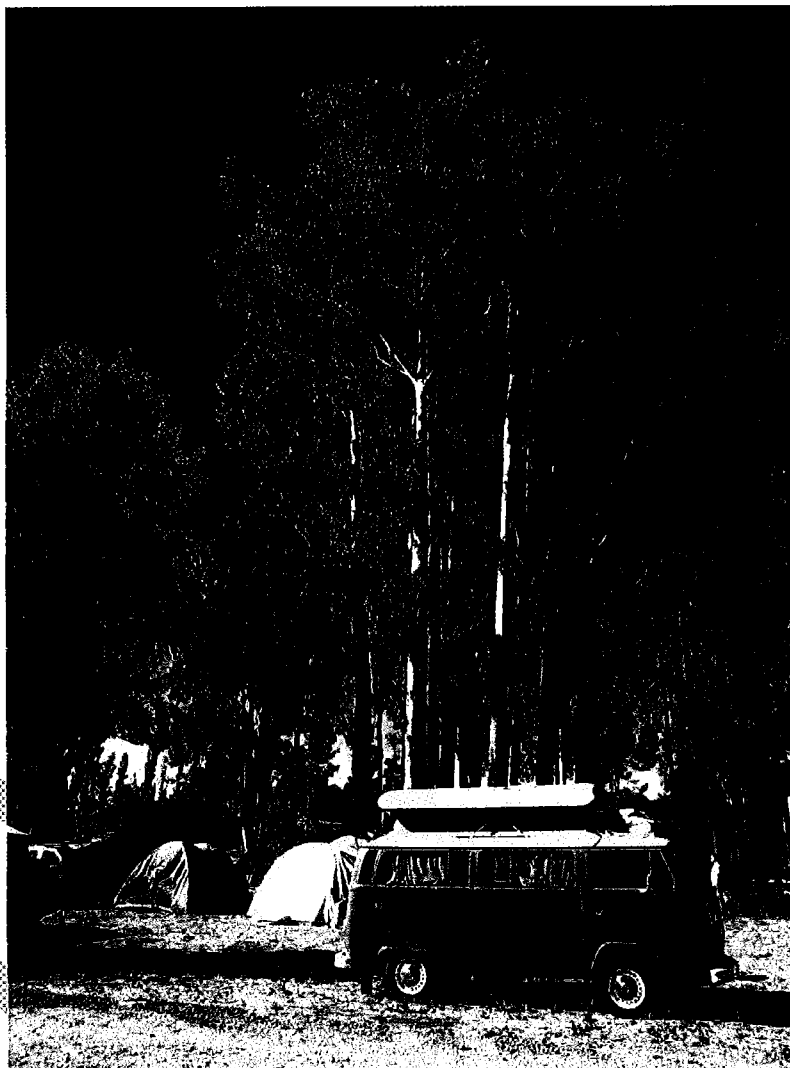




Shire of  
**Nannup**  
rest • connect • grow



# **Nannup Caravan Park Business and Development Plan**

Prepared By Daniel Eddy, Manager Nannup Caravan Park  
27<sup>th</sup> March, 2013

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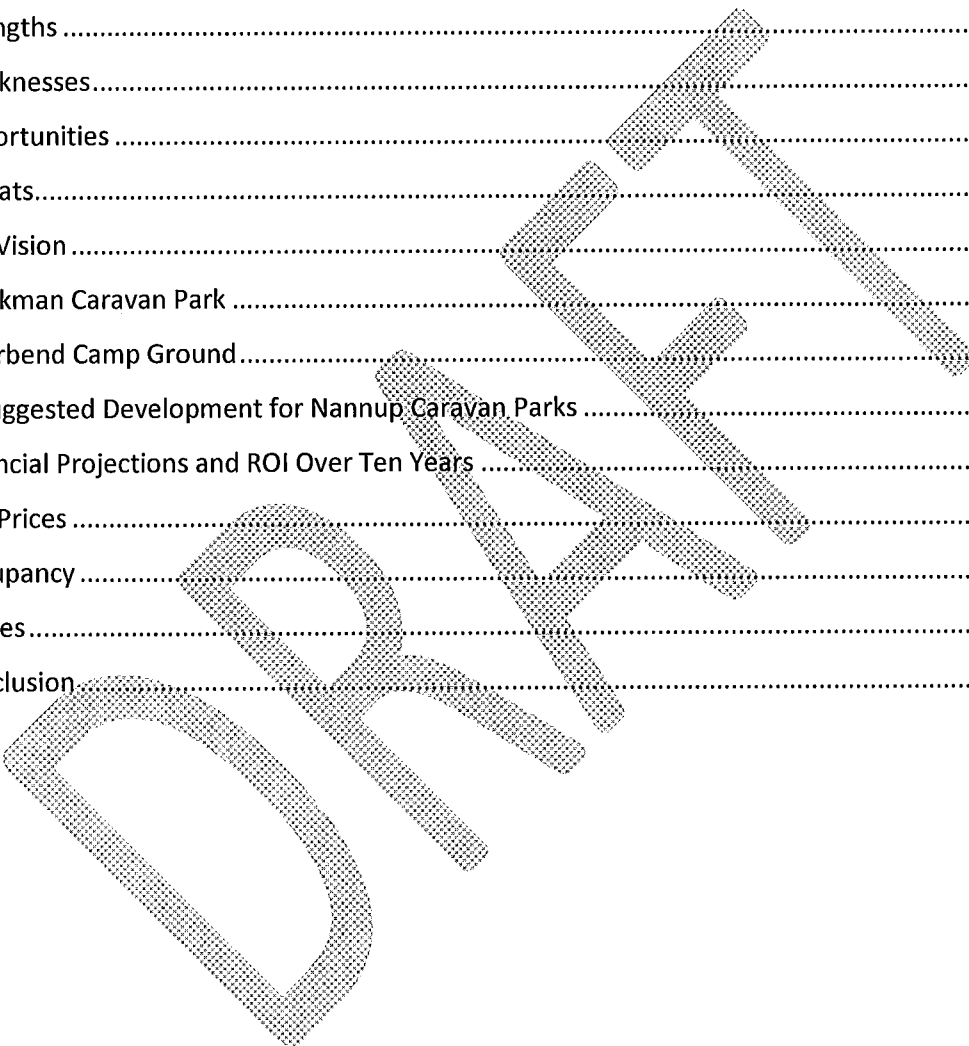
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## 1. Executive Summary

Nannup Caravan Park (NCP) is a caravan and camping ground nestled on the banks of the Blackwood River in the picturesque township of Nannup. The caravan parks have been operated as a secondary business to support the visitor centre for many years and there is now an opportunity to turn the Nannup Caravan Park into a profitable business.

Under professional management, and with the support of the Council and the Community, it should be an exciting and progressive couple of years with the outcome being an asset for the Shire of Nannup, whether it is retained or leased to a private interest. The initial investment/grant of \$200,000 will go a long way towards bringing the parks up to a reasonable standard.

After researching the clients that NCP is currently attracting, both through internet sites and verbal polling of customers, a niche for the south west and in particular, Nannup has been identified. A simple caravan park with affordable prices can be marketed towards grey nomads, couples, travellers and families. Providing basic camping with reasonable, clean facilities would be the most cost effective way of marketing the park.

Riverbend can be marketed towards large groups such as four wheel drive clubs, camping groups, motor bike clubs, car clubs, sporting clubs and large groups of family and friends. It can also be opened for peak weekends other than the Nannup Music Festival such as Easter and Christmas.

Using the allocated \$200,000 grant in the most practical way by beginning compliance upgrades whilst focusing on increased turnover and capacity.

Riverbend Camp Ground can be developed with minimal cost to maximise potential income. It can be marketed towards clubs and groups looking for an old fashioned camping experience with minimal facilities. It can also be used as an overflow park for peak weekends. With the minimal cost, this would be the priority development.

Brockman Street Caravan Park can be developed as an old fashioned caravan park with no onsite accommodation and good basic facilities. The market has already been defined as those that are seeking the quiet camping by the Blackwood River with adequate facilities.

Within the next 12 months the shire will have as an asset, two caravan parks being utilized in a profitable manner. If the development goes according to plan and the business starts to grow as expected, there will be more expenditure in the community as well as future employment opportunities for local people.

The park will pay back the initial investment of 200,000 and go into a positive accumulated position in year 7 (2020). By the tenth year (2023) the accumulated profits will be \$419k.

## 2. Introduction

This paper is a proposed business and development plan for the Nannup Caravan Park. It is a suggested plan from the Manager of the parks. It has been put together in consultation with members of the shire, contacts through the caravan park industry and with knowledge and experience of managing four differing types of Caravan Park. It takes into consideration limitations of budget and time and is presented as a cost effective development plan to maximise return on investment.

Nannup Caravan Parks have been neglected for many years but there is great potential there for the Shire of Nannup, the Community as a whole, and the tourism industry. With expected growth, possible local employment and more income for the town and districts, the caravan parks should develop into a sustainable and profitable business over the next five to ten years.

Under professional management, and with the support of the Council and the Community, it should be an exciting and progressive couple of years with the outcome being an asset for the Shire of Nannup, whether it is retained or leased to a private interest.

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### 3. Nannup Caravan Park

#### The Business as it has been

Nannup Caravan Park (NCP) is a caravan and camping ground nestled on the banks of the Blackwood River in the picturesque township of Nannup. The caravan parks have been operated as a secondary business to support the visitor centre for many years and there is now an opportunity to turn the Nannup Caravan Park into a profitable business.

The parks are owned by the shire and since mid 2012 have been operated by the Council, and then in late December, 2012, have been operated by a Caravan Park Manager. The new Manager has been employed by the shire and to develop the parks into a licensable and feasible business that the Council can retain or lease to another party.

In the past the NCP has been licensed as a transit park of approximately 30 sites with overflow areas at Brockman Street and Riverbend. The total sites was over 110 at Brockman Street and more than 50 at Riverbend totalling more than 160 camp sites; that is 130 over licence. A quantity of 160 sites puts the Nannup Caravan Park into the Large Caravan Park size. This does not include the weekend of the Nannup Music Festival. While there are records of customers, the number of sites far exceeds the 160 previously mentioned (over 200).

The NCP has previously been operated by the Nannup Visitor Centre (NVC). There was a Visitor Centre Manager of that business and a caretaker would be employed on site for after hour's demands on a small retainer. A team of volunteers assisted in the NVC and to a smaller part in the NCP. This unfortunately meant that the main source of income for the visitor centre, being the parks, never received the dedicated management, time and resources needed to make it a better business.

The takings for the business for the last three years are in the chart that follows. The Nannup Music Festival and Easter are also included as a reference for past and present performance as well as budgeting future income. Figures from the cabin and recreation ground have been removed from the music festival and Easter to provide a true comparison.

Period	Takings	Occupancy	Paid in advance	% up/down
Financial Year Totals				
Year end 30th June 2011	\$ 117,503.00	4.00%	31%	0%
Year end 30th June 2012	\$ 115,478.35	3.00%	30%	1%
Year end 30th June 2013	\$ 140,000.00	5.00%	38%	21%
Peak weekends				
Music Fest 2011	\$ 17,466.00	63.00%	54%	0%
Music Fest 2012	\$ 15,539.20	58.00%	29%	12%
Music Fest 2013	\$ 20,442.98	63.00%	82%	32%
Easter 2011	\$ 11,862.58	33.00%	1%	-0%
Easter 2012	\$ 6,862.62	20.00%	4%	43%
Easter 2013 at 26/3/13	\$ 9,052.50	30.00%	48%	25%

There is an expectation of a similar 25% increase in 2014 with proper advertising, improved facilities and a good, stand alone website. An increase in site fees will also add to the profitability.

A brief asset description of both parks are as follows:

**Nannup Caravan Park**

- One Office and Shop area
- Old Jail and "the Canoe" plus historical photographs
- Sales stock
- Phone system and office equipment
- One Shed
- Manager's residence (New)
- 31 powered sites
- 79 unpowered sites
- One ablution block suitable for 30 sites
- One camper's kitchen suitable for 30 sites



**Riverbend Park**

- 16 powered sites
- 34 unpowered sites
- One ablution block suitable for 30 sites
- One gazebo (unsound construction)



**Staffing**

The current staffs at NCP are:

Staff Member	Position	Hours/week
Daniel Eddy	Manager	80.0
Jackie Taylor	Cleaner	7.5
Matt Crolla/Lauren Ditchburn	Caretaker/s	20.0
Ross	Gardener	8.0
Jane Eddy	Volunteer	10.0
		125.5

These hours are peak hours and will lessen in the winter months, at least for the Manager. With good advertising and professional park management the park will be at a higher capacity and will require additional hours next peak period. Until a full twelve month period is completed, an accurate budget for wages and hours will be difficult to establish.

## 4. The Market

At this point in time the NCP is a traditional caravan and camping ground as you would find 20 or 30 years ago. There is no onsite accommodation and the facilities are basic. The onus is on the customer to provide for themselves to a large extent. This type of park and that type of camping is no longer the industry standard, with most parks of this size turning into "cottage farms" or holiday parks with expansive facilities catering for people willing to pay over \$100 a night just for a camp site.

Nannup also has an abundance of accommodation in the town and shire that caters for those that require a roof and modern facilities from premium, 5 star chalets to basic cabins and motel accommodation. There is also a large amount of 'bush' camping in the Department of Environment and Conservation parks with minimal facilities and free camping in selected locations with no facilities.

The customers that currently frequent NCP vary from people just driving through to others that have come for 20 years or more. They are generally couples with no kids, grey nomads and travellers. The majority are overnighters although two and three night stays are common. Long stays of more than a week are rare and no permanents are on site at present.

After researching the clients that NCP is currently attracting, both through internet sites and verbal polling of customers, a niche for the south west and in particular, Nannup has been identified. A simple caravan park with affordable prices can be marketed towards grey nomads, couples, travellers and families. Providing basic camping with reasonable, clean facilities would be the most cost effective way of marketing the park.

Riverbend can be marketed towards large groups such as four wheel drive clubs, camping groups, motor bike clubs, car clubs, sporting clubs and large groups of family and friends. It can also be opened for peak weekends other than the Nannup Music Festival such as Easter and Christmas.

## 5. SWOT Analysis

### Strengths

- Over 150 sites in total
- Large sites and great variety
- Fantastic locations
- Council and community support
- Good Reputation
- Peak capacity weekends such as Music Festival, Easter and Christmas
- Clean Facilities
- Close to the Blackwood River
- Central location for the South West
- Close to popular tourism areas such as Busselton, Margaret River and Augusta
- Existing, happy clients
- Good Office and Shop
- Now under professional management
- Local natural and developed tourist stops
- Scenic drives in the local area

### Weaknesses

- Inadequate facilities
- Split location
- Not licensable in current state
- Lack of advertising/marketing
- Winter temperatures/ seasonality
- Distance from Perth
- Lack of tourism attractions
- Lack of security
- Insufficient income
- Lack of past development
- No accommodation

### Opportunities

- Room for development:
  - Cabins
  - Facilities improvement/expansion
  - Develop sites
- Untapped/under-developed markets
- Can be operated as two separate businesses when developed
- Future local employment opportunities
- Lease potential
- Sealing of Mowen road
- Completion and promotion of Munda Biddi Cycle Trail and existing Bibbulmun track
- Eco tourism opportunity



- River and nature based events
- Linkage with other tourism attracting towns in this area.
- Funding from 'Royalties for Regions'

### **Threats**

- Changes to caravan park legislation
- Lack of support from state government
- Competition from other campsite providers
- Competition from other towns
- Lack of community acceptance
- Inappropriate development
- Changes in local government priorities
- Changes of management/ownership.

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## 6. The Vision

Nannup caravan Park should be divided into the Brockman Caravan Park and Riverbend camp ground for effective short term management over the next two years for the purpose of this business plan. They can both still be managed by the Caravan Park Manager but need different development and marketing strategies.

### **Brockman Caravan Park**

Brockman street caravan park can be developed as an old fashioned caravan park with no onsite accommodation (at present) and good basic facilities. The market has already been defined as those that are seeking the quiet camping by the Blackwood River with adequate facilities.

The main reason to develop and market in this way is cost. Although a large sum of money has been granted to develop the parks, most of it will be spent on compliance issues to bring the park to a licensable and leasable level. While cabins are a great drawcard, they cost a minimum of \$50,000 plus site works and the previous cabin only brought in approximately \$22000 over the last three years. A cabin also requires fitting out, maintaining and cleaning which then reduces your income by nearly half unless the stays are more than one night.

A secondary reason to develop in this way is market. Most caravan parks in Australia are developing more cabins, chalets and units. Add to this the number of available accommodation units available in the Nannup shire and that market is well covered for most of the year. Grey nomads, travellers and caravan clubs are actively seeking caravan parks like Brockman Caravan Park. If the park is marketed correctly, this need can be capitalised on almost immediately.

All these items could be completed in the next twelve months assuming adequate funding and support.

### **Riverbend Camp Ground**

Riverbend Camp Ground can be developed in a similar manner to Brockman Caravan Park with minimal cost to maximise potential income. It can be marketed towards clubs and groups looking for an old fashioned camping experience with minimal facilities. It can also be used as an overflow park for peak weekends. Due to the steep aspect of the site, it cannot be marketed towards caravans or motor home owners.

Once again, cost is the primary reason to develop in this manner. Riverbend Camp Ground is a site that requires significant work to make it compliant as a caravan park. By licensing it as a transit park (three night maximum stay), the required facilities can be reduced greatly. Although Riverbend would be a great site for accommodation, the site works alone would exceed the current budget for both parks.

All these items could be completed in the next six months assuming adequate funding and support.

## 7. Suggested Development for Nannup Caravan Parks

The attached table is a list of suggested improvements considering the set restrictions;

- Budget of \$200,000
- Compliance issues.
- Achieving profitability in the shortest period of time
- Practicality
- Future development

All costs are GST exclusive although the actual value could vary by +/- 10% on the quotes as works are tendered and completed.

Some items are essential for future development as well as linked with other items.

Other items despite being optional have been suggested based on profitability and practicality.

This plan and budget will not fix all compliance issues and will take time to take effect. They are the best use of the funds available but over the next ten years it is suggested that more funding be sought.

Council has three options with the development:

### 1. Low Development – Minimal improvements

The caravan park will continue as is with only maintenance and management. Minimal growth, non compliance and gradual loss of money. Very low initial expenditure. Will require expenditure in the future.

### 2. Medium Development – Compliance and Profitability

Using the allocated \$200,000 in the most practical way to begin compliance upgrades while focusing on increased turnover and capacity. Medium growth, working towards full compliance, increased income, budgeted expenditure.

### 3. High Development – Compliance Improvements

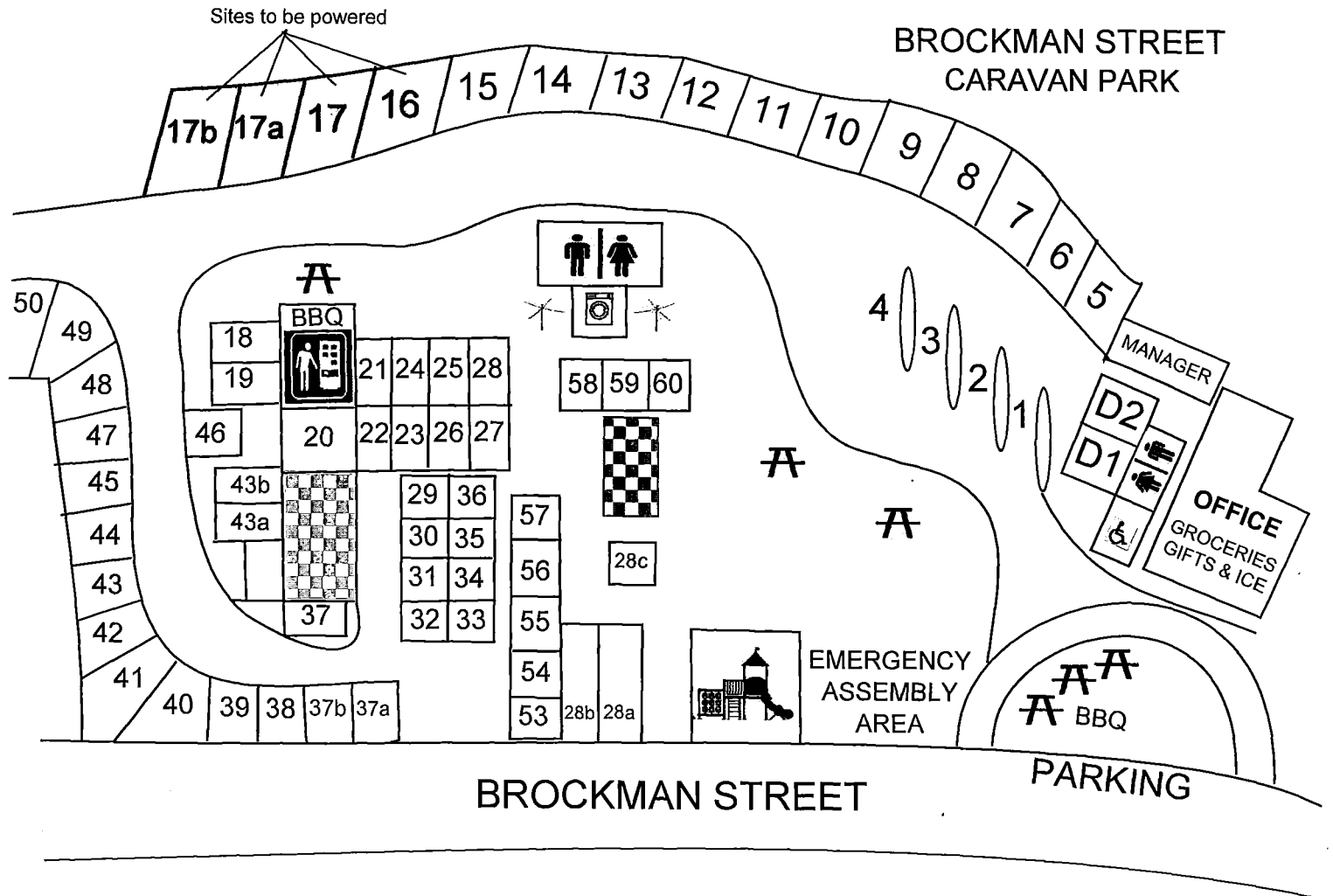
Bring the parks up to a compliant level with development and large capital expenditure (well in excess of the current budgeted \$200,000). Medium Growth, compliant, increased income. Very high expenditure (\$400,000 plus).

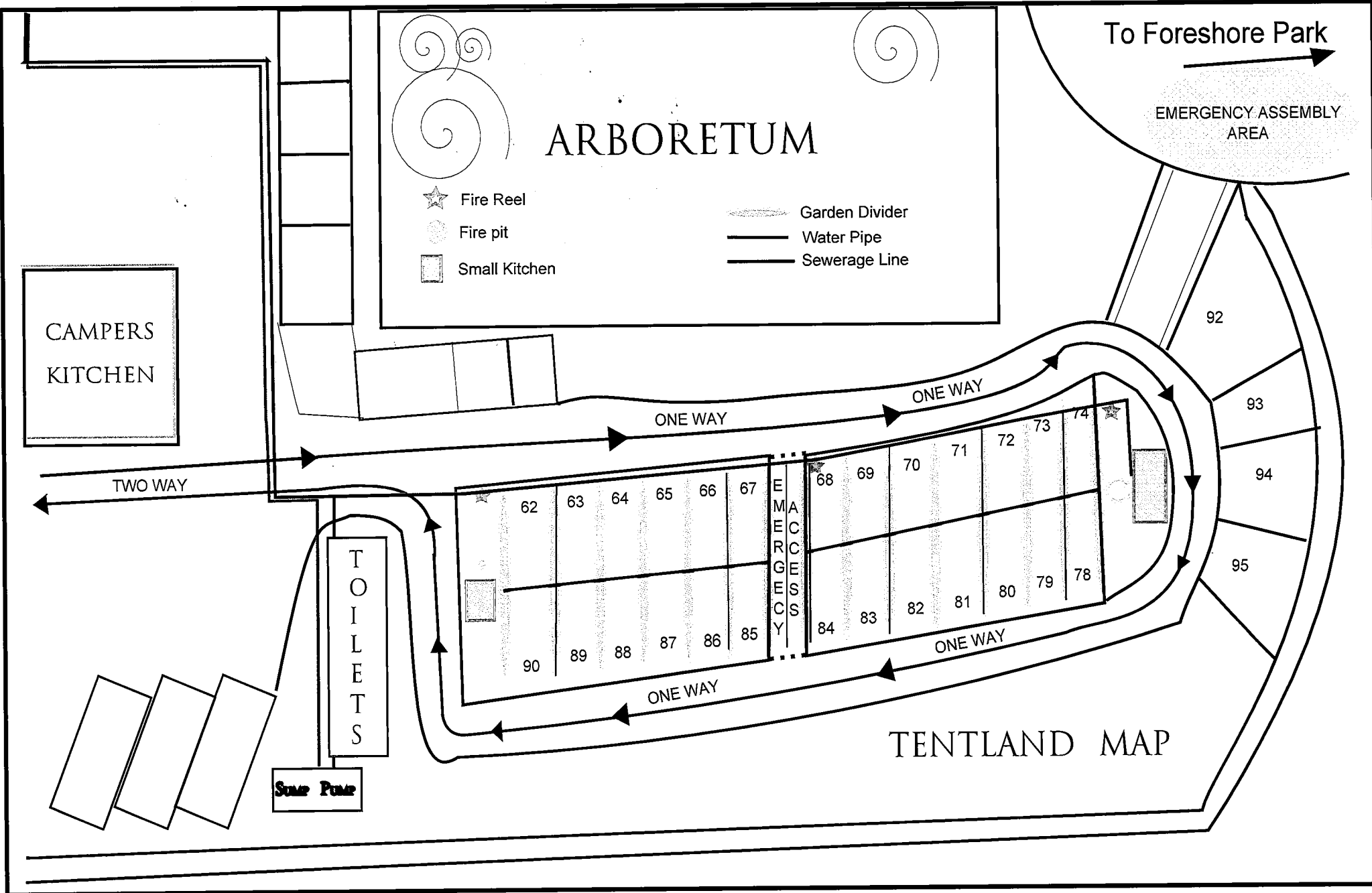
The following table is for option 2.

Brockman Street Park							
Development Task	Cost	Reason	Completion Date	Essential	Profitable Outcome	Occupancy Increase	
1. Power Supply Upgrade	\$ 100,000.00	To Increase powered sites (refer plan A) and allow new ablution block to be added at a later date	1/11/2013	Yes	Future Income from more capacity and more powered sites	Increase Power sites	
2.1 Water to Tentland	\$ 8,000.00	Required for Fire Control and water access for sites. Secondary uses; reticulation and washing areas	1/08/2013	Yes Compliance	More Attractive park	Increase Sites Usage	
2.2 Fire Hoses In Tentland	\$ 5,000.00	Fire Control	1/08/2013	Yes Compliance	No	N/A	
2.3 Sprinklers, Taps In Tentland	\$ 3,000.00	A basic facility to make Tentland (refer plan B) more attractive and usable	1/11/2013	Yes Compliance	More Attractive park	Increase Sites Usage	
2.4 Sewerage line to Tentland	\$ 2,000.00	Installed with Power and Water. Needed due to laws on waste water going into river	1/08/2013	Yes Compliance	No	N/A	
Sub Total 2.1, 2.2, 2.3, 2.4	\$ 18,000.00	Needs to be done at the same time to lower costs and enable future development. Refer plans					
3. Power Cable to Tentland	\$ 5,000.00	To Increase powered sites and allow new ablution block to be added at a later date.	1/11/2013	Yes Compliance Refer plan	Future Income from more capacity and more powered sites	Increase Power sites	
4. Dump Point	\$ 5,000.00	Allow local dumping of waste. Customers leave to do this and don't return. Will increase length of stay	1/07/2013	No	Yes, Charge applies for non guests	Increase length of stay	
5. BBQs and Sinks in Tentland	\$ 2,000.00	A basic Facility to make Tentland more attractive and usable	1/07/2013	No	More Attractive park	Increase Sites Usage	
6. New Dryer	\$ 2,000.00	Current Dryer Broken	31/05/2013	Yes Compliance	Yes, Coin operated	N/A	
7. Boom Gate	\$ 5,500.00	Security measure to prevent unauthorised entry	1/07/2013	Yes	No	N/A	
8. Multi Purpose Shed	\$ 40,000.00	Large Multi purpose shed as undercover area for guest use only. Basic Fitout. 16m x 12m	1/07/2013	No	More Attractive park, Particularly for large groups and in winter	Increase length of stay	
Contingency	\$ 8,875.00						
Sub Total Brockman	\$ 186,375.00						

Riverbend Park Park						
Development Task	Cost	Reason	Completion Date	Essential	Profitable Outcome	Occupancy Increase
1. Update Laundry to Kitchen	\$ 5,000.00	Laundry available at Brockman. Kitchen needed at park	1/07/2013	No	More Attractive park	Increase Sites Usage
2. BBQs and Sinks on Lower	\$ 1,000.00	A basic facility to make Riverbend more attractive and usable	1/08/2013	No	More Attractive park	Increase Sites Usage
3. Fire Hose on Each Level	\$ 2,000.00	Fire Control	1/08/2013	Yes	No	N/A
4. Bring Ablutions up to	\$ 3,000.00	Minimal expenditure to make ablutions to standard	1/08/2013	No	More Attractive park	Increase Sites Usage
5. Expand/replace Gazebo	\$ 5,000.00	Large undercover area for guest use only. Roof, no walls	1/09/2013	No	More Attractive park	Increase Sites Usage
6. Remove Old Ablutions	\$ 1,500.00	Unsafe structure must be removed. OH&S issue	1/09/2013	Yes	More Attractive park	Extra two powered sites available
7. Gate	\$ 514.00	Security measure to prevent unauthorised entry	1/07/2013	Yes	No	N/A
Contingency	\$ 900.70					
Sub Total Riverbend	\$ 18,914.70					
Total	\$ 205,289.70					

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## 8. Financial Projections and ROI Over Ten Years

The following table is a projection over the next ten years based on the previously mentioned recommendations. The projections have been calculated to be conservative so as to prevent any over inflation of profitability expectations. There are three key areas in the table that shape the income over the next ten years.

### Site Prices

These prices can be increased on a yearly basis to increase the income of the parks. While a modest increase can be factored in over the next decade, outside influences may require further review in shorter time periods of one year intervals.

As tourism grows throughout the south west and Nannup, caravan park spaces are becoming harder to secure. This allows the parks to gradually increase the prices without an adverse effect on occupancy, while increasing turnover. An average of 5% to 6% per annum covers both inflation and increased profitability.

### Occupancy

With good marketing, increased facilities and potential growth tourism, occupancy should increase at a reasonably predictable rate. The rate of increase will need to be evaluated each year to ensure continued increases and if not increasing, investigate what can be changed or modified to improve.

An increase of 1% or 2% per annum is very conservative in the current tourism and economic climate however, for the purpose of this document, a conservative view should be taken.

### Wages

Wages are the largest expense outside of development for a caravan park and cannot be avoided. They can be reduced with careful management. The projection show a decrease over the next two years in all areas that is achievable.

- **Manager** – After the initial period of development and consolidation is completed a manager can be employed at a reduced rate.
- **Caretakers** – Can be reduced marginally. Essential staff to allow Manager Time off and holidays.
- **Cleaner** – Can be reduced as manager or caretaker takes on more of the role.
- **Gardener**- Can be reduced or removed entirely with the purchase of a ride on mower and any other necessary equipment.



# Financial Projections and Accumulated Position Over 10 Years

This Year	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

Site Prices											
Total	30	32	34	36	38	40	42	44	46	48	50
Percentage Increase		7%	6%	6%	6%	5%	5%	5%	5%	4%	4%
Increased Turnover		\$9,333	\$9,333	\$9,333	\$9,333	\$9,333	\$9,333	\$9,333	\$9,333	\$9,333	\$9,333
Turnover Sub Total	\$140,000	\$149,333	\$158,667	\$168,000	\$177,333	\$186,667	\$196,000	\$205,333	\$214,667	\$224,000	\$233,333

Occupancy											
Occupancy Increase	5.0%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%	5.7%	5.8%	5.9%	6.0%
Increased Occupancy		\$2,800	\$2,983	\$3,162	\$3,339	\$3,511	\$3,681	\$3,848	\$4,012	\$4,172	\$4,331
Turnover	\$140,000	\$152,133	\$164,450	\$176,946	\$189,617	\$202,462	\$215,477	\$228,658	\$242,003	\$255,508	\$269,172

Wages											
Manager	90,000	87,251	71,778	74,649	76,142	77,665	79,218	80,803	82,419	84,067	85,748
Caretakers	34,000	26,684	27,885	29,001	29,581	30,172	30,776	31,391	32,019	32,659	33,312
Cleaner	16,536	8,578	8,964	9,323	9,509	9,700	9,894	10,091	10,293	10,499	10,709
Gardener	19,843	10,607	11,084	11,528	11,758	11,993	12,233	12,478	12,727	12,982	13,242
Total	160,379	133,121	119,712	124,500	126,990	129,530	132,121	134,763	137,458	140,207	143,012

Other Costs 3% Increase	27100	27,913	28,750	29,613	30,501	31,416	32,359	33,330	34,329	35,359	36,420
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<b>Profitability</b>	-\$47,479	-\$8,901	\$15,988	\$22,832	\$32,126	\$41,516	\$50,997	\$60,565	\$70,215	\$79,942	\$89,741
Accumulated Profits	-\$47,479	-\$56,380	-\$40,392	-\$17,560	\$14,566	\$56,082	\$107,080	\$167,645	\$237,860	\$317,802	\$407,542
Investment \$200000	-\$200,000										
<b>Accumulated Position</b>	-\$247,479	-\$256,380	-\$240,392	-\$217,560	-\$185,434	-\$143,918	-\$92,920	-\$32,355	\$37,860	\$117,802	\$207,542
Accumulated Position %	-124%	-128%	-120%	-109%	-93%	-72%	-46%	-16%	19%	59%	104%

## 9. Conclusion

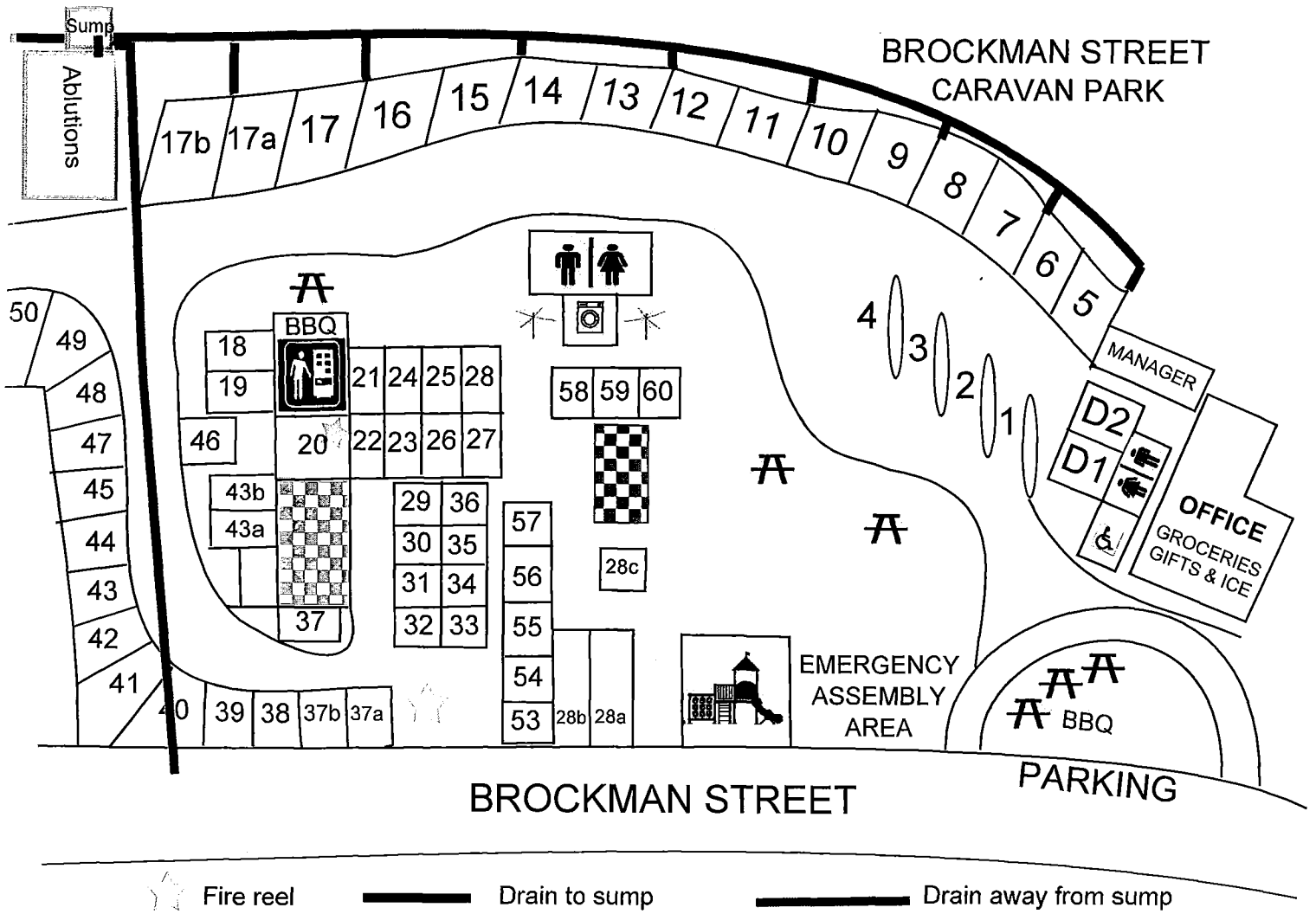
With proper development and professional management, the Nannup Caravan Parks have a potential both as a business for the Council and an asset to the town. The Caravan Parks have been an underutilised resource for the town for many years and can now be developed into an attraction in their own right.

If the development goes according to plan and the business starts to grow as expected, there will be more expenditure in the community as well as future employment opportunities for local people. It is unfortunate that the park has not been kept compliant over the years as the expense is now greater over a small period than it would have been over an extended period.

As an example of future growth areas, a RV club stayed with the NCP in February and while they spent over \$1,200 in site fees, they also spent nearly \$3000 in the community through dining out, fuel, groceries and souvenirs. This is an event that can be repeated over and over throughout the year, especially with the utilisation of Riverbend for large groups as well.

The potential for this business is strong. The Manager, Daniel Eddy, is both exited and looking forward to the challenge of making Nannup Caravan Parks into a small town success story, with an enduring and profitable business to benefit the community as a whole.





## Divider garden beds

