

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Mansfield — 13 February 2013

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Mr D. Octigan, Owner, Bonnie Doon Caravan Park (sworn).

The DEPUTY CHAIR — I welcome Mr David Octigan from the Bonnie Doon Caravan Park to the public hearing of the joint-party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. Our chair, Neale Burgess, is indisposed today. Thank you for coming along today, David. The evidence you give at this hearing is protected by parliamentary privilege, but comments you make outside the hearing are not afforded such privilege. Could I ask you to state the capacity in which you appear here today, and the name and address of your organisation. I note from our schedule that we have 20 minutes for your presentation, so we will see how we go. Would you provide that information to us.

Mr OCTIGAN — My full name is David Octigan. The business address is 1 High Street, Bonnie Doon. The company name is the Bonnie Doon Caravan Park. It is a leasehold business from Goulburn-Murray Water, and I am one of the owners of the business.

I do not have any visual displays, although I took the liberty of printing some photos last night. The two photos I have given you were taken at the Bonnie Doon bridge. The only difference between the photos is that there is 19 metres of water in one and nothing in the other. That is what we are talking about — the water.

By way of introduction, my soon-to-be 18-year-old daughter was born in Mansfield in the September of our first year in business. It is a family business with my father, Ray, my mum, Barbara, my wife, Kathleen, and our two little kids. It was Dad's retirement plan. Dad has just turned 70, and he is still working full time at the caravan park. Back then the caravan park consisted of 105 annual sites, 35 camp sites and 9 old cabins, and — I was reminded of this last night by my wife — there were no TV sets, it was \$45 a night, and there was no air conditioning. There was a rundown shop and a pool. In our first year the water was at 70 per cent. It was a big day for us because in the previous year there had been no water at the caravan park. We found our feet in the following year when Lake Eildon was raised to 100 per cent, and we were run off our feet. The general feeling was, 'What the hell are we doing here?'

The water was then sold for irrigation and was down to 60 per cent, it did not rain and the water was gone. For the next 14 summers there was no water at the front of our business. Over that time we scraped by with no staff. However, we installed four new cabins, upgraded the shop and the pool, installed some boat storage sheds and a jumping pillow. Down on the lake bed we had summers of, firstly, tumbleweed, then dust, then motorbikes and then more dust. Finally, there was a fence and cattle. For our business to have lake frontage we need a water level of 65 per cent — skiable water.

Back to my soon-to-be 18-year-old daughter. After a lifetime of being told, 'You will never see water again under the Bonnie Doon bridge' to be able to jump off the same bridge last summer with the lake at 99.9 per cent was a highlight of her life and a teenager's rite of passage.

Here we are now at January 2013, and these are some numbers to explain to you what happens in caravan parks in the Mansfield shire. We have 122 annual sites and no vacancies. To clarify: an annual site is a site where a person has their caravan and annex erected permanently, and they are free to come and go. The average use is somewhere between 50 nights and 80 nights per annum; some people use it a-hell-of-a-lot more than that, some people not quite so much. There are about 33 camp sites — the jumping pillow took a couple away. We now have four deluxe cabins. Unfortunately, there are still seven old cabins, but they do have flat-screen plasma TVs and split-system air conditioners.

All this equates to about 200 families, or roughly 750 people, on New Year's Eve. If you multiply that by the 10 parks in the Mansfield shire, you come up with about 6000 bed nights. That is 6000 people who are here for at least a week — some of them two weeks, some of them three weeks. They are in Mansfield doing their shopping, having their coffee and even using the local hospital. The caravan park business in Mansfield is quite a significant driver.

These are some figures I pulled out on what happened this January in our caravan parks. We went through 2200 120-litre rubbish bin bags — not the little green bins; the big green bins. We went through 768 toilet rolls for the toilet block, which if you multiply that by 50 sheets, you get 38 400 sheets of toilet paper, and that is just in the toilet block. One of my mother's favourite statistics: the number of kilos of hot chips sold was 665, which is in excess of 20 kilos a day.

A snapshot of the impact of the water on my business, past and present. We picked the years 2007 and 2008 for the figures, but we could really have picked any of the drought years, and we compared it to the 2011–12 year.

In terms of income figures, our annual accommodation was up 2 per cent. As I said, we had 105 cabins to start with, at the height of the drought we were down to about 90, now we are back up to 122 with no vacancies.

The raw numbers are the driver there because our annual fees are set. We set ours to CPI less 1 per cent normally, so there has really been no huge increase in our fees. The significant increase is our cabins. Our income is up 300 per cent. Again, you have to allow for the fact that cabin costs are slightly higher than they were five years ago, but it is not significant. Again, it would be CPI. Our camping site is 12 per cent, our shop is 152 per cent, and our total income over those two years has seen a 60 per cent increase.

In terms of employees, back then there were four of us in the business and two casuals who were employed at Christmas and Easter only. When I say Christmas, it was probably just for that 10-day period between Christmas and New Year. We do all the cleaning ourselves. We still have the four of us in the business but we have four casuals, including cleaning staff, who are now employed at least one day a week, and most weeks it is two days a week. We have shop staff who are employed now to work in the business every weekend. Our wages bill has increased by 250 per cent.

I have taken some figures from other businesses in town. The Bonnie Doon Central Roadhouse was good enough to provide me with some figures — thanks, Mark. In 2007–08 it had 13 employees, in 2011–12 it was 23 employees. His wages bill is, remarkably, almost identical to ours — that is, up 250 per cent. His fuel sales are up over 100 per cent, and that is primarily because of the water.

In my business our rent increased from 2007 until now by 159 per cent. I will admit that was from a fairly low base. The lease we agreed to at the beginning of the business has since run its course and we are still having problems getting it renegotiated, but we still somehow seem to manage to get the rent increase negotiated through. Our utilities, including power, have gone up by 75 per cent, and the water is up 30 per cent per kilolitre from that time. Those two costs are very significant, especially power costs.

Impediments to my business include Goulburn-Murray Water. They are my landlord. It is the inability to negotiate a lease in a reasonable time frame. Our lease negotiations are stalled. In the past five years we have proceeded absolutely nowhere. This has made life extremely difficult when it comes to planning capital improvements, retirements from the business et cetera.

Utility costs, power, lake levels. I want to relay to you a story that I will never forget. Back in the drought occasionally you would get a visitor from Queensland, where sometimes they had drought but often it was raining. They would pull up at the caravan park and they would set up, and you would wander down to make sure they were okay and that everything was all right. The question I was most frequently asked was, ‘Why is the caravan park so far away from the lake’. Then you would have to go into this great big long story, and if they wanted access to the lake, you had to tell them that it was 15 kilometres away. They had to go down the winding road to the other caravan park — 11 kilometres — and knock on his door; he was good enough to let them through his gate. They would then go down onto the foreshore, turn right, miss the big muddy hole, turn left at the big tree, and if you continued on for about another 3 kilometres down a dirt track, you would find the water. Most of our interstate visitors thought that was a little bit ridiculous and packed up the next morning and went home.

In summary, I would like to read ‘Vision for Lake Eildon’ from Goulburn-Murray Water’s own document. In my opinion this is fantastic — long overdue:

Lake Eildon is valued as Victoria’s premier inland water storage. By providing essential water resources to downstream communities it enables widespread economic benefit, while its outstanding natural features, through a coordinated management approach, provide —

this is the bit I am really keen on —

world class recreation, tourism and lifestyle opportunities.

It follows therefore that if we are going to have world class recreation and tourism facilities, we need some water.

It also follows that development of a tourism strategy, which Goulburn-Murray Water has said here that it is keen on doing, is a vital step in the right direction not just for my business and for the others around Lake Eildon but for the entire Mansfield community.

That is really all I have for you.

The DEPUTY CHAIR — Thank you very much, David, for that to-the-point submission. Our inquiry is all about local economic development initiatives and the relationship particularly around local government and the different levels of government in driving that. Could I ask just a couple of questions more for filling in the gaps in my own understanding?

Mr OCTIGAN — Yes.

The DEPUTY CHAIR — Of those number of caravan parks that you identified in the Mansfield area, how many are on Crown land, how many are on Goulburn-Murray Water land first up?

Mr OCTIGAN — In this shire there are two caravan parks on Goulburn-Murray Water's property. The other five parks around the lake would have some sort of foreshore lease with the water authority, and Jamieson is out on the river, and there are a couple of parks in town itself.

The DEPUTY CHAIR — You have read from the GM Water plan for Lake Eildon, and I took it from their official document that the way they pitched significant water storage for downstream communities first and then 'provide world class recreation and tourism opportunities' second reflects a pecking order.

Mr OCTIGAN — No doubt.

The DEPUTY CHAIR — Is that your understanding? How ultimately do you balance those at the end of a record drought, or during a record drought? Let us hope it does not come about any time soon again. Where do you see their priorities, because I would imagine their legislative and financial obligation is essentially to downstream communities in their mind first.

Mr OCTIGAN — Absolutely. That is their revenue stream, and everybody is quite aware that the lake is primarily for irrigation; however, finally they have even suggested that they might have a tourism plan for the lake. The lake has been there for 50 years. It is supposed to be the premier inland waterway in the State, and there is no tourism plan for that lake. Whether the tourism plan can have a section on water levels or — similar to the desalination plant — if the water supply is below 30 per cent or in times of crisis, yes, the water may have to be taken below a certain level. Anything would be a step in the right direction from where we have been.

Mrs PEULICH — So its main purpose is — —

The DEPUTY CHAIR — Irrigation.

Mrs PEULICH — Irrigation at the moment.

Mr OCTIGAN — Irrigation.

The DEPUTY CHAIR — Downstream irrigation.

Mrs PEULICH — So it does not talk about the recreational purposes of the lake at all in this?

The DEPUTY CHAIR — It does now.

Mr OCTIGAN — It does in the report, yes. There is a lot of information in here — lots of sections — —

Mrs PEULICH — Sorry, but what is the date of that document?

Mr OCTIGAN — The management plan is 2012. Currently it is available on the front page of their website, but I guess from our perspective it is what sort of — —

Mrs PEULICH — What has been done to underpin that objective?

Mr OCTIGAN — That is right, yes. Given their history, we would like to hear an actual push to have some of their ideas or their recommendations implemented.

The DEPUTY CHAIR — How do you see that potential conflict — not today, because it is at 100 per cent, but Lord forbid if it does get dry again.

Mr OCTIGAN — Yes.

The DEPUTY CHAIR — How do you see that conflict between recreational tourism use and downstream agricultural use and the conflict for the resource being played out in your interests?

Mr OCTIGAN — I think you come to the general issue of the amenity of the lake once it gets below a certain level. Anybody in tourism in Mansfield will tell you that if there is no water under the Bonnie Doon bridge, things drop away pretty quickly. The other issue you have got is what it looks like, the amenities, the boat ramps, access to the water — all those sort of things. All of it is covered in this report, but we just need to have some sort of certainty, maybe even to the point of some sort of sliding scale for rent or something depending on the water levels. If you are in a business like my business, if we continued to pay the rent we are now and there was no water for five years, we would be out of business very quickly.

The DEPUTY CHAIR — Thanks.

Mrs PEULICH — I would be very interested in the tracking of progress of that objective which, as you say, is the first evidence of a recognition of tourism there. How full is it now?

Mr OCTIGAN — Eighty-two per cent.

Mrs PEULICH — And your business is thriving?

Mr OCTIGAN — Absolutely.

Mrs PEULICH — I note in your breakdown of costs obviously labour costs have gone pretty high. That is because your business has expanded?

Mr OCTIGAN — Absolutely.

Mrs PEULICH — Give us three dot points in terms of better support of tourism. What could and should be done in order of priority?

Mr OCTIGAN — Signage — most definitely signage. It is mentioned in here too. Access to boat ramps. This is a great debate about the amenity of the area — ‘What does it look like?’ — and it is an unfortunate thing when a lake starts to, because it is such a big lake — —

Goulburn-Murray Water is quite up-front about that; it does not have the revenue stream to deal with these things, and the council and Goulburn-Murray Water have taken it over on an ad hoc basis. There were previous government authorities who used to look after this sort of stuff — State Rivers et cetera.

A third point? The brand of Lake Eildon has been so tarnished from the drought that it has taken three years really for things to ramp right back up again. I think we need to have some sort of strategy in place for if we have climate change or whatever. We need to have some strategy in place to remind people that there is water in Lake Eildon. Even when it is at 50 per cent you cannot see the water from the Bonnie Doon bridge. There has to be some sort of strategy for that scenario.

Mrs PEULICH — And there is no opportunity for you to interface with GM Water, apart from obviously your lease negotiations?

Mr OCTIGAN — Not really. It is such a small part of their business, and their staff come and go. You go to a lease negotiation and they will say, ‘In 28 days we will send it to you’, and 28 days comes and goes. You ring them and they say, ‘Oh, so and so is on leave for three months.’ It is just one of those — —

Mrs PEULICH — Is that an area where council could, if it had some sort of tourism reference group sitting under its economic development unit, play a role?

Mr OCTIGAN — I think so. I know for a fact that we have been negotiating a one-year ad hoc lease arrangement. I know for a fact that there was one of the parks there, one of their parks, who had no lease for eight years because they were in dispute; both legal parties were in dispute. Yes, you are bashing your head against a brick wall.

Mrs PEULICH — Is it a new water board? Or is it still a continuation of the same — —

Mr OCTIGAN — No, it is not a new water board; they have always been our landlord, Goulburn-Murray Water. But there have been changes in the time.

Mrs PEULICH — Changes in personnel.

Mr OCTIGAN — Personnel changes, and their emphasis has certainly changed over the years. I see signs that there would be a positive change. There can be a positive change. But it is just getting them to actually get together and finally get that master plan for tourism at Lake Eildon. Sure, I do see that there might be a role for the State Government or local government in that.

Mrs PEULICH — Especially the Minister for Water, I would imagine.

The DEPUTY CHAIR — We thank you very much for your evidence here today, David. Within about a fortnight you should receive a copy of the draft Hansard transcript. Whilst it is open to you to look at typographical and other minor errors to be corrected, matters of substance are not able to be changed. Once that is finalised, it will become the public record. We thank you very much for your evidence and for your relationship with your landlord.

Mr OCTIGAN — Thank you.

Witness withdrew.

The DEPUTY CHAIR — While we are waiting for Sue Crow, I should note for the record that the submission from the Mansfield Shire Council to the Committee deals precisely with the Bonnie Doon Caravan Park's key issues in recommendations 34 and 35, dealing with tourism to be a key consideration of the public management of water assets and the State Government to prioritise funding for Lake Eildon land, and on water management action plans.

Mrs PEULICH — Which one was that?

The DEPUTY CHAIR — In the council's submission to us at items 34 and 35 it deals with the two items about Goulburn-Murray Water tourism and land management and water management action plans. We thank the council for providing us with the evidence to support its recommendations.