

# TRANSCRIPT

## LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

### Inquiry into the 2022 Flood Event in Victoria

Melbourne – Monday 20 November 2023

#### MEMBERS

Sonja Terpstra – Chair

David Ettershank – Deputy Chair

Ryan Batchelor

Melina Bath

Gaelle Broad

Wendy Lovell

Samantha Ratnam

Rikkie-Lee Tyrrell

Sheena Watt

#### PARTICIPATING MEMBERS

John Berger

Ann-Marie Hermans

Joe McCracken

Evan Mulholland

Rachel Payne

**WITNESSES**

David Pratt, President, and

Scott Parker, Chief Executive Officer, Victorian Caravan Parks Association Inc.

**The DEPUTY CHAIR:** I declare open the committee's public hearing for the Inquiry into the 2022 Flood Event in Victoria. This public hearing is for the Environment and Planning Committee, an all-party committee of the Parliament looking into the October flood event. We will be providing a report to Parliament which will include recommendations to the government. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal people, the traditional custodians of the various lands we are gathered on today, and paying my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee. I welcome any members of the public in the gallery and remind those in the room to be respectful of proceedings and to remain silent at times.

All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council's standing orders. Therefore the information that you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by that privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of the Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

I will now invite the committee members to introduce themselves. Rikkie-Lee, would you like to kick off please.

**Rikkie-Lee TYRRELL:** Hello, I am Rikkie-Lee Tyrrell, Member for Northern Victoria Region.

**Wendy LOVELL:** And I am Wendy Lovell, a Member for Northern Victoria Region as well.

**The DEPUTY CHAIR:** I am David Ettershank, Western Metro.

**Samantha RATNAM:** Morning. Samantha Ratnam, Northern Metropolitan Region.

**Gaelle BROAD:** Hi, I am Gaelle Broad, Member for Northern Victoria.

**Melina BATH:** And good morning. Melina Bath, Eastern Victoria Region.

**Ryan BATCHELOR:** Ryan Batchelor, Member for the Southern Metropolitan Region.

**The DEPUTY CHAIR:** Thank you. Okay, I would like to invite you now, if you would, to take 5 or 6 minutes to do an introductory statement. We welcome your opening comments, but we ask that you do keep to time. For the Hansard record, can you please state your name and any organisations you are appearing on behalf of first.

**David PRATT:** Thank you, Chair. My name is David Pratt. I am the President of the Victorian Caravan Park Association, also called VicParks, and I thank you for the opportunity to address this inquiry. I will read a written introduction, if that is okay. I will aim to take no more than 6 minutes to allow you time to question me with anything you have to ask.

Our association was formed in 1964. We represent, advocate for and support member caravan parks and residential land lease communities. We represent over 80 per cent of all Victorian registered caravan parks. Our industry contributes over \$2.4 billion in gross state product and provides employment for over 17,000 people. Caravan parks are the largest providers of short-term accommodation in the state and provide residential accommodation for over 12,000 people.

During the 2022 Victorian floods, more than 70 Victorian caravan parks, or a fifth of our members, sustained property damage and many others were isolated and impacted by road closures and service interruptions. More than 1800 caravan park residential and holiday dwellings were damaged or destroyed. Approximately 30 of the worst affected Victorian border parks experienced combined asset repair and replacement costs of about \$45 million and a further \$38 million in lost bookings. Thousands of jobs were impacted, and none of these businesses were insured for flood damage, because this type of cover is not available to caravan parks. Some of these parks are still yet to reopen.

Within 24 hours of the initial flood event our association established a crisis management team to contact all impacted caravan parks to offer advice and support and to start to prioritise where the boots-on-the-ground help would be needed to help with the huge clean-up and repair process. As the floodwaters started to recede, I myself was helping clean up one of the worst affected mum-and-dad parks in Seymour. I spent three days knee-deep in mud, sleeping on a stretcher in what was left of their camp kitchen. I may look like a fairly rugged individual, but I did cry with them and many others that I visited. This Seymour couple are in their early 70s. They have been into caravan parks for their entire working life. This should have been their last enjoyable park experience, but instead they have had to draw on most of their retirement savings simply to rebuild it from scratch. Right now this park is probably looking at a \$1 million repair bill just for a mum-and-dad park. I can confidently say that the support provided by the government towards these businesses was grossly insufficient. The only government assistance they had available to them was the tripartite \$50,000 scheme. That was so convoluted, and it made them relive the trauma three times over. To add final insult, with that \$50,000, the remaining \$25,000 was only paid 10 months after the flood event. They had \$600,000 worth of bills to draw on to prove the final \$25,000, but none of that was adequate. They had to actually have an invoice for \$25,000.

Most of the 1800 damaged or destroyed dwellings were owned by park operators who were housing vulnerable residents, short-term workers and tourists. In a recent discussion I had with officers within DEECA, residents who have lived in Crown land caravan parks for decades were referred to as squatters, and I think that is quite frankly disgraceful. These caravans and rigid annexes are their homes. I myself have 26 residents in our park, and I pride myself on how we look after and care for them. But also, incredibly, we had state government, Crown land caravan parks on the very same river who were treated very differently in the government's response depending on who the government's committee of management was. So if it was a local committee of management, they received tremendous support and recovery assistance from DEECA, then DELWP, with many hundreds of thousands of dollars in restoration works overseen by very competent DEECA executives, for whom this association is very grateful. But where their experience was terrific, those that have a council as their committee of management were treated completely differently. There was an expectation by government that because the committee of management was a council, the council should have insured those assets, and that it is just not the case. It is a requirement of the operator that they insure their assets in the event of a flood, and as I said, every caravan park is ineligible to get flood cover.

Insurance has got to such a crisis point in our industry that in April this year we advised the government that caravan parks were increasingly unable to obtain a standard property cover and liability cover. Most of our member parks would be considered good quality, have never made a claim and cannot understand why they are being locked out. We have got parks that are turning to unauthorised foreign insurers now simply to get a policy certificate of currency so that the banks will not foreclose on them. I do not expect those policies ever to pay out, but it is a problem of the government's making by their inaction.

I will keep moving forward. Adding considerably to this problem is that parks that have reached 50 per cent of the 21-year Crown lease market are ineligible to borrow money through banks. They will not lend in the remaining 50 per cent. Most of our parks who have suffered this severe damage are Crown land parks, and they cannot borrow money to be able to rebuild the assets. What we have been asking government is can you just allow them to rewrite their 21-year lease so that they can go to the private market, borrow money and rebuild these businesses. And we are still getting stonewalled. I have been trying to get this through since 2018, and I am still no closer to doing it.

I suppose in summary, we have seen a very negative approach by councils to parks that are wanting to extend or rebuild. They just refuse to engage in renegotiating the lease. I have got corporates and mums and dads that are wanting to do it. Victoria is fast becoming the place not to invest in tourism infrastructure. Our national corporate operators are looking at other states rather than Victoria to improve Crown land assets. Thank you.

**The DEPUTY CHAIR:** Thank you, Mr Pratt, that is fantastic. We will just move along through the panel. People have got about 6, 7 minutes. I will give you a yell. Gaelle, would you like to kick this off?

**Gaelle BROAD:** Yes. Thank you very much. And thank you for appearing today. It is very helpful to have this submission. I am very interested in your experience: you mentioned the grants process and also the concessional loans process. Could you just expand on that – I guess on the number of businesses that you had telling you those kinds of stories where they had to have the exact amount?

**David PRATT:** Yes, exactly.

**Gaelle BROAD:** So talk about the grants first.

**David PRATT:** Okay, so on the grants, we have got one young couple who bought a park up in northern Victoria. They spent all their money buying this park and the floods occurred several months after buying it, but they were told they could only be getting the grant on a reimbursement process. They did not have the money in order to get reimbursed. They have been piecemeal in putting this park together and are still in the process of doing it, so it has just made it very difficult. Every element – the \$5000 was made easy to get as it was most businesses; the next \$20,000 tranche you had to prove what was done and what you had spent and go through that process; the remaining \$25,000 you had to re-prove that you were flooded again, which you had proved twice already. And as I said, the invoices had to match the exact amount that you were seeking recovery for.

**Gaelle BROAD:** Right. And my understanding is we are talking about retail businesses eligible for \$50,000. Caravan parks – I guess the expenses you are talking about here: 30 heavily impacted, \$45 million worth of damages.

**David PRATT:** That is it. So a milk bar that had the lino and fridges or whatever that needed probably \$60,000 worth of repairs to get back and running, they got the \$50,000 if they were eligible. A caravan park that had \$1 million worth of repairs again went through the process for the same \$50,000, so there was no scaled aspect on the amount of damage. As you would understand with caravan parks, the replacement cost of a two-bedroom cabin is about a quarter of a million dollars, and many of these parks lost dozens of them.

**Gaelle BROAD:** Now, there is a specific program for primary producers. Caravan parks you are saying should be treated differently. Have you had any response to your requests for that?

**David PRATT:** Yes, so for the \$250,000 loan scheme that I think was made available to the primary producers, our CEO Scott Parker was able to negotiate with the government just prior to the last election that that be extended and made available to the caravan parks. The crazy part about that is Crown land parks seeking improvements for or restoration of Crown land assets – because if the asset is fixed to the land it becomes a Crown land thing – with a government loan were ineligible to apply for that government loan because the government would not take the government land as security, whereas I could go to the Commonwealth Bank or any of the big four banks and take a mortgage on lease and get the money privately.

**Gaelle BROAD:** Right.

**David PRATT:** It just added insult to injury, given that the majority of our parks were Crown land parks that were impacted.

**Gaelle BROAD:** Well, I think, yes, for the bank it would be a land security requirement, I guess, whereas the loan is more like a concessional loan but still treated like a commercial –

**David PRATT:** Still the same. It is a mortgage on lease. It is exactly the same thing. All it does is enable the lender upon default to go in and operate the business until such a time as it is sold.

**Gaelle BROAD:** So tell us about your experience with the leases. This is something you say you have been advocating for for a long time. What is the blockage?

**David PRATT:** Correct. I would say there is a policy that allows direct negotiation on 21-year section 17D leases to operators that have demonstrated that they are a good business operator and a good tenant. There is a belief that everything must go to public tender. Now, I have a park down in East Gippsland way that is a 43-site park and last year I believe had 2900-odd nights in cabin bookings. They have been trying to renegotiate their

lease with the shire for many years and been told just this year, 'No, it will go to tender.' They have been forced out of the business on the basis – they have got to sell all their cabins. This will be a 43-site park with no tourist cabins. The town will lose 2900 accommodation nights of people in that town. There are permanent residents who live in that park who may end up with no park manager.

**Melina BATH:** Omeo?

**David PRATT:** Heading down towards Stratford.

**Melina BATH:** Yes. Okay.

**David PRATT:** So this feeling that a public tender will provide the best value to the government is just false. The local shire have said, 'We're not going to buy any of your cabins. You'll need to sell them directly, but we would like you to sell them to whoever we give the new tender of the park to.' You know, a seller of just one, so I do not really consider that much of a tender. This is what is happening statewide. We are losing operators who are exceptional couples who run great businesses. Corporates are not going to buy a 43-site park. It is not within their scope. We have not seen one new tourist park built, I believe, in Victoria in the last 20 years. We have net reduction in them.

**The DEPUTY CHAIR:** Thank you. We will move on. Ms Bath.

**Melina BATH:** Thank you. Thank you very much, Chair. Thank you for your submission and coming today. You mentioned squatters. That alarmed me enormously. I am assuming these are fee-paying – somebody is paying the fee?

**David PRATT:** Absolutely.

**Melina BATH:** And they are accommodated in a building, a small building?

**David PRATT:** They do.

**Melina BATH:** Who is calling them squatters?

**David PRATT:** Officers within DEECA. I think I had to keep my angry eyes from exposing it at that time, but that seemed to be an approach that was taken by certain officers for some time. There is a regulation that says there can be no residents on Crown land.

**Wendy LOVELL:** Is that only internally that they say that?

**David PRATT:** Well, they told it to me directly.

**Melina BATH:** And you are sharing it with us in your concern?

**David PRATT:** I am sharing it with you. Yes. Absolutely. And I am willing to provide a stat dec that it was stated, and I believe Scott was in the meeting. So whilst there is a regulation that states no person can be a resident on Crown land, for decades there have been. Even in my park there are residents on Crown land. But in 2018 we negotiated successfully with the government to allow those residents to stay until either they moved on, passed away or the lease expired or all of those things.

**Melina BATH:** So they had tenure. They had security.

**David PRATT:** They needed tenure. Exactly. And all of those people who live on Crown land parks right now have that tenure of security. In 2019 the government changed it. Every one of them has lifetime tenure under the changes to the *Residential Tenancies Act* part 4 and part 4a, which I think is absolutely fantastic. These are their homes. It is not a discretionary item. It is their homes.

**Melina BATH:** Mr Pratt, we heard in Parliament this week that Housing Victoria is now housing a domestic violence person, a mother, in a tent in an Echuca caravan park.

**David PRATT:** Yes.

**Melina BATH:** She is not a squatter.

**David PRATT:** No. Not at all.

**The DEPUTY CHAIR:** Can I sort of try and pull us back to the 2022 flood event?

**Melina BATH:** Sure. Happy to do that.

**The DEPUTY CHAIR:** Thank you.

**Melina BATH:** You mentioned in your submission just now that Victoria is fast becoming the place not to invest in caravan parks. Could you elaborate on that in the context of the post-flood experience?

**David PRATT:** So post-flood experience, when the section 17D Crown lease enters its remaining 50 per cent term, if you cannot borrow money to invest in the park, you just find these parks decline. We have got a significant increase in corporate ownership that has occurred in our industry. Forty per cent of Victorian caravan parks are now owned by national, corporate operators. But they too have stakeholders and finance committees that direct where their funds go. So if you are in that remaining 50 per cent and you cannot trigger an automatic request to DEECA to write a new lease, these finance committees are saying, 'You can't be investing \$10 million in that park if there's eight years to go on a lease, because there's no guarantee we will have that lease at the end of this.' So they are redirecting those funds to other states. Eco and glamping tents are a perfect example of that. When the regulations were written in 2010, we did not know of eco and glamping tents, but they are listed as tents in the regulations, and they should be allowed to go. We have got many local councils that are refusing to allow eco tents to go in, and many that are telling them, 'Whoever has got them, pull them out.' So I have got one national operator being told, 'It's too hard in Victoria; we've directed all of our eco glamping tents to every other state.' We have got one that has been told if they want an eco tent, they need the canvas fire-rated and the roof needs to be made of metal.

**Melina BATH:** It is not really a tent, is it?

**David PRATT:** Yet we have got Roar 'n' Snore occurring at the zoo.

**The DEPUTY CHAIR:** I might try and just pull this back to the flood event.

**Melina BATH:** Thank you. So you have mentioned that government support has not been adequate.

**David PRATT:** That is correct.

**Melina BATH:** How do we fix this? Can you give us a clear indication of how we fix this?

**David PRATT:** I would say the treatment of the community committee of management parks that were treated under that flood and under, as I said, that executive within DEECA, who I am probably best not naming here, but I am willing to provide the committee his name afterwards – he has tremendous experience, and as I said, the experience of those flood-affected parks has been phenomenal. Compared to the local council committees of management, it has been a 180-degree alternate path.

**Melina BATH:** How many people were displaced and forced out of those caravan parks into emergency accommodation? You may need to take that on notice.

**David PRATT:** Yes, we will take that on notice. I know I did a lot of personal work with a park in Mooroopna that suffered that, and we were able to get that one back on track. These are their homes. I could classify these people as living with financial dignity in these homes in caravan parks, and financial dignity comes by making sure that the rent is no greater than 30 per cent of their disposable income. Beyond that, financial dignity starts to erode.

**Melina BATH:** Thank you. I really appreciate that. Can you explain the funding arrangements for the displaced people, and do you have any oversight or eyes on that?

**David PRATT:** No, unfortunately. At our association, we deal directly with the parks. Essentially, they form part of our \$38 million in lost revenue, because as someone was displaced, they were out. Despite the fact

they have that permanent residency right to come back, many of our operators said, 'How can I charge them rent if they've got to pay rent elsewhere and they've got nowhere to live? We couldn't charge them.'

**Melina BATH:** Thanks, Chair. Thank you very much.

**The DEPUTY CHAIR:** Thank you. Mr Batchelor.

**Ryan BATCHELOR:** You mentioned your troubles getting insurance.

**David PRATT:** Yes.

**Ryan BATCHELOR:** Can you expand on why you think you were unable to get insurance?

**David PRATT:** Yes. I suppose it is an area with which I am well familiar. Before becoming a caravan park operator I was a certified financial planner. What is occurring is the insurance market is backed by the reinsurance market, and the number of reinsurers that are willing to look at Australia has become a pool significantly lower than it has ever been before. When these international reinsurers look at Australia, we are either on fire or under water or probably on fire whilst under water. They have decided that in certain regions, with our risks, they will only back, say, two of the six caravan parks that might be in that particular region. It does not matter what insurer you have in Australia, they all use the same reinsurers, so they are prohibited essentially from insuring the other four parks in that region, simply to limit their exposure. So I personally feel that there is a role for the federal government to step up and take a position in the reinsurance market to ensure that these critical housing and emergency-response infrastructures, being caravan parks, are able to continue into the future.

**Ryan BATCHELOR:** And is that a problem with getting insurance generally, or is it just related to floods?

**David PRATT:** Across the whole board. It is getting to be a problem with liability cover. As you will see, most of the caravan parks in recent times have had to pull their jumping pillows out of their parks. There is a great misconception that a jumping pillow is identical to a jumping castle. A jumping pillow in a park is a tarp attached to the ground and air comes from underneath. If you get a hole in it, it is simply a ripped tarp on the ground; it is impossible for it to blow away. So there was a complete misunderstanding on what a jumping pillow was. For many regional communities that is their point of difference and their drawback.

**Ryan BATCHELOR:** And what are businesses required to do if they cannot get the insurance that they need?

**David PRATT:** If you have got bank loans, the bank will call up your loan if you do not have an insurance policy. We put a proposal to the government, and we believe for good-quality risks the VMIA under its charter should be able to step in and be an insurer of last resort.

**Ryan BATCHELOR:** So you put that to the state government.

**David PRATT:** That has been put to the state government.

**Ryan BATCHELOR:** But you also mentioned the federal government.

**David PRATT:** The federal government I believe has a role to play nationally in the reinsurance market.

**Ryan BATCHELOR:** Right.

**David PRATT:** I think that is a bigger place to play and a role for the federal government. The state government, I also believe, needs to look at, for the liability cover, its future role in what I call the 'slip and trip' area – where someone might slip over on a muddy puddle in a park. For the insurers, at the moment it is much more effective for them to settle a claim. It might be \$60,000 to \$100,000, but that affects premiums all the way down the line. So I think that needs many steps to be done. The first one is to get the VMIA, which has been put to, I believe, the Assistant Treasurer in April, and we are still waiting to get a response from that. I believe the insurance industry in our caravan market is at crisis level. If we have unauthorised foreign insurers come into this market, it is just going to be a nightmare to unwind.

**Ryan BATCHELOR:** How was the experience of operators? Did any of the operators have flood insurance prior to –

**David PRATT:** No operator has flood insurance.

**Ryan BATCHELOR:** Why is that?

**David PRATT:** Because you cannot get it. My business is on the Yarra River. My business partner holds a bachelor's degree in insurance. For he and I, despite being in insurance all of our previous working lives, it is impossible for us to get. They will not offer it.

**Ryan BATCHELOR:** And why do they tell you that they will not offer it?

**David PRATT:** It is just prohibited in our industry. They just will not give you an explanation. The reinsurers, I would expect, just refuse. Most of the Crown land parks are on rivers, so you are already dictated as being in a potential flood zone.

**Ryan BATCHELOR:** So you have had no insights from – I mean, we have got the insurance council up next, so I am trying to find out from you what you are being told so that we can ask some interesting questions of them.

**David PRATT:** We are just being told, 'We will not provide it as you are in a flood zone.'

**Ryan BATCHELOR:** Right.

**David PRATT:** And that is it. So if we go back to the 2019–20 fires as well, none of our parks made claims under those fires. None of our parks made claims under the floods. But every time we have asked why the insurance premiums have, you know, quadrupled or gone even higher, they have said, 'Oh, it's due to the floods and fires.' You think, 'Well, our experience isn't that.' So we do not buy that as a cheap argument.

**Ryan BATCHELOR:** So it seems to me you are advocating that there should be some sort of government-backed insurance.

**David PRATT:** I believe it is the only way that we will manage the price of insurance through the reinsurance market into the future.

**Ryan BATCHELOR:** And just so we understand a sense of scale, how many operators do you think would be seeking to be part of any kind of government-backed insurance?

**David PRATT:** It is a very difficult one to give a number on because to ask a park if they are insured or not is asking them to admit to us that they are potentially outside their registration guidelines. But in private conversations I have had, it is the single greatest fear of most operators that they will not be able to get insurance and they will be shut down.

**Ryan BATCHELOR:** Okay.

**The DEPUTY CHAIR:** We will come back if we have got some more time.

**Ryan BATCHELOR:** Sure.

**The DEPUTY CHAIR:** Ms Ratnam.

**Samantha RATNAM:** Thank you, Deputy Chair. Thank you so much for the evidence; it has been very illuminating. Just to pick up on a couple of points that have been raised so far just in terms of what recommendations we should be thinking about focusing on, you have talked about federal government taking a role in the reinsurance market.

**David PRATT:** Correct.

**Samantha RATNAM:** In terms of the leases, do you have a specific solution on the table –

**David PRATT:** For the 21-year lease?

**Samantha RATNAM:** Yes, for the 21-year leases.

**David PRATT:** That is it. As the 2018 policy permits direct renegotiation at the 50 per cent mark, we believe there needs to be an automatic trigger built in so that the lessee can approach DEECA and say, 'I wish to invoke my trigger for a new 21-year lease, as I can demonstrate that I am going to do significant investment in the Crown land asset which meets the requirements of the Crown land policy for parks,' or so if there is a natural disaster, that 50 per cent term may be waived. You might be eight years into your lease but the bank says, 'Oh, two years, not sure. You're going to have to rebuild all these cabins. We're not going to lend to you.' But that 50 per cent term would be waived if there was a natural disaster. So we are not seeking government money to fix this, we are just seeking assistance procedurally to allow us to negotiate with the private market in order to repair and improve Crown land leases.

**Samantha RATNAM:** Great. Thank you very much. I asked that question also in the context of this discussion about the role of caravan parks in helping through flood recoveries. You talk in your submission about the important role you play by providing portable housing and surge demand accommodation. I am interested to know to what extent parks were able to do this after the 2022 event and whether there were any barriers to being able to provide that surge demand, anticipating that we are going to have more climate disasters and thinking about where we have that surge capacity and how best to support it.

**David PRATT:** There is one barrier that occurs to other caravan parks who have been able to take on – they are outside the flood zone. We have an issue called the accidental resident. In 2019 the *Residential Tenancies Act* was updated where if a person resides in a caravan park for greater than 60 days, they are automatically classified as a resident. The 'no notice of termination' was rescinded in those regulations. So we need to know that there could be the ability for someone to stay more than 60 days under a special condition that they were a displaced person from an event, whereas it is a very grey area right now. So that person may move into your caravan park, the flood has not fixed things, it is taking seven months to get their dwelling park, and they go, 'You know what, I like your park a bit better than the other one. I'm now not leaving.' Now we are in a position where if they pay their rent and there is no violence that they have demonstrated, we have no ability to move them on.

**Samantha RATNAM:** Okay. Just in terms of the number of people who might have been affected – apologies if I missed this in your submission – do you have a sense of how many people used caravan parks for surge accommodation as a result of the 2022 events? Sorry if I missed that in your submission.

**David PRATT:** I suppose if we look at it, we know that 1800 dwellings were impacted, which was a combination of tourist dwellings and residences and that, so we can take it on notice to see if we can contact our members to get a number –

**Samantha RATNAM:** Yes. That is right, because it would be good to understand.

**David PRATT:** of residents who were displaced. That is what you are looking at, are you?

**Samantha RATNAM:** That is right – residents who had to use caravan parks for temporary accommodation because they had to be displaced from their homes. We have heard throughout the hearings, for example, that some people are in caravans on their properties. I anticipate some people cannot be on their properties and they have to be in caravan parks, and we have certainly heard some of that evidence. It would be good to get the quantum and also to understand for future disaster events what kind of capacity is needed and where.

**David PRATT:** Absolutely. That is right. I believe DEECA have already got contingency plans to utilise many of the regional caravan parks for the purpose of that. One of the risks that I advised that executive of is that if that caravan park cannot obtain insurance, I am not sure how they are going to be a place to house people in an emergency. In the 2012 or 2013 fires the park that I had in Bright became one of those places of emergency. We were housing the firefighters who were being brought up to fight fires. That is the main role, I would say, that caravan parks do tremendously; they provide that point where it is close enough to a disaster area to provide that command and control. That is an important role. We did a report through BDO after the 2019–20 fires, which we are happy to supply the committee, to give evidence of how our parks played a

significant role during a natural disaster event, because we did provide very good command control for people to keep them out of harm's way, especially tourists.

**Samantha RATNAM:** Excellent. Thank you.

**The DEPUTY CHAIR:** Dr Ratnam –

**Samantha RATNAM:** One more minute. Great. Just one more question if that is okay. You suggest that caravan parks should be prioritised for funding for critical infrastructure maintenance and personnel training between disaster events.

**David PRATT:** Correct.

**Samantha RATNAM:** Is that about having enough dwellings available onsite and to be able to move those to other sites, or is it to ensure that there is adequate compensation if caravans are not available for tourism because they are used for flood recovery?

**David PRATT:** I would say it is a combination of that, yes.

**Samantha RATNAM:** Okay. Great. Thank you.

**The DEPUTY CHAIR:** Thank you. Ms Lovell.

**Wendy LOVELL:** Thank you very much. Most of my questions have actually been asked, because I was very interested in the insurance side of things and I was going to suggest the VMIA as an insurer of last resort to you. We covered that in the COVID recovery with some of the tourist attractions we are trying to get restarted, particularly places that had jumping castles and other rides and stuff like that. What I am interested to know, though, is – obviously caravan parks are looked to by government to house some of the more vulnerable people in our community, often women and children escaping domestic violence. Sometimes the perpetrators of domestic violence are put into caravan park accommodation. They look to you after the after-events also to house people who have been displaced from their homes. But with the permanent residents that were in your caravan parks, how much notice did you get and was there adequate communication with the owners of the caravan parks in the flood areas about warnings of floodwater coming and to evacuate any permanent residents who were there?

**David PRATT:** It was very different across the state. If we look at our parks that were on the Goulburn, they did not get to finish their cup of tea before the waters were through. If we look right back up further into the Murray, there was a lot more warning that was given, so they were able to either use levee banks or relocate dwellings in time. The range was 5 minutes to five days, I suppose, as an approximate. It is very difficult to forecast; if we look at our Seymour park example, there was just no warning.

**Wendy LOVELL:** Yes, no time at all. At least Shepparton knew two days beforehand that water was coming our way.

**David PRATT:** Yes.

**Scott PARKER:** But on the Murray and close to the South Australian border they had days – a week and a half I think.

**Wendy LOVELL:** Oh, they had weeks.

**Scott PARKER:** So levees could be built.

**David PRATT:** That is it. But that is why our association has good contacts with all of our parks. That crisis team – we had the DEECA officers working with our team because they just did not have the information otherwise.

**Wendy LOVELL:** Okay. Some of us have visited several of the businesses, in Seymour particularly, that were flooded. We spoke I think to the caravan park that you referred to – we met with that family and we saw

the damage that was done there – and the investment that they are having to put back in there must be in the millions.

**David PRATT:** It is. It will definitely top the million dollars for them. This is a couple in their 70s; they could have just walked away from it.

**Wendy LOVELL:** And it is really difficult for governments. Obviously there are different levels of damage, and that is why there is a \$50,000 grant; if you spent the money, you can get that \$50,000. But how would you suggest that it could be better focused to ensure that there is some sort of sliding scale?

**David PRATT:** First of all, if they can be allocated a case officer to assist them, that case officer will have the skills and the capability to seek assistance from other departments, whereas the present system is more just database management. I know, like you said, the parks that were impacted and were community committees of management were handled by the DEECA regions tremendously. But they said the DEECA region did not touch anything that was council committee of management. So I think that experience from them would be the best place to try and identify what you did well that worked for those committees.

**Scott PARKER:** Wendy, if I could add, the first criteria seemed to be turnover. So the turnover of the cafe might be the same as the turnover of the caravan park, but they are two entirely different types of business: the asset base is entirely different and the exposure to the event is entirely different. You could put a bundle of sand-filled bags at the front of the cafe and avoid the majority of damage – acres of a caravan park are exposed to the elements. So what we found was that the \$50,000 funding scheme that was available to the cafe was all that was available to the caravan park operator until the week before the state election, when we said there was actually nothing in terms concessional loan beyond \$50,000 that a caravan park operator could access. And in fact there was nothing for a small or medium enterprise generally, not just a caravan park operator. So literally at 5 o'clock on the day before the last state election, the government determined that they would bring that to bear. But as David has mentioned, Crown land parks ended up not being eligible for it, so it became a moot point in terms of how much access and how much funding would eventually be available to caravan parks to rebuild. But if caravan parks could be on a list so that in natural disasters or in floods in particular they could be better prepared and could access funding between events to build levees and to have the prospect of cabins being lifted off the ground – which is happening now at a cost to caravan parks no matter whether they were affected in this event or not – those caravan parks would be not only protected as a business but also able to be accessed in terms of the crisis experience and emergency management competency that the park has. It is no good a park being underwater, as it cannot provide that crisis accommodation or be a staging point for authorities to use. If it had access to some funding to build that capability, it would be far better for everybody, including the business.

**Wendy LOVELL:** I guess caravan parks are a little bit between a rock and a hard place, because they are in places where people want to be in the summer, where access to the river is easy and there are boat ramps or there are swimming holes or whatever where people want to enjoy them. They are on that lower flooding land. Good luck with building levees, because every levee that you build to protect a caravan park on a flood plain is going to push water through people's permanent homes.

**Scott PARKER:** That is it.

**Wendy LOVELL:** So I cannot see that the government are going to assist you in that way, but perhaps they could assist you with the ability to have insurance and things like that.

**The DEPUTY CHAIR:** We might take that one as a comment, I think.

**Scott PARKER:** Okay.

**The DEPUTY CHAIR:** Mrs Tyrrell.

**Rikkie-Lee TYRRELL:** Thank you. First a quick one, because I have not been to a caravan park in what feels like a lifetime. I am assuming that a 'mum-and-dad caravan park' is a family-focused caravan park. Is that what it is?

**David PRATT:** Well, it is the operator. So you might find that they would be the lessees. Historically in a lot of our smaller caravan parks Mum might be running the office while Dad is out there doing all the maintenance and mowing – that sort of arrangement. They are the bread and butter of the regional caravan parks across the state.

**Rikkie-Lee TYRRELL:** Right. Well, I was thinking it, so hopefully somebody else was at the same time and it was not a silly question. With the accidental residents from the 2022 floods – do you know how many are still relying on caravan parks?

**David PRATT:** I definitely know there are quite a number. I could not give you the exact answer as to the specific number that are. We have asked them to complete a declaration stating that this is not their permanent home. We are not sure of the legality of that, long term, but it is to declare an intent. We are not trying to kick you out after 60 days, because where are you going to go? We are not going to make you bounce between two caravan parks. We just believe that there may be some assistance government could provide within the regulatory framework to help us with managing the term as necessary by the flood event or the fire event.

**Scott PARKER:** It might need some amendment to the *Residential Tenancies Act* to avoid an accidental resident becoming effectively an unwelcome permanent guest.

**Rikkie-Lee TYRRELL:** But there are.

**David PRATT:** Oh, there definitely are people, yes. Around Rochester there are still quite a number of homes that people are still not able to rebuild and get into. So living in the caravan park, where they have got access to amenities and sanitation and all of that, is a critical element for their health and safety as well as their mental wellbeing.

**Rikkie-Lee TYRRELL:** Okay. This is a more formal structural question I suppose: is there a policy in VicParks that requires that caravan parks must have a flood plain and recovery plan for the event of a flood? Do they have a structure like that?

**David PRATT:** Yes, we have an emergency management plan. There is a regulatory requirement that every caravan park must have an emergency management plan. It details every different type of risk relevant to your park. For example, my park in the Upper Yarra – I have even got dam slip for the Upper Yarra dam as one of the contingencies, and what the procedures are in the case of that. So every individual park must have a properly formed, well-documented emergency management plan.

**Scott PARKER:** It is a regulatory requirement, not a VicParks requirement.

**Rikkie-Lee TYRRELL:** Okay.

**David PRATT:** And we stress that. I personally require mine to be reviewed and updated every 12 months. That is not a regulatory requirement, that is a personal requirement.

**Rikkie-Lee TYRRELL:** Okay. No, that is good, just making sure, clarifying that. So the caravan parks you say are not able to get insurance themselves. What about the individuals that have on sites –

**David PRATT:** The individuals that have a dwelling on there can.

**Rikkie-Lee TYRRELL:** They can?

**David PRATT:** In a lot of cases, people who owned a cabin in a caravan park could insure it, but the caravan park itself could not insure its own cabin.

**Rikkie-Lee TYRRELL:** Right. That is unfair. How long do I have left?

**The DEPUTY CHAIR:** About 2 minutes.

**Rikkie-Lee TYRRELL:** About 2 minutes – beautiful. In the event of a flood crisis, what is the body that you are looking to most for information in regard to the flood is coming what should you do? Who is the authority that the caravan parks expect –

**David PRATT:** I would say it is the relevant local emergency management body that deals with that specific park area. I know in days of a total fire ban that I will get a call from the local emergency authority and then they will be saying, 'How many adults, children and infants do you have in your park right now?' So that is who we would deal with in my park, and I expect in the regional areas. I believe every council would have an emergency management authority set up, and their job is to get the information from the police, the CFA, the SES, distil that information and make sure it goes out to that body so the guys like in Seymour that had no notice compared to the guys up near Mildura who had more notice – that is who you would tap into, and we work very closely with those local bodies.

**Rikkie-Lee TYRRELL:** So you have not heard any reports from any caravan parks saying that they found that there was a break in the chain pretty much and there was a lack of communication?

**David PRATT:** Well, only the ones that had no notice. They said the break in the chain was that they just did not get any notice, but I would say that is largely because that local emergency authority had no notice either.

**Rikkie-Lee TYRRELL:** Okay. Thank you.

**David PRATT:** But that is an assumption – I cannot make a statement on that one.

**The DEPUTY CHAIR:** Okay. Thank you. I have just got a couple of questions. Can I first of all perhaps just start with the make-up of the industry. You have got some significant national providers?

**David PRATT:** Correct. Forty per cent of our members would be national providers – national corporate operators of caravan parks.

**The DEPUTY CHAIR:** And what share of the market would they have?

**David PRATT:** They would have the larger parks, I would say, that are around the state. If we take into account the mums and dads, or the smaller parks, they would make up the bulk of our membership.

**Scott PARKER:** Which is the bulk of the market.

**The DEPUTY CHAIR:** Yes, but if we were looking at it in terms of nights of accommodation or whatever as a measure, I presume those larger providers would have the larger –

**David PRATT:** They would be the larger, exactly. I mean, that is why if you look at it, we have got 17,000 people employed across the state just in our industry, quite a number of jobs.

**The DEPUTY CHAIR:** All right. If I can move to the insurance question, I just want to get it in my own head exactly what we are talking about here. There is obviously property insurance, and you are saying that no providers can get property insurance for flood or fire damage?

**David PRATT:** Fire damage they can – well, it depends. Some can, some cannot. That is just the nature of it. As I said, the reinsurers might have dictated that only two out of four parks or six parks might be eligible in one particular region, not for flood but for fire and property damage and liability.

**The DEPUTY CHAIR:** And that is purely insurance company risk management, and it is opaque in terms of understanding what –

**David PRATT:** Oh, absolutely, yes.

**The DEPUTY CHAIR:** Okay. In terms of public liability, can everyone get public liability insurance?

**David PRATT:** No.

**The DEPUTY CHAIR:** No-one can get public liability?

**David PRATT:** No, same thing. Public liability and property cover is hit and miss within the industry, which is why we believe the VMIA is an absolutely critical step being placed in the mix. We do not wish that

all of our parks will all of a sudden – without using the wrong word – flood the VMIA, but we see that they have a role as the critical insurer of last resort.

**The DEPUTY CHAIR:** Okay. Are there any avenues of appeal for caravan parks that are denied insurance?

**Scott PARKER:** No.

**Wendy LOVELL:** The national insurance council.

**Scott PARKER:** The national small to medium enterprise family ombudsman, who ran an inquiry on this in 2020. We are not aware of any substantial recommendations making an impact in our industry here.

**The DEPUTY CHAIR:** Okay. Presumably in the absence of either public liability or property insurance – I can understand why the banks would not finance it, because obviously it would become an intolerable risk – but I am wondering about it in terms of your members. How do they understand risk management and their ability to even stay in the industry?

**David PRATT:** That is why the jumping pillows were being taken out. The insurance companies said, ‘We’ll give you cover, but you need to remove the jumping pillow.’ Some of the companies even went to the extent of saying, ‘We want photographs of it being removed’ and, ‘We want to see it going out the front door.’

**The DEPUTY CHAIR:** Okay. Obviously that is an attraction, and I think we all understand there is also some risk associated with those sorts of things.

**David PRATT:** Well, the risks are nowhere near the same as is being determined.

**Scott PARKER:** No claims.

**David PRATT:** There have been no claims in caravan parks, as we understand it, in Victoria from these jumping pillows.

**Scott PARKER:** I understand there has been one.

**The DEPUTY CHAIR:** Okay. Rather than getting into an argument about the risk or otherwise of jumping castles, coming back to the core business of running a caravan park and being unable to insure, I am trying to understand how people can have any sense of a risk management plan and just stay in the industry with any confidence.

**David PRATT:** That is what I said. It is becoming less a place of confidence to stay in the industry, because if you take the self-insurance approach, one claim could wipe out your business. So you are just hoping that your business is good enough and safe enough that no-one might claim.

**The DEPUTY CHAIR:** Okay. Do you have any data on actual exits from the industry over the last 12 to 18 months that you could provide to the committee?

**Scott PARKER:** That might be hard, because a lot of people who are getting out are the mum-and-dad operators that are selling to the corporates. If it is a corporate, they can probably cover the risk better than a mum and dad.

**The DEPUTY CHAIR:** I want to come back to that in a second – literally it will be in a second because time is limited.

**David PRATT:** That is it. The others are just choosing not to form part of a tender to buy their park back and walk away.

**The DEPUTY CHAIR:** Right, so they will just run out from the sector as time passes. Presumably the larger companies – I understand there is a different attitude to risk between large, sophisticated corporations and mum-and-dad operators.

**David PRATT:** Yes. They can choose a higher deductible to be able to get a policy. They say, ‘We can abrogate it across 43 parks. We might have a deductible of \$5 million, so that way we can afford to bring the policy into the equation and cover a number of parks.’

**The DEPUTY CHAIR:** So those large firms are actually finding it easier to get insurance, or are they self-insuring?

**David PRATT:** No. They are still struggling but self-insuring for a certain percentage of it.

**The DEPUTY CHAIR:** Okay. That is fine. We might leave it there, I think, unless anyone has got a bursting question, because we have got a bit of a break.

**Ryan BATCHELOR:** Just on the leases, how long do you think they should – protect the 21 years?

**David PRATT:** Twenty-one years is perfect.

**Ryan BATCHELOR:** Twenty-one years is enough?

**David PRATT:** We do not have an issue with more than 21 years. The 21 years is great. The 50 per cent mark is a good normal trigger, because it would say, let us say at year 11, you have had the first 10 years to improve that Crown land park, building the asset up. Historically we have seen the next 10 years of it saying, ‘There’s no guarantee I’m going to get my business at the end of this. Why would I invest a quarter of million putting another cabin in when I may actually get nothing for it?’ At that 50 per cent mark to be able to say, ‘Hey, guess what, government, I’m prepared to continue to invest in improving this Crown land park, but to do that I need tenure’ – the 21 years.

**The DEPUTY CHAIR:** Okay. We are going to take one more very quick question from Ms Lovell.

**Wendy LOVELL:** A quick one. The government announced their Homes at Home program, which is caravan parks on people’s own property. They did this also post the bushfires. Has that affected the parks’ ability to repurchase vans to replace any permanent vans?

**David PRATT:** No. The cost of any second-hand vans has gone tremendous up as well, so it really has not made it any easier for parks to buy vans. Victoria is probably the biggest manufacturing state of caravans in Australia. We have a love affair with caravans and caravan parks. I think for most families the saviour for their mental health is to be able to get away in their caravan. It does not matter how far they have to drive, but they are away from home and their lives are good.

**Scott PARKER:** More than half of Victorians.

**The DEPUTY CHAIR:** I think on that aspirational note we will call the session to an end. Mr Pratt and Mr Parker, I thank you very much for appearing today. I just note that you will receive a copy of the transcript for review about a week before it is published on the website.

The committee will now take a break for 5 minutes, and then I am sure we have all got interesting questions to ask the insurance council when we come back. Thank you very much. Thank you for appearing today.

**Witnesses withdrew.**