					350000
	415000	62000	112000	58000	71000	718000
<b>Hat Head Holiday Park</b>						
Install Boom Gates	50000					50000
Improvements to Services	10000	10000	10000			30000
Internal Road Improvements	8000	15000	15000	10000		48000
Install BBQ's (2)	15000	15000				30000
Signage	10000	10000		10000		30000
Landscaping	5000	10000	25000	10000	10000	60000
Replacement of Wood fired BBQ's	5000	5000	5000	5000		20000
Fencing	10000	10000				20000
Park Furniture			8000			8000
Play Area	10000				30000	40000
Amenity Block Replacement						0
Refurbish Amenities		30000				30000
New Public Amenity				80000		80000
New Park Office				30000		30000
	123000	105000	63000	145000	40000	476000
Road to Cabin Precinct		20000				20000
Services to Cabin Precinct		20000				20000
Installation of Cabins (4)		140000	140000			280000
	123000	285000	203000	145000	40000	796000
<b>Stuarts Point Holiday Park</b>						
Install BBQ	15000					15000
New Amenity Block	170000					170000
Improvement to services	10000	18000			8000	36000
Landscaping	13000	10000	10000			33000
Replacement of Wood fired BBQ's	10000					10000
New Amenity for Day Visitors			60000			60000
Relocation of Cabins (2)	8000					8000

Caravan Park Management Plans  
Kempsey Shire Council

New decks for Cabins (6)	12000					12000
	238000	28000	70000	0	8000	344000
Installation of Cabins (2)		120000				120000
	238000	148000	70000	0	8000	464000
<b>Grassy Heads Holiday Park</b>						
Replace small amenities	40000					40000
Refurbish Amenities	25000	25000				50000
Improvement to Services	15000		8000	10000		33000
Install BBQ	15000					15000
Replace wood fired BBQ's		10000	5000			15000
Small Camp Kitchen/BBQ		30000				30000
Road Improvements	20000					20000
Signage	5000	10000	2000			17000
Landscaping		10000	5000	5000	5000	25000
Fencing			5000			5000
Day Visitation Equipment			0			0
Install Boom Gates		0	25000			25000
	120000	85000	50000	15000	5000	275000
<b>All Parks</b>						
Replacement Of Cabins	120000	65000	45000	90000	90000	410000
<b>TOTAL ALL PARKS</b>	<b>1016000</b>	<b>645000</b>	<b>480000</b>	<b>308000</b>	<b>214000</b>	<b>2663000</b>

## **APPENDIX C      PHOTOGRAPHS**



Day-use area at Crescent Head – poor maintenance standards and a range of issues likely to represent a risk in terms of OH and S management.



Crescent Head day-use facilities – outdated park furniture, poor maintenance, stumps not correctly removed.



Cabins at Crescent Head – no attention to landscaping, unimaginative siting, no consideration of the interface between day-use and tourist accommodation.



Poor siting and landscaping.



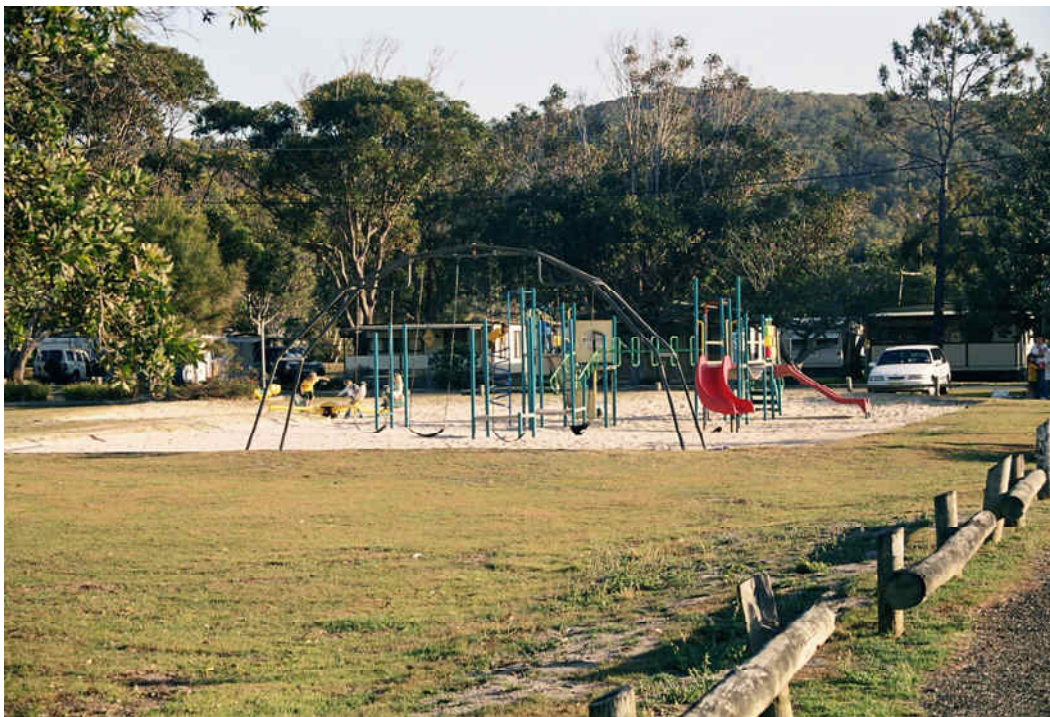
Adjoining land-use on the entry road to Crescent Head Caravan Park – a “back of house” function at the main entry to Kempsey Shire’s premier tourist location. This area could be better managed.



Caravan park entry – no sense of arrival and little direction for guests – where do we go?



Hat Head – large wood fired barbecue. Requires supply of firewood, can be a fire risk, people will also strip native vegetation for fire wood.



Hat Head – playground should be fenced and soft fall managed and maintained to reduce OH and S risks.



Example of good presentation and landscaping of a communal facility in a caravan park.



Imaginative siting and landscaping.



Strong attention to landscaping gives the opportunity to increase tariffs and insure guest satisfaction.



Small variations in siting coupled with good landscaping enhances privacy and creates an interesting setting that fits into the natural environment.