



The Narrabundah Long Stay Caravan Park (A)

In May 2006, Australian Capital Territory (ACT) Chief Minister Jon Stanhope confronted a difficult problem. Koomarri Association ACT, the community organisation which owned the Narrabundah Long Stay Caravan Park, providing cheap accommodation in caravans and portable homes for low-income earners, had announced it was to sell the park to a private developer, who had served the occupants with eviction notices. There was widespread media and public concern about the likely impact on the occupants, especially given the circumstances in which Koomarri had acquired the park five years previously.

The Caravan Park

The Narrabundah Long Stay Caravan Park was situated on a nine-hectare tract of land on Narrabundah Lane, separated by a four-lane highway from Fyshwick, the largest industrial suburb in Canberra. It offered 102 sites for long stay residents, providing low cost accommodation. Its occupants were low income earners, who had made permanent homes in caravans and portable homes, erecting annexes and additions as their means allowed, perhaps establishing small gardens and generally putting down their roots and making it home. The dwellings were small and very modest, and most were no longer portable. The residents, however, were not dependent on public housing and there had developed a strong sense of community, which, as some of the more vulnerable members of the city, they frequently relied upon.

It was generally a low key, unremarkable community, until 23 February 2006, when it became the subject of a local ABC news item: “Caravan park residents seek maintenance assurances”. The lease on the caravan park was for sale and residents wanted reassurances that the new owners would properly maintain the facility. But that, as it turned out, was the least of their problems.

This case was written by Associate Professor Chris Aulich, University of Canberra, as a basis for class discussion rather than to illustrate either effective or ineffective handling of a policy or managerial situation.

Cases are not necessarily intended as a complete account of the events described. While every reasonable effort has been made to ensure accuracy at the time of publication, subsequent developments may mean that certain details have since changed. This work is licensed under Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International Licence, except for logos, trademarks, photographs and other content marked as supplied by third parties. No licence is given in relation to third party material. Version 25-11-2007. Distributed by the Case Program, The Australia and New Zealand School of Government, www.anzsog.edu.au.



The establishment of the Park

The Commonwealth Government had established the Narrabundah Long Stay Caravan Park in the 1970s to accommodate transients who had begun to concentrate in other parts of Canberra in informal camping-style arrangements. The park also provided low cost accommodation for workers constructing the new Parliament House in the 1980s. In 1989, responsibility for the park was transferred to the ACT Commissioner for Housing. The residents owned their own temporary dwellings but the land on which these stood was owned by the ACT Government and administered by one of its departments, ACT Housing. Residents were not tenants in government housing, but they were tenants of the ACT Government in that it was to the government they paid their rent each week to keep their dwellings at the caravan park.

The sale

In early 1999 the ACT Liberal Government decided that owning a caravan park was no longer “core business” and a process of offering the park for sale by tender began. Brendan Smyth, Minister for Urban Services, advised the ACT Legislative Assembly that the annual cost of running the park was “estimated to provide a net revenue of some \$100,000,¹ with a gross turnover of some \$240,000” and that “the private sector would be better placed to own and operate the park and release government resources to be better used elsewhere by the reinvestment of those funds in public housing”.²

Debate in the Legislative Assembly on disposal of the park began at 4.51 pm on 24 March 1999 and was concluded just 69 minutes later. During that time seven members of the Assembly raised concerns about the protection of tenants from possible eviction. Labor MLA,³ Bill Wood, pointed out that the vans had become fixtures and could not easily be moved without dismantling them and residents could not afford to move them anyway. Greens MLA Kerrie Tucker argued that legislative protection, specific to the needs of caravan park tenants needed to be in place before any sale should be initiated.⁴

But amendments covering these concerns were lost on party lines, with Brendan Smyth giving the Assembly the assurance that:

“It is our intention that the new owner purchase the site and run it as a caravan park site. We will secure that through the sale agreement. Any change would have to be consistent with the Territory Plan. Given the time that that would take, residents of the mobile home park are likely to have as much notice as any normal private tenant would under the Residential Tenancy Act.”⁵

Then Chief Minister, Kate Carnell, in a rejoinder to Labor MLA Ted Quinlan’s claims that he did not “think it would be a real problem to make it an unpleasant place to live

¹ All figures in Australian dollars.

² Hansard 24 March 1999

³ Member of the Legislative Assembly

⁴ *ibid*

⁵ Hansard 24 March 1999

and to change its nature”, assured the Assembly that the government “will sell it to someone nice”.⁶

In mid-2000 the caravan park was offered to Community Housing Canberra Ltd, a not-for-profit affordable housing provider. However, according to Bruce Mackenzie, former chief executive officer of Community Housing Canberra, the offer was withdrawn within 24 hours.⁷

On 1 July, 2000 Smyth announced that the new owners were to be Koomarri Association ACT, a not-for-profit organisation with a primary role of finding employment for people with disabilities. Koomarri was a high profile and well regarded charity in the ACT, a regard that had contributed to its success in attracting grants from the ACT government. The ACT Department of Disability, Housing and Community Services provided more than \$2.1 million each year to assist with its operations and ACT Health granted more than \$175,000 per annum to provide a community links service that comprised social support and case planning. Later, support was also forthcoming from the Commonwealth Government, with a debt to the Commonwealth of \$432,000 being waived in 2004 after intervention by ACT Liberal Senator, Gary Humphries.⁸

Koomarri agreed to maintain the park for five years, with the contract backed by a \$200,000 bank guarantee. In fact, so keen was the government to install them as the new owners of the caravan park, that when Koomarri initially rejected the government’s offer of \$1,000,000 for the Narrabundah Long Stay Caravan Park, the ACT Government came back with a better offer: the price tag had been reduced to \$1. However, Koomarri was given only two days, till 30 June 2000, to accept the offer. Margaret Spalding, the charity’s CEO, later claimed that

“Koomarri had been very surprised by the sudden offer and had taken it up without giving it due consideration, believing the park could be used to run workshops and provide employment options for its intellectually disabled clients.”⁹

At the time everyone seemed pleased with this idea, Brendan Smyth describing it as a

“... win-win outcome. The caravan park residents would be associated with a caring community-based organisation while Koomarri staff and work teams would get valuable experience in running a commercial operation.”¹⁰

The Labor Party Opposition also endorsed the transfer of the ownership of the park to Koomarri, in spite of the fact that no more assurances had been given by the ACT Government about the long-term rights of the residents. When the sale to Koomarri was announced in April 2000 Labor’s Bill Wood claimed that “it’s a fine idea because Koomarri has a lot of experience they could bring to the park”.¹¹ If Labor disapproved of the \$1 sale price of this transaction, they made no mention of it at this time.

⁶ *ibid*

⁷ *Canberra Times* 16 May 2000

⁸ *Canberra Times* 17 August 2004

⁹ *ibid* 19 May 2006

¹⁰ Hansard 30 March 2000

¹¹ *Canberra Times* 1 April 2000

In announcing that Koomarri was to be the new owner, the *Canberra Times* also reported that the park's curator for the previous nine years, Ron Eskrigge, had expressed interest in buying the park, an interest supported by a petition of 177 signatures, representing more than 90 per cent of the residents. Mr Eskrigge, whose position had been terminated at midnight on 30 June 2000, claims that he contacted both Mr Smyth and Koomarri about his interest but nothing had developed.¹²

Another sale

By the time the caravan park hit the news again, Stanhope's Labor Government had been in office for almost five years, having ousted the Liberals in the 2001 Territory election. In early 2006, Koomarri's five years were up and they decided to sell the facility. It had not been a particularly happy arrangement. After taking over the park the charity had not implemented its initial plans. The residents had not been happy either. Park resident Judi McDowell claimed that Koomarri had failed to maintain roads, grounds and basic facilities including toilet blocks and laundries. However, she acknowledged that "because it's now for sale, we've had a bit of sprucing up for the last couple of weeks".¹³ Koomarri CEO Spalding said later

"It became clear the best thing we would be able to do would be to run it as a caravan park and at the end of the five years, cut our losses."¹⁴

Koomarri called for expressions of interest for the sale and in early March 2006 ownership was transferred to Dytin Pty Ltd (trading as Consolidated Builders) for \$2 million. On 10 May 2006 all residents received eviction notices. Suddenly the Narrabundah Long Stay Caravan Park was headline news again.

Community outrage

The Canberra community rallied behind the park residents and support for their position grew, with letters to the local paper running strongly in their favour. The *Canberra Times* made its position clear with a strongly worded editorial in support.¹⁵ Media discussion focused on the issue of who was responsible for the residents' predicament. Brendan Smyth, by now Opposition leader, defended the sale, as selling the caravan park had "always been on the cards" when he organised for its transfer to Koomarri six years ago. Nor did he think his government should have included a clause in the agreement requiring Koomarri to offer the site back to the government should they want to sell it. Mr Smyth said,

"The five-year term in the contract had been appropriate. We didn't want to hang an albatross around their neck if it had turned out not to be profitable. We didn't want to do that to a community organisation."¹⁶

There was much public criticism of Koomarri, with allegations from Consolidated Builders' Managing Director, Josip Zivko, that Koomarri knew the tenants would be

¹² *ibid* 1 July 2000

¹³ ABC News 23 February 2006

¹⁴ *Canberra Times* 19 May 2006

¹⁵ *Canberra Times* 12 May 2006

¹⁶ *ibid*

evicted when it sold the park to them. He said that he had asked the charity's solicitors to inform the tenants before the sale in February that they would be evicted once the sale had been completed. "We asked Koomarri to give notice to the residents prior to purchasing the property. For them to claim they have no knowledge of it is not true."¹⁷

Margaret Spalding denied this:

"I could not believe they did that. I am still stunned. We entered into the deal with Consolidated Builders in good faith."¹⁸

She claimed that having reviewed all the documents relating to the sale and having spoken to the solicitor they had found nothing to suggest that tenants would be evicted.

"The only thing we found was the new owners said to us, through their lawyer, that they noted there was an eviction clause in the licensing agreement and Koomarri was well within its rights to evict some people and they wanted to know if we would do that. We answered a categorical 'No' and that was the only discussion relating to eviction."¹⁹

However, Koomarri received further criticism when it was revealed that the neighbouring Sundown Motel had offered to buy the site and continue running it as a caravan park.²⁰ Before contracts had been exchanged, Koomarri had also refused an offer by Consolidated Builders to let it (Koomarri) continue managing the park.²¹

It soon became clear that the ACT community expected the ACT Government to prevent the evictions. Simon Corbell (Labor Minister responsible for planning matters) told the Assembly that he would not support rezoning of the land to permit the land to be used for anything other than broad acre. He was

"... prepared to go so far as to indicate that, if an application were made to seek to vary the lease in a way that eliminated its use as a caravan park, I could not rule out using my powers under the act to not approve that lease variation."²²

Within days Minister Corbell had proposed new legislation to prevent churches, sporting clubs and other community groups profiteering from land they received cheaply. The legislation was aimed at increasing transparency surrounding concessional leases granted for less than market value. Minister Corbell argued that,

"...these changes will include the ability for government to take back a lease if it doesn't support deconcessionalisation and protect community interests in keeping land for its original use, if that is what is deemed appropriate."²³

But of course, these proposed changes to the law did nothing to resolve the dilemma Jon Stanhope faced.

¹⁷ *ibid* 10 July 2006

¹⁸ *Canberra Times* 19 May 2006

¹⁹ *ibid*

²⁰ *ibid* 12 May 2006

²¹ *ibid* 2 May 2006

²² Hansard 11 May 2006

²³ *Canberra Times* 20 May 2006.