

Short Stay Budget Accommodation: Issues and Opportunities

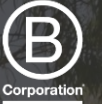
Mildura Rural City Council

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Contents

- What is the Short Stay Budget Accommodation Strategy?.....4
- What is Short Stay Budget Accommodation? 6
- Types of workers accommodation..... 7
- The state of the sector 8
- What we’ve heard so far 9
- On-farm accommodation 10
 - Existing situation and policy issues 10
 - Key questions for the strategy 10
- In-community accommodation 11
 - Existing situation and policy issues 11
 - Key questions for the strategy 11
- Large-format accommodation..... 12
 - Existing situation and policy issues 12
 - Key questions for the strategy 12

What is the Short Stay Budget Accommodation Strategy?

Mildura Rural City Council is preparing a Short Stay Budget Accommodation Strategy.

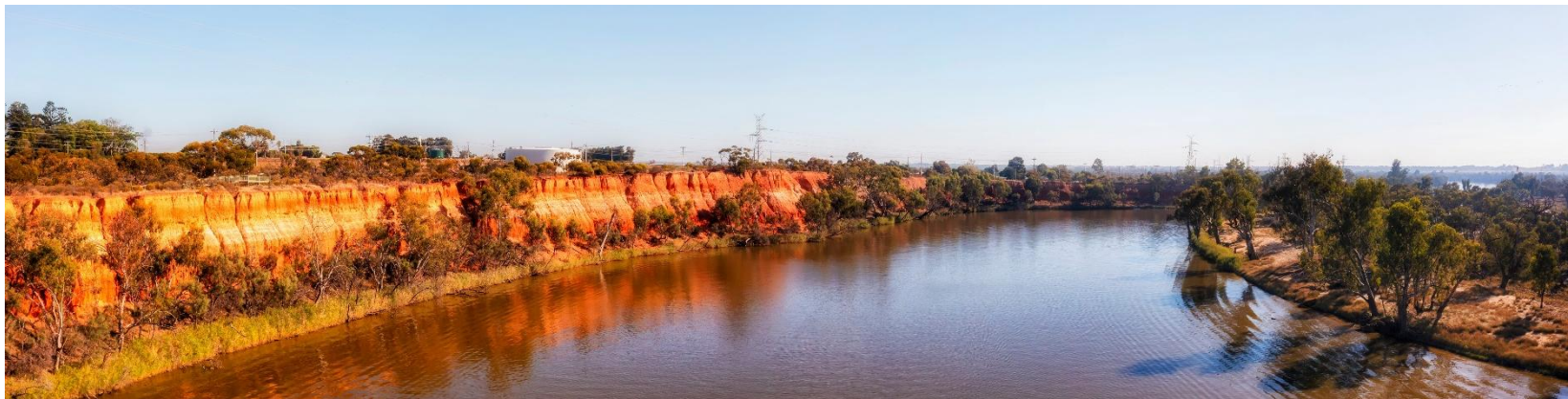
The aim of the strategy is to deliver integrated and consolidated strategic guidance and a clear action plan to facilitate the enhanced provision of comfortable, affordable and well-located budget short stay accommodation options in Mildura.

SGS Economics and Planning are currently working with Council to prepare the strategy.

The strategy development process commenced in early 2026. The project involves:

- Undertaking background research to understand the existing short stay budget accommodation sector for both tourists and rural workers and identifying all relevant key issues and best practice guidance.
- Developing a vision and establishing principles and desired outcomes to enhance delivery and maximise the potential for short stay budget accommodation in the region.
- Identifying strategic directions and recommending measures to promote suitably located short stay budget accommodation land supply.
- Recommending appropriate regulatory frameworks to control and implement short stay budget accommodation strategic objectives and strategic directions.
- Providing an updated policy framework and recommendations for council to implement the strategy recommendations.

The first steps of this process have involved preparation of a Background Report and this Issues and Opportunities paper.



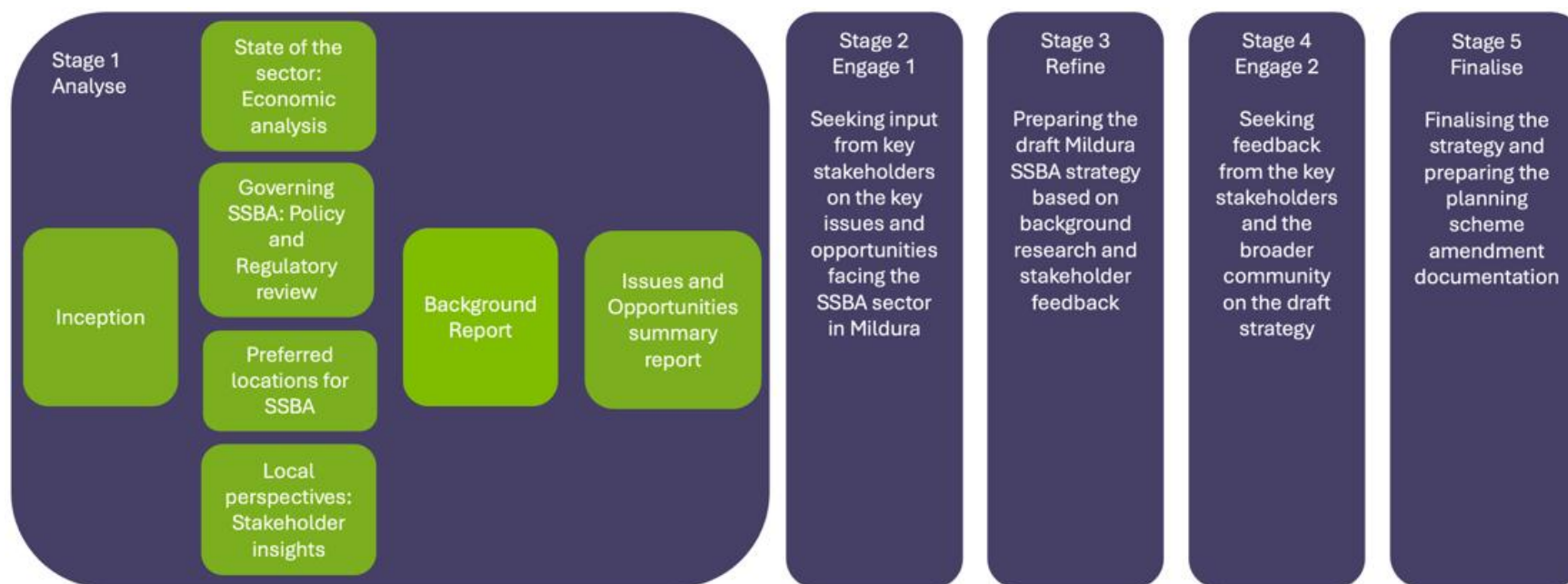
The Background Report summarises initial findings in relation to:

- The state of the sector
- The sectors contribution to the local economy.
- Key policy and regulatory settings that affect short stay budget accommodation.
- Key challenges that face the sector.

This Issues and Opportunities paper summarises key findings and will form the basis of community engagement to inform the final strategy.

Together the Background Report and this paper comprise Stage 1 of the study, as shown in the figure below.

Figure 1: Project Method



What is Short Stay Budget Accommodation?

Short stay budget accommodation refers to both budget *workers* accommodation and budget *tourist* accommodation.

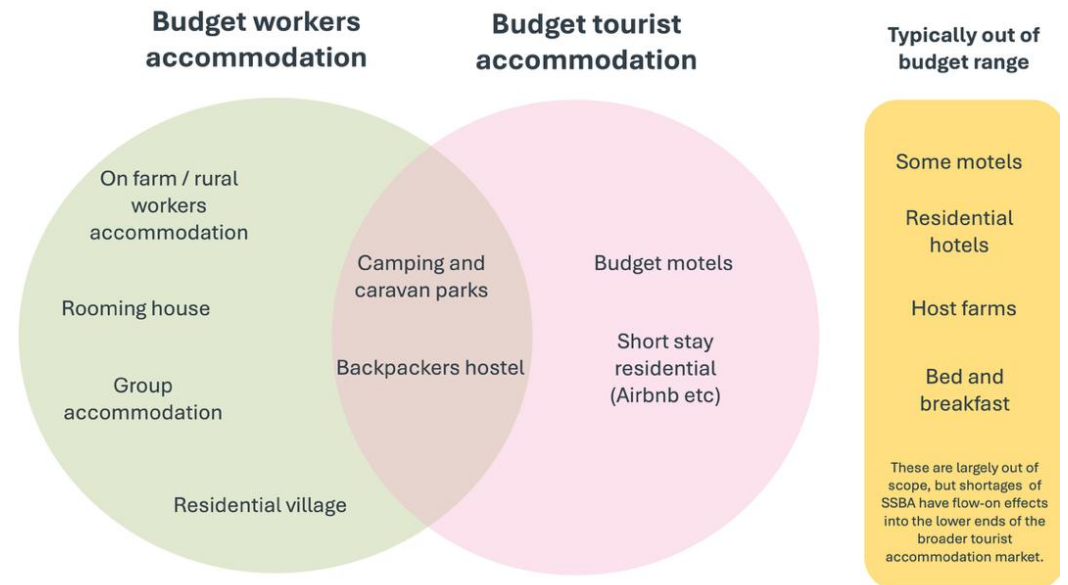
Budget workers accommodation is short-stay accommodation aimed at, or used extensively by transient workers, especially rural and seasonal workers. Types of workers accommodation are discussed on following pages.

Budget tourist accommodation is short-stay accommodation aimed at budget tourists. This includes camping and caravan parks, backpacker hostels, some budget motels, and some short stay use of conventional housing (such as Airbnb).

This study has used \$150 per night to define the upper end of the budget tourist accommodation market. However this range is partly based on limitations in available data. Most of the budget accommodation options that are the core focus of the study (such as backpacker hostels) are considerably cheaper.

Workers accommodation also has a much lower nightly cost.

Hotels and motels are not the key focus of the study as these have traditionally been well accounted for in Mildura. However there is some overlap between categories. For example, in some cases employers needing temporary housing may book rooms in budget motels. This limits the number of rooms available for tourist



accommodation, which can have flow-on effects for the local economy.

Use of conventional housing for short term accommodation (such as through Airbnb) also contributes to the supply of budget tourist accommodation. The state government has recently consulted with councils about possible town planning controls relating to such housing.

While this study does not directly focus on student accommodation, there is also some overlap between the housing available for short stay budget accommodation and accommodation that serves tertiary institutions such as Sunraysia TAFE and LaTrobe Mildura. These institutions are planning to grow, which will increase the demand for affordable housing.

Types of workers accommodation

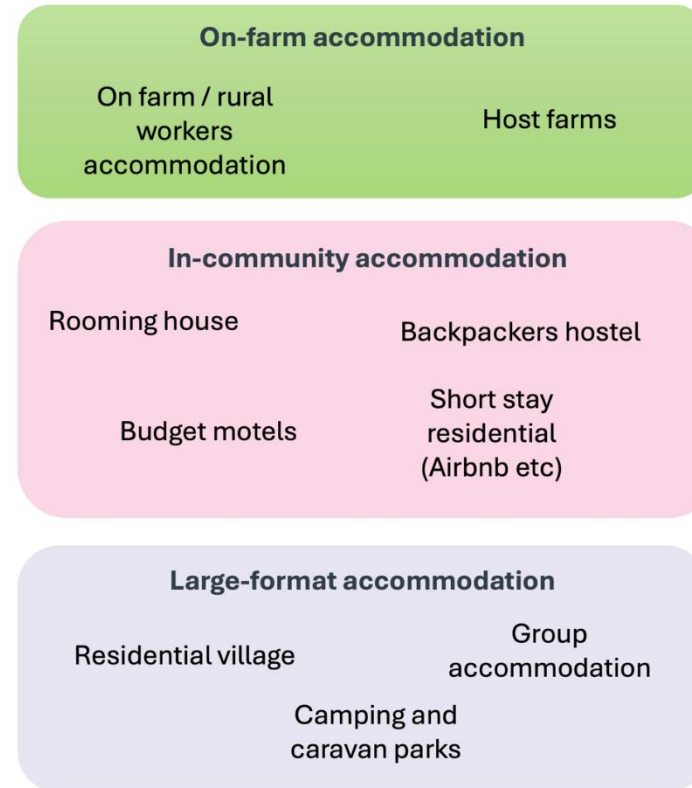
There are several kinds of workers accommodation that are the subject of this study.

On-farm accommodation refers to accommodation that is provided on a farm within rural areas.

In-community accommodation refers to any accommodation that is provided within townships and integrated within areas used for other purposes. This includes rooming houses, hostels, budget motels, and short stay residential accommodation (Airbnb). These are generally in smaller formats that can fit on one or two properties.

Large-format accommodation refers to accommodation provided either within or outside townships in larger formats. The most common examples are camping and caravan parks, which serve as both tourist and workers accommodation. These generally require large sites, usually at the edge of town.

Group accommodation and residential villages are terms used in the planning scheme. Group accommodation describes land with multiple houses all used to accommodate people away from their normal place of residence. A residential village is similar but provides longer-term accommodation and includes communal facilities.



Some issues are common to all forms of workers accommodation – but others are unique to a particular type. Similarly, the approach in strategy to supporting and encouraging short stay budget accommodation is likely to vary.

The state of the sector

The exact economic value of the short stay budget accommodation sector is hard to measure due to limitations in available data. We do, however, know that:

- Tourism spending on short stay budget accommodation is estimated at approximately \$53.9 million per annum.
- Tourists who stay in short stay budget accommodation spend approximately \$80 per annum on the local economy, supporting industries outside of accommodation and food.

The economic value importance of the sector is not in question. Short stay budget accommodation underpins the key economic sectors of both agriculture and tourism, the largest economic industries of the Mildura economy. There are, however, wider trends impacting the sector:

- There have been **changes to the tourism and worker mix since the Covid-19 pandemic**, notably a reduction in the number of traditional backpackers. Agricultural employers have generally been able to cover this shift using different labour sources (such as PALM scheme workers), however the tourism economy is still feeling the loss of backpacker tourists.
- **Cost of living pressures** continue to exert pressure on tourism demand, and this is expected to continue through 2027. This is both a risk and an opportunity for Mildura, as domestic travel may be substituted for overseas trips. Mildura is also an attractive location for caravan and camping oriented trips, a type of travel that has seen strong growth in the last decade.

- Availability of short stay budget accommodation is dramatically affected by short- to medium-term **spikes in demand caused by the establishment phase of major projects** such as large-scale renewable energy facilities.
- Much of Mildura's agricultural sector remains **heavily dependent upon seasonal workers**. While some mechanisation has occurred, several key crops (such as citrus fruits and table grapes) are not readily mechanised and so will need seasonal workers for the foreseeable future.
- With historically low private rental vacancies and increasingly unaffordable rental prices, more and more local community members will need to rely on short stay budget accommodation at some stage in their lives for either emergency or temporary accommodation. The sector thus plays an increasingly vital role for the local community, further increasing its value.

What we've heard so far

The project team have conducted a series of interviews with key stakeholders including accommodation providers and industry groups to gain an understanding of the current issues and opportunities surrounding the provision of short-term budget accommodation.

Key messages arising from the interviews are:

- Accommodation providers face a **complex regulatory environment** due to the overlap of planning, building, public health, labor hire licensing, and other requirements. Some compared this unfavorably to the situation in other states.
- Short stay budget accommodation providers are concerned about competition from unregistered accommodation. They feel this leads to **compliance costs and unequal burden** because “under the radar” operators do not have the same compliance costs as legitimate operators.
- There is widespread concern about **loss of traditional short stay budget accommodation**, with previous options converting into permanent housing or longer term accommodation.
- There are varied views as to the best form for short stay budget accommodation to take, with some employers expressing a preference for **on-farm accommodation**.
- Caravan parks are acknowledged as an important contributor to short stay budget accommodation but **accessibility** of these options to shops and services is a concern. This is exacerbated by limitations in the quality of public transport services.

- There is a compelling community interest in maintaining a good experience for seasonal workers so that working seasonally in Mildura remains attractive.

An overriding priority amongst stakeholders is **increasing the overall supply of short stay budget accommodation**. This has obvious advantages in terms of helping to accommodate need and keeping accommodation costs low through competition. However it is also seen as vital for the welfare of workers: the risk of poor quality accommodation and exploitation of workers is reduced if they have ready access to alternative accommodation.

We are eager to hear from other stakeholders, including workers themselves, and the broader community in response to this Issues and Options paper.



On-farm accommodation

Existing situation and policy issues

Some employers expressed a clear preference for on-farm accommodation. This has obvious advantages for access to employment, and addresses concerns about impact upon neighbours that have been expressed about in-community accommodation. However it is important that this not occur at the expense of the welfare of workers by leaving them isolated from services or vulnerable to exploitation.

When considering applications for on-farm accommodation, council must balance competing considerations. On the one hand, workers accommodation contributes to agricultural production which is vital to the local economy.

At the same time however, state and local planning policy encourages protection of agricultural land. This includes limiting the number of houses in agricultural areas, as these can create interface issues with agricultural uses. The need for workers accommodation should not be used to justify proliferation of houses within Midura's productive agricultural land.

It would be desirable for planning policy to be clearer about which forms of accommodation are preferred within agricultural land.

Key questions for the strategy

In what circumstances should on-farm accommodation be supported?

What types of accommodation best achieve a policy balance between providing accommodation for rural workers, and protecting agricultural land?

What types of accommodation and associated management arrangements best serve the needs of workers?

How can risks of isolation and exploitation of workers best be mitigated when they are housed on-farm?



In-community accommodation

Existing situation and policy issues

There are many different models of in-community accommodation, including backpackers hostels, worker-focused communal accommodation with on-site management, and rooming houses.

Council has an established planning policy that encourages these kinds of accommodation to locate in the Commercial and Mixed Use Zones, which generally means the traditional centre of townships. This is intended both provide good access to services for the workers, and to limit the impacts on the amenity of neighbours from such accommodation.

However Commercial and Mixed Use zones are highly desirable for other uses. This may mean that it is not feasible or attractive for properties to be used for this purpose in these areas. This may threaten the establishment of enough short stay budget accommodation.

The management of amenity issues remains an ongoing concern when short stay budget accommodation is located within established residential areas.

Key questions for the strategy

Should short stay budget accommodation be encouraged in a wider range of locations, such as in established residential areas?

Are there accommodation types or management arrangements that may limit the potential impact of short stay budget accommodation upon neighbours in residential areas?



Large-format accommodation

Existing situation and policy issues

Camping and caravan parks have traditionally been established in two key precincts: close to the river and at the edges of townships where larger landholdings area available and businesses can attract customers as they approach town.

However much of this land – such as along Fifteenth Street – is within zones where caravan parks and other forms of short stay budget accommodation are prohibited. This prevents new short stay budget accommodation establishing in these areas. Existing businesses may continue but may have difficulty expanding. These sites may also be attractive for other uses, such as large-format retail.

It is highly challenging to identify suitable locations for new camping and caravan parks given these restrictions and the size of land required. Proponents can apply for permission to locate new camping and caravan parks in rural zoned land, but this may not be an appropriate use of productive agricultural land.

It would be desirable to identify preferred locations for large-format accommodation as part of the future planning for Mildura and other towns in the shire.



Key questions for the strategy

Where should additional large-format accommodation such as camping and caravan parks be located?

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